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WEIli Holdings Limited
偉立控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2372)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 41.4% to approximately RMB112.0 million for year ended 31 December 2024 (2023: approximately RMB190.9 million).
- Gross profit decreased by approximately 81.5% to approximately RMB3.3 million for the year ended 31 December 2024 (2023: approximately RMB17.6 million).
- The Group recorded a loss attributable to shareholders of the Company of approximately RMB9.5 million for the year ended 31 December 2024 (2023: loss attributable to shareholders of the Company of approximately RMB2.6 million).
- Basic loss per share was approximately RMB1.2 cents for the year ended 31 December 2024 (2023: basic loss per share of approximately RMB0.3 cents).
- The Board has resolved not to recommend the declaration of final dividend for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) is pleased to announce the audited consolidated financial results of WElli Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 (the “**Year**” or “**FY2024**”) together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	3	111,977	190,944
Cost of sales	4	<u>(108,726)</u>	<u>(173,347)</u>
Gross profit		3,251	17,597
Selling expenses	4	(5,159)	(8,215)
Administrative expenses	4	(13,429)	(17,682)
Provision for loss allowance on financial assets, net		(1,103)	(1,996)
Other income	5	4,096	5,168
Other gains — net		<u>297</u>	<u>194</u>
Operating loss		(12,047)	(4,934)
Finance income		891	1,614
Finance costs		(553)	(574)
Finance income — net		<u>338</u>	<u>1,040</u>
Loss before income tax		(11,709)	(3,894)
Income tax credit	6	<u>2,219</u>	<u>1,334</u>
Loss for the year		<u>(9,490)</u>	<u>(2,560)</u>
Loss attributable to:			
Shareholders of the Company		<u>(9,490)</u>	<u>(2,560)</u>
Loss per share for profit attributable to			
shareholders of the Company for the year		(9,490)	(2,560)
Basic and diluted (RMB)	7	<u>(1.2) cents</u>	<u>(0.3) cents</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>
Loss for the year	<u>(9,490)</u>	<u>(2,560)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u><u>(9,490)</u></u>	<u><u>(2,560)</u></u>
Attributable to:		
Shareholders of the Company	<u><u>(9,490)</u></u>	<u><u>(2,560)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	38,536	21,941
Right-of-use assets		2,846	2,923
Intangible assets		72	94
Deferred income tax assets		3,704	1,836
Prepayment	10	–	19,251
		45,158	46,045
Current assets			
Inventories	11	40,631	57,726
Trade receivables	12	104,249	131,766
Bills receivable		10,722	17,989
Prepayments and other receivables		3,440	2,998
Restricted cash		4,347	13,489
Cash and cash equivalents		53,200	95,123
		216,589	319,091
Total assets		261,747	365,136
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		6,842	6,842
Other reserves		169,866	169,866
Retained earnings		34,012	43,502
Total equity		210,720	220,210

		As at 31 December	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		<u>1,542</u>	<u>1,584</u>
Current liabilities			
Trade and other payables	<i>13</i>	47,485	112,991
Bank borrowings		2,000	30,000
Current income tax liabilities		<u>–</u>	<u>351</u>
		<u>49,485</u>	<u>143,342</u>
Total liabilities		<u><u>51,027</u></u>	<u><u>144,926</u></u>
Total equity and liabilities		<u><u>261,747</u></u>	<u><u>365,136</u></u>
Net current assets		<u><u>167,104</u></u>	<u><u>175,749</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

WEIli Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 21 April 2021 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of its registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in manufacturing and sales of cigarette packaging paper in the People’s Republic of China (the “PRC”).

The directors consider City Ease Limited (“City Ease”), a company incorporated in the British Virgin Islands (the “BVI”), as the ultimate holding company of the Group and Mr. Chen Weizhuang (“Mr. Chen”) as the ultimate controlling shareholder of the Company.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 June 2022.

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

These consolidated financial statements were approved for issue by the board of directors (the “Board”) of the Company on 27 March 2025.

