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## **TEXHONG INTERNATIONAL GROUP LIMITED**

**天虹國際集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2678)**

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

#### **FINANCIAL HIGHLIGHTS**

- Revenue increased by 1.3% to RMB23.0 billion
- Gross profit margin increased by 6.0 percentage points to 12.4%
- Net profit was RMB588.6 million
- Profit attributable to shareholders was RMB553.5 million
- Basic earnings per share were RMB0.60
- The Board declared for the payment of a final dividend of HK10 cents per share

The board (the “Board”) of directors (the “Directors”) of Texhong International Group Limited (the “Company”) present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2024, together with the comparative figures for 2023.

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
*For the year ended 31 December 2024*

|  |             | <b>Year ended 31 December</b> |                         |
|--|-------------|-------------------------------|-------------------------|
|  |             | <b>2024</b>                   | <b>2023</b>             |
|  | <i>Note</i> | <b><i>RMB'000</i></b>         | <b><i>RMB'000</i></b>   |
| Revenue  | 2           | 23,029,033                    | 22,725,317              |
| Cost of sales  | 4           | <u>(20,165,661)</u>           | <u>(21,262,702)</u>     |
| <b>Gross profit</b>  |             | <b>2,863,372</b>              | <b>1,462,615</b>        |
| Selling and distribution costs   | 4           | (650,054)                     | (730,358)               |
| General and administrative expenses  | 4           | (1,155,553)                   | (1,178,578)             |
| Net accrual of impairment losses on financial assets                                       |             | (48,384)                      | (68,218)                |
| Other income   | 3           | 186,725                       | 114,493                 |
| Other (losses)/gains — net   | 3           | <u>(10,420)</u>               | <u>789,864</u>          |
| <b>Operating profit</b>  |             | <b><u>1,185,686</u></b>       | <b><u>389,818</u></b>   |
| Finance income   | 5           | 86,193                        | 98,358                  |
| Finance costs  | 5           | <u>(474,186)</u>              | <u>(615,950)</u>        |
| Finance costs — net  | 5           | <u>(387,993)</u>              | <u>(517,592)</u>        |
| Share of losses of investments accounted for using the equity method                       |             | <u>(23,368)</u>               | <u>(2,414)</u>          |
| <b>Profit/(loss) before income tax</b>   |             | <b>774,325</b>                | <b>(130,188)</b>        |
| Income tax expense   | 6           | <u>(185,696)</u>              | <u>(169,194)</u>        |
| <b>Profit/(loss) for the year</b>  |             | <b><u>588,629</u></b>         | <b><u>(299,382)</u></b> |
| <b>Attributable to:</b>  |             |                               |                         |
| Owners of the Company  |             | 553,536                       | (375,700)               |
| Non-controlling interests  |             | <u>35,093</u>                 | <u>76,318</u>           |
|  |             | <b><u>588,629</u></b>         | <b><u>(299,382)</u></b> |
| <b>Earnings/(losses) per share for profit/(loss) attributable to owners of the Company</b> |             |                               |                         |
| — Basic earnings/(losses) per share  | 7           | <u>RMB0.60</u>                | <u>RMB(0.41)</u>        |
| — Diluted earnings/(losses) per share  | 7           | <u>RMB0.60</u>                | <u>RMB(0.41)</u>        |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

|   | Year ended 31 December |                         |
|---|------------------------|-------------------------|
|   | 2024                   | 2023                    |
|   | <i>RMB'000</i>         | <i>RMB'000</i>          |
| <b>Profit/(loss) for the year</b>                                   | <b>588,629</b>         | <b>(299,382)</b>        |
| <b>Other comprehensive income</b>                                   |                        |                         |
| <i>Item that may be reclassified subsequently to profit or loss</i> |                        |                         |
| Currency translation differences                                    | <u>20,486</u>          | <u>27,119</u>           |
| <b>Total comprehensive income/(loss) for the year</b>               | <b><u>609,115</u></b>  | <b><u>(272,263)</u></b> |
| <b>Attributable to:</b>   |                        |                         |
| Owners of the Company   | <b>569,659</b>         | <b>(352,544)</b>        |
| Non-controlling interests   | <u>39,456</u>          | <u>80,281</u>           |
|   | <b><u>609,115</u></b>  | <b><u>(272,263)</u></b> |

# CONDENSED CONSOLIDATED BALANCE SHEET

As at December 2024

|   | Note | 2024<br>RMB'000          | 2023<br>RMB'000          |
|---|------|--------------------------|--------------------------|
| <b>ASSETS</b>   |      |                          |                          |
| <b>Non-current assets</b>   |      |                          |                          |
| Freehold land   |      | 104,718                  | 109,393                  |
| Property, plant and equipment                                     |      | 8,282,247                | 8,493,748                |
| Investment properties   |      | 377,491                  | 382,700                  |
| Right-of-use assets   |      | 1,197,311                | 1,264,074                |
| Intangible assets   |      | 58,095                   | 61,756                   |
| Investments accounted for using the equity method                 |      | 361,629                  | 379,038                  |
| Deferred income tax assets  |      | 312,433                  | 397,104                  |
| Financial assets at fair value through profit or loss             |      | 18,057                   | 15,903                   |
|   |      | <u>10,711,981</u>        | <u>11,103,716</u>        |
| <b>Current assets</b>   |      |                          |                          |
| Inventories   | 9    | 4,543,107                | 5,244,583                |
| Properties under development                                      |      | 261,510                  | 415,549                  |
| Trade and bills receivables                                       | 10   | 1,403,935                | 1,571,477                |
| Financial assets at fair value through other comprehensive income | 11   | 375,631                  | 336,761                  |
| Prepayments, deposits and other receivables                       |      | 681,717                  | 1,826,291                |
| Derivative financial instruments                                  | 14   | 100,652                  | 84,792                   |
| Pledged bank deposits   |      | 23,908                   | 66,208                   |
| Cash and cash equivalents   |      | 2,880,283                | 2,161,795                |
|   |      | <u>10,270,743</u>        | <u>11,707,456</u>        |
| <b>Total assets</b>   |      | <u><u>20,982,724</u></u> | <u><u>22,811,172</u></u> |
| <b>EQUITY</b>   |      |                          |                          |
| <b>Equity attributable to owners of the Company</b>               |      |                          |                          |
| Share capital: nominal value                                      |      | 96,958                   | 96,958                   |
| Share premium   |      | 462,059                  | 462,059                  |
| Other reserves  |      | 1,098,714                | 1,054,138                |
| Retained earnings   |      | 7,977,506                | 7,535,924                |
|   |      | <u>9,635,237</u>         | <u>9,149,079</u>         |
| <b>Non-controlling interests</b>                                  |      | <u>502,048</u>           | <u>606,279</u>           |
| <b>Total equity</b>   |      | <u><u>10,137,285</u></u> | <u><u>9,755,358</u></u>  |

|                                     |             | <b>2024</b>                     | <b>2023</b>              |
|-------------------------------------|-------------|---------------------------------|--------------------------|
|                                     | <i>Note</i> | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b>    |
| <b>LIABILITIES</b>                  |             |                                 |                          |
| <b>Non-current liabilities</b>      |             |                                 |                          |
| Borrowings                          |             | <b>3,196,353</b>                | 3,577,553                |
| Lease liabilities                   |             | <b>131,111</b>                  | 162,270                  |
| Employee benefit obligations        |             | <b>2,572</b>                    | —                        |
| Deferred income tax liabilities     |             | <b>155,445</b>                  | 198,093                  |
|                                     |             | <b><u>3,485,481</u></b>         | <u>3,937,916</u>         |
| <b>Current liabilities</b>          |             |                                 |                          |
| Trade and bills payables            | <i>12</i>   | <b>886,393</b>                  | 868,848                  |
| Supply chain financing              | <i>13</i>   | <b>2,111,445</b>                | 2,495,882                |
| Contract liabilities                |             | <b>232,090</b>                  | 481,177                  |
| Accruals and other payables         |             | <b>811,473</b>                  | 849,954                  |
| Current income tax liabilities      |             | <b>28,501</b>                   | 222,293                  |
| Borrowings                          |             | <b>3,199,142</b>                | 4,145,651                |
| Derivative financial instruments    | <i>14</i>   | <b>42,025</b>                   | 7,055                    |
| Lease liabilities                   |             | <b>48,889</b>                   | 47,038                   |
|                                     |             | <b><u>7,359,958</u></b>         | <u>9,117,898</u>         |
| <b>Total liabilities</b>            |             | <b><u>10,845,439</u></b>        | <u>13,055,814</u>        |
| <b>Total equity and liabilities</b> |             | <b><u><u>20,982,724</u></u></b> | <u><u>22,811,172</u></u> |

## NOTES:

### 1. GENERAL INFORMATION, BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

Texhong International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of yarns, grey fabrics, non-woven fabrics and garment fabrics.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9 December 2004.

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2024 but are extracted from those financial statements.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors of the Company on 27 March 2025.

