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YIHAI INTERNATIONAL HOLDING LTD.

頤海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1579)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yihai International Holding Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with comparative figures for the same period of 2023.

GROUP FINANCIAL HIGHLIGHTS

- Revenue was RMB6,539.6 million in 2024, a 6.4% increase from RMB6,147.6 million in 2023.
- Gross profit was RMB2,045.8 million in 2024, a 5.4% increase from RMB1,941.3 million in 2023.
- Net profit was RMB799.5 million in 2024, a 11.9% decrease from RMB907.0 million in 2023.
- Total comprehensive income was RMB804.6 million in 2024, among which the total comprehensive income attributable to owners of the Company was RMB744.5 million, a 12.7% decrease from RMB853.0 million in 2023.
- Earnings per share (both basic and diluted) in 2024 were RMB0.762.

Consolidated Balance Sheet

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		1,943,138	1,808,895
Right-of-use assets		264,891	226,914
Intangible assets		10,250	11,984
Deferred income tax assets		71,162	65,766
Financial assets at fair value through profit or loss		356,227	197,052
Term deposits with the maturity over one year		104,835	437,172
Other non-current assets	4	69,852	119,229
		<u>2,820,355</u>	<u>2,867,012</u>
Total non-current assets			
Current assets			
Inventories		465,531	370,532
Trade receivables	5	285,405	258,125
Other financial assets at amortised cost		17,707	19,509
Other current assets	4	96,155	62,358
Term deposits with the maturity within one year		227,254	162,533
Restricted cash		5,020	5,011
Cash and cash equivalents		1,881,867	2,309,358
		<u>2,978,939</u>	<u>3,187,426</u>
Total current assets			
		<u>5,799,294</u>	<u>6,054,438</u>
Total assets			
Equity			
Equity attributable to owners of the Company			
Share capital	6	67	67
Shares held for restricted share unit scheme		(4)	(4)
Other reserves		326,688	317,749
Retained earnings		4,242,876	4,500,117
		<u>4,569,627</u>	<u>4,817,929</u>
Capital and reserves attributable to owners of the Company			
Non-controlling interests		163,533	271,481
		<u>4,733,160</u>	<u>5,089,410</u>
Total equity			

Consolidated Balance Sheet (continued)

		As at 31 December	
	Note	2024	2023
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		67,103	54,267
Deferred income tax liabilities		55,493	60,242
Other non-current liabilities		40,208	33,808
		<u>162,804</u>	<u>148,317</u>
Total non-current liabilities		<u>162,804</u>	<u>148,317</u>
Current liabilities			
Trade payables	7	482,210	402,788
Other payables and accruals		180,509	187,020
Contract liabilities		95,771	77,351
Lease liabilities		26,416	31,993
Current income tax liabilities		118,424	117,559
		<u>903,330</u>	<u>816,711</u>
Total current liabilities		<u>903,330</u>	<u>816,711</u>
Total liabilities		<u>1,066,134</u>	<u>965,028</u>
Total equity and liabilities		<u>5,799,294</u>	<u>6,054,438</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue	3	6,539,569	6,147,573
Cost of sales	8	<u>(4,493,756)</u>	<u>(4,206,269)</u>
Gross profit		2,045,813	1,941,304
Distribution expenses	8	(771,543)	(589,394)
Administrative expenses	8	(276,687)	(275,464)
Other income and gains – net	9	<u>110,760</u>	<u>118,375</u>
Operating profit		<u>1,108,343</u>	<u>1,194,821</u>
Finance income	10	74,680	73,637
Finance costs	10	<u>(4,910)</u>	<u>(4,341)</u>
Finance income – net	10	<u>69,770</u>	<u>69,296</u>
Profit before income tax		1,178,113	1,264,117
Income tax expense	11	<u>(378,636)</u>	<u>(357,089)</u>
Profit for the year		<u>799,477</u>	<u>907,028</u>
Profit attributable to:			
– Owners of the Company		739,425	852,696
– Non-controlling interests		<u>60,052</u>	<u>54,332</u>
		<u>799,477</u>	<u>907,028</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
– Currency translation differences		5,123	271
Other comprehensive income for the year, net of tax		5,123	271
Total comprehensive income		<u>804,600</u>	<u>907,299</u>
Total comprehensive income attributable to:			
– Owners of the Company		744,548	852,967
– Non-controlling interests		60,052	54,332
		<u>804,600</u>	<u>907,299</u>
Earnings per share attributable to owners of the Company			
<i>(expressed in RMB cents per share)</i>			
– Basic	12	76.2	87.5
– Diluted	12	76.2	87.5

1. GENERAL INFORMATION

Yihai International Holding Ltd. (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the production and sales of hot pot condiment, compound condiment, and convenient ready-to-eat food products in the People’s Republic of China (the “PRC”) and certain overseas countries and regions.

The Company was incorporated in the Cayman Islands on 18 October 2013 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The Company’s global offering of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEx” or the “Stock Exchange”) was completed on 13 July 2016 (the “Listing”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors of the Company (the “Board of Directors”) on 25 March 2025.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards (“IFRS”);
- IAS Standards (“IAS”); and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

(c) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the annual reporting period commencing 1 January 2024:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) New or amended standards and annual improvements not yet adopted

The following new or amended accounting standards and annual improvements have been published which are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group:

		Effective date
Amendments to IAS 21	<i>Lack of Exchangeability</i>	<i>1 January 2025</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	<i>1 January 2026</i>
Annual improvements	<i>Annual improvements to IFRS Accounting – Volume 11</i>	<i>1 January 2026</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	<i>1 January 2027</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	<i>1 January 2027</i>
Amendments to IAS 28 and IFRS 10	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined</i>

