Zhou Hei Ya International Holdings Company Limited
周黑鴨國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1458)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

	For the Year Ended December 31,		
	2024	2023	**Year-on-Year Change**
	RMB'000	RMB'000	**%**
Revenue	**2,451,033**	2,743,628	(10.7)
Gross profit	**1,391,893**	1,438,161	(3.2)
Profit before tax	**149,067**	214,149	(30.4)
Profit for the year attributable to owners of the parent	**98,204**	115,576	(15.0)

OPERATIONAL HIGHLIGHTS

The table below sets forth certain key operational information of the Group's self-operated and franchised retail store network for the years indicated.

	As of December 31,/ Year Ended December 31,	
	2024	2023
Total number of retail stores	**3,031**	3,816
Total sales volume (tons)	**26,159**	31,453
Average spending per purchase order (RMB)	**54.39**	56.90

The following table sets forth the revenue contribution in terms of the Group's main categories for the years indicated.

	Year Ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Ducks and duck part products	**1,955,798**	**79.8**	2,120,942	77.3
Other products[(1)]	**462,118**	**18.9**	587,481	21.4
Franchise fees[(2)]	**33,117**	**1.3**	35,205	1.3
Total	**2,451,033**	**100.0**	2,743,628	100.0

(1) Other products mainly include braised red meat, braised vegetable products, other braised poultry and aquatic food products.

(2) Include revenue generated from franchisees in connection with upfront franchise fees and brand royalty fees, and exclude revenue from sales of products to franchisees.

The following table sets forth the revenue contribution by the Group's sales channels for the years indicated.

	Year Ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Self-operated retail stores[(1)]	**1,390,935**	**56.7**	1,466,122	53.4
Online channels	**334,483**	**13.6**	395,972	14.4
Franchisees[(2)]	**611,556**	**25.0**	782,869	28.5
Others[(3)]	**114,059**	**4.7**	98,665	3.7
Total	**2,451,033**	**100.0**	2,743,628	100.0

(1) Include revenue derived from online ordering and delivery services, products sold are typically picked up at the designated retail stores. Revenue derived from online ordering and delivery services accounted for approximately 21.4% and 21.4% of the revenue from self-operated retail stores in 2024 and 2023, respectively.

(2) Primarily include revenue generated from franchisees in connection with sales of products, upfront franchise fees and brand royalty fees.

(3) Primarily include revenue generated from distributors.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.05 per ordinary share of the Company (adopting an exchange rate of HK$1 = RMB0.92294, equivalent to RMB0.05 per share), amounting to approximately a total of RMB102,368,000 (calculated based on the total issued shares of the Company as of the date of this announcement, which was 2,218,299,000) and representing approximately 104.2% of the Group's net profit for the year ended December 31, 2024.

The board (the "**Board**") of directors (the "**Directors**") of Zhou Hei Ya International Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2024. The annual results have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

BUSINESS OVERVIEW AND OUTLOOK

Overall Business and Financial Performance

As of December 31, 2024, the Group had a total of 3,031 retail stores, including 1,591 self-operated retail stores and 1,440 franchised retail stores, covering 303 cities in 28 provinces, autonomous regions and municipalities in China.

The table below sets forth a breakdown of the number of self-operated and franchised retail stores and the revenue contribution by geographic location for the years indicated:

Number of Retail Stores

	As of December 31,			
	2024		2023	
	#	**%**	#	%
Central China(1)	**1,394**	**46.0**	1,685	44.2
Southern China(2)	**524**	**17.3**	667	17.5
Eastern China(3)	**426**	**14.1**	561	14.7
Northern China(4)	**389**	**12.8**	473	12.4
Western China(5)	**298**	**9.8**	430	11.2
Total	**3,031**	**100.0**	3,816	100.0

Revenue

	Year Ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Central China(1)	**1,047,346**	**52.3**	1,211,535	53.9
Southern China(2)	**350,316**	**17.5**	386,110	17.2
Eastern China(3)	**226,204**	**11.3**	260,403	11.6
Northern China(4)	**215,999**	**10.8**	224,145	10.0
Western China(5)	**162,626**	**8.1**	166,798	7.3
Total	**2,002,491**	**100.0**	2,248,991	100.0

(1) Comprises Hubei Province, Hunan Province, Henan Province, Jiangxi Province, Anhui Province and Shanxi Province.

(2) Comprises Guangdong Province, Fujian Province and Hainan Province.

(3) Comprises Shanghai, Jiangsu Province and Zhejiang Province.

(4) Comprises Beijing, Tianjin, Inner Mongolia Autonomous Region, Liaoning Province, Hebei Province, Shandong Province, Gansu Province, Ningxia Hui Autonomous Region, and Jilin Province.

(5) Comprises Chongqing, Sichuan Province, Shaanxi Province, Guizhou Province, Yunnan Province, Qinghai Province and Guangxi Zhuang Autonomous Region.

The table below sets forth a breakdown of the number of self-operated and franchised retail stores by classification for the periods indicated:

	As of December 31,							
	2024				2023			
	Self-operated retail stores		**Franchised retail stores**		Self-operated retail stores		Franchised retail stores	
	#	%	#	%	#	%	#	%
Transportation hubs[1]	**258**	**16.2**	**97**	**6.7**	249	14.5	70	3.3
Shopping zones, Commercial complexes and Supermarkets	**859**	**54.0**	**893**	**62.0**	913	53.1	1,343	64.1
Communities	**179**	**11.3**	**414**	**28.8**	243	14.1	602	28.7
Others[2]	**295**	**18.5**	**36**	**2.5**	315	18.3	81	3.9
Total	**1,591**	**100.0**	**1,440**	**100.0**	1,720	100.0	2,096	100.0

(1) Include stores located in airports and train stations.

(2) Include stores located in metro stations, school campuses, sightseeing points, bus terminals and service areas.

Business Review and Outlook

In 2024, China's domestic consumer market continued its steady recovery, injecting momentum into economic growth. The consumer industry witnessed transformative waves, with new business models and formats emerging rapidly, expanding and extending consumer scenarios. Additionally, profound shifts in consumer attitudes have given rise to new trends, such as reverse consumption focusing on cost-effectiveness, and the healing economy emphasizing consumer experience and emotional connections, which have had a transformative impact on traditional consumer enterprises.

Amid such evolving market dynamics and continuously escalating consumer demands, Zhou Hei Ya entered a critical phase of strategic transformation. Our brand founder Mr. ZHOU Fuyu resumed direct leadership, spearheading comprehensive strategic reviews and in-depth adjustments. Through comprehensive and in-depth analysis of reflections across stores, markets, products, branding, and organizational structure, we realigned our strategic focus, focusing on core businesses and innovation areas, charting a clear direction for sustainable growth of the Group.

In terms of store strategy, we transitioned from pursuing scale expansion to a pivotal shift toward quality enhancement, with the core objective of enhancing the sustained profitability of individual stores. By implementing refined management practices, we continuously improved the service levels of frontline staff, striving to provide consumers with a superior shopping experience. On the one hand, we have tilted our resources to core markets and strategically retrenched in low-potential markets, and decisively optimized the store structure. During the year ended December 31, 2024, we rationally closed stores and resolutely closed those low-quality stores in poor locations or experiencing long-term losses. Simultaneously, we revitalized low-efficiency stores by adjusting operational strategies and strengthening marketing efforts, thereby continuously improving operational efficiency and profitability. On the other hand, we focused on enhancing the quality of existing stores. We improved store environments, ensured product quality, optimized service processes, and enriched product categories and flavors to meet the increasingly diverse needs of consumers, thereby continuously boosting the performance of individual stores. We placed particular emphasis on store operations and frontline staff management. We continuously upgraded the standardization and normalization of operations, building an efficient operational model with the cooperation between the onsite management of stores and the mid- to back-end system, ensuring the precise and efficient execution of every workflow. We established special incentive mechanisms, offering substantial cash rewards to outstanding staff. In addition, we have also upgraded our franchisee management and continued to empower our franchisees through tier management, dedicated management and incentive programs.

