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Jiyi Holdings Limited
集一控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1495)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “Board”) of Directors (the “Directors”) of Jiyi Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, referred to as the “Group”) for the year ended 31 December 2024 (“FY2024” or the “Reporting Period”), together with the comparative figures for the corresponding year ended 31 December 2023 (“FY2023”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000 (Restated)
Revenue	5	311,017	629,482
Cost of sales		<u>(300,820)</u>	<u>(628,865)</u>
Gross profit		10,197	617
Other income	6	82	103
Other losses, net		(3,612)	(15,831)
Distribution and selling expenses		(1,468)	(1,565)
Administrative expenses		(14,314)	(16,136)
Provision for impairment loss on prepayment for acquisition of investment properties		(26,707)	–
Provision for impairment losses under expected credit loss model, net	8	(263,965)	(365,882)
Provision for impairment loss on goodwill		–	(52,033)
Loss on fair value change of financial assets at fair value through profit or loss ("FVTPL")		(200)	–
Loss on disposal of financial assets at FVTPL		(204)	–
Provision for litigation and legal expenses		(16,710)	(28,028)
Finance costs	7	<u>(12,650)</u>	<u>(9,801)</u>
Loss before tax		(329,551)	(488,556)
Income tax expense	9	<u>(413)</u>	<u>(10,600)</u>
Loss for the year	10	<u>(329,964)</u>	<u>(499,156)</u>

		2024	2023
	Notes	RMB'000	RMB'000 (Restated)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(4,800)</u>	<u>(23,295)</u>
Other comprehensive loss for the year, net of income tax		(4,800)	(23,295)
Total comprehensive loss for the year		<u>(334,764)</u>	<u>(522,451)</u>
Loss for the year attributable to:			
— Owners of the Company		(330,403)	(499,164)
— Non-controlling interests		<u>439</u>	<u>8</u>
		<u>(329,964)</u>	<u>(499,156)</u>
Total comprehensive loss for the year attributable to:			
— Owners of the Company		(335,203)	(522,459)
— Non-controlling interests		<u>439</u>	<u>8</u>
		<u>(334,764)</u>	<u>(522,451)</u>
Loss per share attributable to owners of the Company for the year			
— Basic (<i>RMB cents per share</i>)	12	(125.26)	(189.25)
— Diluted (<i>RMB cents per share</i>)	12	<u>(125.26)</u>	<u>(189.25)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		31 December 2024	31 December 2023	1 January 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		16,060	17,863	19,705
Right-of-use assets		9,510	11,944	9,152
Investment properties	13	43,810	47,420	61,520
Goodwill		–	–	52,033
Prepayment for acquisition of investment properties	15	7,270	33,977	33,977
Financial assets at FVTPL		–	1,178	1,178
Deferred tax assets		–	–	10,633
		76,650	112,382	188,198
Current assets				
Inventories		–	1,448	1,218
Amounts due from related parties		–	–	3,945
Trade and other receivables and prepayments	15	347,587	498,180	795,061
Contract assets	14	208,685	288,270	364,929
Restricted cash		392	103	182
Bank balances and cash		5,041	5,642	7,017
		561,705	793,643	1,172,352
Total assets		638,355	906,025	1,360,550

		31 December 2024	31 December 2023	1 January 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
Current liabilities				
Trade and other payables	16	242,155	134,402	120,246
Bank borrowings		154,320	254,325	232,038
Other borrowings		3,600	2,760	3,360
Lease liabilities		4,762	5,030	1,999
Convertible loan notes	17	50,776	47,430	44,014
Provision for litigation and legal expenses		44,738	28,028	–
Amounts due to related parties		35,019	207	–
Contract liabilities		4,632	993	3,483
Income tax payables		29,961	28,645	28,678
		569,963	501,820	433,818
Net current (liabilities)/assets		(8,258)	291,823	738,534
Total assets less current liabilities		68,392	404,205	926,732
Non-current liabilities				
Lease liabilities		–	146	222
Deferred tax liabilities		20,974	21,877	21,877
		20,974	22,023	22,099
Net assets		47,418	382,182	904,633
Capital and reserves				
Share capital		2,390	2,390	112,112
Reserves		43,858	379,061	791,798
Equity attributable to owners of the Company		46,248	381,451	903,910
Non-controlling interests		1,170	731	723
Total equity		47,418	382,182	904,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Jiyi Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The controlling shareholder of the Company and its subsidiaries (collectively referred as to the “Group”) is Xinling Limited, an ultimate and immediate holding company incorporated in the British Virgin Islands (“BVI”) which is wholly-owned by Ms. Hou Wei. Ms. Hou Wei is the ultimate controlling individual of the Group. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of its principal place of business is Unit 1704, 17/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the business of sale and distribution of building and home improvement materials and furnishings and provision of interior design and building engineering services in the People’s Republic of China (the “PRC”).

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance.

2.2 GOING CONCERN BASIS

For the year ended 31 December 2024, the Group incurred a net loss of approximately RMB330.0 million. As at 31 December 2024, the Group’s net current liabilities were approximately RMB8.3 million and the Group’s current liabilities (including current liabilities that are in default or cross-default or contain early repayment on demand clauses) were approximately RMB570.0 million.

In addition, as of 31 December 2024, certain bank borrowings of the Group in the amount of approximately RMB154.3 million were not repaid in accordance with the scheduled repayment dates. Accordingly, as of 31 December 2024, bank and other borrowings in the aggregate principal amount of approximately RMB154.3 million were in default or cross-default. Subsequent to 31 December 2024, certain other bank and other borrowings of the Group have not been repaid in accordance with the scheduled repayment dates.

In addition, on 12 June 2023, a winding-up petition (the “Petition”) was filed by Qingdao Rongshikaiyuan Trading Company Limited (the “Petitioner”) with the High Court of the Hong Kong Special Administrative Region (the “High Court of Hong Kong”) for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner’s ultimate beneficial owner is an individual named Zhang Zongai. A copy of the winding-up petition was delivered by the Petitioner to the Company’s office on 5 July 2023. The Petition is in relation to the Petitioner’s claim for the Outstanding Convertible Bonds in the principal amount of HK\$41,555,555.00 that had become mature on 31 August 2022. As at 12 June 2023, the Company is allegedly indebted to the Petitioner in the aggregate sum of HK\$57,482,397.55, with HK\$41,555,555.00 being the outstanding principal under the Bond and HK\$15,926,842.55 being the accrued interest thereunder.

These events or circumstances indicate existing material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern. In view of the circumstances, the directors of the Company (the “Directors”) have carefully considered the future liquidity and performance of the Group and the sources of financing available to the Group. The Group has formulated the following plans and measures to reduce liquidity pressure:

- The Company has actively maintained a dialogue with its lenders, noteholders and creditors (the “Creditors”) regarding negotiation of the repayment terms of the Company’s bank borrowings, convertible loan notes and other borrowings. As at the date of this announcement, the Creditors have indicated that considering the supportive policies of the national and local governments and the signs of the property market stabilising, the Creditors believe the Company is able to overcome its financial difficulties and the Company will be able to agree on repayment terms with the Creditors that can be feasibly carried out. The Creditors have also, through the dialogue with the Company, indicated that they will not take additional legal proceedings in relation to the outstanding borrowings of the Group. As of the date of this announcement, there is no court proceedings relating to the outstanding borrowings of the Group which will have any material impact on the operations, financial position or results of the Group. The Company is actively engaging with the Creditors and the Directors believe that the Group will be able to reach an agreement with the Creditors in respect of feasible repayment terms. The Company may also explore the possibility of equity fund raising activities to raise proceeds to repay some of the Group’s borrowings, which would aid in the negotiation of more favorable repayment terms;
- the Company has been actively evaluating the current financial and operating conditions with a view of unlocking the intrinsic value of the Group’s business and assets as the domestic business environment gradually recovers. The Group will continue to actively adapt to market changes and capture demands. The Group intends to continue developing its higher profit margin interior design and building engineering services business to improve profitability. As at the date of this announcement, the Group has secured 35 contracts with a total contract sum of approximately RMB1,087 million;

- the Group will continue to accelerate the collection of pre-sale payment and other receivables and to seek suitable opportunities to dispose of corporate fixed assets and investment properties to generate additional cash inflows; and
- the Group has been taking measures to control operational and administrative costs and avoid unnecessary capital expenditure. The Group will also actively evaluate additional measures to further reduce non-essential expenditure.