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) as issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”), which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

**(a) New standard and amendments to HKFRSs adopted by the Group in 2024**

A number of new standard and amendments to existing standards became applicable for the current reporting period. These amendments to existing standards did not give rise to any significant impact on the Group's financial statements and did not require retrospective adjustment. These amendments are set out below:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to HKAS 1

Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (Revised)

Lease Liability in Sale and Leaseback — Amendments to HKFRS 16

Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7

**(b) The following new standard and amendments to HKFRSs that have been issued but not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:**

The directors of the Company anticipate that the application of the above new standards, amendments and interpretations will have no material impact on the consolidated financial statements upon adoption, except HKFRS 18, which mainly impacts the presentation of the Group's consolidated statement of comprehensive income and the Group is still in the process of assessing the impact.

Amendments to HKAS 21 'Lack of Exchangeability', effective for annual periods beginning on or after 1 January 2025.

Amendments to HKFRS 9 and HKFRS 7 'Amendments to the Classification and Measurement of Financial Instruments', effective for annual periods beginning on or after 1 January 2026.

Amendments to HKFRS 9 and HKFRS 7 'Contracts-referencing nature-dependent electricity', effective for annual periods beginning on or after 1 January 2026.

Annual improvements project 'Annual improvements to HKFRS Accounting Standards-volumes 11', effective for annual periods beginning on or after 1 January 2026.

HKFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual periods beginning on or after 1 January 2027.

HKFRS 19 'Subsidiaries without Public Accountability: Disclosures', effective for annual periods beginning on or after 1 January 2027.

Amendments to HKFRS 10 and HKFRS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint venture', effective for to be determined.

## 2. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Committee of Executive Directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Committee of Executive Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Committee of Executive Directors considers the business from both a product and geographical perspective. From a product perspective, management assesses the performance from sales of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments.

China now includes Mainland China, Hong Kong and Macao. Southeast Asia now includes Vietnam. Americas now includes United States, Mexico, Nicaragua and Honduras.

The revenues from external ending customers in Asia and Americas accounted for 91.7% and 7.7% (2023: 92.9% and 6.8%) of the Group's total revenue respectively.

The Committee of Executive Directors assesses the performance of the operating segments based on revenue and operating profit.

The segment information for the year ended 31 December 2024 is as follows:

|  | Year ended 31 December 2024 |             |           |          |                              |           |           |              |           |                   |           |           |          |              |
|--|-----------------------------|-------------|-----------|----------|------------------------------|-----------|-----------|--------------|-----------|-------------------|-----------|-----------|----------|--------------|
|  | Yarns                       |             |           |          | Garment fabrics and Garments |           |           | Grey fabrics |           | Non-woven fabrics |           | Others    |          | Total        |
|  | Southeast                   |             |           |          | Southeast                    |           |           | Southeast    |           | Southeast         |           | Southeast |          |              |
|  | China                       | Asia        | Americas  | Others   | China                        | Asia      | Americas  | China        | Asia      | China             | Asia      | China     | Asia     |              |
|  | RMB'000                     | RMB'000     | RMB'000   | RMB'000  | RMB'000                      | RMB'000   | RMB'000   | RMB'000      | RMB'000   | RMB'000           | RMB'000   | RMB'000   | RMB'000  | RMB'000      |
| Total revenue  | 21,814,080                  | 7,572,361   | 500,976   | 390,185  | 2,771,338                    | 992,791   | 1,052,533 | 445,559      | 560,542   | 73,427            | 126,224   | 251,065   | 186,192  | 36,737,273   |
| Inter-segment revenue  | (6,290,868)                 | (5,166,451) | (271,617) | (4,229)  | (72,444)                     | (805,282) | (314,656) | (37,318)     | (559,492) | —                 | (105,304) | (2,185)   | (78,394) | (13,708,240) |
| Revenue (from external customers)                                    | 15,523,212                  | 2,405,910   | 229,359   | 385,956  | 2,698,894                    | 187,509   | 737,877   | 408,241      | 1,050     | 73,427            | 20,920    | 248,880   | 107,798  | 23,029,033   |
| Timing of revenue recognition  |                             |             |           |          |                              |           |           |              |           |                   |           |           |          |              |
| — At a point in time   | 15,523,212                  | 2,405,910   | 229,359   | 385,956  | 2,698,894                    | 187,509   | 737,877   | 408,241      | 1,050     | 73,427            | 20,920    | 248,880   | 107,798  | 23,029,033   |
| Segment results  | 698,797                     | 329,841     | (70,544)  | (11,148) | 124,316                      | 51,562    | 47,111    | (10,000)     | 4,692     | (13,313)          | (20,776)  | 51,521    | 4,722    | 1,186,781    |
| Unallocated losses   |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | (1,095)      |
| Operating profit   |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | 1,185,686    |
| Finance income   |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | 86,193       |
| Finance costs  |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | (474,186)    |
| Share of losses of investments accounted for using the equity method |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | (23,368)     |
| Income tax expense   |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | (185,696)    |
| Profit for the period  |                             |             |           |          |                              |           |           |              |           |                   |           |           |          | 588,629      |
| Depreciation and amortisation  | (426,654)                   | (291,363)   | (67,553)  | (20,197) | (67,549)                     | (45,303)  | (34,712)  | (7,170)      | (19,000)  | —                 | (31,381)  | (490)     | (11,873) | (1,023,245)  |



The segment information for the year ended 31 December 2023 is as follows:

|  | Year ended 31 December 2023 |             |           |          |                              |           |           |              |           |                   |          |           |          |              |
|--|-----------------------------|-------------|-----------|----------|------------------------------|-----------|-----------|--------------|-----------|-------------------|----------|-----------|----------|--------------|
|  | Yarns                       |             |           |          | Garment fabrics and Garments |           |           | Grey fabrics |           | Non-woven fabrics |          | Others    |          | Total        |
|  | Southeast                   |             |           |          | Southeast                    |           |           | Southeast    |           | Southeast         |          | Southeast |          |              |
|  | China                       | Asia        | Americas  | Others   | China                        | Asia      | Americas  | China        | Asia      | China             | Asia     | China     | Asia     |              |
|  | RMB'000                     | RMB'000     | RMB'000   | RMB'000  | RMB'000                      | RMB'000   | RMB'000   | RMB'000      | RMB'000   | RMB'000           | RMB'000  | RMB'000   | RMB'000  | RMB'000      |
| Total revenue  | 21,879,282                  | 6,526,924   | 281,788   | 379,517  | 2,767,929                    | 1,155,679 | 925,581   | 596,299      | 418,721   | 53,985            | 79,462   | 190,072   | 109,180  | 35,364,419   |
| Inter-segment revenue  | (5,525,556)                 | (4,985,364) | (198,011) | (2,483)  | (88,036)                     | (964,853) | (260,567) | (65,122)     | (418,241) | —                 | (63,465) | —         | (67,404) | (12,639,102) |
| Revenue (from external customers)                                    | 16,353,726                  | 1,541,560   | 83,777    | 377,034  | 2,679,893                    | 190,826   | 665,014   | 531,177      | 480       | 53,985            | 15,997   | 190,072   | 41,776   | 22,725,317   |
| Timing of revenue recognition  |                             |             |           |          |                              |           |           |              |           |                   |          |           |          |              |
| — At a point in time   | 16,353,726                  | 1,541,560   | 83,777    | 377,034  | 2,679,893                    | 190,826   | 665,014   | 531,177      | 480       | 53,985            | 15,997   | 190,072   | 41,776   | 22,725,317   |
| Segment results  | 487,410                     | (591,497)   | (62,423)  | (48,528) | 476,749                      | (19,049)  | 25,590    | (7,871)      | 1,057     | (10,013)          | (39,568) | 8,154     | 12,698   | 232,709      |
| Unallocated profit   |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | 157,109      |
| Operating profit   |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | 389,818      |
| Finance income   |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | 98,358       |
| Finance costs  |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | (615,950)    |
| Share of losses of investments accounted for using the equity method |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | (2,414)      |
| Income tax expense   |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | (169,194)    |
| Loss for the period  |                             |             |           |          |                              |           |           |              |           |                   |          |           |          | (299,382)    |
| Depreciation and amortisation  | (453,412)                   | (328,801)   | (67,092)  | (19,583) | (108,402)                    | (61,889)  | (40,934)  | (10,178)     | (22,478)  | —                 | (30,628) | (67)      | (10,155) | (1,153,619)  |