2 BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS 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 has been prepared under the historical cost convention, as modified by the financial assets measured at fair value through other comprehensive income (“FVOCI”) and financial assets at FVPL which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS 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.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024:

		Effective for annual years beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024

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

2.1.2 Amendments to standards and new interpretation not yet adopted

The following amendments to standards and new interpretation have been published but are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These amendments or new interpretation are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual years beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 (i)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contributions of Assets between and Investor and its Associate or Joint Venture	To be determined

Management is in the process of making an assessment of the impact of the above amendments to standards and new interpretation and considered that these amendments to standards and new interpretation will not result in any substantial changes to the Group's existing accounting policies and presentation of the consolidated financial statements of the Group except for the new and amendments to HKFRS mentioned below:

(i) *HKFRS 18 Presentation and Disclosure in Financial Statements*

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

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

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) — net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - HKFRS 18 has specific requirements on the category in which derivative gains or losses are recognised — which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss — this break-down is only required for certain nature expenses; and
 - for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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

2.1.3 Accounting policies

The material accounting policies applied in the preparation of the financial information has been consistently applied to all the years and periods presented, unless otherwise stated.

3 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in manufacturing and sales of cigarette packaging paper. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. The executive directors of the Company consider that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

All of the businesses of the Group are carried out in the PRC during the reporting period. An analysis of the Group’s revenue as well as timing of revenue recognition is as follows:

	Year ended 31 December	
	2024	2023
	RMB’000	RMB’000
Goods transferred at point in time		
— Sales of cigarette packaging paper and raw materials	106,153	190,752
Services transferred over time		
— Processing service income	5,824	192
	111,977	190,944

During the years ended 31 December 2024 and 2023, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A	45%	23%
Customer B	13%	19%
Customer C	*	12%
	=====	=====

* This customer contributed less than 10% of total revenue for the corresponding year.

Unsatisfied performance obligation

The Group does not disclose information about remaining performance obligations as their original expected duration is less than one year as permitted under the practical expedient in accordance with HKFRS 15.

4 EXPENSES BY NATURE

Expenses included in cost of sales, selling expenses and administrative expenses were analysed as follow:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Raw materials and goods used	99,462	166,123
Staff costs	10,453	12,391
Provision for impairment for plant, property and equipment (<i>Note 9</i>)	3,208	–
Depreciation of property, plant and equipment and right-of-use assets	3,106	3,071
Travelling and entertainment expenses	2,228	3,417
Freight charges	1,999	3,742
Utilities	1,733	3,277
Office expense	1,304	1,470
Miscellaneous expenses	1,074	1,042
Auditors' remuneration		
— Audit services	860	1,100
Professional service fees	684	1,472
Maintenance fees	412	572
Provision for impairment for inventories	390	791
Tax surcharges	234	326
Cost of security and cleaning	121	258
Short-term lease expenses	24	170
Amortisation of intangible assets	22	22
	=====	=====
	127,314	199,244
	=====	=====

Research and development expenses are included in “administrative expenses”. Amounts incurred during the year are as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Research and development expenses	<u>4,930</u>	<u>7,267</u>

5 OTHER INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants related to income (a)	3,338	3,821
Amortisation of deferred income (b)	42	42
Others	<u>716</u>	<u>1,305</u>
	<u>4,096</u>	<u>5,168</u>

(a) Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the expenses that they are intended to compensate. The government grants related to income have been received were mainly to reward for the contribution to the local economic growth.

(b) Government grants relating to the purchase of land use right are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related asset.

6 INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— The PRC income tax	(351)	(350)
Deferred income tax	<u>(1,868)</u>	<u>(984)</u>
Income tax credit	<u>(2,219)</u>	<u>(1,334)</u>

(a) Cayman Islands and BVI profits tax

The Company is incorporated in the Cayman Islands as an exempted company and is not liable for taxation in the Cayman Islands. The Group’s subsidiary incorporated in the BVI is also an exempted company and is not liable for taxation in the BVI.

(b) Hong Kong profits tax

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profit in Hong Kong during the year.

(c) The PRC withholding tax

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

(d) The PRC Enterprise Income Tax

Subsidiary incorporated in the PRC has obtained the approvals to become a new and high-technology enterprise and are entitled to a preferential income tax rate of 15% on the estimated assessable profits for the year ended 31 December 2024 (2023: same).

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The Group has considered the Super Deduction to be claimed for the Group entities in ascertaining their assessable profits during reporting periods.

7 LOSS PER SHARE

(a) Basic loss per share

	Year ended 31 December	
	2024	2023
Loss attributable to shareholders of the Company (<i>RMB'000</i>)	(9,490)	(2,560)
Weighted average number of ordinary shares in issue (<i>thousand</i>) (<i>Note</i>)	800,000	800,000
Basic loss per share (<i>in RMB</i>)	<u>(1.2) cents</u>	<u>(0.3) cents</u>

Note: Basic loss per share is calculated by dividing the loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2024 and 2023 are the same as basic loss per share.