We have always regarded product quality as the lifeline of our enterprise development, with excellent product strength being the foundation of our market presence. We adhere to user needs as our anchor, optimizing product structures and innovating scenarios to achieve the strategic goal of "stabilizing the basics with classic products and expanding increments with innovative products", thereby building "Zhou Hei Ya, the Chinese Braised Delicacy". In 2024, we focused on the unique "numb, spicy, sweet" hybrid flavor profile of Zhou Hei Ya, vigorously promoting the "Zhou Hei Ya Classic Flavor" series products, which accounted for more than 70% of terminal sales amount (including tax) for the year ended December 31, 2024; meanwhile, we continued to expand our chicken by-product series, carefully crafting popular items such as Mala Shredded Chicken and Dry-fried Spicy Chicken. For the year ended December 31, 2024, the combined monthly sales of Mala Shredded Chicken and Dry-fried Spicy Chicken exceeded 180,000 boxes. With our unique flavors, category innovation, and strict quality control, we continuously strengthened our brand's differentiated competitive advantage. Additionally, to meet the diverse needs of consumers, we actively explored the mid-to-low price range products, covering the price range of RMB9.9 to RMB14.9 with chicken by-products and vegetarian products. For the year ended December 31, 2024, products priced at RMB14.9 and below accounted for approximately 15% of the Group's monthly sales. We actively experimented with bulk braised products, prioritizing pilot tests in Hubei and Henan regions, offering duck by-products, whole ducks, and vegetarian products, allowing consumers to purchase according to their needs. Bulk braised products not only meet the convenience needs of fast-paced lifestyles but also highly adapt to community scenarios, effectively increasing store traffic of community stores. Beyond Zhou Hei Ya stores, our bulk products also successfully entered offline supermarket channels such as Pang Dong Lai, Yonghui, and Yasi. Meanwhile, we actively invested in the upgrade and iteration of vacuum-sealed products, continuously enriching the brand's consumption scenarios. Currently, Zhou Hei Ya vacuum-sealed products have successfully entered chain stores such as Costco and Busy For You, and will steadily expand into other retail channels. For the year ended December 31, 2024, vacuum-sealed products accounted for approximately 11% of the Group's income.

In the new consuming era, consumer demands are rapidly shifting towards personalization and experience. We closely followed this trend, clarifying our brand positioning, focusing on key demographics, enhancing marketing youthfulness, and strengthening product value perception, thereby continuously improving brand popularity and recognition. In 2024, we redefined our brand positioning to "Zhou Hei Ya, the Chinese Braised Delicacy", with a clear objective to establish ourselves as a leading national brand in the braised delicacy market. Meanwhile, we precisely targeted two key customer groups: members and young people. We enhanced interactions with these core groups, increasing young people's engagement with the brand. For example, we periodically organized multi-themed offline pop-up stores, setting up photo spots, games, and lucky draws; we also launched online activities such as "Super Wednesday" and "Delivery Day", offering limited-time discounts and incorporating younger, trendier gameplays to continuously strengthen member stickiness. We also upgraded our brand operations by leveraging big data and digital tools to optimize our mini-program, thereby improving member experiences and loyalty. As of December 31, 2024, the number of active members reached over 5.5 million. Additionally, we precisely placed advertisements targeting public platforms highly centric to young people, such as Douyin, Xiaohongshu, and Bilibili, collaborating deeply with influencers on marketing and releasing a large amount of high-quality content on pan-private platforms, continuously reaching to young consumers. In 2024, adhering to the concept of "Returning to Classics", we vigorously engaged in brand collaborations, such as partnering with Yanker Shop Food to launch "Zhou Hei Ya Classic Flavor Crispy Skin Cod Fish Tofu", strengthening consumer recognition of the "classic flavor" and achieving wide promotion of Zhou Hei Ya's flavor, attracting more consumer attention.

In 2024, facing the challenges from a complex and ever-changing market environment and internal transformation, the Company anchored its strategy on "efficient collaboration, cost-saving and efficiency enhancement, quality improvement, and organizational empowerment", achieving key breakthroughs in in-depth supply chain integration, and resulting an increase of gross profit margin by 4.4 percentage points to 56.8% throughout the year. In terms of efficient collaboration and cost-saving and efficiency enhancement, we strengthened the integrated coordination across production, supply, and distribution systems, thereby better supporting market channel development and ensuring reliable supply chain management for new product launches. On one hand, we successfully reduced the total cost per ton of products through refined control and forward-looking layout based on the opportunity from downward trend of raw material prices, laying a solid foundation for the Group's gross margin improvement; meanwhile, we significantly improved production efficiency by building a lean management and improvement platform for all employees, establishing a further refined long-term mechanism. On the other hand, we optimized distribution costs by integrating resources, improving vehicle loading rates and on-time delivery rates, empowering the production and market ends with an efficient logistics chain. In terms of quality improvement, we comprehensively introduced a "do it right the first time" quality culture, comprehensively upgraded the quality assurance system and food safety control level of our factories, and continuously improved the quality of raw materials through supplier empowerment and strengthening the quality management of the whole supply chain; meanwhile, we have built up a stringent quality control system, which covers the whole process of raw material procurement, production and processing, and product distribution, and constantly solidifies the stability of flavor, to ensure the consistency of product flavor, and to meet the needs of consumer taste. In terms of organizational empowerment, we implemented a comprehensive optimization of our organizational structure to better align with evolving business development requirements; we went deep into the front line to improve the standardization of shift meetings, conduct supervisor training camps, and facilitated continuous improvement and innovation through experience extraction and sharing, "Training + Practising" and other measures to continuously enhance organizational capabilities.

In 2024, we aligned closely with the directions and objectives of the strategic adjustments, advancing organizational reforms by organizing key indicators anchoring on the strategic objectives in a stepwise manner, and implementing performance assessment for all personnel to ensure efficient alignment between the organization and strategic transformation. In terms of management team and structure optimization, we restructured the core team, and selected a group of young management talents with both innovative thinking and practical experience, injecting new vitality into the team. We also reshaped the control model, and reconstructed secondary units with "war zones" as the core, dividing war zones based on market regions and business priorities, and streamlined management levels. Meanwhile, we comprehensively implemented flat management, and optimized key functions, significantly enhancing organizational efficiency and competitiveness. In terms of efficiency improvement, we established functional sharing centers, integrating basic business processes of human resources, finance, and information data centers, centralizing repetitive tasks, and freeing up more resources for core business development. Additionally, we strengthened the capacity building of frontline sales and production positions, established online case-sharing platforms and regularly organized case study sessions to promote team collaboration and experience sharing, effectively improving working efficiency and achieving a comprehensive improvement in per capita efficiency. In terms of incentive mechanisms, the Group innovatively launched activities such as "Regional PK", "ISC-New Source Plan", quarterly PK rankings, and monthly PK rankings for frontline employees, creating a positive, upward, and competitive, learning and helping work atmosphere. These measures not only greatly stimulated employees' work enthusiasm but also focused on core value output, effectively driving the achievement of organizational and project performance, injecting strong momentum into the Group's sustainable development.

2024 was a year of significant changes in the consumer industry, with an economic environment full of opportunities and challenges. Looking forward to 2025, the external environment remains challenging, with increasingly fierce market competition and continuously evolving consumer demands. The group will focus on improving single-store performance and restoring performance growth as its core objectives, vigorously promoting comprehensive brand upgrades, solidifying the foundation of main brand, ensuring the steady development of core businesses, while actively expanding distribution channels, exploring overseas market opportunities, and creating new growth trajectory. Additionally, we will continue to enhance management efficiency, optimize operating costs, strengthen business resilience, improve profitability, and ensure competitiveness in a complex and ever-changing market environment, thereby achieving sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's consolidated statements of profits or loss and other comprehensive income in absolute amounts and as a percentage of the Group's total revenue for the periods indicated, together with the change from 2023 and 2024 (expressed in percentages).