The Board is of the opinion that, taking into account the above plans and measures implemented during the year ended 31 December 2024, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. The Directors have also considered the cash flow projections of the Group prepared by the management for a period of not less than 12 months from the end of the Reporting Period. The Directors are of the opinion that, in view of the above plans and measures, the Group will have sufficient working capital for the foreseeable future to finance its operations and to meet its financial obligations as and when they fall due as agreed with its creditors. Accordingly, they are satisfied that the consolidated financial statements for the year ended 31 December 2024 have been properly prepared on a going concern basis.

Notwithstanding the above, there remains a material uncertainty as to whether the Group will be able to realize the above plans and measures. The Group's ability to continue as a going concern will depend on the following:

- (a) Its debts, including bank and other borrowings and senior notes, would be successfully extended;
- (b) Successful and timely implementation of plans to accelerate the pre-sale and sale of properties under development and completed properties, accelerate the collection of outstanding sales proceeds, control costs and control capital expenditure to generate sufficient net cash inflows; and
- (c) Successful sale of assets when required.

If the Group were unable to continue as a going concern, adjustments may be necessary to write down the carrying amount of assets to their net recoverable value, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the Group's consolidated financial statements for the year ended 31 December 2024.

2.3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendment to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting standard	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21 and HKAS 1	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HK Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴

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

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

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

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

The Group is in the process of assessing the impact of these new and amendments to HKFRs Accounting Standards. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for HKFRS 18 Presentation and Disclosure in Financial Statements which is detailed below.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. PRIOR YEAR ADJUSTMENTS

- (a) In the preparation of the Company's consolidated financial statements for the year ended 31 December 2024, the Company implemented a series of measures in response to the unauthorised guarantee arrangements. The Company engaged independent advisors to conduct a special investigation (the "Investigation") into two incidents of unauthorised guarantee arrangements (the "Incidents"), commissioned appraisers to issue valuation reports on the related collateral, and conducted a comprehensive review to identify any other undisclosed unauthorised financial assistance, in order to assess the potential impact of these matters on the Company's business operations and financial condition. During the investigation, the independent advisors further discovered that Ms. Hou Wei's personal credit report indicated her involvement as a guarantor in two finance lease transactions, where the borrowers were the Company's non-wholly owned subsidiaries, Guangjilian (Guangzhou) Trading Co., Ltd. ("Guangjilian") and Guangxi Jiye New Energy Technology Co., Ltd. ("Guangxi Jiye"), but these transactions were not disclosed in the 2022 and 2023 annual reports.

Regarding the first unauthorised guarantee arrangement, Mr. Deng Jianshen (spouse of Ms. Hou Wei), Ms. Hou Wei, and Ms. Huang Wenqing obtained a loan of RMB20,000,000 on 2 November 2020, which constituted a private lending arrangement. The guarantor for this loan was the Group's subsidiary, Jiye Industrial Group (Shenzhen) Co. Ltd. ("Shenzhen Jiye").

During a meeting held on 5 January 2022 to discuss the Group's overall operational status and financing arrangements, Mr. Hou Bo (a non-executive director of Jiye Holdings), Mr. Ye Yihui, Mr. He Yanye, and Mr. Hou Lianchang (independent non-executive directors of Jiye Holdings Limited) were absent. At this meeting, Ms. Huang Wenqing requested that Shenzhen Jiye be added as a guarantor. All participants unanimously agreed to appoint Shenzhen Jiye as the guarantor for the unauthorised guarantee provided to Mr. Deng Jianshen, Ms. Hou Wei, and Ms. Deng Yiyi.

The second unauthorised guarantee arrangement involved Guangdong Jiye Home Building Materials Chain Co., Ltd. ("Jiye Home"). On 28 January 2022, Jiye Home authorised the prior Chief Financial Officer, Ms. Deng Yiyi, to sign a personal loan agreement with Bank of Communications Co., Ltd., Meizhou Branch, for a loan amount of RMB7,000,000. The guarantors for this loan were Jiye Home, Mr. Deng Jianshen, Ms. Hou Wei, and Ms. Deng Yiyi. The borrower was Ms. Deng Yiyi personally.

Similarly, during a management meeting held on 16 January 2022, the same four directors were absent. These four directors were unaware of both unauthorised guarantee arrangements.

In relation to the Incidents, the guarantees provided by Ms. Deng Yiyi, Mr. Deng Jianshen, and Ms. Hou Wei essentially constituted "financial assistance provided by a listed issuer's group to connected persons or jointly held entities" as regulated under Chapter 14A of the Listing Rules, which legally requires disclosure and board approval. As the borrowers of both loans were not financial institutions, their knowledge of compliance requirements was limited, and they failed to strictly follow standardized lending procedures. Consequently, even though partial management approval was obtained, formal authorisation from the board of directors of Jiye Holdings Limited was not secured.

Additionally, during the 2022 audit period, Guangjilian and Guangxi Jiye signed finance leases with Herald International Financial Leasing Co., Ltd. (“Herald Leasing”) to lease 8 and 13 new energy vehicles, respectively. As the timing of these transactions was near the end of 2022, the Company was unable to record them promptly. Although Mr. Luo Weizhao, the prior Chief Financial Officer and Company Secretary, received the relevant documents forwarded by Ms. Hou Wei, he neither processed the accounting entries nor informed the auditors. This resulted in the omission of these transactions from the 2022 and 2023 financial statements.

(i) Adjustment related to the unauthorised guarantee arrangements

The valuation report carried out by Vincorn Consulting and Appraisal Limited, independent and qualified professional valuers who are not connected to the Group or its fair value estimation process, shows that the borrowers of the two loans have already pledged their available collateral assets against existing guarantee arrangements. The value of these assets is sufficient to cover the amounts under the two unauthorised guarantee arrangements. As a result, these arrangements did not have a material impact on the consolidated financial statements for the years ended 31 December 2022, 2023, and 2024. The assessment concludes that no adjustments to the overall financial impact assessment are necessary.

(ii) Adjustment related to the unrecorded finance leases

For the accounting treatment of the unrecorded finance lease transactions, the independent advisors determined that, as of 31 December 2024, the unrecorded finance leases liabilities of Guangxi Jiye and Guangjilian primarily involved five aspects: 1 vehicle from Guangxi Jiye, which the group claimed it has been sold and could not be recovered, is valued at approximately RMB237,000 (2023: RMB235,000) based on the corporate credit report; issued from China Construction Bank Corporation 12 vehicles repossessed by Herald Leasing from Guangxi Jiye, valued at approximately RMB2,744,000 (2023: RMB2,744,000) according to the credit report and settlement agreement; 1 vehicle transferred from Guangjilian to administrative officer Sun Chaohai, valued at approximately RMB111,000 (2023: RMB186,000); 4 vehicles repossessed by Herald Leasing from Guangjilian, valued at approximately RMB879,000 (2023: RMB900,000) per the settlement agreement; and 3 vehicles involved in litigation with Beijing Jinchan Huitian Investment Management Co., Ltd., valued at approximately RMB712,000 (2023: RMB688,000). These matters collectively resulted in liabilities of approximately RMB4,683,000 (2023: RMB4,871,000). The valuation did not account for potential penalty fees, as professional judgment deemed that even if such penalties were incurred, their amount would not materially affect the overall financial assessment conclusion.