8 DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: same).

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic and other equipments <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023						
Cost	19,036	17,945	502	1,561	–	39,044
Accumulated depreciation	(6,936)	(9,129)	(440)	(1,325)	–	(17,830)
Net book amount	12,100	8,816	62	236	–	21,214
Year ended 31 December 2023						
Opening net book amount	12,100	8,816	62	236	–	21,214
Additions	1,820	1,551	251	127	–	3,749
Transfer from construction in progress	–	–	–	–	–	–
Depreciation	(1,103)	(1,680)	(96)	(116)	–	(2,995)
Impairment	–	–	–	–	–	–
Disposals	–	(27)	–	–	–	(27)
Closing net book amount	12,817	8,660	217	247	–	21,941
At 31 December 2023						
Cost	20,837	19,286	753	1,317	–	42,193
Accumulated depreciation	(8,020)	(10,626)	(536)	(1,070)	–	(20,252)
Impairment	–	–	–	–	–	–
Net book amount	12,817	8,660	217	247	–	21,941
Year ended 31 December 2024						
Opening net book amount	12,817	8,660	217	247	–	21,941
Additions	–	–	–	–	22,916	22,916
Transfer from construction in progress	375	726	–	3	(1,104)	–
Depreciation	(1,266)	(1,630)	(47)	(86)	–	(3,029)
Disposals	–	(84)	–	–	–	(84)
Impairment	–	(3,208)	–	–	–	(3,208)
Closing net book amount	11,926	4,464	170	164	21,812	38,536
At 31 December 2024						
Cost	21,212	18,337	753	1,320	21,812	63,434
Accumulated depreciation	(9,286)	(10,665)	(583)	(1,156)	–	(21,690)
Impairment	–	(3,208)	–	–	–	(3,208)
Net book amount	11,926	4,464	170	164	21,812	38,536

10 PREPAYMENT

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Included in non-current asset		
Prepayment for equipment	<u>–</u>	<u>19,251</u>

11 INVENTORIES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	31,755	37,461
Work in progress	71	–
Finished goods	9,890	20,965
Packaging materials and others	<u>96</u>	<u>91</u>
	41,812	58,517
Less: provisions for inventories	<u>(1,181)</u>	<u>(791)</u>
	<u>40,631</u>	<u>57,726</u>

(a) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

Cost of inventories included in cost of sales and research and development expenses during the years ended 31 December 2024 and 2023 were as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales	101,294	169,245
Research and development expenses	<u>2,803</u>	<u>4,765</u>
	<u>104,727</u>	<u>174,010</u>

(b) Amounts recognised in consolidated income statement

Write-downs of inventories to net realisable value amounted to RMB1,180,000 (2023: RMB791,000). These were recognised as an expense during the year ended 31 December 2024 and included in ‘cost of sales’ in the statement of profit or loss.

12 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables (a)	111,282	137,694
Less: loss allowance	(7,033)	(5,928)
	<u>111,282</u>	<u>137,694</u>
Trade receivables — net	<u>104,249</u>	<u>131,766</u>

(a) The carrying amounts of trade receivables were denominated in RMB. The credit period for trade receivables was generally 60 to 180 days from the date of billing during the year. The ageing analysis of trade receivables based on invoice date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	29,245	58,064
31 to 90 days	15,255	24,871
91 to 180 days	30,409	21,037
181 days to 1 year	15,530	7,496
1 year to 2 years	20,843	26,226
	<u>111,282</u>	<u>137,694</u>

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	32,067	69,599
Bills payable	9,694	37,478
Employee benefits payable	1,460	1,919
Other accrued expenses	3,864	3,689
Refund liabilities	215	258
Other tax payable excluding income tax liabilities	185	48
	47,485	112,991

(a) Ageing analysis of trade payables based on invoice date was as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 30 days	3,186	23,293
31 to 90 days	18,391	29,013
91 to 180 days	7,009	10,543
181 days to 1 year	2,602	6,444
Over 1 year	879	306
	32,067	69,599

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE OUTLOOK

The Group is a PRC-based cigarette packaging paper manufacturer with research and development capabilities to supply customised products to the customers. The Group supplies products primarily to cigarette package manufacturers which operate in different provinces of the PRC, mainly including Hubei Province and Henan Province. The products sold by the Group are used in the manufacture of cigarette packages for well-known cigarette brands in the PRC.