These new or amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of IFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group's consolidated financial statements as described below.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the consolidated statement of profit or loss and other comprehensive income into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - o Certain items (e.g. change in fair value of financial assets at fair value through profit or loss) currently aggregated in the line item 'other income and gains – net' in operating profit need to be presented below operating profit unless involving undue cost or effort.
 - o Foreign exchange differences currently aggregated in the line item 'other income and gains – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the enhanced aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - o a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - o for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received are presented. Interest received will be presented as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3. REVENUE AND SEGMENT INFORMATION

Management determines the operating segments based on the reports reviewed by the chief operating decision makers (the “CODM”) that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

The Group’s revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacturing and sales of hot pot condiment, compound condiment, convenient ready-to-eat food products and others to third party and related party customers, which are considered by the CODM as one segment. The Group’s principal market is Mainland China and its sales to overseas customers contributed to less than 10% of the Group’s total revenue for the years ended 31 December 2024 and 2023. Accordingly, no geographical information is presented.

Breakdown of revenue by product categories is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue		
Hot pot condiment		
– Related parties	1,753,229	1,899,247
– Third parties	2,332,137	2,192,419
	<u>4,085,366</u>	<u>4,091,666</u>
Subtotal		
Compound condiment		
– Related parties	65,331	28,806
– Third parties	721,307	592,591
	<u>786,638</u>	<u>621,397</u>
Subtotal		
Convenient ready-to-eat food products		
– Related parties	155,334	82,714
– Third parties	1,449,352	1,304,408
	<u>1,604,686</u>	<u>1,387,122</u>
Subtotal		
Others		
– Third parties	62,879	47,388
	<u>62,879</u>	<u>47,388</u>
Total	<u><u>6,539,569</u></u>	<u><u>6,147,573</u></u>

Revenue from sales attributable to related parties accounted for approximately 30.2% and 32.7% of the Group's total revenue for the years ended 31 December 2024 and 2023, respectively.

4. OTHER ASSETS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments for property, plant and equipment	69,852	119,229
Value-added tax recoverable	67,362	41,279
Prepayments for marketing and consulting expenses	17,230	14,211
Prepayments for short-term leases of warehouses and staff quarters	2,186	1,218
Prepayments for purchase of raw materials	1,922	2,056
Others	7,455	3,594
	<u>166,007</u>	<u>181,587</u>
Less: non – current items	(69,852)	(119,229)
Other current assets	<u>96,155</u>	<u>62,358</u>

5. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
Third parties	48,424	11,326
Related parties	237,169	246,987
	<u>285,593</u>	<u>258,313</u>
Subtotal	285,593	258,313
Less: provision for impairment	(188)	(188)
Trade receivables – net	<u>285,405</u>	<u>258,125</u>

- (i) The majority of the Group's third party sales are conducted through receiving advances from customers before delivering the goods to customers, with only a few customers who are granted with credit periods ranged from 30 to 90 days. The related party customers of the Group are granted with credit period of 30 days. Ageing analysis based on recognition date of the trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	<u>285,593</u>	<u>258,313</u>

- (ii) The carrying amounts of trade receivables are considered to be reasonable approximations of their fair values, due to their short-term nature.
- (iii) The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

6. SHARE CAPITAL

	Number of shares	Amount US\$'000
Authorised:		
Ordinary shares of US\$0.00001 each on 1 January 2023, 31 December 2023 and 2024	5,000,000,000	50

Issued and fully paid ordinary shares:

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of US\$0.00001 each on 1 January 2023	1,046,900,000	10,469	68
Repurchase and cancellation of ordinary shares	(10,200,000)	(102)	(1)
Ordinary shares of US\$0.00001 each on 31 December 2023 and 2024	1,036,700,000	10,367	67

7. TRADE PAYABLES

Trade payables mainly arose from the purchase of materials. The credit terms of trade payables granted by the vendors are usually 30 to 90 days. The carrying amounts of trade payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

The ageing analysis of trade payables based on invoice dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	480,058	395,481
3 to 6 months	1,985	6,863
6 months to 1 year	167	444
Total	482,210	402,788

8. EXPENSES BY NATURE

Expenses included in cost of sales, distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Changes in inventories of finished goods	(39,097)	(5,495)
Raw materials and consumables used	3,845,544	3,664,956
Employee benefit expenses	673,481	581,512
Transportation and related charges	246,415	183,672
Advertising and other marketing expenses	178,942	97,259
Depreciation of property, plant and equipment	166,870	146,018
Utilities	112,783	86,984
Warehouse expenses	59,727	49,405
Travel and entertainment expenses	52,578	46,576
Taxes and surcharges	50,118	47,487
Technical supporting fees, professional fees and other services fees	33,465	34,823
Depreciation of right-of-use assets	32,477	36,188
Maintenance costs	25,005	18,040
Expense relating to short-term leases	10,579	9,612
Amortisation of intangible assets	6,240	6,510
Auditor's remuneration		
– Audit services	3,430	3,430
– Non-audit services	991	924
Write-off of obsolete inventories	3,746	2,474
(Reversal of)/provision for impairment on financial assets	(19)	22
Other expenses	78,711	60,730
Total	5,541,986	5,071,127

9. OTHER INCOME AND GAINS-NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants	88,103	88,929
Net foreign exchange (losses)/gains	(5,835)	18,872
Change in fair value of financial assets at fair value through profit or loss	13,868	8,026
Sales of scrap materials	8,570	9,473
Losses on disposal of property, plant and equipment	(360)	(5,260)
Net gains on termination of leases	485	514
Donation	(734)	(878)
Others	6,663	(1,301)
Total other income and gains – net	110,760	118,375

Government grant is mainly from tax refund for growing local economic development and amortization of deferred income from assets-related government grants. There are no unfulfilled conditions or other contingencies attaching to the government grants recognised in profit or loss during year ended 31 December 2024 (2023: Nil). The Group did not benefit directly from any other forms of government assistance.