The Group has quantified the financial impact on its consolidated financial statements, and the effects are presented in the table below.

(b) Adjustment relating to the unrecorded finance leases

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of financial position as at 31 December 2023 and 1 January 2023 were as follows:

Consolidated Statement of Financial Position			
As at 31 December 2023			
	As previously reported <i>RMB'000</i>	Prior year adjustment <i>RMB'000</i> <i>Note (a)(ii)</i>	As restated <i>RMB'000</i>
Non-current assets			
Right-of-use assets	7,147	4,797	11,944
Current assets			
Trade and other receivables and prepayment	499,117	(937)	498,180
Total assets	<u>902,165</u>	<u>3,860</u>	<u>906,025</u>
Current liabilities			
Lease liabilities	269	4,761	5,030
Net current assets	297,521	(5,698)	291,823
Total assets less current liabilities	<u>405,106</u>	<u>(901)</u>	<u>404,205</u>
Non-current liabilities			
Lease liabilities	–	146	146
Net assets	383,229	(1,047)	382,182
Capital and reserves			
Reserves	380,108	(1,047)	379,061
Equity attributable to owners of the Company	382,498	(1,047)	381,451
Total equity	<u>383,229</u>	<u>(1,047)</u>	<u>382,182</u>

Consolidated Statement of Financial Position
As at 1 January 2023

	As previously reported <i>RMB'000</i>	Prior year adjustment <i>RMB'000</i> <i>Note (a)(ii)</i>	As restated <i>RMB'000</i>
Non-current assets			
Right-of-use assets	7,067	2,085	9,152
Current assets			
Trade and other receivables and prepayment	795,437	(376)	795,061
Total assets	<u>1,358,841</u>	<u>1,709</u>	<u>1,360,550</u>
Current liabilities			
Lease liabilities	41	1,958	1,999
Net current assets	740,868	(2,334)	738,534
Total assets less current liabilities	<u>926,981</u>	<u>(249)</u>	<u>926,732</u>
Non-current liabilities			
Lease liabilities	—	222	222
Net assets	905,104	(471)	904,633
Capital and reserves			
Reserves	792,269	(471)	791,798
Equity attributable to owners of the Company	904,381	(471)	903,910
Total equity	<u>905,104</u>	<u>(471)</u>	<u>904,633</u>

A summary of the effect of the restatement on the applicable line items within the Company's consolidated statement of profit or loss for the year ended 31 December 2023 were as follows:

Consolidated Statement of Financial Position			
As at 31 December 2023			
	As previously reported <i>RMB'000</i>	Prior year adjustment <i>RMB'000</i> <i>Note (a)(ii)</i>	As restated <i>RMB'000</i>
Administrative expenses	(15,640)	(496)	(16,136)
Finance costs	(9,721)	(80)	(9,801)
Loss before tax	(487,980)	(576)	(488,556)
Loss for the year	(498,580)	(576)	(499,156)
Total comprehensive loss for the year	<u>(521,875)</u>	<u>(576)</u>	<u>(522,451)</u>
Loss for the year attributable to:			
— Owners of the company	<u>(498,588)</u>	<u>(576)</u>	<u>(499,164)</u>
Total comprehensive loss for the year attributable to:			
— Owners of the company	<u>(521,883)</u>	<u>(576)</u>	<u>(522,459)</u>
	<u>(521,875)</u>	<u>(576)</u>	<u>(522,451)</u>
Loss per share attributable to owners of the Company for the year			
— Basic (RMB cents per share)	(189.03)	(0.22)	(189.25)
— Diluted (RMB cents per share)	<u>(189.03)</u>	<u>(0.22)</u>	<u>(189.25)</u>

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker (CODM), make decisions about resource allocation based on the revenue by types of goods or services delivered or provided and reviews reports on the financial performance of the Group as a whole. No other discrete financial information is reviewed by the CODM for the assessment of performance of the Group. Therefore, no other segment information is presented. The Group is currently organised into the following two revenue streams as follows:

1. Sale and distribution of merchandise
2. Provision of interior design and building engineering services

Segment revenues and results

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

Year ended 31 December 2024

	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and building engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment Revenue			
Segment revenue	264,100	46,917	311,017
Less: Inter-segment sales	—	—	—
External sales	264,100	46,917	311,017
Segment cost of sales	(260,965)	(39,855)	(300,820)
Segment gross profit	3,135	7,062	10,197
Other income			82
Other losses, net			(3,612)
Distribution and selling expenses			(1,468)
Administrative expenses			(14,314)
Provision for impairment loss on prepayment for acquisition of investment properties			(26,707)
Provision for impairment losses under expected credit loss model, net			(263,965)
Loss on fair value change of financial assets at FVTPL			(200)
Loss on disposal of financial assets at FVTPL			(204)
Provision for litigation compensation and legal expenses			(16,710)
Finance costs			(12,650)
Loss before tax			(329,551)

Year ended 31 December 2023

	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and building engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment Revenue			
Segment revenue	629,482	–	629,482
<i>Less: Inter-segment sales</i>	<u>–</u>	<u>–</u>	<u>–</u>
External sales	629,482	–	629,482
Segment cost of sales	<u>(628,865)</u>	<u>–</u>	<u>(628,865)</u>
Segment gross profit	<u>617</u>	<u>–</u>	<u>617</u>
Other income			103
Other losses, net			(15,831)
Distribution and selling expenses			(1,565)
Administrative expenses			(16,136)
Provision for impairment losses under expected credit loss model, net			(365,882)
Provision for impairment loss on goodwill			(52,033)
Provision for litigation compensation and legal expenses			(28,028)
Finance costs			<u>(9,801)</u>
Loss before tax			<u>(488,556)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the consolidated financial statements in the annual report. Segment gross profit represents the gross profit earned by or loss from each segment without allocation of other income, other gains and losses, distribution and selling expenses, administrative expenses, provision for impairment losses under expected credit loss model, net and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at costs.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment gross profit are presented.

Geographical information

The Group's operations are located on the PRC (country of domicile) and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the relevant customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (<i>Note</i>)	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
The PRC	311,017	629,482	75,750	109,864
Hong Kong	—	—	900	1,340
	<u>311,017</u>	<u>629,482</u>	<u>76,650</u>	<u>111,204</u>

Note: Non-current assets excluded financial assets at fair value through profit or loss and deferred tax assets.

Information about major customers

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	90,948 ¹	N/A*
Customer B	38,495 ¹	N/A*
Customer C	36,097 ¹	N/A*
Customer D	N/A*	496,753 ¹
Customer E	N/A*	63,526 ¹
Customer F	<u>N/A*</u>	<u>59,061¹</u>

¹ Revenue from bulk commodity trade.

* The customers contributed less than 10% of the total revenue of the Group.

* No bulk trade sales made in 2024 were purchased by the customers' related parties(2023: approximately RMB344,590,000).