The segment assets and liabilities as at 31 December 2024 are as follows:

|                                | As at 31 December 2024 |             |           |           |                              |           |           |              |           |                   |           |           |           |              |
|--------------------------------|------------------------|-------------|-----------|-----------|------------------------------|-----------|-----------|--------------|-----------|-------------------|-----------|-----------|-----------|--------------|
|                                | Yarns                  |             |           |           | Garment fabrics and Garments |           |           | Grey fabrics |           | Non-woven fabrics |           | Others    |           | Total        |
|                                | Southeast              |             |           |           | Southeast                    |           |           | Southeast    |           | Southeast         |           | Southeast |           |              |
|                                | China                  | Asia        | Americas  | Others    | China                        | Asia      | Americas  | China        | Asia      | China             | Asia      | China     | Asia      |              |
|                                | RMB'000                | RMB'000     | RMB'000   | RMB'000   | RMB'000                      | RMB'000   | RMB'000   | RMB'000      | RMB'000   | RMB'000           | RMB'000   | RMB'000   | RMB'000   | RMB'000      |
| Total segment assets           | 8,673,560              | 5,011,472   | 983,785   | 685,114   | 1,880,921                    | 704,121   | 648,809   | 224,343      | 449,211   | 5,347             | 467,835   | 445,215   | 350,760   | 20,530,493   |
| Unallocated assets             |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | 452,231      |
| Total assets of the Group      |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | 20,982,724   |
| Total segment liabilities      | (3,487,992)            | (2,420,939) | (807,359) | (355,658) | (251,918)                    | (467,470) | (386,742) | (95,908)     | (354,110) | (742)             | (492,871) | (242,594) | (332,572) | (9,696,875)  |
| Unallocated liabilities        |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | (1,148,564)  |
| Total liabilities of the Group |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | (10,845,439) |
| Addition to non-current assets | 227,562                | 340,083     | 23,746    | 53,702    | 12,115                       | 32,597    | 27,234    | 3,182        | 3,035     | —                 | 4,547     | 106,544   | —         | 834,347      |

The segment assets and liabilities as at 31 December 2023 are as follows:

|                                | As at 31 December 2023 |             |           |           |                              |           |           |              |           |                   |           |           |           |              |
|--------------------------------|------------------------|-------------|-----------|-----------|------------------------------|-----------|-----------|--------------|-----------|-------------------|-----------|-----------|-----------|--------------|
|                                | Yarns                  |             |           |           | Garment fabrics and Garments |           |           | Grey fabrics |           | Non-woven fabrics |           | Others    |           | Total        |
|                                |                        |             |           |           |                              |           |           |              |           |                   |           |           |           |              |
|                                | China                  | Asia        | Americas  | Others    | China                        | Asia      | Americas  | China        | Asia      | China             | Asia      | China     | Asia      |              |
|                                | RMB'000                | RMB'000     | RMB'000   | RMB'000   | RMB'000                      | RMB'000   | RMB'000   | RMB'000      | RMB'000   | RMB'000           | RMB'000   | RMB'000   | RMB'000   | RMB'000      |
| Total segment assets           | 8,270,885              | 5,317,237   | 1,239,803 | 451,234   | 3,196,269                    | 858,792   | 568,174   | 344,806      | 448,149   | 4,563             | 490,483   | 495,389   | 365,095   | 22,050,879   |
| Unallocated assets             |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | 760,293      |
| Total assets of the Group      |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | 22,811,172   |
| Total segment liabilities      | (4,794,702)            | (2,730,622) | (968,097) | (289,962) | (617,767)                    | (635,743) | (332,710) | (202,918)    | (365,251) | (373)             | (498,084) | (414,740) | (353,493) | (12,204,462) |
| Unallocated liabilities        |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | (851,352)    |
| Total liabilities of the Group |                        |             |           |           |                              |           |           |              |           |                   |           |           |           | (13,055,814) |
| Addition to non-current assets | 218,189                | 125,636     | 51,060    | 1,144     | 83,459                       | 65,146    | 16,640    | 3,028        | 11,445    | —                 | 2,195     | —         | 321,059   | 899,001      |

### 3. OTHER INCOME AND OTHER (LOSSES)/GAINS — NET

|  | 2024      | 2023      |
|--|-----------|-----------|
|  | RMB'000   | RMB'000   |
| Other income — net   |           |           |
| Subsidy income (a)   | 166,230   | 100,049   |
| Rental income  | 49,257    | 42,212    |
| Depreciation of investment properties                                  | (28,762)  | (27,768)  |
| Total other income — net   | 186,725   | 114,493   |
| Other (losses)/gains — net   |           |           |
| Gains on disposal of property, plant and equipment and land use rights | 11,136    | 182,841   |
| Derivative financial instruments at fair value through profit or loss: |           |           |
| — Realised gains   | 150,662   | 130,977   |
| — Unrealised (losses)/gains  | (19,110)  | 120,438   |
| Financial assets at fair value through profit or loss                  |           |           |
| — Realised gains   | 2,602     | 5,996     |
| — Unrealised gains   | 2,154     | 3,454     |
| Foreign exchange losses — net  | (159,467) | (100,927) |
| Fees generated from the certain returned assets                        | (29,828)  | —         |
| Compensation for order cancellation                                    | 14,348    | 16,222    |
| Gains on sales of pollution discharge rights                           | —         | 325,055   |
| Gains on disposal of subsidiaries                                      | —         | 92,089    |
| Others   | 17,083    | 13,719    |
| Total other (losses)/gains — net                                       | (10,420)  | 789,864   |

- (a) The subsidy income was mainly related to incentives for development in Mainland China provided by municipal governments based on special subsidies and the amounts of value added tax and income tax paid. The Group has received all the subsidy income and there was no future obligation related to these subsidy income.

#### 4. EXPENSES BY NATURE

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Raw materials and consumables used  | 16,018,473             | 16,229,059             |
| Changes in inventories of finished goods and work in progress                               | 183,532                | 1,169,481              |
| Employment benefit expenses   | 2,329,459              | 2,366,827              |
| Utilities   | 1,623,713              | 1,559,087              |
| Depreciation and amortisation   | 994,483                | 1,125,851              |
| Transportation costs  | 372,076                | 353,858                |
| Office expenses   | 98,335                 | 123,001                |
| Impairment charges on property, plant and equipment   | 21,498                 | 3,978                  |
| Auditor's remuneration  |                        |                        |
| — Annual audit services   | 3,500                  | 3,500                  |
| — Non-audit services  | 3,884                  | 1,400                  |
| Rental expenses for buildings, machinery and others   | 2,896                  | 6,525                  |
| Net reversal of provision for decline in value of inventories                               | (56,708)               | (262,591)              |
| Other expenses  | 376,127                | 491,662                |
|   | <u>21,971,268</u>      | <u>23,171,638</u>      |
| Total cost of sales, selling and distribution costs and general and administrative expenses |                        |                        |

#### 5. FINANCE COSTS — NET

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest expenses  |                        |                        |
| — Borrowings   | 442,838                | 533,080                |
| — Lease liabilities  | 6,324                  | 11,343                 |
|  | <u>449,162</u>         | <u>544,423</u>         |
| Net exchange losses on financing activities  | 29,334                 | 78,108                 |
| Less: finance costs capitalised in building and machinery in property, plant and equipment | (4,310)                | (6,581)                |
|  | <u>474,186</u>         | <u>615,950</u>         |
| Finance costs  |                        |                        |
| Interest income  |                        |                        |
| — Interest income on bank deposits   | (86,193)               | (98,358)               |
|  | <u>387,993</u>         | <u>517,592</u>         |
| Net finance costs  |                        |                        |

## 6. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statement represents:

|                                     | 2024<br>RMB'000 | 2023<br>RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Current tax on profits for the year | 143,673         | 298,901         |
| Deferred income tax                 | 42,023          | (129,707)       |
|                                     | <u>185,696</u>  | <u>169,194</u>  |

### (a) Hong Kong profits tax

Subsidiaries incorporated in Hong Kong are subject to profits tax at a rate of 16.5% (2023:16.5%).

### (b) Mainland China enterprise income tax

Effective from 1 January 2008, the subsidiaries established in Mainland China are required to pay income tax at a rate of 25% in accordance with the Corporate Income Tax Law of the PRC.

As approved by the relevant tax bureau in Mainland China, sixteen subsidiaries of the Company in the PRC obtained High and New Technology Enterprises (“HNTE”) status and are entitled to a preferential tax rate of 15% during the year (2023: seventeen subsidiaries). The status is subject to a requirement that these subsidiaries reapply for HNTE status every three years.

### (c) Vietnam income tax

As approved by the relevant tax bureau in Vietnam, subsidiaries established in Vietnam are entitled to four years’ exemption for income taxes followed by nine years of a 50% tax reduction based on the income tax rate of 20% (2023: 20%), commencing from the first profitable year after offsetting the losses carried forward from the previous years, and are entitled to a preferential income tax rate of 10% for 15 years, commencing from the first year generating income from the operation.

The applicable tax rates for all subsidiaries in Vietnam range from nil to 20% during the year (2023: nil to 20%).

### (d) Other income or profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands. No provision for Cayman Islands profits tax has been made as the Group had no assessable profit arising in or derived from Cayman Islands during the year (2023: nil).

The Company’s subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts or the Business Companies Acts, 2004 of the British Virgin Islands. No provision for British Virgin Islands profits tax has been made as the Group had no assessable profit arising in or derived from British Virgin Islands during the year (2023: nil).

The Company's subsidiary established in Macao is subject to an income tax rate of 12% (2023: 12%).