	Year Ended December 31,				Year-on-year Change
	2024		2023		
	RMB'000	%	RMB'000	%	%
Revenue	**2,451,033**	**100.0**	2,743,628	100.0	(10.7)
Cost of sales	**(1,059,140)**	**(43.2)**	(1,305,467)	(47.6)	(18.9)
Gross profit	**1,391,893**	**56.8**	1,438,161	52.4	(3.2)
Other income and gains, net	**21,755**	**0.9**	98,473	3.6	(77.9)
Finance costs	**(12,455)**	**(0.5)**	(23,640)	(0.9)	(47.3)
Selling and distribution expenses	**(988,865)**	**(40.4)**	(982,970)	(35.8)	0.6
Administrative expenses	**(259,764)**	**(10.6)**	(316,961)	(11.5)	(18.0)
Share of profits and losses of associates	**(3,497)**	**(0.1)**	1,086	0.0	(422.0)
Profit before tax	**149,067**	**6.1**	214,149	7.8	(30.4)
Income tax expense	**(50,863)**	**(2.1)**	(98,573)	(3.6)	(48.4)
Profit for the year	**98,204**	**4.0**	115,576	4.2	(15.0)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	**1,982**	**0.1**	(20,758)	(0.7)	(109.50)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**1,982**	**0.1**	(20,758)	(0.7)	(109.50)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Translation from functional currency to presentation currency	**6,623**	**0.3**	31,018	1.1	(78.6)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**6,623**	**0.3**	31,018	1.1	(78.6)

	Year Ended December 31,				Year-on-year Change
	2024		2023		
	RMB'000	**%**	RMB'000	%	%
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**8,605**	**0.4**	10,260	0.4	(16.1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**106,809**	**4.4**	125,836	4.6	(15.1)
Basic earnings per share (RMB)	**0.04**	**N/A**	0.05	N/A	(20.0)
Diluted earnings per share (RMB)	**0.04**	**N/A**	0.05	N/A	(20.0)

Revenue

The Group's total revenue decreased by 10.7% from RMB2,743.6 million for the year ended December 31, 2023 to RMB2,451.0 million for the year ended December 31, 2024, which was primarily due to the fact that insufficient effective demand and sluggish consumption in the economic landscape, which led to reduced sales volume and subsequently diminished revenue. At the same time, the Group adjusted the store strategy,reasonably and optimized and closed the low-quality stores, which also resulted in certain sales losses.

Cost of Sales

Cost of sales decreased by 18.9% from RMB1,305.5 million for the year ended December 31, 2023 to RMB1,059.1 million for the year ended December 31, 2024, which was attributable to the decrease in the production and sales volume of products while the raw material price of duck parts decreased obviously and the Group actively optimized the production efficiency of the supply chain, resulting in a drop in the cost of raw materials and related cost.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit subsequently decreased, the Group's gross profit decreased by 3.2% from RMB1,438.2 million for the year ended December 31, 2023 to RMB1,391.9 million for the year ended December 31, 2024. Despite the revenue and gross profit decreased, the gross profit margin increased resulting from the fact that the decrease in the overall cost of the Group was higher than the decrease in revenue; as a result, in the year ended December 31, 2024, the Group's gross profit margin was 56.8%, as compared to a gross profit margin of 52.4% in the year ended December 31, 2023.

Other Income and Gains, Net

The Group's other income and gains, net decreased by 77.9% from RMB98.5 million for the year ended December 31, 2023 to RMB21.8 million for the year ended December 31, 2024. The decrease was primarily due to the Company's efforts to maintain cash liquidity, resulting in a decrease in the amount of term deposits and a corresponding decrease in interest income. Meanwhile, due to the full redemption of convertible bonds in November 2023, there were no fair value change gains or losses for convertible bonds in this period.

Finance Costs

Finance costs decreased by 47.3% from RMB23.6 million for the year ended December 31, 2023 to RMB12.5 million for the year ended December 31, 2024, which was mainly attributable to the fact that all the remaining convertible bonds were redeemed in the second half of 2023, resulting in a corresponding decrease in interest expense.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 0.6% from RMB983.0 million for the year ended December 31, 2023 to RMB988.9 million for the year ended December 31, 2024. The increase was primarily due to the increase in rent for some of the Group's new stores in 2024. At the same time, during the reporting period, low-quality stores were reasonably closed, and the Group was cautious in expanding into high-quality locations. Among them, the average rent level of newly opened self-operated stores at transportation hubs is higher than that of other types of stores, resulting in an increase in rent expenses related to the stores.

Administrative Expenses

The Group's administrative expenses decreased by 18.0% from RMB317.0 million for the year ended December 31, 2023 to RMB259.8 million for the year ended December 31, 2024, mainly due to the fact that the conditions of the grant of 2023 and 2024 restricted share units were not satisfied, such restricted share units have lapsed automatically in respect of such proportion of underlying shares as have not vested, resulting in a decrease in expense related to equity incentive on a year-on-year basis, as well as the fact that the Group streamlined its management personal, resulting in a decrease in administrative expenses.

Share of Profits and Losses of Associates

For the year ended December 31, 2024, the Group incurred share of profits and losses of associates of negative RMB3.5 million mainly in connection with the 25.00% equity interest in Shenzhen Tiantu Xingnan Investment Partnership (Limited Partnership), the 31.64% equity interest in Hainan Tiantu Xingzhou Investment Partnership (Limited Partnership), and the 20.00% equity interest in Hubei Dwelling Foods Co., Ltd., resulting from fair value losses on the associate's investments.

Profit Before Tax

As a result of the foregoing, the Group recorded profit before tax of RMB149.1 million for the year ended December 31, 2024, decreased by 30.4% from RMB214.1 million for the year ended December 31, 2023.

Income Tax Expense

Income tax expense decreased by 48.4% from RMB98.6 million for the year ended December 31, 2023 to RMB50.9 million for the year ended December 31, 2024, as a result of the decrease in profit and the absence of withholding of enterprise income tax arising from dividend distributions by domestic subsidiaries to the Company.

Profit for the Year

As a result of the foregoing, the Group's net profit decreased by 15.0% from RMB115.6 million for the year ended December 31, 2023 to RMB98.2 million for the year ended December 31, 2024. The Group's net profit margin decreased from 4.2% in the year ended December 31, 2023 to 4.0% in the year ended December 31, 2024.

Exchange Differences on Translation of Foreign Operations

Exchange differences on translation of foreign operations changed from other comprehensive income of RMB10.3 million for the year ended December 31, 2023 to other comprehensive income of RMB8.6 million for the year ended December 31, 2024, primarily resulting from the Group's exchange differences on translation of foreign operations representing the foreign exchange translation differences as certain overseas subsidiaries use Hong Kong dollars as the reporting currency.

Total Comprehensive Income for the Year

As a result of the foregoing, the Group's total comprehensive income for the year ended December 31, 2024 decreased by 15.1% to RMB106.8 million from RMB125.8 million for the year ended December 31, 2023.

Liquidity and Capital Resources

In the year ended December 31, 2024, the Group financed its operations through cash generated from its business operations and the net proceeds received from its Initial Public Offering and the exercise of the over-allotment options on November 30, 2016 (the "**IPO**"). The Group intends to finance its expansion and business operation by internal resources and through organic and sustainable growth, as well as to use the net proceeds received from its IPO.

Capital Structure

As of December 31, 2024, the Group had net assets of RMB3,626.5 million, as compared to RMB3,935.4 million as of December 31, 2023, primarily comprising non-current assets of RMB2,695.1 million, current assets of RMB1,892.7 million, current liabilities of RMB765.8 million and non-current liability of RMB195.5 million.

As of December 31, 2023 and December 31, 2024, the cash and cash equivalents of the Group were mainly denominated in Renminbi ("**RMB**") and Hong Kong Dollars ("**HK$**"), with some denominated in U.S dollars ("**USD**") and a small amount in Euro.