5. REVENUE

Disaggregation of revenue from contracts with customers:

Segments	For the year ended 31 December 2024		
	Sale and distribution of merchandise <i>RMB'000</i>	Provision of interior design and building engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services			
Sale and distribution of merchandise			
— Building materials	23,680	—	23,680
— Bulk commodity trading	240,420	—	240,420
Provision of interior design and building engineering services			
— Interior design	—	7,874	7,874
— Building engineering services	—	39,043	39,043
Total	264,100	46,917	311,017
Geographical markets			
The PRC	264,100	46,917	311,017
Timing of revenue recognition			
At a point in time	264,100	—	264,100
Over time	—	46,917	46,917
Total	264,100	46,917	311,017

	For the year ended 31 December 2023	
	Sale and distribution of merchandise	
Segments	<i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services		
Sale and distribution of merchandise		
— Building materials	3,142	3,142
— Home improvement materials	81	81
— Furnishings	—	—
— Bulk commodity trading	626,259	626,259
	<hr/>	<hr/>
Total	629,482	629,482
	<hr/> <hr/>	<hr/> <hr/>
Geographical markets		
The PRC	629,482	629,482
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At a point in time	629,482	629,482
Over time	—	—
	<hr/>	<hr/>
Total	629,482	629,482
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	2	11
Sundry income	<u>80</u>	<u>92</u>
	<u>82</u>	<u>103</u>

7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Interest on bank borrowings	9,647	6,956
Effective interest expense on convertible loan notes	2,989	2,757
Interest on lease liabilities	<u>14</u>	<u>88</u>
	<u>12,650</u>	<u>9,801</u>

8. PROVISION FOR IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment losses charged/(reversed)		
— contract assets	72,174	16,600
— trade receivables	113,098	349,640
— other receivables and deposits	78,693	(358)
	<u>263,965</u>	<u>365,882</u>

9. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC EIT		
Current tax	1,316	—
Overprovision in prior years	<u>—</u>	<u>(33)</u>
	1,316	(33)
Deferred tax	<u>(903)</u>	<u>10,633</u>
	<u>413</u>	<u>10,600</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

The Company's subsidiary in the BVI was incorporated under International Business Companies Act of the BVI and is exempted from the BVI income tax.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2024 RMB'000	2023 RMB'000
Directors' remuneration	1,356	3,529
Other staff salaries, allowances and benefits in kind	5,181	3,382
Retirement benefit scheme contributions for other staff	80	230
	<hr/>	<hr/>
Total staff costs	6,617	7,141
	<hr/> <hr/>	<hr/> <hr/>
Cost of inventories	300,820	628,865
Auditor's remuneration	1,264	970
— audit service	1,264	970
— non-audit service	—	—
Provision for impairment loss on prepayment for acquisition of investment properties	26,707	—
Depreciation of property, plant and equipment	1,714	1,999
Depreciation of right-of-use assets	2,472	2,149
Write-down of inventories	218	—
Variable rental payments in respect of office premises and retail stores — Lease rental payment*	720	195
	<hr/> <hr/>	<hr/> <hr/>
Rental income	—	—
Less: direct operating expenses incurred for investment properties that generated rental income during the year	—	(18)
	<hr/> <hr/>	<hr/> <hr/>
	—	(18)

The amount represents the short-term leases entered with lease term ended within one year.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000 (Restated)
LOSS		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(330,403)</u>	<u>(499,164)</u>
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	263,766	263,766
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>263,766</u>	<u>263,766</u>

For the years ended 31 December 2024 and 2023, the convertible loan notes had an anti-dilutive effect on the basic loss per share and were ignored in the calculation of diluted loss per share.

13. INVESTMENT PROPERTIES

During the years ended 31 December 2024 and 2023, the Group leases out commercial property units under operating leases with rentals receivables monthly. The leases typically run for an initial period of 1 year to 15 years and no unilateral rights to extend the lease beyond initial period held by the Group and lessees. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment properties <i>RMB'000</i>
At 1 January 2023	61,520
Decrease in fair value recognised in profit or loss	<u>(14,100)</u>
At 31 December 2023 and 1 January 2024	47,420
Decrease in fair value recognised in profit or loss	<u>(3,610)</u>
At 31 December 2024	<u><u>43,810</u></u>

In determining the fair value of the investment properties, the Group engages the independent qualified professional valuer to perform the valuation. The management of the Group works closely with them to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair value of the investment properties to the board of directors.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used) at the end of reporting period.

Investment properties	Valuation technique and fair value hierarchy	Significant input(s)	Relationship of inputs to fair value
2024: 10 units of a commercial building namely Jiyi Household Material City (with a gross floor area of 5,625.53 square metres) located at No. 2 Xianzi Middle Road, Chengjiang Town, Meixian District, Meizhou, Guangdong Province, the PRC (<i>Note 1</i>)	2024: Market approach Level 2 (<i>Note 2</i>)	2024: The market price per square metre ranged from RMB5,757 to RMB8,530	2024: The higher the market price per square metre, the higher the fair value and vice versa
2023: 10 units of a commercial building namely Jiyi Household Material City (with a gross floor area of 5,625.53 square metres) located at No. 2 Xianzi Middle Road, Chengjiang Town, Meixian District, Meizhou, Guangdong Province, the PRC (<i>Note 1</i>)	2023: Income approach Level 2 (<i>Note 2</i>)	2023: The market price per square metre ranged from RMB6,825 to RMB9,000	2023: The higher the market price per square metre, the higher the fair value and vice versa
2024: RMB43,810,000			
2023: RMB47,420,000			

Note 1: The land use rights of the commercial building were granted for a term expiring on 4 September 2048 for composite uses.

Note 2: The subject property is currently subject to a litigation with a bank in Mianland China and the court has ordered the bank to receive the the interests of the subject property as compensation. Considering the potential limitation in receiving rental incomes by the property owner, we have changed the valuation methodology to Market Approach which is not based on the income potential of a property to derive it's capital value. Since the observable quoted prices of the comparables with adjustments are adopted in Market Approach, it is thus regarded as a Level-2 approach.

There were no other transfers into or out of Level 2 during the year (2023: Nil).

14. CONTRACT ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract assets arising from:		
Services contracts for provision of interior design and building engineering services	310,803	318,214
<i>Less:</i> allowance for credit losses	<u>(102,118)</u>	<u>(29,944)</u>
	<u>208,685</u>	<u>288,270</u>

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Trade receivables from contracts with customers:		
Due from third parties:		
— sale and distribution of merchandise	411,020	283,509
— interior design and building engineering services	<u>64,254</u>	<u>50,827</u>
Due from a related party:		
— sale and distribution of merchandise	<u>431</u>	<u>431</u>
	475,705	334,767
<i>Less:</i> allowance for credit losses	<u>(129,687)</u>	<u>(16,589)</u>
Sub-total	<u>346,018</u>	<u>318,178</u>
Other receivables		
Contract performance deposits	6,649	6,649
Project tender deposits	65,844	65,844
Other tax recoverable	4,356	1,447
Rental deposits	165	165
Receivables relating to the refund of investment proceeds	21,231	21,231
Others	<u>5,751</u>	<u>8,399</u>
	103,996	103,735
<i>Less:</i> allowance for credit losses	<u>(102,427)</u>	<u>(23,733)</u>
Sub-total	<u>1,569</u>	<u>80,002</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> (Restated)
Prepayments		
Prepayments for purchase of goods and provision of services	347,848	347,848
<i>Less:</i> allowance for credit losses	(347,848)	(347,848)
Prepayments for acquisition of investment properties	33,977	33,977
<i>Less:</i> Provision for impairment loss on prepayment for acquisition of investment properties	(26,707)	–
	7,270	33,977
Notes receivables arising from bulk commodity trading business (Note)	–	100,000
Total trade and other receivables and prepayments	354,857	532,157
Analysed as		
Non-current	7,270	33,977
Current	347,587	498,180
	354,857	532,157

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 6 months	111,888	86,320
6–12 months	–	19,185
1–2 years	1,441	127,502
Over 2 years	232,689	85,171
	346,018	318,178

As at 31 December 2024, included in the Group's trade receivable are debtors with aggregate net carrying amount of approximately RMB234,130,000 (2023: RMB231,858,000) which are past due as at the reporting date. It is not considered as in default by considering the background of the trade receivables and historical settlement arrangement of these trade receivables. The Group does not hold any collateral over the balances.