10. FINANCE INCOME – NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
– Interest income	74,680	73,637
Finance costs		
– Interest on lease liabilities	(4,910)	(4,341)
Finance income -net	<u>69,770</u>	<u>69,296</u>

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	388,781	358,308
Deferred income tax credit	(10,145)	(1,219)
Income tax expense	<u>378,636</u>	<u>357,089</u>

(a) Cayman Islands income tax

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

(b) Hong Kong profits tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of a qualifying group entity subject to Hong Kong profit tax will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities subject to Hong Kong profits tax not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate 16.5%.

(c) Overseas income tax

The Company's subsidiaries incorporated overseas (primarily in Singapore, Thailand and Malaysia) are subject to overseas profits tax at 17% to 30% on estimated assessable profit for the years ended 31 December 2024 and 2023.

(d) Mainland China Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the tax rate of 25% on the estimated assessable profits for the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

(e) Mainland China withholding tax (“WHT”)

According to the applicable Mainland China tax regulations, dividends distributed by a company established in Mainland China to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to WHT at the rate of 10%. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between Mainland China and Hong Kong, the relevant withholding tax rate will be 5%.

(f) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in certain jurisdictions in which some of the Group’s overseas subsidiaries are incorporated, and has/will come into effect from 1 January 2024 or 1 January 2025 respectively. The Group applies the exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. As and when any top-up tax is incurred, this will be accounted for as a current income tax for the period to which it relates.

Under the legislation, the Group is liable to pay a top-up tax (if any) for the difference between the Global Anti-Base Erosion Proposal (‘GloBE’) effective tax rate for each jurisdiction which the group entities operate and the 15% minimum rate. Based on management’s assessment, there is no material impact from exposure to Pillar Two legislation on the annual effective tax rate of the Group for the year ended 31 December 2024.

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for each of the years ended 31 December 2024 and 2023 are calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue less shares held for the Company’s Restricted Share Unit (“RSU”) Scheme during the year.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (RMB’000)	739,425	852,696
Weighted average number of ordinary shares in issue less shares held for the RSU Scheme (thousands)	970,132	974,005
Basic earnings per share (RMB cents)	<u>76.2</u>	<u>87.5</u>

(b) Diluted earnings per share

The RSUs granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from RSUs granted by the Company (collectively forming the denominator for computing the diluted earnings per share). No adjustment is made to earnings (numerator).

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company and profit used to determine diluted earnings per share (RMB'000)	739,425	852,696
Weighted average number of ordinary shares in issue less shares held for the RSU Scheme (thousands)	970,132	974,005
Adjustment for – RSUs (thousands)	112	–
Weighted average number of shares for diluted earnings per shares (thousands)	970,244	974,005
Diluted earnings per share (RMB cents)	<u>76.2</u>	<u>87.5</u>

13. DIVIDENDS

(a) Dividends paid or payable to owners of the Company attributable to the current financial year

	2024	2023
	RMB'000	RMB'000
Interim dividend of RMB0.2825 (2023: Nil) per ordinary share	273,508	–
Proposed final dividend of RMB0.395 (2023: RMB0.74) per ordinary share	383,202	719,183
	<u>656,710</u>	<u>719,183</u>

The proposed final dividend for the year ended 31 December 2024 is not recognized as a liability and reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2025.

(b) Dividends paid to owners of the Company attributable to the previous financial year

	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the year ended 31 December 2023, approved and paid during the reporting period, of RMB0.74 (2022: RMB0.1772) per ordinary share	<u>719,183</u>	<u>179,312</u>

(c) During the years ended 31 December 2024 and 2023, the amounts of dividends paid are net of the dividends of RMB67,970,000 and RMB12,324,000 attributable to the shares held for the RSU Scheme respectively.

2024 PERFORMANCE REVIEW

In 2024, the domestic economy was generally stable. Driven by new business formats and emerging consumer trends, the structure of the consumer market has upgraded. However, effective domestic demand remained insufficient, and there was room for improvement in residents' consumption power and willingness.

In 2024, the Group's revenue from third-party business amounted to RMB4,565.7 million, representing a year-on-year increase of 10.4%, primarily due to refined channel management, further improved product research and development mechanism and continuously optimised supply chain system.

The Group adopted a "project-based products" system as the core driver for research and development of the products. Not only did we closely track changes in consumer taste trends to respond quickly and meet the diverse needs of consumers, but we also emphasised the improvement of product quality, cost-effectiveness and usage scenario extension to effectively meet the diversified needs of consumers in different regions. Under this strategy, all product categories to third parties performed well. For example, in terms of hot pot soup flavourings, beef tallow and tomato hot pot soup flavouring products recorded faster growth. The revenue from beef tallow hot pot soup flavouring product amounted to RMB584.0 million, representing a year-on-year increase of 12.1% and the revenue from tomato hot pot soup flavouring product amounted to RMB424.3 million, representing a year-on-year increase of 8.6%; in terms of compound condiments, the performance of crayfish seasonings was outstanding, with revenue from sales of crayfish seasonings amounting to RMB222.8 million, representing a year-on-year increase of 31.5%; in terms of convenient ready-to-eat food products, hot and sour noodles and various ready-to-eat food products were popular among consumers, with the revenue from sales of hot and sour noodles amounting to RMB135.6 million, representing a year-on-year increase of 56.7%.

In terms of channel building, the Group has adhered to the refined and standardised management strategy. The Group continued to optimise the channel structure and actively adapted to market changes through in-depth market research and extending regional business presence. While consolidating well-established traditional channels, we further explored emerging channels so as to broaden a wider scope of consumption scenarios and reach more consumers. Meanwhile, we implemented delicacy management and further divided the circulation channels according to the disparities across different channels and regions. The Group also aimed to further invigorate the creativity and coordination ability of the partners by continuously optimizing the "partners" assessment system with an incentive system focusing on "incremental growth". Among others, the revenue from e-commerce channels amounted to RMB398.7 million, representing a year-on-year increase of 30.9%.