Cash and Bank Balances

As compared with RMB1,074.5 million as of December 31, 2023, the Group had cash and bank deposits of approximately RMB1,254.2 million as of December 31, 2024, which consisted of unrestricted cash and bank balances of approximately RMB483.3 million and term deposits of approximately RMB770.9 million.

Financial Risks

The Group is not subject to significant credit risk and liquidity risk. The Group had cash at banks denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group does not use any derivative contracts to hedge against its exposure to foreign exchange risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and will take prudent measures to minimize the currency translation risk.

Use of Proceeds from the IPO

Net proceeds from the IPO (including the exercise of the over-allotment options on November 30, 2016), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to approximately HK$2,792.3 million, comprising HK$2,428.1 million raised from the Global Offering and HK$364.2 million from the issuance of shares pursuant to the exercise of the over-allotment options, respectively. The remaining balance of the proceeds from the IPO as of December 31, 2024 was RMB181.4 million.

As announced in the 2019 annual results announcement of the Company dated March 31, 2020 (the "**2019 Annual Results Announcement**"), the Board has resolved to reallocate the unutilized net proceeds and increase the portion to be used for the construction and improvement of processing facilities, which also includes the enhancement of the related logistics and storage capacities (the "**Reallocation**"). There has been no change in the intended use of net proceeds since the Reallocation. In particular, the amounts of net proceeds used in 2024 were utilized in accordance with the intended use as previously disclosed in the 2019 Annual Results Announcement, and the remaining balance of net proceeds as of December 31, 2024 are and are expected to continue to be used in accordance with the intended use as previously disclosed in the 2019 Annual Results Announcement.

The table below sets forth the use of proceeds by the Group as of December 31, 2024:

	Budget	Amount that had been utilized as of December 31, 2023	Amount that was used in 2024	Remaining balance as of December 31, 2024	Expected timeline of utilization[(1)]
	RMB million	RMB million	RMB million	RMB million	
Construction and improvement of processing facilities	1,258.3	1,258.3	–	–	Used up
Development of retail network	167.8	167.8	–	–	Used up
Branding image campaigns, including the e-commerce marketing campaigns	394.3	394.3	–	–	Used up
Improvement of research and development	45.2	45.2	–	–	Used up
Acquisition and strategic alliances	145.2	17.9	–	127.3	Expected to used up within two years and a half [(2)]
Upgrades of information technology systems, including the enterprise resource planning system	96.2	90.8	5.4	–	Used up
General replenishment of working capital	345.2	278.1	13.0	54.1	Expected to be used up within two years and a half
Total	**2,452. 2**	**2,252. 4**	**18.4**	**181.4**	

Notes:

(1) Based on the Group's current estimates of its business plans and market conditions, and subject to change and adjustment.

(2) The Group expects that the remaining balance will be used in accordance with the intended use in two years and a half as indicated. However, such expected timeline is subject to change and adjustment depending on the business development of the Group and the availability of suitable acquisition targets in the market.

As previously disclosed in the 2023 annual results announcement of the Company dated March 27, 2024, the remaining balance of net proceeds for general replenishment of working capital of RMB67.1 million as of December 31, 2023 was expected to be used up in one year. As disclosed in the 2024 interim result announcement, the Company had decided to delay the expected timeline for utilizing the remaining balance of net proceeds for general replenishment of working capital of RMB60.1 million as of June 30, 2024 to be within three years after the date of the 2024 interim results announcement. Please refer to the announcement of the Company dated August 23, 2024.

As of December 31, 2024, net proceeds not utilized had been deposited into short-term deposits and money market instruments, including structured deposits.

Indebtedness

As at December 31, 2024, the remaining balance of the Group's bank borrowings was RMB150.0 million.

The Group uses the gearing ratio (gearing ratio = total liabilities/total assets) to monitor its capital structure. The Group's gearing ratio increased from 19.6% as of December 31, 2023 to 21.0% as of December 31, 2024, which was primarily due to the bank borrowings of RMB150.0 million for business operations.

Pledged Assets

The Group did not pledge any of its assets as of December 31, 2024.

Cash Flows

For the year ended December 31, 2024, net cash generated from operating activities increased to approximately RMB416.4 million from RMB361.2 million for the year ended December 31, 2023, which was mainly attributable to profit before tax of RMB149.1 million, adjusted for certain non-cash items and profit before tax from non-operating activities such as depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, interest income from bank deposits and interest income from structured deposits. Additional factors that affected net cash generated from operating activities included a decrease in inventory of RMB88.5 million mainly due to decline in sales.

For the year ended December 31, 2024, net cash generated from investing activities was approximately RMB482.1 million, compared with net cash generated from investing activities of RMB563.2 million for the year ended December 31, 2023, which was mainly attributable to (i) redemption of structured deposits and other financial assets measured at FVTPL in the aggregate amount of RMB1,699.7 million, (ii) a decrease of term deposits of maturity over three months of RMB81.3 million; and (iii) interest from bank deposits, structured deposits and other financial assets measured as FVTPL of RMB68.8 million, partially offset by (i) purchases of structured deposits and other financial assets at fair value through profit or loss in the aggregate amount of RMB1,315.8 million, and (ii) purchase of items of property, plant and equipment and intangible assets in the aggregate amount of RMB63.4 million.

For the year ended December 31, 2024, net cash used in financing activities was approximately RMB477.9 million, compared with RMB1,046.5 million for the year ended December 31, 2023, which was mainly attributable to (i) dividends paid in the amount of RMB100.6 million in 2024; (ii) lease rental payments of RMB212.3 million; (iii) proceeds from interest-bearing bank borrowings of RMB150.0 million; and (iv) repurchases of the Company's shares of RMB316.8 million.

Structured Deposits and Other Financial Assets Measured at FVTPL

The Group from time to time invests in asset management products, primarily structured deposits and other financial assets measured at FVTPL, in order to better facilitate its cash management. Structured deposits were principal-protected products which typically had a fixed short term and may be redeemed upon at their respective expiry dates. The Group's other financial assets measured at FVTPL were mainly investments in equity funds, which generally are not principal-protected nor return-guaranteed. Such investments also typically have a fixed short term and are relatively low risk in nature. As of December 31, 2024, the Group had a balance of structured deposits and other financial assets measured at FVTPL in the amount of approximately RMB213.8 million. Up to the date of this announcement, approximately RMB76.6 million out of the RMB213.8 million had been settled and redeemed upon their maturity with the remaining not yet fallen due. The underlying investments of the structured deposits were primarily short-term sovereign bonds, financial bonds and central bank bills, and other investment products issued by commercial banks in the inter-bank market in China, which were very liquid with a relatively short term of maturity, and which were considered akin to placing deposits with banks whilst enabling the Group to earn a relatively higher rate of return. In the year ended December 31, 2024, interest income from structured deposits and other financial assets measured at FVTPL amounted to RMB14.0 million, as compared to approximately RMB28.1 million in the year ended December 31, 2023.

The Group has implemented capital and investment policies to monitor and control the risks relating to its investment activities. The Group may only make investments in asset management products when it has surplus cash. The Group is only entitled to invest in low-risk products issued by qualified commercial banks or other financial institutions, and investments should be non-speculative in nature. The Group's capital and investment policies also specify the criteria for selecting investments to be considered and the detailed review procedures each proposed investment shall go through.

In view of an upside of earning a relatively higher return than current saving or fixed deposit rate, as well as the principal-protected nature and a relatively short term of maturity of the structured deposits, the Directors are of the view that the structured deposits pose little risk to the Group and the terms and conditions of each of the structured deposits are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Capital Expenditure

The Group's capital expenditures amounted to RMB63.4 million in 2024, mainly in connection with the commencement of the production of Chengdu facility and the equipment optimization in other facilities. The Group financed its capital expenditures primarily with cash generated from business operations.

Contingent Liabilities and Guarantees

As of December 31, 2024, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against it.

Major Investments

The Group did not conduct any material investments, acquisitions or disposals in the year ended December 31, 2024 and in the period subsequent to December 31, 2024 and up to March 27, 2025, being the date of this announcement.