Note: During the year ended 31 December 2024 and 2023, the Group had entered into several trade receivable (the “Notes”) factoring arrangements and transferred those trade receivables to banks or other financial institutions (the “Arrangements”). Under the Arrangements, the Group may be required to reimburse the banks or other financial institutions for loss of interest if any trade debtors have late payment after the maturity date, which is normally for one year terms from the initial day, or subsequently found default. As such, the Group retained the substantial risks and rewards, which include default risks relating to such Notes, and accordingly, it continued to recognise the full carrying amounts of the Notes as “note receivables” and the associated borrowings from banks or other financial institutions. As at 31 December 2024, the Group does not have such Notes. (2023: original due date of such Notes were ranging from February to May 2024).

16. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	139,178	41,768
Other payables		
Salaries and staff welfare payables	8,563	5,597
Deposits received for building engineering services	4,361	4,361
Other tax payables	15,524	12,132
Withholding income tax in respect of dividend payment	16,000	16,000
Bank interest payable	20,703	11,056
Other payables	37,826	43,488
Sub-total	102,977	92,634
Trade and other payables	242,155	134,402

The following is an aged analysis of trade payables presented based on the invoice date.

	2024 RMB'000	2023 RMB'000
Within 6 months	98,309	144
Over 1 year	40,869	41,624
	<u>139,178</u>	<u>41,768</u>

The credit periods on purchases of goods and subcontracting services ranged from 0 to 180 days.

17. CONVERTIBLE LOAN NOTES

On 25 June 2019, the Company issued convertible loan notes in an aggregate amount of HK\$102,100,000 (equivalent to approximately RMB89,817,000), bearing coupon interest of 6% per annum to eight independent third parties (the “CB holders”). The convertible loan notes are denominated in Hong Kong dollars. The convertible loan notes entitle the CB holders to convert them into ordinary shares of the Company at any time during the conversion period at a conversion price of HK\$1.0 per convertible loan note, which is subject to the adjustments pursuant to the terms and conditions of the convertible loan notes as follows:

- (i) a maximum of not more than one-third of the principal amount of the convertible loan notes held by such CB holders may be converted into conversion shares from the twelfth month after the issue of the convertible loan notes;
- (ii) a maximum of not more than one-third of the principal amount of the convertible loan notes held by such CB holders may be converted into conversion shares from the fourteenth month after the issue of the convertible loan notes;
- (iii) all the remaining of the principal amount of the convertible loan notes held by such CB holder may be converted into conversion shares from the sixteenth month after the issue of the convertible loan notes.

The convertible loan notes shall mature on the date falling eighteenth month after the date of issue. The Company may, at any time prior to the maturity date, redeem all or part of the outstanding convertible loan notes at the redemption price of 105% of the outstanding principal amount of the convertible loan notes before the first anniversary of the date of issue and 108.5% of the outstanding principal amount of the convertible loan notes after the first anniversary of the date of issue, together with the accrued interest incurred before the period from the redemption date and interest for the period from the redemption date to the maturity date at the rate of 6% per annum, by giving a prior notice of not less than thirty days to the CB holders of such convertible loan notes subject to the terms and conditions of the convertible loan notes. Any convertible loan notes outstanding on the maturity date shall be redeemed by the Company subject to the terms and conditions of the convertible loan notes.

At the maturity date (i.e. 24 December 2020), if the convertible loan notes have not been converted or redeemed, they will be redeemed at 108.5% of par, unless the CB holders and the Company mutually agree to extend the maturity date to 24 June 2021 (“Extension Period”). The CB holders shall exercise the conversion right to convert the convertible loan notes into conversion shares during the Extension Period at the conversion price of HK\$1. Interest of 6% will be paid quarterly up until the settlement date.

At initial recognition, the equity component of the convertible loan notes amounted to approximately RMB2,811,000, net of the transaction cost attributable to equity component of approximately RMB16,000, was recognised separately from the liability component. The equity component is presented in equity as “convertible loan notes equity reserve”. The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is 16.50% per annum.

On 24 December 2021, the convertible bonds in the amount of HK\$60,544,445 (equivalent to approximately RMB49,501,000) have been converted into 60,544,445 conversion shares by the CB holders, and the remaining convertible bonds in the amount of HK\$41,555,555 (equivalent to approximately RMB33,976,000) are extended to 31 August 2022 (the “Extended CB Maturity Date”) after mutually agreed by the Company and CB holders. Except for the above, all the other terms and conditions remain unchanged.

As at the date of modifications, taking into account the terms of the extension, the fair value of convertible loan notes were amounted to approximately HK\$68,366,000 (equivalent to approximately RMB56,886,000) and approximately HK\$45,411,000 (equivalent to approximately RMB37,128,000) on 24 June 2021 and 24 December 2021, of which the fair values of liability component and equity component were amounted to approximately HK\$68,333,000 (equivalent to approximately RMB56,859,000) and approximately HK\$33,000 (equivalent to approximately RMB27,000) on 24 June 2021, and approximately HK\$45,389,000 (equivalent to approximately RMB37,110,000) and approximately HK\$22,000 (equivalent to approximately RMB18,000) on 24 December 2021 respectively. As a result, the Group recognised a gain on modification of convertible loan notes of approximately RMB5,360,000 in the consolidated statements of profit or loss and other comprehensive income and transferred the amount of approximately RMB10,000 from “convertible loan notes equity reserve” to “retained profits” in the consolidated statements of changes in equity for the year ended 31 December 2021.

As at the Extended CB Maturity Date, after considering the difference between the market price of the Company’s share and the exercise price of the convertible loan notes and its impacts to the valuation of the fair value of equity component of the convertible loan notes, the amount of approximately RMB18,000 (2021: RMB10,000) from “convertible loan notes equity reserve” was transferred to “retained profits” in the consolidated statement of changes in equity for the year ended 31 December 2022.

The effective interest rate of the liability component for the extended convertible loan notes is approximately 15.0% (2021: 17.32%) per annum.

As the report date, the Outstanding Convertible Bonds have reached the Maturity Date. On 12 June 2023, a winding-up petition (the “Petition”) was filed by 青島榮世開元商貿有限公司 (Qingdao Rongshikaiyuan Trading Company Limited) (the “Petitioner” with the High Court of the Hong Kong Special Administrative Region (the “High Court of Hong Kong” for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner’s ultimate beneficial owner is an individual named Zhang Zongai (張宗愛). A copy of the winding-up petition was delivered by the Petitioner to the Company’s office on 5 July 2023.

The hearing for the Petition was taken place on 23 August 2023 as scheduled at the High Court of Hong Kong before a Master, and the same court has directed an adjournment of the hearing for the Petition to be heard before a Master on Wednesday, 18 October 2023. Furthermore, as provided by the Petitioner’s solicitors, the Petitioner’s ultimate beneficial owner, an individual named Zhang Zongai (張宗愛), who was also the sole director of the Petitioner, has passed away on 7 July 2023.

In view of the impact of the possible winding-up order on the transfer of Shares, as disclosed in the announcements of the Company dated 17 August 2023 and 23 August 2023, the Company is currently preparing, with its engaged legal advisors, the application to the High Court of Hong Kong for a validation order. Shareholders are reminded that there is no guarantee that any validation order would be granted by the High Court of Hong Kong. In the event where a validation order is not granted but the winding-up order is not dismissed or permanently stayed, all transfers of Shares after the commencement of the winding up shall be void.