The Company's subsidiary established in Uruguay is subject to an income tax rate of 25% (2023: 25%). No provision for Uruguay profits tax has been made as the Group had no assessable profit arising in or derived from Uruguay during the year (2023: nil).

The Company's subsidiaries established in Nicaragua are subject to income tax at the rate of 30% (2023: 30%). As approved by relevant tax bureau in Nicaragua, the subsidiaries are entitled to exemption from profits tax during the year (2023: exempted).

The Company's subsidiaries established in Samoa are exempted from profits tax during the year (2023: exempted).

The Company's subsidiary established in Turkey is subject to income tax at the rate of 25% (2023: 25%).

The Company's subsidiaries established in the United States are subject to income tax at the rate of 27.5% to 30% (2023: 27.5% to 30%).

The Company's subsidiaries established in Mexico are subject to income tax at the rate of 30% (2023: 30%).

The Company's subsidiaries established in Honduras are subject to income tax at the rate of 25% (2023: 25%).

## 7. EARNINGS/(LOSSES) PER SHARE

### (a) Basic

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

|  | 2024           | 2023             |
|--|----------------|------------------|
| Profit/(loss) attributable to owners of the Company<br>(RMB'000)   | <u>553,536</u> | <u>(375,700)</u> |
| Weighted average number of ordinary shares in issue<br>(thousands) | <u>918,000</u> | <u>918,000</u>   |
| Basic earnings/(losses) per share (RMB per share)                  | <u>0.60</u>    | <u>(0.41)</u>    |

### (b) Diluted

Diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share since the Company does not have dilutive shares.

## 8. DIVIDENDS

The dividend paid in 2024 were RMB83,474,000 (2023: RMBnil), being HKD0.10 per ordinary share (2023: HKDnil per ordinary share).

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Interim dividend for the year ended 31 December 2024 HKD0.10<br>(2023: HKDnil) per ordinary share | <u>83,474</u>          | <u>—</u>               |

A proposed final dividend in respect of the year ended 31 December 2024 of HKD0.10 (2023: HKDnil) per ordinary share, amounting to a total dividend of RMB85,007,000 (2023: RMBnil) is to be presented for approval at the annual general meeting of the Company on 23 May 2025. These financial statements do not reflect this as dividend payable.

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Proposed final dividend for the year ended 31 December 2024 of<br>HKD0.10 (2023: HKD nil) per ordinary share | <u>85,007</u>          | <u>—</u>               |

## 9. INVENTORIES

|   | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Raw materials   | 2,501,852              | 3,076,504              |
| Work-in-progress  | 342,277                | 360,810                |
| Finished goods  | <u>1,984,565</u>       | <u>2,149,564</u>       |
|   | <u>4,828,694</u>       | <u>5,586,878</u>       |
| Less: provision for write-down of inventories to net realisable value | <u>(285,587)</u>       | <u>(342,295)</u>       |
|   | <u>4,543,107</u>       | <u>5,244,583</u>       |

The cost of inventories recognised as expense and included in cost of sales amounted to RMB16,202,005,000 (2023: RMB17,398,540,000).

Reversal of write-downs of inventories to net realisable value amounted to RMB56,708,000 (2023: RMB262,591,000). These amounts have been included in 'cost of sales' in the consolidated income statement.

# 10. TRADE AND BILLS RECEIVABLES

|                                | 2024<br><i>RMB'000</i>  | 2023<br><i>RMB'000</i>  |
|--------------------------------|-------------------------|-------------------------|
| Trade receivables              | 1,188,956               | 1,139,523               |
| Bills receivable               | 302,898                 | 460,758                 |
|                                | <u>1,491,854</u>        | <u>1,600,281</u>        |
| Less: provision for impairment | <u>(87,919)</u>         | <u>(28,804)</u>         |
|                                | <u><b>1,403,935</b></u> | <u><b>1,571,477</b></u> |

As at 31 December 2024, included in the trade receivables were amounts due from related parties of RMB32,076,000 (2023: RMB25,136,000).

Due to the short-term nature of the trade and bills receivables, their carrying amount is considered to be the same as their fair value.

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables (including amounts due from related parties of trading in nature) based on invoice date is as follows:

|                                   | 2024<br><i>RMB'000</i>  | 2023<br><i>RMB'000</i>  |
|-----------------------------------|-------------------------|-------------------------|
| Within 30 days                    | 792,344                 | 953,266                 |
| 31 to 90 days                     | 506,811                 | 439,782                 |
| 91 to 180 days                    | 87,595                  | 92,457                  |
| 181 days to 1 year                | 9,619                   | 50,451                  |
| Over 1 year                       | 95,485                  | 64,325                  |
|                                   | <u>1,491,854</u>        | <u>1,600,281</u>        |
| Less: provision for impairment    | <u>(87,919)</u>         | <u>(28,804)</u>         |
| Trade and bills receivables — net | <u><b>1,403,935</b></u> | <u><b>1,571,477</b></u> |

## 11. FINANCIAL ASSETS AT FVOCI

|                             | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|-----------------------------|------------------------|------------------------|
| Current — bills receivables | <u>375,631</u>         | <u>336,761</u>         |

Bills receivables held both by collecting contractual cash flows and selling of these assets are classified as financial assets at FVOCI.

## 12. TRADE AND BILLS PAYABLES

|                | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Trade payables | 792,006                | 779,731                |
| Bills payable  | <u>94,387</u>          | <u>89,117</u>          |
|                | <u>886,393</u>         | <u>868,848</u>         |

As at 31 December 2024, included in trade payables were amounts due to related parties of RMB36,429,000 (2023: RMB21,802,000).

The fair values of trade and bills payables approximate their carrying amounts.

The ageing analysis of the trade and bills payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

|                    | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--------------------|------------------------|------------------------|
| Within 90 days     | 809,439                | 809,169                |
| 91 to 180 days     | 37,547                 | 33,252                 |
| 181 days to 1 year | 28,604                 | 13,041                 |
| Over 1 year        | <u>10,803</u>          | <u>13,386</u>          |
|                    | <u>886,393</u>         | <u>868,848</u>         |



### 13. SUPPLY CHAIN FINANCING

|                | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|----------------|------------------------|------------------------|
| <b>Current</b> |                        |                        |
| Guaranteed     | 1,911,445              | 2,495,882              |
| Unguaranteed   | 200,000                | —                      |
|                | <u>2,111,445</u>       | <u>2,495,882</u>       |

*Note:*

The guaranteed supply chain financing of RMB1,911,445,000 (2023: RMB2,495,882,000) as at 31 December 2024 were guaranteed by certain subsidiaries of the Group.

At 31 December 2024, the Group's supply chain financing were repayable within 1 year.

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

|  | 2024<br><i>RMB'000</i> | 2023<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Assets:</b>   |                        |                        |
| Cross currency swap contracts ( <i>Note (a)</i> )      | —                      | 44,949                 |
| Forward foreign exchange contracts ( <i>Note (b)</i> ) | 99,963                 | 39,843                 |
| Cotton option contracts ( <i>Note (c)</i> )            | 689                    | —                      |
|  | <u>100,652</u>         | <u>84,792</u>          |
| <b>Liabilities:</b>                                    |                        |                        |
| Cross currency swap contracts ( <i>Note (a)</i> )      | 2,040                  | —                      |
| Forward foreign exchange contracts ( <i>Note (b)</i> ) | 39,451                 | 6,506                  |
| Cotton future contract ( <i>Note (d)</i> )             | 534                    | 549                    |
|  | <u>42,025</u>          | <u>7,055</u>           |

Non-hedging derivatives are classified as current assets or liabilities.

*Notes:*

- (a) The cross currency swap contracts as at 31 December 2024 comprised two contracts with notional principal amounts totaling RMB324,114,000 (2023: five contracts with notional principal amounts totaling RMB659,327,000).
- (b) The forward foreign exchange contracts as at 31 December 2024 comprised ninety-seven contracts with notional principal amounts totaling RMB5,360,201,000 (2023: one hundred and six contracts with notional principal amounts totaling RMB3,801,423,000).
- (c) The cotton option contract as at 31 December 2024 comprised three contracts with notional principal amounts totaling USD2,555,000 (2023: nil).
- (d) The cotton future contract as at 31 December 2024 comprised one contract with notional principal amount of USD4,580,000 (2023: one contract with notional principal amount of USD5,268,000).