In terms of supply chain management, the Group persisted in optimising the allocation of production capacity. In order to adapt to changes in market demand, we strived to achieve the efficiency and flexibility in the production process, continuously improved product quality and production efficiency, and strengthened the control over product stability and safety through exploring technological innovation and deepening research in technological skills. At the same time, the Group was dedicated to enhancing intelligent production level and self-production ratio as well as actively developing the overseas supply chain system to fortify the global supply network stability. The Group also continued to diversify its product offerings in the business-end market. The condiment factory, the instant meal factory and the tallow factory were converted into three independently operating companies, implementing the integrated operation of production, sales and research. This enables us to accurately identify market demand, accelerate market response, and broaden channel coverage to further enhance market share of the Group and customer satisfaction.

BUSINESS REVIEW

For the year ended 31 December 2024, the Group recorded a revenue of RMB6,539.6 million, representing a year-on-year increase of 6.4%, and a net profit of RMB799.5 million, representing a year-on-year decrease of 11.9%.

Sales Channels

The Group continued to provide cooking condiment solutions to family cooking customers, catering service providers and food industry companies. We also remained as the supplier of condiment products to Haidilao International Holding Ltd. (together with its subsidiaries, collectively the “**Haidilao Group**”), SUPER HI INTERNATIONAL HOLDING LTD. (together with its subsidiaries, collectively the “**Super Hi Group**”), Shuhai (Beijing) Supply Chain Management Co., Ltd. (together with its subsidiaries, collectively the “**Shuhai Supply Chain Group**”) and their respective subsidiaries, each a related party of the Group. At the same time, the Group also provided consumers with a variety of delicious food products. As at 31 December 2024, the major products of the Group included, among others, hot pot condiments, compound condiments and convenient ready-to-eat food products, and the major channels for sales to third parties included distributors, e-commerce, and catering customers. The Group’s business of sales to third-party distributors covered a total of 34 provincial and administrative regions in China as well as other 49 countries and regions overseas.

In 2024, in terms of channel management, the Group continued to focus on the healthy and positive development of sales channels and emphasised the building and expansion of third-party sales channels as its major sales strategy. Through research and analysis of the disparities across different channels and regions, corresponding management models and personnel structures were applied to ensure efficient allocation of resources. A scientifically formulated process evaluation and performance assessment were established to introduce the “incremental profit” as the primary incentive indicator, further improving the “partners” assessment system. This maximised employees’ enthusiasm and initiative, leading to improved channel operational efficiency. The Group also further explored the downward-reaching market. Leveraging rich product matrix and cost-effectiveness strength, we further developed channel-specific products, reviewed and sought competitive distributors, and formulated specialised plans of specific products in downward-reaching market in order to continuously expand our coverage of downward-reaching market, so as to increase the channel penetration rate and the product categories at points of sales, which in turn enhanced channel satisfaction and market share. In addition, the Group highly recognised the importance of the construction and development of information technology. By introducing intelligent identification technology and data analysis tools, the Group monitored key indicators such as channel turnover rate, sales point coverage rate, distribution rate and activity in real time, and accurately captured market dynamics and consumption trends. As such, not only did it provide a scientific basis for channel management, but also provided strong support for product optimisation and strategy adjustment. For the year ended 31 December 2024, the sales revenue from third parties amounted to RMB4,565.7 million, representing a year-on-year increase of 10.4%.

In respect of e-commerce channels, through adjustments to online marketing strategies and optimisation in organisational structure, the Group defined the target customers and market position within the e-commerce sector, achieving a high level of professionalism and independence in e-commerce channel operations. By simultaneously identifying distinctions in consumer profiles between online and offline platforms, the Group identified strong single products suitable for online platforms and considered consumer preferences across online platforms to develop targeted marketing plans and product distribution plans. For the year ended 31 December 2024, the Group operated 10 flagship stores on e-commerce platforms such as Tmall.com, JD.com, and Pinduoduo.com. In addition, based on seasonality and product features, we organised events such as Crayfish Festival, Hot Pot Festival and “Pig Stomach and Chicken Soup with Peppercorns at Daytime and Spicy and Sour Hot Pot at Night (早胡晚紅)” pop-up event, actively leveraging the synergy effects among products, channels, and marketing on online platforms and increasing interactions with consumers. For the year ended 31 December 2024, the sales revenue from e-commerce channels amounted to RMB398.7 million, representing a year-on-year increase of 30.9%.

For sales to related parties (i.e. sales to the Haidilao Group, the Super Hi Group and the Shuhai Supply Chain Group), the pricing of products transacted with related parties was adaptively adjusted with the dynamic changes in market prices. For the year ended 31 December 2024, the sales revenue from the Group’s related parties was RMB1,973.9 million, representing a year-on-year decrease of 1.8%.

Products

In 2024, the Group adhered to the product-oriented research and development philosophy, continued to enhance the product innovation mechanism, and actively explored the research and development direction of diversified and personalised products based on the needs of consumers. Through the coordination and planning by innovation committee members, product selection based on sales channel research and the research and development model carefully implemented by the product team leaders, we closely combined theoretical research with market practice to constantly launch new products that align with market demand trends. With the combination of traditional production techniques and modern technology, the Group tapped into local tastes and launched a variety of products with regional flavours, bringing unique tasting experience to consumers. Meanwhile, we kept abreast of current food and beverage trends to meet consumers’ daily needs for deliciousness and convenience, and constantly enriched the categories and tastes of instant meals to further expand the consumer coverage. In the research and development of business-end market, the Group not only conducted multi-dimensional analysis of consumption trends to determine the direction of research and development so as to provide standard products that benchmarked against the popular tastes in the market to keep abreast of changes in customer needs and respond quickly to customers’ requirements for customisation. As such, we provided differentiated cooking condiment solutions for different business-end customer groups.