References are made to the announcements of the Company dated 5 July 2023, 17 August 2023, 23 August 2023, 18 October 2023, 15 November 2023, 13 December 2023, 10 January 2024, 6 March 2024, 11 March 2024 and 12 April 2024, in relation to, among other things, the Petition (the “Announcements”). A settlement agreement entered into between the Petitioner and the Company on 30 April 2024, consent was reached accordingly between the two parties to adjourn the hearing in connection with the Petition, and in respect of which, consent summons was filed on 2 May 2024 and an order was granted on 3 May 2024 to (i) vacate the hearing of the Petition on 6 May 2024; and (ii) the hearing of the Petition before the Companies Judge was adjourned to 30 September 2024 for the fulfilment of obligations under the aforesaid settlement agreement.

For further details in relation to the Outstanding Convertible Bonds, please refer to the announcements of the Company dated 23 April 2019, 25 June 2019, 24 December 2020, 31 December 2020, 24 June 2021, 16 July 2021, 24 December 2021, 17 January 2022 and 31 August 2022, the circular of the Company dated 14 May 2019, 26 January 2021, 30 July 2021 and 11 February 2022 in respect of the Extraordinary General Meeting (“EGM”), and the poll result announcement dated 30 May 2019, 22 February 2021, 10 September 2021 and 7 March 2022 in respect of the EGM.

As a result of the Share Consolidation became effective on 13 December 2022, the following adjustments were made to the exercise price of the Outstanding Convertible Bonds and the number of Consolidated Shares falling to be issued upon the exercise of the Outstanding Convertible Bonds as at 31 December 2024 and 2023:

	Prior to adjustment		After adjustment	
	Exercise price per Existing Share (HK\$)	Number of Existing Shares to be issued upon full exercise of the Outstanding Convertible Bonds	Adjusted exercise price per Consolidated Share (HK\$)	Adjusted number of Consolidated Shares to be issued upon full exercise of the Outstanding Convertible Bonds
Outstanding convertible Bonds	1.00	41,555,555	5.00	8,311,111

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a well-established integrated building and home improvement materials and furnishings supplier and interior design and building engineering services provider in the PRC. The Group is mainly engaged in the sale and distribution of merchandise and the provision of interior design and building engineering services.

During the Reporting Period, the management team of the Group focused on the provision of interior design and building engineering services and devoted less resources on sale and distribution of merchandise with lower gross profit margins. Therefore, although the revenue of the Group decreased in FY2024, the gross profit margin of the Group increased in FY2024. In FY2024, the revenue from the provision of interior design and building engineering services segment accounted for 15.1% of the total revenue (FY2023: nil), while the revenue from the sale and distribution of merchandise segment accounted for 84.9% of the total revenue (FY2023: 100%).

Provision of interior design and building engineering services

During the Reporting Period, the management team of the Group made efforts to restore the suspended project in relation to the provision of interior design and building engineering services. The revenue from the provision of interior design and building engineering services was approximately RMB46.9 million, and the segment gross profit was approximately RMB7.1 million with segment gross profit margin of approximately 15.1% in FY2024.

Sale and distribution of merchandise

In FY2024, the Group experienced a decrease in revenue of approximately RMB365.4 million or 58.0% from the sale and distribution of merchandise from approximately RMB629.5 million in FY2023 to approximately RMB264.1 million in FY2024, which was mainly due to the decrease in revenue from bulk commodity trading offset by the increase in revenue from the sale of building materials.

FINANCIAL REVIEW

Revenue by business operations

Total revenue of the Group decreased by approximately RMB318.5 million or approximately 50.6% from approximately RMB629.5 million in FY2023 to approximately RMB311.0 million for FY2024, which was mainly attributed to the decrease in revenue from the sale and distribution of merchandise in FY2024.

Revenue from sale of and distribution of merchandise

Revenue of the Group from sale and distribution of merchandise, comprising (i) sale of building materials; (ii) sale of home improvement materials; and (iii) bulk commodity trading, recorded an overall decrease by approximately RMB365.4 million or 58.0% from approximately RMB629.5 million in FY2023 to approximately RMB264.1 million in FY2024.

(i) Sale of building materials

Revenue generated from the sale of building materials increased by approximately RMB20.5 million or 653.7% from approximately RMB3.1 million in FY2023 to approximately RMB23.7 million in FY2024. Such increase was mainly due to the increase in sales of cement during the Reporting Period.

(ii) Sale of home improvement materials

Revenue generated from the sale of home improvement materials decreased by approximately RMB81,000 from approximately RMB81,000 in FY2023 to nil in FY2024. The decrease was mainly due to the decrease in sales of paint and other home improvement products during the Reporting Period.

(iii) Bulk commodity trading

Revenue from bulk commodity trading decreased by approximately RMB385.8 million or 61.6% from approximately RMB626.3 million in FY2023 to approximately RMB240.4 million in FY2024. Such decrease was mainly due to the decrease in sales of electrolytic copper and aluminum ingot products, offset by the increase in the pork trade with higher gross profit margins during the Reporting Period.

Revenue from the provision of interior design and building engineering services

Revenue from provision of interior design and building engineering services increased by approximately RMB46.9 million from nil in FY2023.

Gross profit and gross profit margin

The Group's gross profit increased by approximately RMB9.6 million or approximately 1,553% from approximately RMB0.6 million in FY2023 to approximately RMB10.2 million in FY2024. The increase in the Group's overall gross profit was mainly due to the increase in the revenue and gross profit margin from the provision of interior design and building engineering services during the Reporting Period.

Due to the increase in corporate projects, the gross profit margin of provision of interior design and building engineering services was approximately 15.1% in the Reporting Period.

The gross profit margin of the business of sale and distribution of merchandise increased from 0.1% in FY2023 to 1.2% in FY2024, mainly due to the increase in gross profit margin from the sale and distribution of merchandise including bulk commodity trading during the Reporting Period.

Distribution and selling expenses

The Group's selling expenses decreased by approximately RMB0.1 million or approximately 6.2% from approximately RMB1.6 million in FY2023 to approximately RMB1.5 million in FY2024.

Administrative expenses

The Group's administrative expenses decreased by approximately RMB1.8 million or 11.3% from approximately RMB16.1 million in FY2023 to approximately RMB14.3 million in FY2024.

Finance costs

The Group's finance costs increased by approximately RMB2.8 million or 29.1% from approximately RMB9.8 million in FY2023 to approximately RMB12.7 million in FY2024.

Loss for the year

Overall, the Group recorded a loss for the year of approximately RMB330.0 million in FY2024 as compared with loss for the year of approximately RMB499.2 million in FY2023. Such decrease was mainly resulted from the net effect of the decrease in provision for impairment loss under the expected credit loss model by approximately RMB101.9 million, decrease in provision for impairment loss on goodwill by approximately RMB52.0 million, decrease in provision for litigation and legal expenses by approximately RMB11.3 million, decrease in other losses, net by approximately RMB12.2 million, offset by increase in gross profit of approximately RMB9.6 million.

PROSPECTS

In 2024, the global economy continued to face challenges, and the growth of the domestic real estate market continued to slow down. However, the management team made efforts to restore the engineering and building materials sales business and scale back the commodity trading business segment with lower gross profit margins.