In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated November 1, 2016, the Group has no specific plan for major investment or acquisition for major assets or other business. However, the Group will continue to identify new opportunities for business development.

Restricted Share Unit Scheme

The Company adopted its Restricted Share Unit Scheme (the "**RSU Scheme**") on July 25, 2018. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees of the Group for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests of the Company. The Board has the power to administer the RSU Scheme. The Board may, from time to time and at its sole discretion, select any eligible person, as defined in the RSU Scheme, to participate in the RSU Scheme and determine the number of Shares to be granted and the terms and conditions of the grant.

We refer to the announcement of the Company dated March 28, 2024. On March 28, 2024, 16,007,500 of RSUs were granted to 258 selected persons under the RSU Scheme (the "**2024 Granted RSUs**"). The vesting is subject to the satisfaction of performance and because such conditions are not satisfied in whole or in part, the 2024 Granted RSUs have lapsed automatically as have not vested.

As of the date of this announcement, pursuant to the RSU Scheme, 237 selected persons had received the RSUs representing 21,493,300 shares of the Company. The underlying shares concerned represented 0.97% of the Company's issued shares.

Please refer to the Company's announcements dated July 25, 2018, July 31, 2018, October 24, 2018, July 5, 2021 and April 19, 2024 for detailed summaries of its RSU Scheme and the announcements dated April 20, 2020, February 1, 2021, March 25, 2021, March 31, 2022, April 3, 2023 and March 28, 2024, for the details in connection with grants of the RSUs.

Turnover Ratios

Average inventory turnover days increased from 83.3 days in the year ended December 31, 2023 to 93.4 days in 2024, mainly due to the slower turnover of raw materials and finished goods as a result of the decline in the production and sales volume and the slowdown in production activities.

Average trade receivables turnover days increased from 7.8 days in the year ended December 31, 2023 to 9.6 days in the year ended December 31, 2024, primarily due to the relatively longer credit terms the Group granted to certain e-commerce platforms when we renewed the cooperation with them.

Average trade payables turnover days decreased from 28.5 days in the year ended December 31, 2023 to 26.4 days in the year ended December 31, 2024, primarily due to the decrease in turnover days resulting from the fact that the decrease in payables was greater than the decrease in cost of sales.

Employee and Labor Cost

As of December 31, 2024, the Group had a total of 4,049 employees, among which 62.9% were retail store operations and sales staff and 23.6% were manufacturing staff at its processing facilities.

The Group has developed a performance evaluation system to assess the performance of its employees annually, which forms the basis for determining the salary levels, bonuses and promotions employees may receive. Sales and marketing personnel may also receive bonuses based on the sales targets they accomplish, by taking into account the overall sales performance of the stores in the same regional market in the relevant period.

In the year ended December 31, 2024, the Group incurred total labor costs of RMB517.7 million, representing 21.1% of total revenue of the Group.

Top Suppliers and Top Customers

In the year ended December 31, 2024, purchases from the Group's largest duck supplier in terms of RMB amount accounted for 19.3% of total purchase cost and the aggregate purchases from its top five duck suppliers in aggregate accounted for 41.3% of total purchase cost.

Due to the nature of the Group's business, in the year ended December 31, 2024, revenue derived from its top five customers accounted for less than 30% of total revenue.

Reserves

As of December 31, 2024, the Group's reserves available for distribution to shareholders of the Company amounted to approximately RMB1,040.8 million.

Subsequent Events

Subsequent to December 31, 2024 and up to March 27, 2025 (being the date of this announcement), no material events were undertaken by the Group.

FINANCIAL INFORMATION

The audited consolidated annual results of the Group for the year ended December 31, 2024 are as follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	RMB'000
REVENUE	*4(a)*	**2,451,033**	2,743,628
Cost of sales		**(1,059,140)**	(1,305,467)
Gross profit		**1,391,893**	1,438,161
Other income and gains, net	*4*	**21,755**	98,473
Finance costs	*5*	**(12,455)**	(23,640)
Selling and distribution expenses		**(988,865)**	(982,970)
Administrative expenses		**(259,764)**	(316,961)
Share of profits and losses of associates		**(3,497)**	1,086
PROFIT BEFORE TAX	*6*	**149,067**	214,149
Income tax expense	*7*	**(50,863)**	(98,573)
PROFIT FOR THE YEAR		**98,204**	115,576
Attributable to:			
Owners of the parent		**98,204**	115,576
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic (RMB)		**0.04**	0.05
Diluted (RMB)		**0.04**	0.05

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2024

	2024	2023
	RMB'000	RMB'000
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,982**	(20,758)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**1,982**	(20,758)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	**6,623**	31,018
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**6,623**	31,018
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**8,605**	10,260
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**106,809**	125,836
Attributable to:		
Owners of the parent	**106,809**	125,836

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024**	2023
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,318,571**	1,391,225
Investment property		**10,247**	–
Right-of-use assets	*10(a)*	**320,075**	385,213
Prepayments, other receivables and other assets		**189,913**	19,840
Rental deposits		**87,205**	95,175
Other intangible assets		**13,207**	13,266
Investments in associates	*11*	**627,848**	631,501
Other financial assets at fair value through profit or loss	*13*	**–**	120,000
Equity investments designated at fair value through other comprehensive income		**2,500**	2,500
Deferred tax assets		**125,524**	103,714
Total non-current assets		**2,695,090**	2,762,434
CURRENT ASSETS			
Inventories		**226,853**	315,320
Trade receivables	*12*	**67,925**	61,260
Prepayments, other receivables and other assets		**130,001**	161,019
Structured deposits	*13*	**100,734**	514,749
Other financial assets at fair value through profit or loss	*13*	**113,032**	–
Restricted cash		**–**	4,000
Cash and bank balances		**1,254,157**	1,074,477
Total current assets		**1,892,702**	2,130,825
CURRENT LIABILITIES			
Trade payables	*14*	**57,060**	96,402
Other payables and accruals		**391,327**	376,102
Interest-bearing bank borrowings	*15*	**150,000**	–
Government grants		**2,283**	2,283
Lease liabilities	*10(b)*	**132,427**	168,183
Income tax payable		**32,656**	41,214
Total current liabilities		**765,753**	684,184
NET CURRENT ASSETS		**1,126,949**	1,446,641
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,822,039**	4,209,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2024

	Notes	**2024**	2023
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals		**5,480**	19,673
Government grants		**44,908**	47,191
Deferred tax liabilities		**63,377**	92,165
Lease liabilities	*10(b)*	**81,771**	114,636
Total non-current liabilities		**195,536**	273,665
NET ASSETS		**3,626,503**	3,935,410
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**15**	16
Treasury shares	*16*	**(458,592)**	(350,181)
Reserves		**4,085,080**	4,285,575
TOTAL EQUITY		**3,626,503**	3,935,410

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands on 13 May 2015. The registered and correspondence office of the Company is an office of Intertrust Corporate Services (Cayman) Limited, located at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 November 2016 (the "**Listing**").

2. ACCOUNTING POLICIES

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 ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for structured deposits, other financial assets at fair value through profit or loss ("**FVTPL**"), equity investment designed at fair value through other comprehensive income ("**FVTOCI**") and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale and service of casual braised food. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of casual braised food and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical areas

Since all of the Group's revenue was generated from the production, marketing and retailing of casual braised duck-related food in Chinese Mainland and all of the Group's non-current assets were located in Chinese Mainland, no geographical information in accordance with HKFRS 8 Operating Segments is presented.