## CHAIRMAN’S STATEMENT

### RESULTS

Looking back at 2024, the global economy has progressed in a complex and volatile landscape. Although it has maintained a certain degree of resilience, growth has remained sluggish by historical standards. China, as the world’s second largest economy, has played a significant role in driving global trade volumes together with other emerging Asian economies. Though inflationary pressures have slowed down for certain developed economies, escalating trade frictions and heightened policy uncertainties have led to less expectation for U.S. dollar interest rate cut, thereby exerting pressures on economic development. Against this macro backdrop, global consumption trends underwent substantial shifts. In North American market, for instance, an aging and diverse demographic structure saw Generation Z and Millennials gradually becoming the main consumer forces. Affected by inflationary pressures and less expectation for U.S. dollar interest rate cut, consumers remain price-sensitive, prioritizing value-for-money purchases and cutting back on non-essential spending. At the same time, brand loyalty has declined and consumer shopping behaviour has shifted to a blended model of online and offline shopping, moving from “stockpiling” to “seeking quality”. These consumption characteristics are particularly evident in the fashion and apparel categories, placing higher demands on textile and garment supply chains to differentiate offerings and enhance rapid-response capabilities. In addition, factors such as the pandemic, trade frictions, and transportation bottlenecks have impacted supply chain stability in recent years. Although supply chain pressures have eased in 2024, lingering concerns over market uncertainties prompted many businesses to maintain cautious inventory strategies while adopting more flexible restocking mechanisms to address potential demand fluctuations.

After suffering losses in the previous year, the Group actively responded to the challenges of the still complex market environment of 2024. In addition to making every effort to restore production to full capacity, we have significantly adjusted and optimized our product structure to enhance the production efficiency of all plants, while also investing resources in the development of high value-added products in line with market trends. Furthermore, the Group also further refined raw material procurement strategy and strengthened inventory management, flexibly adjusting procurement plans in response to market price fluctuations and production plans to effectively mitigate risks. In terms of capital management, we maintained strict control over capital expenditure from the previous year, and further optimized assets and liabilities structures and reduced the overall debt level, thereby strengthening our financial stability. Through these relentless efforts in various aspects, the Group has substantially improved its overall profitability, successfully overcoming the negative impact of the macro-environment volatility experienced over the past two years. In 2024, the Group’s operating revenue reached approximately RMB23.0 billion, with net profit of approximately RMB588.6 million, profit attributable to shareholders of approximately RMB553.5 million and basic earnings per share of RMB0.60.

## **OUTLOOK**

Looking ahead to 2025, industry competition is expected to intensify, with continued pressure from rising costs and evolving international policies and environments leading to further adjustments and consolidation within the industry. Nevertheless, leveraging management expertise and brand influence accumulated over years, the Group is well-positioned to navigate various market challenges with confidence in the future. We will continue to pursue our product differentiation strategy, enhance product quality, and focus on innovation, so as to solidify our market position with product excellence. Besides, we will also retain strict control over capital expenditures, with prudent investments ensuring efficient utilization of financial resources. The Group will continue to keep pace with the times by advancing technological upgrades to enhance production efficiency and product quality, actively driving the development of modern intelligent manufacturing. Management model innovation will constitute another key focus of the Group. By optimizing management processes and enhancing organizational effectiveness, we aim to further strengthen our core competitiveness and strive for better performance in future market competition.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

The Group is pleased to report its annual results for the year ended 31 December 2024 (the “Year”) to its shareholders. During the Year, the Group’s revenue increased by 1.3% year-on-year to approximately RMB23.0 billion. The Group’s net profit was approximately RMB588.6 million, compared with a net loss of approximately RMB299.4 million for the previous year. Profit attributable to shareholders was approximately RMB553.5 million versus a loss attributable to shareholders of approximately RMB375.7 million for the previous year. Basic earnings per share was RMB0.60, compared with basic loss per share of RMB0.41 for the previous year.

### **INDUSTRY REVIEW**

According to the National Bureau of Statistics of the People’s Republic of China (the “PRC” or “Mainland China”), in 2024, large-scale textile enterprises achieved total sales of approximately RMB2,398.8 billion, representing a year-on-year growth of 3.6%, with a total net profit of approximately RMB86.9 billion, representing a year-on-year increase of 3.4%. The total sales of sizeable textile garment and apparel enterprises amounted to approximately RMB1,269.9 billion, representing a year-on-year increase of 2.8%, with a net profit of approximately RMB62.4 billion, up 1.5% year-on-year. According to data from the General Administration of Customs of the PRC, the PRC exported around US\$142.0 billion worth of textile products in 2024, up 5.7% year-on-year, while the value of exported garments reached approximately US\$159.1 billion, a year-on-year growth of 0.3%.

According to statistics from Vietnam Customs, the export volume of yarns and staple fibers manufactured in Vietnam rose by 5.0% to approximately 1.87 million tonnes in 2024, generating revenue of approximately US\$4.4 billion, an increase of 1.2% compared with 2023. Garment exports increased by 11.2% to approximately US\$37.0 billion in 2024.

## **BUSINESS REVIEW**

Reflecting on the global economic landscape of 2024, the “super election year” brought uncertainty to global economic development, while high debt levels in many nations amplified fiscal risks. Moreover, geopolitical risks intensified and global dynamics evolved at an accelerated pace. There has been an escalation of the Russia-Ukraine conflict and an increase in the risks associated with the Israel-Palestine conflict. On the other hand, trade protectionism and a “small courtyard, high walls” mindset are also rampant, leading to significantly increased policy uncertainty and weakened confidence in international trade and investment. However, inflation in major developed economies was further contained, with these economies entering interest rate-cutting cycles. This helped counterbalance global economic downside risks and stimulated consumer demand. The global economy is experiencing a difficult and tortuous recovery amidst major changes and is showing resilience exceeding expectations and maintaining overall stability. Notably, the U.S. economy outperformed projections, while the highlights of global economic growth continued to come from emerging markets and developing economies.

The complexity and uncertainty of the global economic environment have posed multifaceted challenges to the textile industry. The resurgence of international trade protectionism has led to a deterioration in the international trade conditions, considerably impacting cross-border export markets for textiles, while reinforcing the trend towards nearshore supply chains. Domestically, slowing economic growth and conservative expectations for household income increases, coupled with subdued consumer sentiment, especially offline consumption, have resulted in a weak recovery momentum for textile market demand. At the same time, divergent trends within the textile industry’s upstream and downstream sectors have intensified. The upstream segment has seen purchase order growth driven by inventory replenishment in overseas markets, alongside improved capacity utilization rates and profitability. In contrast, the downstream apparel manufacturing sector has struggled with weaker profitability due to sluggish demand and reduced offline customer foot traffic.

The Group has addressed proactively the complex economic environment by continuously optimizing operating strategies, concentrating on the sustainable development of its core businesses, and strengthening cost control measures. As a result, operating results have improved.

During the Year, revenue experienced a rebound compared with last year, increasing by approximately 1.3% to approximately RMB23.0 billion. The Group's revenue was mainly derived from the sale of yarns, grey fabrics, and garment fabrics during the Year. Revenue from yarn sales continued to be the Group's major source of income, and accounted for approximately 77.8% of total revenue for the Year, amounting to approximately RMB17.9 billion, representing a growth of approximately 2.1% as compared to last year, which was mainly attributable to the recovery of market demand and the advantages of the Group's overseas production capacity deployment. Woven garment fabrics were primarily sold to overseas markets, with garment fabric revenue increasing by approximately 5.7% compared to last year, reaching approximately RMB2.2 billion.

In the face of insufficient consumption growth and escalating trade barriers in global textile market, the Group has capitalized on the advantages of its overseas production capacity to further expand its sales in overseas markets. Meanwhile, the Group has proactively responded to market demand by leading the research and development of products that meet market needs. Benefiting from recovering market demand and consumers' enthusiasm for outdoor sports, which drove increased demand for functional sportswear, the Group's strengths in differentiated market strategies and agile product mix adjustments came to the fore. Sales volume of yarns grew by approximately 4.0% to approximately 770,000 tonnes. Due to fluctuations in raw material prices and changes in product mix, revenue from yarns rose by approximately 2.1% to approximately RMB17.9 billion for the Year.

During the Year, the Group's capacity utilization, particularly at overseas factories, showed significant improvement compared to last year, while production efficiency also increased as a result of equipment automation upgrades. Additionally, as the relatively high-cost inventories were nearly depleted in 2023, the average gross margin for yarns rose from approximately 5.7% last year to approximately 11.7%.

In terms of grey fabrics, due to the Group's allocation of more capacity to support its own production of woven fabrics, sales volume for the Year declined by approximately 8.5% to approximately 50.6 million metres compared to last year, with sales revenue also decreasing to approximately RMB409.3 million. However, through the adjustments in product mix, the gross margin for grey fabrics increased from approximately 6.1% last year to approximately 12.0%.

Woven garment fabrics were primarily sold in overseas markets. Driven by a noticeable recovery in demand from the overseas workwear market in the second half of the year and the "nearshore supply" advantage of overseas production capacity, the sales volume of woven garment fabrics for the Year increased by approximately 6.7% to approximately 95.7 million metres. Sales revenue also grew by approximately 5.7% to approximately RMB2.2 billion. During the Year, the Group actively improved capacity

utilization and strictly controlled various energy consumption costs, resulting in an increase in the gross margin for woven garment fabrics from approximately 12.7% last year to approximately 19.5%.