For overseas products, the Group consistently conducted in-depth research into the culinary cultures and local customs of target markets to adapt to the taste preferences and consumption patterns of local consumers. By consistently enriching the product types and introducing unique flavours, while enhancing the recognition among its existing overseas clientele, the Group actively explored the “Halal” and the Middle East markets, thereby improving the market acceptance of our products and the overall coverage among overseas customers and regions. At the same time, leveraging the advantages in supply chain and taste insight of the Group, we made multi-dimensional innovative adjustments to products to continuously enhance the product recognition by overseas business-end and e-commerce customers.

Currently, hot pot condiments, compound condiments and convenient ready-to-eat food products are the major products of the Group. As at 31 December 2024, the new products across all categories amounted to more than 50 in total, including zero additives series, instant meal options, crayfish seasonings and a variety of convenient ready-to-eat food and snacks with new flavours. At the same time, considering both the market feedbacks and sales situations, we discontinued the sales of certain products and consolidated certain product specifications. As at 31 December 2024, the Group had over 200 kinds of products (excluding business-end customised products) for sale.

The table below sets forth the data on the Group’s revenue, sales volume and average selling price by product categories and distribution channels for the periods as indicated:

	For the year ended 31 December					
	2024			2023		
	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)
Hot pot condiments ⁽¹⁾						
Third parties	2,332,137	88,385	26.4	2,192,419	77,449	28.3
Related parties	1,753,229	104,341	16.8	1,899,247	98,585	19.3
Subtotal	<u>4,085,366</u>	<u>192,726</u>	<u>21.2</u>	<u>4,091,666</u>	<u>176,034</u>	<u>23.2</u>
Compound condiments ⁽²⁾						
Third parties	721,307	32,484	22.2	592,591	24,398	24.3
Related parties	65,331	3,648	17.9	28,806	1,280	22.5
Subtotal	<u>786,638</u>	<u>36,132</u>	<u>21.8</u>	<u>621,397</u>	<u>25,678</u>	<u>24.2</u>

For the year ended 31 December

	2024			2023		
	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)
Convenient ready-to-eat food products⁽³⁾						
Third parties	1,449,352	43,425	33.4	1,304,408	37,682	34.6
Related parties	155,334	9,101	17.1	82,714	3,450	24.0
Subtotal	<u>1,604,686</u>	<u>52,526</u>	<u>30.6</u>	<u>1,387,122</u>	<u>41,132</u>	<u>33.7</u>
Others ⁽⁴⁾	<u>62,879</u>	<u>15,649</u>	<u>4.0</u>	<u>47,388</u>	<u>12,018</u>	<u>3.9</u>
Total	<u>6,539,569</u>	<u>297,033</u>	<u>22.0</u>	<u>6,147,573</u>	<u>254,862</u>	<u>24.1</u>

Notes:

- (1) Mainly including the Group's sales of hot pot soup flavourings and hot pot dipping sauce products
- (2) Mainly including the Group's sales of products such as Chinese-style and Western-style compound condiments, ready-to-eat sauces, chicken powder and spices
- (3) Mainly including the Group's sales of products such as self-serving products (e.g. self-serving small hot pots), instant vermicelli, instant meal, puffed food, other snacks etc.
- (4) Mainly including the Group's sales of products such as raw materials for trade and packaged goods

The table below sets forth the revenue of the Company in absolute terms and the percentage of the revenue of the Company by product categories for the periods as indicated:

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of revenue	Revenue (RMB'000)	% of revenue
Revenue from hot pot condiments	4,085,366	62.5%	4,091,666	66.5%
Revenue from compound condiments	786,638	12.0%	621,397	10.1%
Revenue from convenient ready-to-eat food products	1,604,686	24.5%	1,387,122	22.6%
Other revenue	62,879	1.0%	47,388	0.8%
Total revenue	6,539,569	100%	6,147,573	100%

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 6.4% from RMB6,147.6 million for the year ended 31 December 2023 to RMB6,539.6 million for the corresponding period in 2024.

Revenue by product

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of revenue from hot pot condiments	Revenue (RMB'000)	% of revenue from hot pot condiments
Revenue from hot pot condiments products				
Revenue from third parties	2,332,137	57.1%	2,192,419	53.6%
Revenue from related parties	1,753,229	42.9%	1,899,247	46.4%
Total revenue from hot pot condiments products	4,085,366	100%	4,091,666	100%

Revenue from hot pot condiments products decreased slightly by 0.2% from RMB4,091.7 million for the year ended 31 December 2023 to RMB4,085.4 million for 2024, accounting for 62.5% of the revenue for the year ended 31 December 2024. Among this, revenue from sales of hot pot condiments products to related parties decreased by 7.7% as compared to the previous year. The decrease was mainly due to the fact that prices of products sold to related parties were adjusted based on market prices. Revenue from sales of hot pot condiments products to third parties increased by 6.4% as compared to the previous year, which was mainly due to the improvement of products such as beef tallow soup flavouring and hot pot dipping sauce.

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of revenue from compound condiments	Revenue (RMB'000)	% of revenue from compound condiments
Revenue from compound condiments				
Revenue from third parties	721,307	91.7%	592,591	95.4%
Revenue from related parties	65,331	8.3%	28,806	4.6%
Total revenue from compound condiments	786,638	100%	621,397	100%

Revenue from compound condiments increased by 26.6% from RMB621.4 million for the year ended 31 December 2023 to RMB786.6 million for 2024, accounting for 12.0% of the revenue for the year ended 31 December 2024. Among this, revenue from sales of compound condiments to related parties increased by 126.7%, which was mainly due to the launch of new products. Revenue from sales of compound condiments to third parties increased by 21.7%, mainly attributable to the launch of new crayfish seasoning products and the increase in sales of condiments products to business-end customers.