Information about major customers

Since none of the Group's sales to a single customer accounted for 10% or more of the Group's total revenue, no information about major customers in accordance with HKFRS 8 Operating Segments is presented.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024	2023
	RMB'000	**RMB'000**
Revenue from contracts with customers	**2,451,033**	2,743,628

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	**2023**
	RMB'000	**RMB'000**
Types of goods or services		
Modified-Atmosphere-Packaged products	**2,062,856**	2,388,291
Vacuum-packaged products	**257,740**	261,636
Franchise fees of retail stores	**33,117**	35,205
Other products	**97,320**	58,496
Total revenue from contracts with customers	**2,451,033**	2,743,628

	2024	**2023**
	RMB'000	**RMB'000**
Timing of revenue recognition		
Goods transferred at a point in time	**2,417,916**	2,708,423
Service transferred over time	**33,117**	35,205
Total revenue from contracts with customers	**2,451,033**	2,743,628

4. **REVENUE, OTHER INCOME AND GAINS, NET (continued)**

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	**2023**
	RMB'000	**RMB'000**
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of casual braised food	**24,738**	28,513
Franchise fee of retail stores	**21,793**	19,737
	46,531	48,250

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of casual braised food

The performance obligation is satisfied upon delivery of the goods and payment is generally settled once the goods are delivered, except for franchisees and distributors, where payment in advance is normally required.

Franchise fees of retail stores

The performance obligation is satisfied over time as services are rendered and advances are normally required before rendering the services. Generally, franchise fee contracts are for periods of more than one year, and the franchise fees are billed according to the contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	**2023**
	RMB'000	**RMB'000**
Amounts expected to be recognised as revenue:		
Within one year	**39,331**	46,531
After one year	**5,480**	19,673
	44,811	66,204

4. REVENUE, OTHER INCOME AND GAINS, NET (continued)

An analysis of other income and gains, net is as follows:

	Notes	2024 RMB'000	2023 RMB'000
Other income			
Interest income from bank deposits		**36,074**	43,957
Interest income from structured deposits		**11,572**	20,060
Interest income from other financial assets at FVTPL		**2,400**	8,080
Interest income from advanced to an associate		**–**	360
Government grants related to assets[(i)]		**2,283**	2,283
Government grants related to income[(ii)]		**18,428**	10,447
		70,757	85,187
Gains, net			
Fair value loss on structured deposits measured at FVTPL		**(4,015)**	(2,796)
Fair value loss on other financial assets measured at FVTPL		**(33,000)**	(595)
Loss on disposal of items of property, plant and equipment, net		**(94)**	(3,383)
Gain on modification of lease, net	*10*	**5,110**	16,626
Impairment of right-of-use assets	*10*	**(13,354)**	(13,784)
(Loss)/gain on foreign exchange differences, net		**(8,655)**	2,166
Gain from early redemption of convertible bonds		**–**	8,559
Others		**5,006**	6,493
		(49,002)	13,286
Total		**21,755**	98,473

i. The Group has received certain government grants related to the investments in production plants. The grants related to assets were recognised in the profit or loss over the useful lives of relevant assets.

ii. There were no unfulfilled conditions and other contingencies attaching to the government grants that had been recognised.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**2,223**	2,485
Interest on convertible bonds	**–**	8,616
Interest on lease liabilities	**10,232**	12,539
Total	**12,455**	23,640

6. PROFIT BEFORE TAX

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

	Notes	2024	2023
		RMB'000	**RMB'000**
Cost of inventories sold		**715,140**	928,233
Depreciation of property, plant and equipment		**114,805**	117,291
Depreciation of right-of-use assets	*10(c)*	**201,300**	217,243
Depreciation of investment property		**109**	–
Amortisation of other intangible assets		**5,630**	10,474
Auditor's remuneration		**2,400**	2,400
Minimum lease payments under short term leases in respect of stores and plant premises	*10(c)*	**106,556**	85,474
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**423,114**	432,609
Pension scheme contributions**		**71,661**	69,269
Equity-settled share-based payment expense		**(4,113)**	24,401
Other welfare		**27,000**	29,435
		517,662	555,714
Advertising and promotion expenses		**34,791**	39,245
E-commerce and online ordering platform related service and delivery fees		**136,392**	142,295
Fuel cost		**13,026**	13,736
Utility expenses		**43,384**	43,190
Share of profits and losses of associates		**3,497**	(1,086)
Finance costs	*5*	**12,455**	23,640
Transportation expenses		**73,340**	49,883
Interest income from bank deposits	*4*	**(36,074)**	(43,957)
Interest income from structured deposits	*4*	**(11,572)**	(20,060)
Interest income from other financial assets at FVTPL	*4*	**(2,400)**	(8,080)
Interest income from loan to an associate		**–**	(360)
Fair value loss on structured deposits measured at FVTPL	*4*	**4,015**	2,796
Fair value loss on other financial assets measured at FVTPL	*4*	**33,000**	595
Loss on disposal of items of property, plant and equipment, net	*4*	**94**	3,383
Gain on modification of lease, net	*4*	**(5,110)**	(16,626)
Impairment of right-of-use assets	*4*	**13,354**	13,784
Impairment of trade receivables		**2,357**	9,739
Loss/(gain) on foreign exchange differences	*4*	**8,655**	(2,166)
Gain from early redemption of convertible bonds	*4*	**–**	(8,559)
Government grants related to assets	*4*	**(2,283)**	(2,283)
Government grants related to income	*4*	**(18,428)**	(10,447)

7. INCOME TAX

The major components of income tax expenses are as follows:

	2024	2023
	RMB'000	RMB'000
Current – PRC		
Charge for the year	**103,783**	56,896
Underprovision in prior year	**(2,322)**	4,254
	101,461	61,150
Deferred tax	**(50,598)**	37,423
Total tax charge for the year	**50,863**	98,573

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for current income tax in the PRC is based on a statutory rate of 25% (2023: 25%) of the assessable profits of the subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

8. DIVIDENDS

	2024	2023
	RMB'000	RMB'000
Interim-nil per ordinary share (2023: HK$0.12 (equivalent to RMB0.11 per share))	**–**	263,119
Final-HK$0.05 (equivalent to RMB0.05 per share) per ordinary share (2023: HK$0.05 (equivalent to RMB0.05 per share))	**102,368**	108,073

The proposed final dividend for the year is subject to the approval of the Group's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,195,460,423 (2023: 2,316,332,731) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	**RMB'000**
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**98,204**	115,576

	Number of shares	
	2024	**2023**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,195,460,423**	2,316,332,731
Effect of dilution – weighted average number of ordinary shares:		
Restricted share unit scheme	**283,035**	1,709,199
	2,195,743,458	2,318,041,930
Earnings per share:		
Basic (RMB)	**0.04**	0.05
Diluted (RMB)	**0.04**	0.05

The diluted earnings per share amounts are based on the profit for the year attributable to ordinary equity holders of the parent of RMB98,204,000 (2023: RMB115,576,000), and the weighted average number of ordinary shares of 2,195,743,458 (2023: 2,318,041,930) in issue during the year.

10. LEASE

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 12 months and 7 years. Motor vehicles generally have lease terms of less than 12 months and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are certain lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	Properties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	121,168	317,641	438,809
Additions	–	236,368	236,368
Depreciation charge	(2,856)	(214,806)	(217,662)
Revision of a lease term arising from other changes in the non-cancellable period of a lease	–	(58,518)	(58,518)
Impairment	–	(13,784)	(13,784)
As at 31 December 2023 and 1 January 2024	118,312	266,901	385,213
Additions		171,092	171,092
Depreciation charge	(2,856)	(198,863)	(201,719)
Revision of a lease term arising from other changes in the non-cancellable period of a lease	–	(21,157)	(21,157)
Impairment	–	(13,354)	(13,354)
As at 31 December 2024	115,456	204,619	320,075

10. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

The Group's leasehold land is located in Wuhan City of Hubei Province, Dongguan City of Guangdong Province, Chengdu City of Sichuan Province, Nantong City of Jiangsu Province, Cangzhou City of Hebei Province and Qianjiang City of Hubei Province, the PRC, with lease periods of 50 years.