In terms of knitted garment fabrics, the Group's production capacity and business scale have markedly decreased due to the sale of the loss-making factory in Vietnam to Texwinca Holdings in November 2023. The sales volume of knitted garment fabrics for the Year decreased from approximately 15,400 tonnes last year to approximately 10,900 tonnes. Sales revenue fell from approximately RMB797.4 million to approximately RMB551.6 million. During the Year, exports of domestic fabric capacity faced trade barriers, and local market demand growth was insufficient, leading to intensified competition in the domestic market. Nevertheless, the Group managed to maintain its gross margin at basically the same level of last year at approximately 8.1% by further optimizing its management structure, focusing on niche markets, and actively developing high value-added products.

Trading operations mainly comprise the trading business of yarns, garment fabrics and garments, with a primary focus on the U.S. denim fabric and garment trading business. During the Year, particularly in the second half of the year, consumer spending in the U.S. showed signs of recovery due to easing inflation, leading to a revenue increase of approximately 3.7% in the trading business compared to last year, reaching approximately RMB1.5 billion. Meanwhile, the Group improved its gross margin from approximately 6.0% last year to approximately 10.9% through flexible market strategies, adjusting the trade portfolio in a timely manner and engaging in yarns and knitted garment fabrics trading at opportune moments.

The market demand for non-woven fabrics related to pandemic prevention products has further declined since the end of the pandemic. As a non-essential product, the non-woven fabric business continues to face challenges. The Group proactively adjusted its product mix and market regions, gradually transitioning from non-woven fabrics to downstream high value-added semi-finished and finished products, while also vigorously expanding into overseas markets and promoting strategic cooperation with foreign international brands. As a result, the sales revenue from non-woven fabrics increased from approximately RMB70.0 million last year to approximately RMB94.3 million.

Based on the above analysis, during the Year, the Group focused on enhancing existing production capacity, particularly improving capacity utilization rates at overseas plants. By advancing automation upgrades of equipment, the Group further increased production efficiency and reduced production costs. The Group also closely aligned itself with evolving market consumption trends to capture opportunities from structural products. Through targeted research and development initiatives, the Group strengthened its profitability and achieved a turnaround during the Year, with the overall gross margin rising from approximately 6.4% in 2023 to approximately 12.4%. Profit attributable to shareholders for the Year was approximately RMB553.5 million, compared with loss



attributable to shareholders of approximately RMB375.7 million for last year. Basic earnings per share were RMB0.60, while the basic loss per share for last year was RMB0.41.

## **PROSPECTS**

As at 31 December 2024, the Group's major production facilities were equipped with approximately 4.21 million spindles, of which 2.45 million spindles were located in the PRC and 1.76 million spindles were located overseas (mainly in Vietnam), along with approximately 1,650 weaving and knitting machines and corresponding dyeing equipment. The production capacity for yarns saw a slight increase due to the completion and commissioning of several construction projects.

As previously mentioned, although the textile industry faced numerous challenges in 2024, the gradual recovery of the global economy and the sustained improvement in domestic consumption markets are expected to drive a rebound for the textile industry in 2025, albeit amidst ongoing volatility.

On the domestic market front, the Chinese government has announced the implementation of a moderately accommodative monetary policy and a comprehensive package of fiscal measures aimed at boosting domestic demand across the board. Rising household incomes and recovering consumer confidence are expected to drive an improvement in the domestic textile market. Notably, steady growth in niche markets such as outdoor and sportswear will present new development opportunities for the textile industry. Moreover, as consumers increasingly focus on environmental protection and sustainability, green textiles are set to become a key trend for the future, creating new business opportunities for textile enterprises.

Regarding the overseas market, inflation in developed economies like the U.S. has been brought under control, and consumer confidence is expected to recover gradually alongside the global economic rebound. Coupled with increased replenishment orders following the end of inventory adjustment cycles at the brand level, demand for textiles is anticipated to be gradually released. Furthermore, the implementation of “nearshore” and “friend-shoring” in European countries and the U.S., along with the tariff policies from the newly elected U.S. president, will accelerate the restructuring of global supply chain landscape and drive a new wave of capacity relocation. Against this backdrop, export-oriented small and medium-sized enterprises will face greater risks, while companies with an internationalized production capacity deployment are well-positioned to seize emerging industry opportunities. The Group has already established its production capacity deployment in the PRC, Vietnam, Europe, and the Americas, and will actively capture these market opportunities to further expand its overseas market share.



The new wave of “AI + Textiles” is set to transform the textile industry. The Group plans to actively introduce digital technologies in 2025, strengthening the application of generative AI in production and supply chain management to improve production efficiency and product quality while reducing costs. Additionally, the Group will maintain a prudent investment strategy, continuously restructuring or divesting inefficient or less-profitable assets or businesses in order to concentrate on the sub-sectors of its core business and strengthen its industry moat. Based on prevailing market conditions, and excluding the sales from the trading operation, the Group targets to sell approximately 800,000 tonnes of yarns, 100 million metres of woven fabrics, and 10,000 tonnes of knitted fabrics in 2025.

In terms of new investments, the Group will adopt a strategy that combines proactive planning with steady implementation. The production capacity in 2025 is expected to remain similar to that of approximately 4.21 million spindles in 2024. As the global transition to a low-carbon economy accelerates, the Group will continue to increase investment in energy storage facilities and distributed photovoltaic power stations to reduce carbon emissions and energy costs. In 2024, the Group completed and put into operation 50 megawatt photovoltaic power stations in China, and plans to continue to build distributed photovoltaic power stations at its domestic and overseas plants in 2025, providing strong support for environmental protection and sustainable development. In addition, the Group will continue to promote equipment automation upgrades and intelligent transformation to further enhance production efficiency and reduce costs.

Leveraging the above-mentioned strategic adjustment and business development plans, the Group is well-prepared to navigate market changes and seize new opportunities while maximizing the utilization of resources and production capacity, thereby delivering long-term value for shareholders.

## FINANCIAL REVIEW

### Sales

During the Year, the sales of the Group mainly comprised the sales of yarns, grey fabrics, non-woven fabrics and garment fabrics. Yarns continued to be the Group's major product. Given the increase in sales volume of yarns, the revenue of yarns in 2024 increased by approximately 2.1% as compared to that of 2023. Analysis of the Group's sales by products is shown below.

|                         | <b>2024</b>              | <b>2023</b>              | <b>Revenue</b>     |
|-------------------------|--------------------------|--------------------------|--------------------|
|                         | <b><i>RMB'000</i></b>    | <b><i>RMB'000</i></b>    | <b>change</b>      |
| Yarns                   | <b>17,908,950</b>        | 17,537,022               | 2.1%               |
| Grey fabrics            | <b>409,291</b>           | 531,657                  | -23.0%             |
| Woven garment fabrics   | <b>2,172,849</b>         | 2,056,331                | 5.7%               |
| Knitted garment fabrics | <b>551,559</b>           | 797,448                  | -30.8%             |
| Jeanswear               | —                        | 20,413                   | -100.0%            |
| Trading                 | <b>1,535,359</b>         | 1,480,616                | 3.7%               |
| Non-woven fabrics       | <b>94,347</b>            | 69,982                   | 34.8%              |
| Others                  | <b>356,678</b>           | 231,848                  | 53.8%              |
| Total                   | <b><u>23,029,033</u></b> | <b><u>22,725,317</u></b> | <b><u>1.3%</u></b> |

|                                | <b>Sales Volume</b> |              | <b>Selling price</b> |               | <b>Gross profit margin</b> |               |
|--------------------------------|---------------------|--------------|----------------------|---------------|----------------------------|---------------|
|                                | <b>2024</b>         | <b>2023</b>  | <b>2024</b>          | <b>2023</b>   | <b>2024</b>                | <b>2023</b>   |
| Yarns (Tonne/RMB per tonne)    | <b>770,388</b>      | 740,679      | <b>23,247</b>        | 23,677        | <b>11.7%</b>               | 5.7%          |
| Grey fabrics                   |                     |              |                      |               |                            |               |
| (Million metres/RMB per metre) | <b>50.6</b>         | 55.3         | <b>8.1</b>           | 9.6           | <b>12.0%</b>               | 6.1%          |
| Woven garment fabrics          |                     |              |                      |               |                            |               |
| (Million metres/RMB per metre) | <b>95.7</b>         | 89.7         | <b>22.7</b>          | 22.9          | <b>19.5%</b>               | 12.7%         |
| Knitted garment fabrics        |                     |              |                      |               |                            |               |
| (Tonne/RMB per tonne)          | <b>10,926</b>       | 15,412       | <b>50,481</b>        | 51,742        | <b>8.1%</b>                | 8.7%          |
| Non-woven fabrics              |                     |              |                      |               |                            |               |
| (Tonne/RMB per tonne)          | <b><u>3,736</u></b> | <u>2,956</u> | <b><u>25,253</u></b> | <u>23,675</u> | <b><u>-24.2%</u></b>       | <u>-50.9%</u> |

The Chinese textile market is the Group's major market, and accounted for approximately 66.4% of our total sales of 2024. Due to the recovery of textiles in overseas markets, the percentage for the Group's domestic sales has decreased in 2024 compared with approximately 68.9% in 2023.