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of revenue from convenient ready-to-eat food products	Revenue (RMB'000)	% of revenue from convenient ready-to-eat food products
Revenue from convenient ready-to-eat food products				
Revenue from third parties	1,449,352	90.3%	1,304,408	94.0%
Revenue from related parties	155,334	9.7%	82,714	6.0%
Total revenue from convenient ready-to-eat food products	1,604,686	100%	1,387,122	100%

Revenue from convenient ready-to-eat food products increased by 15.7% from RMB1,387.1 million for the year ended 31 December 2023 to RMB1,604.7 million for 2024, accounting for 24.5% of the revenue for the year ended 31 December 2024. Among this, revenue from sales of convenient ready-to-eat food products to related parties increased by 87.8%, which was mainly attributable to the increase in the sales volume of snacks and instant meal gift boxes. Revenue from sales of convenient ready-to-eat food products to third parties increased by 11.1%, which was mainly attributable to the launch of new products.

Revenue by distribution network

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of total revenue	Revenue (RMB'000)	% of total revenue
Related party customers				
Haidilao Group, Super Hi Group and Shuhai Supply Chain Group	1,973,894	30.2%	2,010,767	32.7%
Third party customers				
Distributors	3,983,444	60.9%	3,744,879	60.9%
E-commerce	398,705	6.1%	304,577	5.0%
Others				
Catering and food product companies	173,250	2.6%	79,475	1.3%
Ad hoc sales event	10,276	0.2%	7,875	0.1%
Total revenue	6,539,569	100%	6,147,573	100%

In 2024, the pricing of products transacted by the Group with related parties was adaptively adjusted with the dynamic changes in market prices. For the year ended 31 December 2024, the sales revenue from the related parties was RMB1,973.9 million, representing a year-on-year decrease of 1.8%.

For the year ended 31 December 2024, the sales revenue from distributors was RMB3,983.4 million, representing a year-on-year increase of 6.4%, which was mainly due to putting suitable products into subdivided channels based on their respective characteristics; and the sales revenue from e-commerce channels was RMB398.7 million, representing a year-on-year increase of 30.9%, mainly due to the launch of new products according to the needs of e-commerce consumers and increasing online promotion.

Revenue by geographic region

The table below sets forth the revenue by geographic regions of the Group for the periods as indicated:

	For the year ended 31 December			
	2024		2023	
	Revenue (RMB'000)	% of total revenue	Revenue (RMB'000)	% of total revenue
Northern China ⁽⁵⁾	2,806,192	42.9%	2,723,585	44.3%
Southern China ⁽⁶⁾	3,291,858	50.3%	3,047,321	49.6%
Other markets	441,519	6.8%	376,667	6.1%
Total	6,539,569	100%	6,147,573	100%

Notes:

- (5) Including Heilongjiang, Jilin, Liaoning, Nei Mongol, Beijing, Tianjin, Hebei, Shandong, Shanxi, Henan, Ningxia, Shaanxi, Gansu, Qinghai, Xinjiang and Xizang
- (6) Including Jiangsu, Shanghai, Zhejiang, Anhui, Jiangxi, Fujian, Hubei, Hunan, Guangdong, Chongqing, Guizhou, Guangxi, Sichuan, Yunnan and Hainan

Cost of Sales

The Group's cost of sales, including raw materials, employee benefit expenses, depreciation and amortisation and utilities, increased by 6.8% from RMB4,206.3 million for the year ended 31 December 2023 to RMB4,493.8 million for 2024. The increase in cost of sales was mainly due to the increase in sales volume.

Gross Profit and Gross Profit Margin

	For the year ended 31 December			
	2024		2023	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
Hot pot condiments	1,383,417	33.9%	1,393,590	34.1%
Third parties	1,136,363	48.7%	1,064,811	48.6%
Related parties	247,054	14.1%	328,779	17.3%
Compound condiments	266,172	33.8%	203,999	32.8%
Third parties	253,947	35.2%	198,740	33.5%
Related parties	12,225	18.7%	5,259	18.3%
Convenient ready-to-eat food products	395,745	24.7%	342,205	24.7%
Third parties	372,371	25.7%	323,143	24.8%
Related parties	23,374	15.0%	19,062	23.0%
Others	479	0.8%	1,510	3.2%
Total	2,045,813	31.3%	1,941,304	31.6%

The Group's gross profit increased by 5.4% from RMB1,941.3 million for the year ended 31 December 2023 to RMB2,045.8 million for 2024, and the gross profit margin decreased from 31.6% for 2023 to 31.3% for 2024. The decrease in gross profit margin was mainly due to price adjustment of hot pot condiments sold to related parties in accordance with the market conditions.

Distribution Expenses

The Group's distribution expenses increased by 30.9% from RMB589.4 million for the year ended 31 December 2023 to RMB771.5 million for 2024. The Group's distribution expenses as a percentage of the Group's revenue increased from 9.6% for 2023 to 11.8% for 2024. The increase in distribution expenses was mainly due to the increase in logistics expenses and marketing expenses.

Administrative Expenses

The Group's administrative expenses increased by 0.4% from RMB275.5 million for the year ended 31 December 2023 to RMB276.7 million for 2024. The Group's administrative expenses as a percentage of the Group's revenue decreased from 4.5% for 2023 to 4.2% for 2024.

Other Income and Gains – net

The Group's net amount of other income and gains decreased by 6.4% from RMB118.4 million for the year ended 31 December 2023 to RMB110.8 million for 2024, which was mainly due to the exchange loss as a result of currency exchange activities and change in foreign currency exchange rate.