To address various challenges, our management team has implemented a multi pronged strategy, including expanding into new markets, optimizing cost structures, and seeking new business opportunities. For example, our group has diversified its sales and distribution channels, utilizing its experience and cost advantages to achieve success in this field. Our group has also obtained new engineering and procurement projects in multiple cities in the Guangdong Hong Kong Macao Greater Bay Area, including multiple enterprise construction projects. This success greatly enhances our confidence in seeking more new project tenders and business opportunities from corporate and government clients.

Looking ahead, it is expected that the global economy will still be full of challenges and fluctuations. Although the interest rate cut cycle began in 2024, the magnitude and frequency of the cuts are still uncertain, and a sustainable global economic recovery will take time to achieve.

In mainland China, sustainable economic growth will depend on various key factors such as domestic policies, global economic conditions, and the imposition of new tariffs by the United States. It is expected that the central government will continue to implement active and loose monetary policies and fiscal stimulus measures to ensure stable economic growth. It is expected that the central and local governments will continue to provide necessary policies and measures to support the recovery of the real estate market, which is crucial for the overall economy. It is expected that the real estate market will gradually recover and improve in the long run.

In this challenging economic environment, the Group will continue to adopt a cautious and proactive attitude towards operating and developing its business. The Group will seek investment opportunities in markets with stable economic prospects to promote sustainable growth and enhance long-term returns for shareholders.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 December 2024, the Group had a total cash and bank balances of approximately RMB5.0 million (31 December 2023: RMB5.6 million) mainly denominated in RMB and HK\$. The Group also had a total restricted cash balances of approximately RMB0.4 million (31 December 2023: RMB0.1 million) which was mainly related to security deposits provided to secure certain bank borrowings.

As at 31 December 2024, the Group had net current liabilities of approximately RMB8.3 million, as compared to net current assets of approximately RMB291.8 million as at 31 December 2023.

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2024, the Group had no unutilised banking facilities for short term financing (31 December 2023: Nil) and total bank borrowings of approximately RMB154.3 million (31 December 2023: RMB254.3 million). The total bank borrowings comprised RMBnil (2023: RMB100.0 million) in bank borrowings arising from discounted commercial bills and discounted letters of credit that were not yet due.

The bank borrowings of the Group were secured by property, plant and equipment, investment properties and right-of-use assets as at 31 December 2024 and 2023. The bank borrowings of the Group as at 31 December 2023 were additionally secured by bank borrowings arising from discounted commercial bills and discounted letters of credit that were not yet due. The bank borrowings were also jointly guaranteed by Ms. Hou Wei and Mr. Deng Jianshen, spouse of Ms. Hou Wei.

CAPITAL EXPENDITURE

The Group has no material capital expenditure during the Reporting Period.

FINANCIAL RATIO

	As at	
	31 December 2024	31 December 2023
Current ratio ⁽¹⁾	0.99	1.58
Quick ratio ⁽²⁾	0.99	1.58
Gearing ratio (%) ⁽³⁾	12.41	1.37
Net debt to equity ratio (%) ⁽⁴⁾	12.30	1.36

⁽¹⁾ Current ratio is calculated as total current assets divided by total current liabilities.

⁽²⁾ Quick ratio is calculated as total current assets less inventories and divided by total current liabilities.

⁽³⁾ Gearing ratio is calculated as total debt divided by total equity and multiplied by 100%.

⁽⁴⁾ Net debt to equity ratio is calculated as total borrowings net of cash and cash equivalents and restricted cash, and divided by total equity and multiplied by 100%.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group had no material investment, acquisition and disposal transactions during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from those disclosed in the above paragraphs, there were no material investments or additions of capital assets authorised by the Board at the date of this announcement.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in RMB and also incurs cost in HK\$ and RMB. The Group is exposed to foreign exchange risk with respect mainly to HK\$ which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of HK\$ and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. The Group currently does not have any foreign currency hedging policy.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

The Group had no significant outstanding capital commitment as at 31 December 2024 (31 December 2023: Nil).

LITIGATION

Details of the Company's litigation will be disclosed in the financial report for the year 2024, which involves bank loans, remuneration, tax and other debts due. In accordance with the relevant requirements of the Accounting Standards and based on the principle of prudence, the Company has provided for the estimated liabilities of the pending litigation totalling RMB44.7 million as at 31 December 2024 (31 December 2023: RMB28.0) based on the outcome of the litigation judgement, and the specific impact of this judgement on the Company is subject to the final execution of the case.

The associated subsidiaries of the Group were involved in litigation and arbitration cases, all of which were caused by the downturn of the domestic economy and the unprecedented impact on the industry to which the Group belongs, the large-scale extension of the construction works in the early stage of the construction period, the failure to make timely repayment of the payments for the governmental works as well as the payments for the other works. In order to ensure that the Company's business continues to progress, it has been necessary to increase the relevant borrowings and financing and to reduce and defer the relevant expenses, which has further aggravated the pressure on the Company's capital and led to numerous litigation and arbitration cases. In respect of the amounts involved in the current litigation and arbitration cases, large amounts of the cases were secured by the relevant properties belonging to the Company and its senior management, and the Company's receivables were sufficient to cover the payment of such amounts, therefore, the management of the Company is of the view that the litigation and arbitration cases involved in the associated subsidiaries of the Group will not have a material impact on the audit for the current period.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the employee headcount of the Group was 21 (31 December 2023: 21) and the total staff costs, including Directors' remuneration, amounted to approximately RMB6.6 million for the Reporting Period (31 December 2023: RMB7.1 million). The decrease in total staff cost was due to the decrease in equity-settled share-based payment expenses during the Reporting Period.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on their specific field of operation.

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), the following factors are considered:

- workload, responsibility and job complexity;
- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- corporate goals and objectives;
- market rates and changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date of 31 December 2024 and prior to the approval of these financial statements, the Company implemented material changes to its board composition and governance framework with effect from 6 June 2025. Mr. Yu Runkun was appointed as an executive Director and chairman of the board, whilst relinquishing his role as chief executive officer. The Company simultaneously appointed three new independent non-executive Directors, Ms. Zhang Chuwen, Mr. Wei Zhihang and Mr. Chi Shimin. Ms. Hou Wei, Mr. Liu Xianxiu and Mr. Yang Baikang resigned from their positions as executive directors, Mr. Hou Bo resigned as a non-executive director, and Mr. Hou Lianchang and Mr. Chen Zenghua resigned as independent non-executive directors.

Concurrent with these changes, Mr. Yu Runkun assumed the duties of authorised representative under both the Listing Rules and the Companies Ordinance, succeeding Ms. Hou Wei in this capacity. The board also reconstituted its committee leadership, appointing Ms. Zhang Chuwen as chair of the remuneration committee, Mr. Wei Zhihang as chair of the nomination committee, and Mr. Chi Shimin as chair of the audit committee. These post-reporting period developments form part of the Company's ongoing board succession planning and governance enhancement programme. The board has determined these matters to be non-adjusting events that neither require modification of the amounts recognised in these financial statements nor materially affect the Company's financial position or operations as at 31 December 2024.

On 12 June 2023, a winding-up petition (the "Petition") was filed by 青島榮世開元商貿有限公司 (Qingdao Rongshikaiyuan Trading Company Limited*) (the "Petitioner") with the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner's ultimate beneficial owner is an individual named Zhang Zongai (張宗愛). A copy of the winding-up petition was delivered by the Petitioner to the Company's office on 5 July 2023. The Petition is in relation to the Petitioner's claim for the Outstanding Convertible Bonds in the principal amount of HK\$41,555,555.00 that had become mature on 31 August 2022. As at 12 June 2023, the Company is allegedly indebted to the Petitioner in the aggregate sum of HK\$57,482,397.55, with HK\$41,555,555.00 being the outstanding principal under the Bond and HK\$15,926,842.55 being the accrued interest thereunder.