The Group's products were used as cigarette packaging materials for cigarette brands which were recognised as the "Dual 15 cigarette brands (雙十五煙草品牌)" by the State Tobacco Monopoly Administration (中國國家煙草專賣局). The Group's revenue was mainly derived from the sale of cigarette packaging paper. The Group's products are categorised into (i) transfer paper; (ii) laminated paper; and (iii) frame paper. To a much lesser extent, the Group also provides cigarette packaging paper processing services to cigarette package manufacturers.

During the year ended 31 December 2024 ("FY2024"), several major customers of the Group have temporarily reduced their orders of transfer paper and laminated paper from the Group. The Directors consider that such temporary reduction in orders was mainly due to the tendering gap between expired contracts and newly awarded contracts. Additionally, the Group recorded an impairment provision for long-term assets during FY2024. The aforementioned factors have caused material adverse impact on the Group's revenue and financial performance for FY2024.

Looking into the future, since the demand for tobacco products is inelastic in general due to its product nature, the number of smokers in the PRC is expected to remain stable in the foreseeable future despite the smoking control policies imposed by the government. In addition, benefiting from the focus of the cigarette industry towards mid-to-high end and the increase in purchasing power of PRC citizens, the demand of mid-to-high-end cigarettes which generally entail the use of cigarette packaging paper with advanced technical features is expected to increase. We will continue to adapt, optimise and manage our resources prudently to seize business opportunities which are beneficial to the long-term growth of the Group. We will continue to draw on our expertise and experience to devise effective strategies to increase our market share.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately RMB190.9 million for FY2023 to approximately RMB112.0 million for FY2024, representing a decrease of approximately RMB79.0 million or 41.4%. Such decrease was mainly due to several major customers of the Group have temporarily reduced their orders of transfer paper and laminated paper from the Group. The Directors consider that such temporary reduction in orders was mainly due to the tendering gap between expired contracts and newly awarded contracts.

Cost of sales

The Group's cost of sales decreased from approximately RMB173.3 million for FY2023 to approximately RMB108.7 million for FY2024, representing a decrease of approximately RMB64.6 million or 37.3%. Such decrease was mainly due to (i) the decrease in the Group's revenue of approximately 41.4% for FY2024; and (ii) the impairment provision recorded for long-term assets during FY2024. The decrease in the overall cost of sales as compared to the decrease in the overall revenue for the corresponding year was less proportional because certain fixed costs such as raw materials and goods used as well as staff costs had to be incurred despite the decrease in the overall revenue.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately RMB17.6 million for FY2023 to approximately RMB3.3 million for FY2024, representing a decrease of approximately RMB14.3 million or 81.5%, while the Group's gross profit margin decreased from approximately 9.2% for FY2023 to approximately 2.9% for FY2024. Such decrease was mainly due to the decrease in revenue and the less than proportional decrease in the overall cost of sales as compared to the decrease in the overall revenue for the corresponding year as discussed above.

Selling expenses

The Group's selling expenses decreased from approximately RMB8.2 million for FY2023 to approximately RMB5.2 million for FY2024 mainly due to the decrease in freight charges as a result of decrease in sales volume in FY2024.

Administrative expenses

The Group's administrative expenses decreased from approximately RMB17.7 million for FY2023 to approximately RMB13.4 million for FY2024 mainly due to (i) the decrease in travelling and entertainment expenses of approximately RMB1.2 million; and (ii) the decrease in research and development expenses of approximately RMB2.3 million for FY2024.

Provision for loss allowance on financial assets, net

We recorded provision for loss allowance on financial assets, net, of approximately RMB2.0 million for FY2023 and approximately RMB1.1 million for FY2024 mainly due to the increase in the gross carrying amount and expected loss rate of our trade receivables.

Other income

The Group's other income decreased from approximately RMB5.2 million for FY2023 to approximately RMB4.1 million for FY2024 which was mainly due to the decrease in government grants received from approximately RMB3.8 million for FY2023 to approximately RMB3.3 million for FY2024.

Other gains — net

The Group's other gains, net increased from approximately RMB0.2 million for FY2023 to approximately RMB0.3 million for FY2024, which was mainly attributable to the increase in dividend income from financial assets at fair value through profit or loss.

Finance income — net

The Group's finance income, net decreased from approximately RMB1.0 million for FY2023 to approximately RMB0.3 million for FY2024, which was mainly attributable to the decrease in interest income on bank deposit and restricted cash by approximately RMB0.7 million.