Finance Income – net

The Group's net amount of finance income increased by 0.7% from RMB69.3 million for the year ended 31 December 2023 to RMB69.8 million for 2024.

Profit before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by 6.8% from RMB1,264.1 million for the year ended 31 December 2023 to RMB1,178.1 million for 2024.

Income Tax Expenses

The Group's income tax expenses increased by 6.0% from RMB357.1 million for the year ended 31 December 2023 to RMB378.6 million for 2024. The effective tax rate increased from 28.2% for the year ended 31 December 2023 to 32.1% for the year ended 31 December 2024, which was mainly due to the fact that the Group's subsidiaries in Mainland China distributed profits to their overseas parent company (the Group's overseas subsidiary), leading to the payment of withholding tax which increased the income tax.

Net Profit for the Year

As a result of the foregoing, net profit of the Group decreased by 11.9 % from RMB907.0 million for the year ended 31 December 2023 to RMB799.5 million for 2024. Basic earnings per share decreased from RMB87.5 cents for the year ended 31 December 2023 to RMB76.2 cents for 2024, and net profit margin decreased from 14.8% for the year ended 31 December 2023 to 12.2% for 2024, mainly due to the increase in distribution expenses and the increase in income tax expenses.

Capital Liquidity and Financial Resources

For the year ended 31 December 2024, the Group's operations were mainly funded by the cash generated from its operation. The Group intended to utilise internal resources to provide funds for its expansion and business operations through organic growth and sustainable development.

Cash and Cash Equivalents

As at 31 December 2024, the Group's cash and cash equivalents were mainly composed of Renminbi and the U.S. dollars. Cash and cash equivalents amounted to approximately RMB1,881.9 million (31 December 2023: RMB2,309.4 million).

Asset-Liability Ratio

As at 31 December 2024, the Group's asset-liability ratio⁽⁷⁾ was 18.4% (31 December 2023: 15.9%). The Group did not have any bank borrowings.

Note:

(7) The asset-liability ratio is calculated by dividing total liabilities as at the end of each financial period by total assets

Inventories

Inventories mainly include raw materials, work-in-progress and finished goods. As at 31 December 2024, the inventories amounted to approximately RMB465.5 million (31 December 2023: RMB370.5 million), and the turnover days of inventories increased from 32.9 days for the year ended 31 December 2023 to 34.0 days for the year ended 31 December 2024. The increase in turnover days of inventories was mainly due to the increase in reserves of raw materials and finished products for seasonality.

Trade Receivables

Trade receivables represent the amounts due from customers in respect of sales of goods in the ordinary course of business. As at 31 December 2024, the trade receivables amounted to approximately RMB285.4 million (31 December 2023: RMB258.1 million). The change was mainly due to the increase in trade receivables as a result of expanding business-end customers. The turnover days of trade receivables increased from 12.3 days for the year ended 31 December 2023 to 15.2 days for the year ended 31 December 2024.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Due to the cyclical effects of low and peak seasons for production and sales and the seasonal procurement cycle, trade payables amounted to approximately RMB482.2 million as at 31 December 2024 (31 December 2023: RMB402.8 million). The turnover days of trade payables increased from 34.7 days for the year ended 31 December 2023 to 35.9 days for the year ended 31 December 2024.

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities.

Charge of Assets

As at 31 December 2024, the Group did not charge any fixed assets as securities for borrowings.

Borrowings

As at 31 December 2024, the Group did not have any bank borrowings.

Debt-to-Equity Ratio

As at 31 December 2024, the debt-to-equity ratio⁽⁸⁾ of the Group was 2.0% (2023: 1.7%).

Note:

- (8) Debt-to-equity ratio is calculated by dividing total debt by total equity. Total debt is defined as interest-bearing liabilities including lease liabilities

Risk of Foreign Exchange Rate and Hedging

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain cash in hand denominated in the U.S. dollars and Singapore dollars, and is therefore exposed to foreign exchange risk. The Group has not hedged against its foreign exchange risk. However, the Group will closely monitor the exposure and will take specific measures when necessary to make sure the foreign exchange risk is manageable and within control.

Employees and Remuneration Policy

As at 31 December 2024, the Group had a total of 3,163 employees (including temporary workers), comprising 2,322 employees in production, 683 employees in marketing and 158 employees in administration and management related functions.

For the year ended 31 December 2024, the Group's total staff costs amounted to RMB673.5 million, including salaries, wages, allowances and benefits. The Group continued to optimise the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

Material Acquisitions and Disposals

For the year ended 31 December 2024, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PROSPECTS

Industry and Business Outlook

In 2025, as the national economy continues to recover, urban and rural residents' incomes keep growing, consumption boosting policies continue to take effect and new consumption modes are gradually cultivated, the expansion of the consumer market is expected to be consolidated and strengthened.

In 2025, the Group will continue to prioritise product research and development, overseas expansion, and channel building as the Company's strategic focuses.

In respect of product research and development, the Group will continue to adhere to the "project-based products" system as the guideline. The innovation committee members and the product teams will work hand in hand to further refine and implement the research feedback and independent product selection decision-making power of the channel sales teams, so that the products can meet the differentiated needs of various channels and regions in all aspects such as taste, packaging and usage scenarios. We will continue to improve the compatibility of products and channels with a view to enhancing the overall competitiveness of our products. For the business-end market, the Group will continue to actively explore the market demand, fully utilise its advantages in product research and development and supply chain production, so as to achieve rapid response to market demand. We also hope to quickly open up the corresponding markets by leveraging our distributors and third-party resources. In addition, the Group will try to introduce AI technology into product research and development to further improve the timeliness of research, so as to optimise the efficiency of research and development and enhance the overall research and development capability of the Group.