On 17 June 2025, the Company received the order from the High Court of the Hong Kong Special Administrative Region for dismissal of the Petition filed on 12 June 2023.

On 28 July 2025, a winding-up petition was filed by Mr. Lo Wai Siu (“Mr. Lo”) with the High Court of Hong Kong for the winding-up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). A copy of the winding-up petition was delivered by Mr. Lo to the Company’s office on 30 July 2025. The petition is in relation to the Mr. Lo’s claim for the wages in arrears, unpaid annual leave, reimbursement of disbursements in interest accrued up to 30 June 2025 owed to the Petitioner less counterclaim of the Company per the award by the Labour Tribunal dated 10 February 2025, in aggregated amount of HK\$325,966.69.

Except as disclosed in above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this announcement.

DIVIDEND

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

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and responsibility. The Board comprises one executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules.

Save as disclosed below, the Company had complied with the CG Code throughout the Period under Review.

(I) Non-compliance with the Rules 3.10(1), 3.10A and 3.21 of the Listing Rules

Reference is made to the announcements of the Company dated 3 September 2024 and 6 June 2025.

Following the retirement of Ms. Chen Tao at the annual general meeting of the Company dated 3 September 2024, (a) the number of independent non-executive director falls below the minimum number as required under Rule 3.10(1) of the Listing Rules; (b) the number of the audit committee members also falls below the minimum number as required under Rule 3.21 of the Listing Rules; and (c) the number of independent non-executive director falls below one-third of the Board members as required under Rule 3.10A of the Listing Rules.

Following the appointment of Ms. Zhang Chuwen, Mr. Wei Zhihang and Mr. Chi Shimin as independent non-executive Directors of the Company on 6 June 2025, (a) the number of independent non-executive Directors meets the minimum number as required under Rule 3.10(1) of the Listing Rules; (b) the number of the audit committee members meets the minimum number as required under Rule 3.21 of the Listing Rules; and (c) the number of independent non-executive Director represents at least one-third of the Board members as required under Rule 3.10A of the Listing Rules.

(II) Disclaim of opinion from the Auditor

Code provision D.1.3 of the CG Code stipulates that, unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis.

For the year ended 31 December 2024, the Group incurred a net loss of approximately RMB330.0 million. As at 31 December 2024, the Group's net current liabilities were approximately RMB8.3 million and the Group's current liabilities (including current liabilities that are in default or cross default or contain early repayment on demand clauses) were approximately RMB570.0 million.

In addition, as of 31 December 2024, certain bank borrowings of the Group in the amount of approximately RMB154.3 million were not repaid in accordance with the scheduled repayment dates. Accordingly, as of 31 December 2024, bank and other borrowings in the aggregate principal amount of approximately RMB154.3 million were in default or cross-default. Subsequent to 31 December 2024, certain other bank and other borrowings of the Group have not been repaid in accordance with the scheduled repayment dates.

These events or circumstances indicate existing material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

COMPLIANCE WITH MODEL CODE

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2024. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines or no less exacting terms than the Model Code throughout 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, sold or redeemed any of the Company's listed securities during the Reporting Period.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

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 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods (Hong Kong) CPA Limited on the preliminary announcement.

EXTRACTION OF INDEPENDENT AUDITOR'S REPORT

The following is an extraction of the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024 issued by the Company's external auditor, McMillan Woods (Hong Kong) CPA Limited:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to the going concern basis

As disclosed in Note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB330.0 million for the year ended 31 December 2024. As of that date, the Group had significant outstanding bank borrowings of approximately RMB154.3 million that were either in default, cross-defaulted, or subject to early repayment clauses. A winding-up petition was also filed against the Company, and several court enforcement actions were taken against key PRC subsidiaries. In addition, the Group had substantial overdue liabilities including unpaid taxes, wages, and supplier payments.

The directors have prepared the consolidated financial statements on a going concern basis, based on certain plans and measures intended to improve the Group's liquidity position and restructure its indebtedness, as set out in Note 2.

However, due to the multiple uncertainties surrounding the successful implementation and outcome of these plans, we were unable to obtain sufficient appropriate audit evidence to support the assumptions and plans prepared by management regarding the Group's ability to continue as a going concern, and therefore, whether the use of the going concern basis of accounting is appropriate.

Consequently, we were unable to determine whether any adjustments might have been necessary to the consolidated financial statements, including potential adjustments to reduce the carrying amounts of assets to their recoverable amounts, to provide for additional liabilities, and to reclassify non-current items as current.

The Company's action plan in relation to the disclaim of opinion from the Auditor

The Group has formulated the following plans and measures to improve the Group's liquidity and financial position:

- The Company has actively maintained a dialogue with its lenders, noteholders and creditors (the "Creditors") regarding negotiation of the repayment terms of the Company's bank borrowings, convertible loan notes and other borrowings. As at the date of this announcement, the Creditors have indicated that considering the supportive policies of the national and local governments and the signs of the property market stabilising, the Creditors believe the Company is able to overcome its financial difficulties and the Company will be able to agree on repayment terms with the Creditors that can be feasibly carried out. The Creditors have also, through the dialogue with the Company, indicated that they will not take additional legal proceedings in relation to the outstanding borrowings of the Group. As of the date of this announcement, there is no court proceedings relating to the outstanding borrowings of the Group which will have any material impact on the operations, financial position or results of the Group. The Company is actively engaging with the Creditors and the Directors believe that the Group will be able to reach an agreement with the Creditors in respect of feasible repayment terms. The Company may also explore the possibility of equity fund raising activities to raise proceeds to repay some of the Group's borrowings, which would aid in the negotiation of more favorable repayment terms;
- the Company has been actively evaluating the current financial and operating conditions with a view of unlocking the intrinsic value of the Group's business and assets as the domestic business environment gradually recovers. The Group will continue to actively adapt to market changes and capture demands. The Group intends to continue developing its higher profit margin interior design and building engineering services business to improve profitability. As at the date of this announcement, the Group has secured 35 contracts with a total contract sum of approximately RMB1,087 million;
- the Group will continue to accelerate the collection of pre-sale payment and other receivables and to seek suitable opportunities to dispose of corporate fixed assets and investment properties to generate additional cash inflows; and

- the Group has been taking measures to control operational and administrative costs and avoid unnecessary capital expenditure. The Group will also actively evaluate additional measures to further reduce non-essential expenditure.

The Board is of the opinion that, taking into account the above plans and measures implemented during the year ended 31 December 2024, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. The Directors have also considered the cash flow projections of the Group prepared by the management for a period of not less than 12 months from the end of the Reporting Period. The Directors are of the opinion that, in view of the above plans and measures, the Group will have sufficient working capital for the foreseeable future to finance its operations and to meet its financial obligations as and when they fall due as agreed with its creditors. Accordingly, they are satisfied that the consolidated financial statements for the year ended 31 December 2024 have been properly prepared on a going concern basis.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprised three members, namely, Mr. Chi Shimin (chairman of the Audit Committee), Ms. Zhang Chuwen and Mr. Wei Zhihang, all being independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the annual financial results of the Group for FY2024.

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 as required under the Listing Rules throughout the Reporting Period.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.jiyiholdings.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be published on the above websites and despatched to the shareholders of the Company on or before 30 October 2025.

By Order of the Board

Jiyi Holdings Limited

Yu Runkun

Chairman and Executive Director

Hong Kong, 17 September 2025

As at the date of this announcement, Mr. Yu Runkun is the executive Director of the Company, and Ms. Zhang Chuwen, Mr. Wei Zhihang and Mr. Chi Shimin are the independent non-executive Directors of the Company.