As at the date of this annual results announcement, the Group has more than 5,000 customers. As the Group produces differentiated products, the Group does not rely on orders from a particular customer. The top ten largest customers of the Group only accounted for approximately 12.8% of the total sales of the Group for the year ended 31 December 2024.

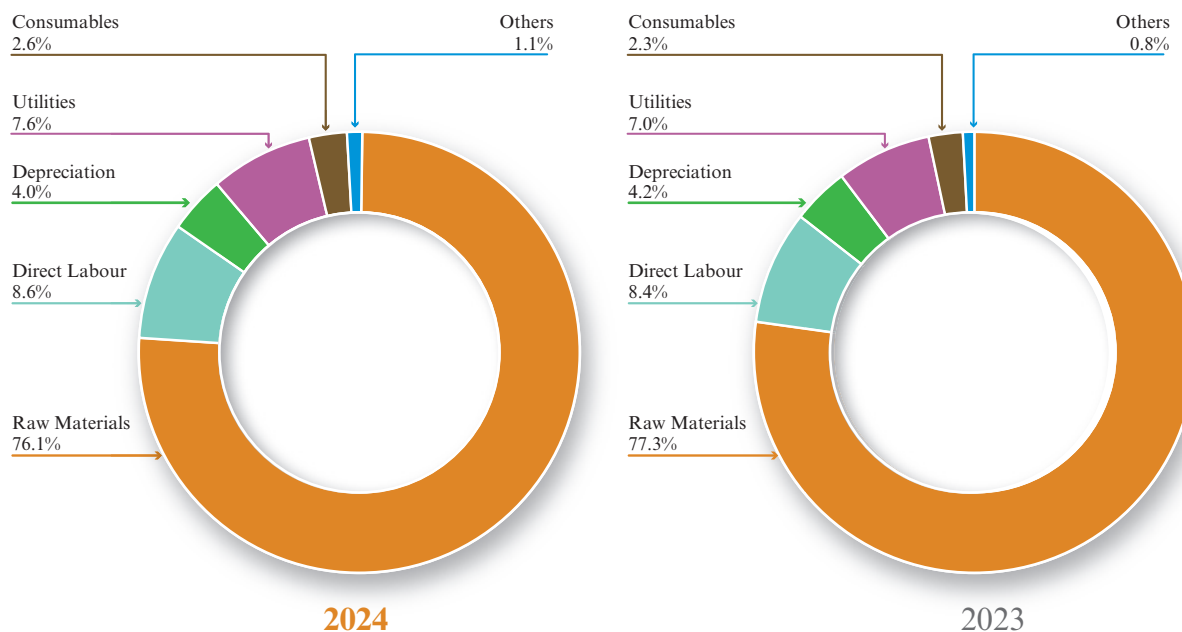
### Gross profit and gross profit margin

For the year ended 31 December 2024, gross profit of the Group increased from approximately RMB1,462.6 million for 2023 to approximately RMB2,863.4 million for 2024. The overall gross profit margin increased by 6.0 percentage points to 12.4% as compared to that of 2023. Due to the recovery of market demand for the textile industry, product sales volume and utilization of production capacity of the Group both recorded significant increase, resulting in the significant surge in gross profit margin of the products during the Year.

### Cost structure

For the year ended 31 December 2024, cost of sales decreased by 5.2% to approximately RMB20.2 billion when compared with 2023. Raw materials cost accounted for about 76.1% of the total cost of sales of 2024. Cotton is our major raw material.

The breakdown of our cost of sales in 2024 and 2023 is shown below:



### **Selling and distribution costs**

For the year ended 31 December 2024, the Group's selling and distribution costs amounted to approximately RMB650.1 million, representing a decrease of 11.0% when compared to that of 2023. It was mainly benefitted from the Group's active cost control policy, as well as the decrease in warehouse storage fee under lower inventory levels.

### **General and administrative expenses**

For the year ended 31 December 2024, the Group's general and administrative expenses amounted to approximately RMB1,155.6 million, which represented a decrease of 2.0% when compared with 2023, and accounted for 5.0% of the Group's revenue, mainly benefitting from the Group's active cost control policy, which resulted in the decrease in staff and administrative expenses.

### **Cash flows**

|  | <b>2024</b>             | <b>2023</b>             |
|--|-------------------------|-------------------------|
|  | <b><i>RMB'000</i></b>   | <b><i>RMB'000</i></b>   |
| Net cash generated from operating activities | <b>4,480,352</b>        | 1,985,629               |
| Net cash generated from investing activities | <b>535,306</b>          | 29,529                  |
| Net cash used in financing activities        | <b>(4,320,426)</b>      | (2,337,584)             |
| Effect of foreign exchange rate changes      | <b>23,256</b>           | 15,800                  |
| Cash and cash equivalents at end of the year | <b><u>2,880,283</u></b> | <b><u>2,161,795</u></b> |

For the year ended 31 December 2024, net cash generated from operating activities of the Group amounted to approximately RMB4,480.4 million, which represents a significant increase comparing with 2023 mainly because of the increase in operating profit, which resulted from the increase in sales and utilization of production capacity of the Group, as well as the decrease in the occupation of working capital, which resulted from the improvement of working capital efficiency in 2024. Net cash generated from investing activities amounted to approximately RMB535.3 million, which was mainly due to the recovery of all remaining balance from the disposal of knitted factory in Vietnam and the land and factory located in Shaoxing, the PRC in 2023. During the Year, net cash used in financing activities amounted to approximately RMB4,320.4 million, which was mainly due to the enhancement of capital control by the Group during the Year and the decrease in bank borrowings under the improved operating conditions.

## Liquidity and financial resources

As at 31 December 2024, the Group's bank and cash balances (including pledged bank deposits) amounted to approximately RMB2,904.2 million (as at 31 December 2023: RMB2,228.0 million). As at 31 December 2024, inventories and trade and bills receivables (including financial assets at fair value through other comprehensive income) of the Group decreased by approximately RMB701.5 million to approximately RMB4,543.1 million and decreased by approximately RMB128.7 million to approximately RMB1,779.6 million respectively (as at 31 December 2023: approximately RMB5,244.6 million and approximately RMB1,908.2 million respectively). Turnover days for inventories and trade and bills receivables were 87 days and 29 days respectively, compared to 109 days and 29 days in 2023 respectively. The inventory turnover days significantly decreased from last year, mainly because the Group recorded an increase in sales volume as well as its active working capital control policy, which resulted in a relatively low inventory level in 2024. The turnover days for trade and bills receivables were the same as compared to that of the previous year.

Trade and bills payables of the Group (including supply chain financing) decreased by approximately RMB366.9 million to approximately RMB2,997.8 million as at 31 December 2024 (as at 31 December 2023: RMB3,364.7 million), the payable turnover days were 57 days, compared to 72 days in 2023. The decrease in the payables and the payable turnover days was mainly attributable to the advance settlement of substantial letter of credit by the Group during the Year.

The total bank borrowings of the Group decreased by approximately RMB1,327.7 million to approximately RMB6,395.5 million as at 31 December 2024. Current bank borrowings decreased by approximately RMB946.5 million to approximately RMB3,199.1 million while non-current bank borrowings decreased by approximately RMB381.2 million to approximately RMB3,196.4 million. The decrease in bank borrowings was mainly due to the significant improvement in the Group's operating results, and the early repayment of bank loans.

As at 31 December 2024 and 2023, the key financial ratios of the Group were as follows:

|                                       | 2024        | 2023 |
|---------------------------------------|-------------|------|
| Current ratio                         | <b>1.40</b> | 1.28 |
| Debt to equity ratio <sup>1</sup>     | <b>0.66</b> | 0.84 |
| Net debt to equity ratio <sup>2</sup> | <b>0.36</b> | 0.60 |
| Gearing ratio <sup>3</sup>            | <b>0.52</b> | 0.57 |

1 Based on total borrowings over equity attributable to shareholders

2 Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders

3 Based on total liabilities over total assets

## Borrowings

As at 31 December 2024, the Group's total bank borrowings amounted to approximately RMB6,395.5 million, among which approximately RMB4,091.5 million (64.0%) was denominated in Renminbi ("RMB"), approximately RMB287.5 million (4.5%) was denominated in U.S. dollars ("US\$" or "USD"), approximately RMB1,811.2 million (28.3%) was denominated in Hong Kong dollars ("HK\$" or "HKD") and approximately RMB205.3 million (3.2%) was denominated in Vietnamese dong ("VND"). These bank borrowings have borne interest rates ranging from 1.23% to 5.79% per annum (2023: 0.80% to 6.54%).

As at 31 December 2024, the Group had current bank borrowings of approximately RMB3,199.1 million (as at 31 December 2023: approximately RMB4,145.7 million). The decrease in current bank borrowings was mainly because of the improvement in the Group's operating results, which effectively reduced the level of working capital, as well as the repayment of short-term borrowings for working capital.

In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants.

As at 31 December 2024, bank borrowings of RMB200 million were secured by export tax rebates entitled to be collected.