During the year, an amount of RMB419,000 (2023: RMB419,000) of the prepaid land lease payments was capitalised as part of the construction costs of the factory in Qianjiang City.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
	RMB'000	RMB'000
Carrying amount at 1 January	**282,819**	350,247
New leases	**169,899**	222,611
Accretion of interest recognised during the year	**10,232**	12,539
Payments	**(222,485)**	(227,434)
Reassessment of a lease term arising from a decision not to exercise the extension option	**–**	–
Revision of a lease term arising from other changes in the non-cancellable period of a lease	**(26,267)**	(75,144)
Carrying amount at 31 December	**214,198**	282,819
Analysed into:		
Current portion	**132,427**	168,183
Non-current portion	**81,771**	114,636
	214,198	282,819

10. LEASES (continued)

The Group as a lessee (continued)

(c) ***The amounts recognised in profit or loss in relation to leases are as follows:***

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**10,232**	12,539
Depreciation charge of right-of-use assets	**201,300**	217,243
Expense relating to short-term leases (included in cost of sales and selling and distribution expenses)	**33,537**	12,408
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales and selling and distribution expenses)	**73,019**	73,066
Gain on modification of lease, net	**(5,110)**	(16,626)
Impairment of right-of-use assets	**13,354**	13,784
Total amount recognised in profit or loss	**326,332**	312,414

(d) ***Variable lease payments***

The Group leased a number of retail stores and premises which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and premises in the shopping malls. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

2024	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent payment	**219,382**	**–**	**219,382**
Variable rent with minimum payment	**36,640**	**15,112**	**51,752**
Variable rent only	**–**	**57,907**	**57,907**
Total	**256,022**	**73,019**	**329,041**

2023	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent payment	181,842	–	181,842
Variable rent with minimum payment	58,000	18,168	76,168
Variable rent only	–	54,898	54,898
Total	239,842	73,066	312,908

11. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**627,848**	631,501

Particulars of the Company's material associates are as follows:

Name	Place of incorporation	Ownership interest	Percentage of Voting power	Profit sharing	Principal activity
Shenzhen Tiantu Xingnan Investment Partnership (Limited Partnership) ("**Shenzhen Tiantu Xingnan**") *(Note a)*	PRC	25.00%	40.00%	25.00%	Investment fund
Shanghai Zhi Yi Enterprise Development ("**Shanghai Zhi Yi**") *(Note b)*	PRC	49.90%	49.90%	49.90%	Investment holding
Hainan Tiantu Xingzhou Investment Partnership (Limited Partnership) ("**Hainan Tiantu Xingzhou**") *(Note c)*	PRC	31.64%	25.00%	31.64%	Investment fund
Hubei Dwelling Foods Co., Ltd. ("**Hubei Dwelling**") *(Note d)*	PRC	20.00%	20.00%	20.00%	Warehousing Business
ACCF Ginkgo Capital I L.P. ("**ACCF Ginkgo**") *(Note e)*	Cayman Island	41.61%	33.33%	41.61%	Investment fund

(a) In March 2018, the Group, through an indirect-wholly-owned subsidiary, entered into a partnership agreement with Shenzhen Tiantu Capital Management Centre (Limited Partnership) and Shenzhen Tiantu Xing'an Investment Enterprise (Limited Partnership) to jointly form Shenzhen Tiantu Xingnan, an investment fund, as a limited partner with an initial capital commitment of RMB500,000,000, representing 50.00% of the total commitment capital of RMB1,000,000,000 of this fund.

The Investment Committee of Shenzhen Tiantu Xingnan comprised of five directors, of which two of them are appointed by the Group and the remaining three directors were appointed by the other shareholders of Shenzhen Tiantu Xingnan. The resolution of the board of directors of Shenzhen Tiantu Xingnan requires approval by simple majority. As such, the Group can exercise significant influence over Shenzhen Tiantu Xingnan's financial or operating policies and, accordingly, the Group accounts for Shenzhen Tiantu Xingnan as an associate.

As of 31 December 2023, the total paid-up capital of this fund was RMB835,957,000 as a result of the capital distribution to investors of RMB14,043,000 in September 2023. The Group's paid-in contribution of RMB208,972,000 (2022: RMB212,500,000), represented 25.00% (2022: 25.00%) of the total paid-up capital of this fund.

As of 31 December 2024, the total paid-up capital of this fund was RMB833,553,000 as a result of the capital distribution to investors of RMB2,404,000 in August 2024. The Group's paid-in contribution of RMB208,368,000 (2023: RMB208,972,000), represented 25.00% (2023: 25.00%) of the total paid-up capital of this fund.

11. INVESTMENTS IN ASSOCIATES (continued)

(b) In April 2021, the Group, through an indirect wholly-owned subsidiary, entered into an agreement with Shanghai Bofu Business Service Office (Limited Partnership) to jointly form Shanghai Zhi Yi, with an initial subscription amount of RMB29,940,000, representing 49.90% of the total initial subscription amount of this associate.

As of 31 December 2023, the total paid-up capital of this fund was RMB31,918,000 as a result of the capital distribution to all investors of RMB3,182,000 in April 2023. The Group's paid-in contribution of RMB15,927,000 (2022: RMB17,515,000) represented 49.90% (2022: 49.90%) of the total paid-up capital of Shanghai Zhi Yi.

As of 31 December 2024, the total paid-up capital of this fund was RMB31,918,000 as same as 31 December 2023. the Group's paid-in contribution of RMB15,927,000 (2023: RMB15,927,000) represented 49.90% (2023: 49.90%) of the total paid-up capital of Shanghai Zhi Yi.

(c) In October 2021, the Group, through an indirect wholly-owned subsidiary, entered into a partnership agreement with Shenzhen Tiantu Capital Management Centre (Limited Partnership) and Shenzhen Tiantu Investment Management Co., Ltd to jointly form Hainan Tiantu Xingzhou, an investment fund, as a limited partner with an initial subscription amount of RMB500,000,000, representing 50.00% of the total initial subscription amount of this fund.

The Investment Committee of Hainan Tiantu Xingzhou comprised of four directors, of which one of them is appointed by the Group and the remaining three directors were appointed by other shareholders of Hainan Tiantu Xingzhou. The resolution of the board of directors of Hainan Tiantu Xingzhou requires approval by simple majority. As such, the Group can exercise significant influence over Hainan Tiantu Xingzhou's financial or operating policies and, accordingly, the Group accounts for Hainan Tiantu Xingzhou as an associate.

As of 31 December 2023, the total paid-up capital of this fund was RMB750,000,000, being the additional capital injection of RMB175,000,000 by independent third institutional investors and RMB5,000,000 by Shenzhen Tiantu Capital Management Centre (Limited Partnership). The Group's paid-in contribution of RMB250,000,000 (2022: RMB250,000,000) represented 33.33% (2022: 43.86%) of the total paid-up capital of Hainan Tiantu Xingzhou.

As of 31 December 2024, the total paid-up capital of this fund was RMB788,136,000, being the additional capital injection of RMB30,000,000 by independent third institutional investors and RMB10,000,000 by Shenzhen Tiantu Capital Management Centre (Limited Partnership), and the distribution was made to investors of RMB1,864,000 in December 2024. The Group's paid-in contribution of RMB249,391,000 (2023: RMB250,000,000) represented 31.64% (2023: 33.33%) of the total paid-up capital of Hainan Tiantu Xingzhou.

11. INVESTMENTS IN ASSOCIATES (continued)

(d) In November 2021, the Group, through an indirect wholly-owned subsidiary, disposed of 80.00% ownership of Hubei Dwelling, and the remaining 20.00% of equity interest in Hubei Dwelling was accounted for investment in an associate.

For the year ended 31 December 2023, the Group made a RMB1,080,000 capital injection into Hubei Dwelling.

As of 31 December 2024, the Group's paid-in contribution of RMB16,080,000 (2023: RMB16,080,000) represented 20.00% (2023: 20.00%) of the total paid-up capital of Hubei Dwelling.

(e) In June 2022, the Company entered into a partnership agreement with Advantage China Consumer Fund (ACCF Capital) and Ginkgo Future Ltd. to jointly form ACCF Ginkgo Capital I L.P, as a limited partner, with an initial subscription amount of USD30,000,000, representing 49.50% of the total initial subscription amount of the fund.