Income tax credit

The Group recorded income tax credit of approximately RMB1.3 million for FY2023 and income tax credit of approximately RMB2.2 million for FY2024 which was mainly due to the decrease in the Group's revenue and gross profit as discussed above, while the Group recorded loss before income tax of approximately RMB11.7 million for FY2024.

Loss and total comprehensive loss for the year

The Group's loss and total comprehensive loss increased from approximately RMB2.6 million for FY2023 to approximately RMB9.5 million for FY2024, representing a increase of approximately RMB6.9 million or 270.7%. The increase was primarily attributable to the decrease in the Group's revenue and gross profit as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since the date of Listing (the "**Listing Date**") and up to the date of this announcement.

As at 31 December 2024 and 2023, the Company's issued capital was HK\$8.0 million and the number of its issued ordinary Shares was 800,000,000 Shares of HK\$0.01 each. During FY2024, the Company did not hold or sell any treasury shares.

As at 31 December 2024, the Group had total cash and cash equivalents of approximately RMB53.2 million (31 December 2023: approximately RMB95.1 million). The cash and cash equivalents were denominated in Renminbi ("**RMB**"), Hong Kong dollars and United States dollars.

As at 31 December 2024, the Group had bank borrowings of RMB2.0 million (31 December 2023: RMB30.0 million) which were denominated in RMB. The Group's bank borrowings of RMB2.0 million bear interest at fixed interest rates.

The gearing ratio of the Group as at 31 December 2024, calculated as total borrowings (including bank borrowings) divided by the total equity was approximately 1% (31 December 2023: 13.6%).

TREASURY POLICY

The Group has implemented a series of internal control policies and rules regarding investment to ensure that the purpose of investment is to preserve capital and liquidity, and the Group would only purchase investment products under limited circumstances. The Group's finance department is responsible for managing the investment activities, and investment strategies and decisions of the finance department are subject to review and approval of the Board and management team. Prior to making a proposal to invest in investment products, the Group will assess and ensure that there remains sufficient working capital for the business

needs, operating activities, research and development and capital expenditures even after purchasing such investment products. The Group adopts a prudent approach in selecting investment products. The Group generally analyses the investment products based on its historical financial performance. Should the Group notice any adverse changes to the financial performance of the investment products based on available information, the finance department will report to the Board and take appropriate actions in a timely manner.

FOREIGN EXCHANGE EXPOSURE

The Group transacts mainly in RMB, which is the functional currency of the Group's principal operating subsidiaries. However, the Group retains certain cash and cash equivalents in Hong Kong dollars and United States dollars that are exposed to foreign exchange rate risks. The Board considers that the Group has not exposed to significant foreign exchange risk and no foreign exchange hedging was conducted by the Group during FY2024.

CAPITAL EXPENDITURE

During FY2024, the Group incurred capital expenditures of approximately RMB3.7 million (FY2023: approximately RMB22.4 million), primarily due to purchases of property, plant and equipment and intangible assets.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any capital commitment (31 December 2023: approximately RMB1.9 million).

As at 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save for the business plans as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus dated 17 June 2022 (the "**Prospectus**"), and as disclosed in the Company's announcement in relation to the acquisition of the machineries and change in use of net proceeds dated 27 October 2023 ("**Acquisition and Change in UOP Announcement**"), the Group did not have any future plan for material investments or capital assets as at 31 December 2024. For details, please refer to the section headed "Use of Proceeds" in this announcement.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES OR JOINT VENTURES

Save for those disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries and associates or joint ventures during FY2024.

PLEDGE OF ASSETS

As at 31 December 2024, buildings with net book value of approximately RMB9.9 million (31 December 2023: approximately RMB11.0 million) were pledged to secure bills payable of the Group.

As at 31 December 2024, leasehold land use right with net book value of approximately RMB2.8 million (31 December 2023: approximately RMB2.9 million), were pledged to secure bills payable of the Group.

As at 31 December 2024, the Group did not have any pledged bank borrowing (31 December 2023: (i) bank borrowing amounting RMB20.0 million were secured by the Group's machinery with net book value of approximately RMB5.9 million and trade receivables with carrying amounts of approximately RMB120.0 million; and (ii) bank borrowing amounting to RMB10.0 million was guaranteed by Mr. Yu Tianbing).

The Group's restricted cash were with maturity within one year, denominated in RMB and represented bank deposits pledged to banks for the issuance of bank acceptance bills payable in respect of future settlement to suppliers of the Group.

As at 31 December 2024, bills receivable with carrying amounts of RMB3,000,000 (31 December 2023: Nil) were pledged to secure bills payable of the Group.