As at 31 December 2023, bank borrowings of approximately RMB53.7 million were secured by bank deposits with a net book amount of approximately RMB54.0 million, and bank borrowings of RMB200 million were secured by export tax rebates entitled to be collected.

## **Foreign exchange risk**

The Group mainly operates in the PRC and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in Renminbi, US\$ and HK\$. Foreign exchange risk may arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's exposure to foreign exchange risk is mainly attributable to its borrowings and raw material procurement denominated in US\$ or HK\$. The Group manages its foreign exchange risks by performing regular reviews and closely monitoring its foreign exchange exposures.

To mitigate the depreciation risk of RMB, the Group has purchased certain amount of currency option contracts and currency swap contracts so that a significant part of its foreign currency exposure is hedged.

## **Capital expenditure**

For the year ended 31 December 2024, the capital expenditure of the Group amounted to approximately RMB834.3 million (2023: approximately RMB899.0 million). It mainly related to the investment in photovoltaic equipment in Mainland China and the equipment upgrades and modification of the Group's yarn factories.

## **Contingent liabilities**

As at 31 December 2024, the Group had no material contingent liabilities.

## **Purchase, sale or redemption of the listed securities of the Company**

There was no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares) by the Company or its subsidiaries during the year ended 31 December 2024.

## **Material acquisition and disposal**

There was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Company during the year ended 31 December 2024.

## **Human resources**

As at 31 December 2024, the Group had a total workforce of 26,655 employees (as at 31 December 2023: 27,655), of whom 15,163 employees were based in the sales headquarters and manufacturing plants in Mainland China. The remaining 11,492 employees were stationed in regions outside Mainland China, including Vietnam, Turkey, the Americas, Hong Kong of China and Macao of China. The Group has a total of 12,511 female employees, accounted for 46.9% of the total number of employees as at 31 December 2024. During the Year, the Group incurred total staff costs of approximately RMB2.3 billion (2023: approximately RMB2.4 billion).



The Group will continue to optimize its human resources structure and offer a competitive remuneration package to its employees with reference to factors including the prevailing market conditions and the performance of the Group and the merits of the employees regardless of their gender, race, age or religion. As the Group's success is dependent on the contribution of a group of skillful and motivated employees who form functional departments, the Group is committed to creating a learning and sharing culture in the organization, and placing strong emphasis on the training and development of individual staff and team building.

### **Dividend policy**

The Board intends to maintain a long term, stable dividend payout ratio of about 30% of the Group's net profit for the year attributable to owners of the Company, providing shareholders with an equitable return. The Board has resolved to recommend distribution of a final dividend of HK 10 cents per ordinary share for the year ended 31 December 2024 to shareholders whose names appear on the register of members on 13 June 2025 and it will be payable on or about 4 July 2025, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company on 23 May 2025 (the "Annual General Meeting"). An interim dividend of HK 10 cents per ordinary share was paid on 18 October 2024.

### **Closure of register of members**

For determination of the entitlement to attend and vote at the Annual General Meeting, the transfer books and register of members of the Company will be closed from 20 May 2025 to 23 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on 19 May 2025.

For determination of the entitlement to the proposed final dividend, conditional upon the passing of the resolution approving the declaration of the proposed final dividend at the Annual General Meeting, the transfer books and register of members of the Company will be closed from 11 June 2025 to 13 June 2025, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the final dividend (which will be payable on or about 4 July 2025), shareholders must ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on 10 June 2025.



## Events after the reporting period

Reference is made to the announcements of the Company dated 7 November 2022, 8 December 2022, 3 February 2023, 15 March 2024, 15 April 2024 and 24 March 2025 and circular dated 9 December 2022 in relation to, among others, the asset purchase agreement (the “Asset Purchase Agreement”) entered into between a wholly-owned subsidiary of the Company (“HK Co”) and Texhong Industrial Park Vietnam Limited (天虹工業園區越南有限公司) (“Texhong Industrial Park”) on 7 November 2022, pursuant to which HK Co agreed to purchase, and Texhong Industrial Park agreed to sell, certain plots of land and infrastructure and ancillary equipment thereon. Pursuant to the Asset Purchase Agreement (as supplemented), Texhong Industrial Park had undertaken to HK Co that, among others, it shall complete the registration of the transfer of the legal title of the subject lands (the “Registration”) by 31 March 2025. However, the applications made to the relevant authorities for changing the function of one of the land lots (“Land Lot 1”) for purposes of the Registration have been rejected. In addition, the other plot of land to be acquired by the Group (“Land Lot 2”) under the Asset Purchase Agreement had been subsequently rezoned into two plots, of which Registration for one (which houses the infrastructure and ancillary equipment situated on Land Lot 2) had been successful. Progress of Registration for the remaining plot (which is vacant) (“Land Lot 2B”) however, remained slow. After due consideration of the feasibility of the Registration of Land Lot 1 and Land Lot 2B given the circumstances, on 24 March 2025, the parties agreed to discontinue the attempts to complete the Registration of Land Lot 1 and Land Lot 2B and unwind the acquisition of Land Lot 1, the infrastructure and ancillary equipment thereon and Land Lot 2B (the “Unwinding”) in accordance the terms of the Asset Purchase Agreement (as supplemented) with effect on 1 April 2025. To ensure sufficient supply of steam, water and liquefied petroleum gas (the “Required Utilities”) by Texhong Industrial Park to the Group after the Unwinding, on 24 March 2025, Texhong Industrial Park and the Company entered into a utilities supply framework agreement, pursuant to which Texhong Industrial Park shall supply the Required Utilities to the Group for its use during the period from 1 April 2025 to 31 December 2025. For further details, please refer to the announcement of the Company dated 24 March 2025.

## CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

As at the date of this announcement, the Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the “Code Provisions”) set out in Part 2 of Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). During the year ended 31 December 2024, the Company had complied with the then applicable Code Provisions of the CG Code.

## **CHANGES OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES UNDER RULE 13.51B(1) OF THE LISTING RULES**

Below is the changes in information relating to the Directors during the Year required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Mr. Ye Lixin has been elected as an executive Director by the shareholders at the annual general meeting of the Company with effect from the conclusion thereof held on 27 May 2024. Since then, he has also been appointed as director of certain subsidiaries of the Company. In compliance with Rule 3.09D of the revised Listing Rules which took effect on 31 December 2023, Mr. Ye Lixin obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 9 May 2024, and he has confirmed that he has understood his obligations as a director of the Company. For further information regarding Mr. Ye Lixin and his appointment, please refer to the circular and the announcement of the Company dated 19 April 2024 and 27 May 2024, respectively.
- The terms of remuneration of Mr. Hong Tianzhu and Mr. Zhu Yongxiang had been amended to allow them a special bonus for a particular financial year to be determined by the Board in its absolute discretion with reference to their performance with effect from 18 April 2024.
- The annual director's fee paid to each the independent executive Directors for the Year were adjusted as follows: HKD220,000 to Mr. Shu Wa Tung, Laurence, HKD150,000 to Professor Cheng Lengdi and HKD180,000 to Professor Tao Xiaoming.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding the Directors' securities transactions during the year ended 31 December 2024.

## **AUDIT COMMITTEE**

The Company has established an audit committee which comprises three independent non-executive Directors, namely, Mr. Shu Wa Tung, Laurence, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Shu Wa Tung, Laurence is the chairman of the audit committee. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The audit committee has discussed with management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and have no disagreement with the accounting treatment or standards adopted.

## **REMUNERATION COMMITTEE**

The remuneration committee of the Board comprises three independent non-executive Directors, namely Mr. Shu Wa Tung, Laurence, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Shu Wa Tung, Laurence is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating the Group's policy and structure for all remuneration of the Directors and senior management and providing advice and recommendations to the Board.

## **NOMINATION COMMITTEE**

The nomination committee of the Board comprises, Mr. Hong Tianzhu (the chairman and executive Director), and three independent non-executive Directors, namely Mr. Shu Wa Tung, Laurence, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Hong Tianzhu is the chairman of the nomination committee. The nomination committee is principally responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of independent non-executive Directors, and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE**

The environmental, social and governance ("ESG") committee of the Board comprises four members, namely, Mr. Zhu Yongxiang, Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Shu Wa Tung, Laurence. Mr. Zhu Yongxiang is the chairman of the ESG committee. The ESG committee is mainly responsible for overseeing and reporting to the Board on matters relating to ESG of the Group and ensuring compliance with legal and regulatory requirements on ESG including corporate governance principles applicable to the Company.

## **PUBLICATIONS OF RESULTS ANNOUNCEMENT**

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

## **ACKNOWLEDGEMENT**

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the Year.

By order of the Board  
**Texhong International Group Limited**  
**Hong Tianzhu**  
*Chairman*

Hong Kong  
27 March 2025

As at the date of this announcement, the Board comprises the following Directors:

*Executive Directors:*

Mr. Hong Tianzhu  
Mr. Zhu Yongxiang  
Mr. Ye Lixin

*Independent non-executive Directors:*

Prof. Tao Xiaoming  
Prof. Cheng Longdi  
Mr. Shu Wa Tung, Laurence