The Investment Committee of ACCF Ginkgo comprised of three directors, of which one of them is appointed by the Group and the remaining two directors were appointed by the other shareholders of ACCF Ginkgo. The resolution of the board of directors of ACCF Ginkgo requires approval by simple majority. As such, the Group can exercise significant influence over ACCF Ginkgo's financial or operating policies and, accordingly, the Group accounts for ACCF Ginkgo as an associate.

In June 2023, Max Bloom Group Limited joined the partnership, as a limited partner, with an initial subscription amount of USD2,500,000.

As of 31 December 2024, the Group's paid-in contribution of USD10,000,000 (2023: USD10,000,000) represented 41.61% (2023: 41.61%) of the total paid-up capital of USD24,033,000.

12. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**84,807**	78,259
Less: Impairment provision	**(16,882)**	(16,999)
Total	**67,925**	61,260

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**41,419**	29,804
3 to 12 months	**26,443**	31,401
Over 1 year	**63**	55
Total	**67,925**	61,260

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**16,999**	7,260
Write-off of impairment loss	**(2,474)**	–
Impairment losses *(note 6)*	**2,357**	9,739
At end of year	**16,882**	16,999

The Group applies the simplified approach to provide for expected credit losses prescribed in HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the days past due of the trade receivables to measure the expected credit losses. Majority of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default and in general, the Group recognises a loss allowance based on a 12-month ECLs at each reporting date. The Directors are of the opinion that the credit risk was minimal in view of there has not been a significant change in credit quality.

13. STRUCTURED DEPOSITED AND OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Current:		
Other financial assets at FVTPL		
Structured deposits products	**100,734**	514,749
Private equity fund	**87,000**	–
Money market fund	**26,032**	–
	213,766	514,749
Non-current:		
Other financial assets at FVTPL		
Private equity fund	**–**	120,000
Total	**213,766**	634,749

14. TRADE PAYABLES

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

	2024	2023
	RMB'000	RMB'000
Within 3 months	**52,628**	92,559
3 to 6 months	**2,021**	1,889
6 to 12 months	**1,234**	1,035
Over 12 months	**1,177**	919
Total	**57,060**	96,402

The trade payables are non-interest-bearing.

15. INTEREST-BEARING BANK BORROWINGS

	31 December 2024			31 December 2023		
	Effective Interest rate (%)	Maturity	RMB'000	Effective Interest rate (%)	Maturity	RMB'000
Bank borrowings – unsecured	**0.65-1.24**	**2025.1-2025.3**	**150,000**	–	–	–
			150,000			–

16. SHARE CAPITAL

	2024	2023
	RMB'000	RMB'000
Authorised:		
50,000,000,000 shares of USD0.000001 each (2023: 50,000,000,000 shares of USD0.000001 each)	**306**	306
Issued and fully paid:		
2,267,985,500 shares of USD0.000001 each (2023: 2,383,140,500 shares of USD0.000001 each)	**15**	16

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

	Numbers of shares in issue	Share capital	Treasury shares
		RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	2,383,140,500	16	(324,459)
Repurchased of shares	–	–	(51,709)
Exercise of share-based awards	–	–	25,987
At 31 December 2023	2,383,140,500	16	(350,181)
At 31 December 2023 and 1 January 2024	2,383,140,500	16	**(350,181)**
Repurchase of shares	–	–	**(316,806)**
Cancellation of shares	(115,155,000)	(1)	**183,514**
Exercise of share-based awards	–	–	**24,881**
At 31 December 2024	2,267,985,500	15	**(458,592)**

17. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the consolidated financial statements, no material events were undertaken by the Group subsequent to 31 December 2024.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During 2024, the Company repurchased a total of 175,773,000 Shares (the "**Shares Repurchased**") on the Hong Kong Stock Exchange at an aggregate consideration of HK$301,899,008.26. No Shares Repurchased were held as treasury shares of the Company. Particulars of the Shares Repurchased are summarized as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate Consideration[(1)]
		Highest	Lowest	
		HK$	HK$	HK$
March 2024	1,640,000	1.73	1.73	2,842,548.92
April 2024	33,742,500	1.89	1.64	58,596,983.74
May 2024	26,830,500	2.05	1.80	52,061,035.65
June 2024	19,367,000	1.86	1.70	34,186,634.69
July 2024	20,411,000	1.81	1.68	35,384,596.31
August 2024	9,993,000	1.53	1.41	14,764,823.82
September 2024	16,003,500	1.54	1.39	23,151,714.60
October 2024	12,527,500	1.97	1.55	21,395,146.40
November 2024	15,534,000	1.74	1.56	25,745,041.95
December 2024	19,724,000	1.77	1.66	33,770,482.18
Total	175,773,000			301,899,008.26

(1): Including handling charges.

During 2024, a total of 55,621,000 Shares repurchased from March 28, 2024 to May 22, 2024 have been cancelled on May 27, 2024, and a total of 59,534,000 Shares repurchased from May 23, 2024 to September 5, 2024 have been cancelled on September 11, 2024. A total number of Shares in issue was reduced by 115,155,000 as a result of the cancellation during 2024. As at December 31, 2024, the total number of Shares in issue was 2,267,985,500.

Save as disclosed above and the purchase of Shares through a designated trustee in accordance with the RSU Scheme, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sales of treasury shares) in 2024. As at December 31, 2024, the Company did not hold any treasury shares.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.05 per ordinary share of the Company (adopting an exchange rate of HK$1=RMB0.92294, equivalent to RMB0.05 per share) (the "**2024 Final Dividend**") and payable in Hong Kong dollars, amounting to approximately a total of RMB102,368,000 (calculated based on the total issued shares of the Company as of the date of this announcement, which was 2,218,299,000), representing approximately 104.2% of the Group's net profit for the year ended December 31, 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the annual general meeting of the Company (the "**AGM**"), the register of members of the Company will be closed from Tuesday, May 13, 2025 to Friday, May 16, 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, May 16, 2025, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, May 12, 2025.

Subject to the approval of the declaration of the 2024 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from Thursday, May 22, 2025 to Monday, May 26, 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed 2024 Final Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Wednesday, May 21, 2025. The 2024 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about Thursday, June 26, 2025 to those shareholders whose name appear on the register of member of the Company on Monday, May 26, 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save for the deviation from code provision C.2.1 as set of in part 2 of the Corporate Governance Code (the "**Code**"), which is explained in the following paragraph, in 2024, the Company has complied with the applicable code provisions in part 2 of the Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

Pursuant to code provision C.2.1 in part 2 of the Code, the responsibilities between the chairman and chief executive officer of a listed issuer should be separate and should not be performed by the same individual. Mr. Zhou Fuyu has served as both the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") since June 12, 2024, and such practice deviates from the code provision C.2.1 in part 2 of the Code. The Company is currently undergoing an important period of strategic change, and the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the founder of the Group can effectively promote the implementation of the Group's key strategies, ensure consistent leadership to advance long-term strategies, and further optimize the operating efficiency of the Group and enhance the operating quality of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Company will continue to enhance its corporate governance practice which is appropriate to the conduct and growth of its business.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the year ended December 31, 2024.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chen Chen, Mr. Chan Kam Ching, Paul and Mr. Lu Weidong, our independent non-executive Directors. Mr. Chen Chen is the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications.

The Audit Committee has reviewed and discussed the annual results for the year ended December 31, 2024. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhouheiya.cn). The annual report will be dispatched to the shareholders of the Company (if requested) and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhou Hei Ya International Holdings Company Limited
ZHOU Fuyu
Chairman, Chief Executive Officer

Hong Kong, March 27, 2025

As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Fuyu, Mr. LYU Hanbin and Ms. WANG Yali; and the independent non-executive Directors of the Company are Mr. CHAN Kam Ching, Paul, Mr. LU Weidong and Mr. CHEN Chen.