USE OF PROCEEDS

The net proceeds from the Listing, after deducting related expenses, were approximately HK\$90.3 million (the “**Net Proceeds**”). The balance of the net proceeds brought forward at the beginning of FY2024 was approximately HK\$53.4 million. An analysis of the utilisation of the use of proceeds from the Listing Date and up to 31 December 2024 is set out below:

Description	Intended of Net Proceeds <i>HK\$' million</i>	Utilised Net Proceeds during FY2024 <i>HK\$' million</i>	Utilised Net Proceeds up to 31 December 2024 <i>HK\$' million</i>	Unutilised Net Proceeds up to 31 December 2024 <i>HK\$' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Expanding the Group’s production capacity, production efficiency and product portfolio	33.3	–	1.3	32.0	Before 31 December 2025
Enhancing the Group’s research and development capabilities	17.6	0.2	1.1	16.5	Before 31 December 2025
Enhancing the Group’s enterprise resource planning system and infrastructure system	0.1	–	0.1	–	Not applicable
Increasing the Group’s marketing efforts	2.6	0.2	0.4	2.2	Before 31 December 2025
Acquisition of the printing machinery and positioning crosscutting machine for coloured cigarette packaging paper production (“ Machinery ”)	22.9	1.0	21.6	1.3	By the end of warranty period of the Machinery
Reserved as the Group’s general working capital	13.8	–	13.8	–	Fully utilised
Total	<u>90.3</u>	<u>1.4</u>	<u>38.3</u>	<u>52.0</u>	

As at 31 December 2024, all Net Proceeds were applied and will be applied according to the Prospectus and the Acquisition and Change in UOP Announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend for FY2023 and FY2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 83 employees, as compared to a total of 113 employees as at 31 December 2023. Remuneration to our employees comprises salaries, wages, bonuses and other benefits. The Group generally reviews the performance of the employees by way of annual appraisals. The results of these reviews are used for the purposes of salary adjustments and promotion. The total staff costs incurred by the Group for FY2024 was approximately RMB10.5 million compared to approximately RMB12.4 million for FY2023. Various on-the-job trainings were provided to the employees. The Group provides various trainings including induction training for new employees, on-the-job training, team-building training and external training for the employees to keep them abreast of the latest technical development relevant to the industry.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal, autonomous regional and provincial governments for its employees in the PRC. The Group is required to make contributions to the retirement plans at certain percentage of the employees' payroll. For FY2024 and FY2023, no forfeited contributions may be used by the Group to reduce the existing level of contributions.

EVENTS AFTER 31 DECEMBER 2024

There is no material subsequent event requiring disclosure that has taken place after 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). During the Listing Date to the date of this announcement, the Company has complied with all the applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries being made by the Company, confirmed that they have complied with the required standard set out in the Model Code since the Listing Date and up to 31 December 2024.

BOARD OF DIRECTORS

The Board is responsible for the formulation of business policies and strategies of the Group, the nomination and appointment of Directors, and to ensure the availability of resources as well as the effectiveness of its system of internal control. The senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated to these Board committees various duties and responsibilities as set out in their terms of reference respectively. Each Director shall ensure that he or she carries out his or her duty in good faith in compliance with the standard of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) on 2 June 2022 with written terms of reference. The composition of the Audit Committee meets the requirement of Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board. The Audit Committee comprises three Independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. Liu Yimin and Ms. Feng Yuan. Mr. Chen Yeung Tak is the chairperson of the Audit Committee.

The Group's annual results for FY2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the annual results for FY2024 comply with the applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

ANNUAL GENERAL MEETING (“AGM”) AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Friday, 23 May 2025. A notice convening the AGM will be issued and despatched to the shareholders of the Company according to the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

The register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025 (both days inclusive), during which period no transfer of shares of the Company may be effected for the purpose of determining the Shareholders who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificate(s) should be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Monday, 19 May 2025.

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

During the year ended 31 December 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities or any treasury shares.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.weiliholdings.com and the Stock Exchange's website at www.hkexnews.hk. The 2024 annual report of the Company will be issued and made available on the above websites.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the FY2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the Year.

On behalf of the Board
WElli Holdings Limited
Chen Weizhuang

Chairman and Executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Weizhuang and Mr. Yu Tianbing as executive Directors, Mr. Hu Haoran as non-executive Director, and Mr. Liu Yimin, Mr. Chen Yeung Tak and Ms. Feng Yuan as independent non-executive Directors.