Regarding overseas business, the Group will insist on in-depth exploration of the culinary cultural background in overseas markets, and constantly study the taste needs and consumption trends of the local markets. While incorporating the characteristics of our own products, we focus on retaining the uniqueness of local tastes, and adopt the strictest food safety standards for production control, in order to enhance the recognition of overseas consumers. At the same time, the Group will also continue to expand the existing customer-end overseas core mainstream supermarkets and the local business-end market shares, and gradually enter the untapped overseas countries, so as to continuously improve the overall coverage and sales revenue in the overseas market. With the completion of the construction of the supply centre in Southeast Asia, the production capacity of the overseas factory will be gradually utilised, support resources will be optimised, and the overseas supply chain system will be further enhanced which are expected to enable the Group to streamline its overseas resources, optimise the allocation, enhance the efficiency of the overseas supply chain, and extend its coverage in overseas markets.

In terms of channel building, the Group will continue to improve operation efficiency by delimiting channels and standardising management, optimise personnel incentive policies and strengthen management of and interaction with distributors to achieve a win-win situation. The Group will further actively explore emerging channels. By cooperating with emerging channels such as e-commerce platforms and community fresh food platforms, the Group will conduct targeted product development in line with the snack mass sale channel, thereby enhancing the suitability of products for channels and rate of exposure. At the same time, taking advantage of third-party resources and enriching product matrix, the Group will be able to cater to the differences in consumers' consumption habits and price sensitivity, achieving further penetration into business-end and customer-end channels and explore diversified sales points to continuously increase market share. Meanwhile, on the basis of its competitive products and taking into account the new business opportunities and characteristics presented by the industry, the Group has set up companies to achieve independent operation and management through the integration of production, sales and research, with a view to quickly responding to market demand and flexibly satisfying end customers. As such, existing channels may be further expanded and penetrated, broadening consumer base continuously.

In respect of e-commerce sales channels, the Group will continue to optimise the operating standard of online channels, strengthen cooperativity between distribution stores and flagship stores, increase interaction with consumers, enhance their level of satisfaction and loyalty, and utilise e-commerce channel data to gain insights into market trends to support business growth.

Material Investments and Prospects

During the Reporting Period, the Group did not hold any material investments.

Future Plans for Material Investments

The Group will continue to look for potential strategic investment opportunities extensively, aiming high-profit targets that can bring synergies to the Group in the aspects of, among other things, product research and development, product portfolio, channel expansion and cost control.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted and applied the principles and code provisions as set out in the part 2 of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and has complied with the code provisions in the part 2 of the Corporate Governance Code for the year ended 31 December 2024.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2024.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. The Company was not aware of any non-compliance of the Model Code by the employees for the year ended 31 December 2024.

Purchase, Sale or Redemption of Listed Securities

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

Audit Committee

The audit committee of the Board (the "**Audit Committee**"), comprising all independent non-executive Directors, currently being Ms. Cui Jin (the chairman), Mr. Qian Mingxing and Ms. Ye Shujun, has considered and reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control, risk management and financial reporting with the management, including the review of the audited consolidated results of the Group for the year ended 31 December 2024. The Audit Committee considers that the annual financial results for the year ended 31 December 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, 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 this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and therefore no opinion or assurance conclusion has been expressed on this announcement.

The Restricted Share Unit Scheme

The Company has approved and adopted a restricted share unit scheme (the "**RSU Scheme**") by a resolution of the Shareholders and a resolution of the Board on 24 February 2016.

Pursuant to the RSU Scheme, the restricted share units (the "**RSU(s)**") do not carry any right to vote at general meetings of the Company. No grantee of the RSUs (the "**RSU Grantee**") shall enjoy any of the rights of a shareholder by virtue of the grant of an award of the RSUs (the "**Award**"), unless and until such shares underlying the Award are actually transferred to the RSU Grantee upon vesting of the RSU. Unless otherwise specified by the Board in its entire discretion, an RSU Grantee does not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any shares underlying an Award. Please refer to the section headed "Appendix IV – Statutory and General Information" of the prospectus of the Company dated 30 June 2016 for details.

The Company approved and granted 125,000 RSUs pursuant to the RSU Scheme on 23 November 2023. Please refer to the Company's announcement dated 23 November 2023 for details. As at 31 December 2024, all of the 125,000 RSUs have been forfeited pursuant to the RSU Scheme.

Events after the End of the 31 December 2024

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HK\$0.4283 (equivalent to RMB0.3950) per share for the year ended 31 December 2024, subject to the approval of the Shareholders at the annual general meeting (the "AGM") of this year to be held on Thursday, 22 May 2025. The final dividend will be distributed in Hong Kong Dollars and is calculated based on the average benchmark exchange rate of RMB against Hong Kong Dollars announced by the People's Bank of China in the five working days prior to but excluding the date of the Board meeting held on Tuesday, 25 March 2025. The proposed dividends will be paid to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 29 May 2025. Subject to the Shareholders' approval at the AGM, the final dividend is expected to be paid to the Shareholders on or before Thursday, 26 June 2025.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Thursday, 22 May 2025. The Shareholders whose names appear on the register of members of the Company on Thursday, 22 May 2025 (the "Record Date") will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 16 May 2025.

The register of members of the Company will also be closed from Wednesday, 28 May 2025 to Thursday, 29 May 2025, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 29 May 2025 will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 27 May 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yihchina.com).

The annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched (if so requested by Shareholders) to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By Order of the Board
Yihai International Holding Ltd.
Sean Shi
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Sean Shi, Mr. Guo Qiang, Mr. Sun Shengfeng, Ms. Shu Ping and Mr. Zhao Xiaokai; the non-executive Director of the Company is Mr. Zhang Yong; and the independent non-executive Directors of the Company are Ms. Cui Jin, Mr. Qian Mingxing and Ms. Ye Shujun.