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卫龙美味全球控股有限公司

WEILONG Delicious Global Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9985)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

2023 Annual Results Highlights

- Total revenue was RMB4,871.7 million, representing a year-on-year increase of 5.2%;
- Gross profit was RMB2,322.7 million, representing a year-on-year increase of 18.5%;
- Gross profit margin was 47.7%, representing a year-on-year increase of 5.4 percentage points;
- Profit for the year was RMB880.4 million, representing a year-on-year increase of 481.9%;
- Adjusted net profit[1] for the year was RMB970.3 million, representing a year-on-year increase of 6.3%;
- Basic earnings per share was RMB0.38, representing a year-on-year increase of 442.9%;
- Adjusted basic earnings per share was RMB0.42, remained flat year-on-year;
- Proposed final dividend per ordinary share was RMB0.10, and proposed special dividend per ordinary share was RMB0.11;
- The interim dividend of RMB0.12 per ordinary share has been distributed in October 2023.

[1] To supplement the consolidated financial statements of the Group, which are presented in accordance with IFRS, the Group also uses adjusted net profit (Non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS. The Group believes this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

The Group believes this measure provides useful information to investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as it helped our management. However, the Group's presentation of adjusted net profit (Non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, the Group's results of operations or financial conditions as reported under IFRS.

The board (the "**Board**") of directors of WEILONG Delicious Global Holdings Ltd (the "**Company**" or "**WL Delicious**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2023 (the "**Reporting Period**") prepared in accordance with the International Financial Reporting Standards (the "**IFRS**"), together with the comparative figures for the corresponding year ended December 31, 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue from contracts with customers	*3*	**4,871,666**	4,632,221
Cost of sales of goods	*3, 6*	**(2,548,983)**	(2,672,616)
Gross profit		**2,322,683**	1,959,605
Distribution and selling expenses	*6*	**(806,709)**	(633,300)
Administrative expenses	*6*	**(458,927)**	(481,687)
Net impairment gains on financial assets		**386**	182
Other income, net	*4*	**43,470**	107,578
Other gains/(losses), net	*5*	**2,810**	(597,686)
Operating profit		**1,103,713**	354,692
Finance income	*7*	**197,085**	71,067
Finance costs	*7*	**(21,526)**	(13,382)
Finance income, net	*7*	**175,559**	57,685
Profit before income tax		**1,279,272**	412,377
Income tax expense	*8*	**(398,918)**	(261,080)
Profit for the year		**880,354**	151,297
Profit is attributable to:			
– Owners of the Company		**880,354**	151,297
Earnings per share for profit attributable to owners of the Company (RMB)			
Basic earnings per share	*9*	**0.38**	0.07
Diluted earnings per share	*9*	**0.38**	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2023

	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**880,354**	151,297
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(3,755)**	(16,500)
Items that may not be reclassified to profit or loss:		
Exchange differences on translation of the Company	**46,961**	115,880
Other comprehensive income for the year, net of tax	**43,206**	99,380
Total comprehensive income for the year	**923,560**	250,677
Total comprehensive income for the year is attributable to:		
– Owners of the Company	**923,560**	250,677

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

		December 31,	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**1,100,998**	1,127,556
Right-of-use assets		**460,829**	533,705
Intangible assets		**19,980**	21,445
Term deposits with initial term over three months		**2,570,023**	1,603,886
Deferred income tax assets		**22,683**	68,827
Other non-current assets		**4,343**	17,730
Total non-current assets		**4,178,856**	3,373,149
Current assets			
Trade, other receivables and prepayments	*11*	**211,531**	240,048
Inventories		**419,893**	599,263
Financial assets at fair value through profit or loss		**122,820**	382,440
Restricted cash		**166**	–
Term deposits with initial term over three months		**1,594,087**	1,020,982
Cash and cash equivalents		**526,193**	1,314,453
Total current assets		**2,874,690**	3,557,186
Total assets		**7,053,546**	6,930,335

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
December 31, 2023

		December 31,	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Borrowings		**178,960**	161,180
Lease liabilities		**8,930**	1,966
Deferred income		**158,407**	196,033
Deferred income tax liabilities		**93,362**	46,498
Total non-current liabilities		**439,659**	405,677
Current liabilities			
Trade and other payables	*12*	**662,744**	689,732
Contract liabilities and refund liabilities		**206,343**	225,261
Current income tax liabilities		**33,258**	81,795
Borrowings		**1,980**	120
Lease liabilities		**3,692**	3,338
Total current liabilities		**908,017**	1,000,246
Total liabilities		**1,347,676**	1,405,923
Net assets		**5,705,870**	5,524,412
Equity			
Share capital		**155**	155
Other reserves		**2,680,382**	3,226,009
Retained earnings		**3,025,333**	2,298,248
Equity attributable to owners of the Company		**5,705,870**	5,524,412
Total equity		**5,705,870**	5,524,412
Total equity and liabilities		**7,053,546**	6,930,335

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on July 6, 2018 as an exempted company with limited liability under the Company Act (Cap 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the production and sale of spicy snack food in the People's Republic of China ("**PRC**").

The ultimate holding company of the Company is HH Global Capital Ltd. The ultimate controlling parties are Mr. Liu Weiping and his brother Mr. Liu Fuping, who are also the chairman and the executive director of the Board of the Company, respectively.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since December 15, 2022 (the "**Listing**") by way of its initial public offering ("**IPO**").

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and interpretations issued by IFRSs Interpretations Committee applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board ("**IASB**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss. These consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to nearest thousand, unless otherwise stated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after January 1, 2024
2 Effective for annual periods beginning on or after January 1, 2025
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that, these revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group is principally engaged in the production and sale of spicy snack food. Majority of the Group's revenue and business activities are conducted in the PRC.

For management purposes, the Group is organized into business units based on their products and has three reportable operating segments as follows:

By product type:

- Seasoned flour products, primarily comprising Big Latiao, Mini Latiao, Spicy Hot Stick, Mini Hot Stick, Kiss Burn, Mala Mala and BADAO PANDA
- Vegetable products, primarily comprising Konjac Shuang, Fengchi Kelp and XIAO MO NV
- Bean-based and other products, primarily comprising Soft Tofu Skin, 78° Braised egg and others

The chief operating decision-maker ("**CODM**") monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit. No analysis of segment operating profit is presented as CODM does not regularly review such information for the purposes of resource allocation and performance assessment. Segment assets and liabilities are not presented as CODM reviews the assets and liabilities on a central basis. Therefore, only segment revenue and segment gross profit are presented.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Seasoned flour products *RMB'000*	**Vegetable products** *RMB'000*	**Bean-based and other products** *RMB'000*	**Total** *RMB'000*
For the year ended December 31, 2023				
Revenue	**2,549,244**	**2,118,519**	**203,903**	**4,871,666**
Cost of sales	**(1,379,477)**	**(1,032,501)**	**(137,005)**	**(2,548,983)**
Gross profit	**1,169,767**	**1,086,018**	**66,898**	**2,322,683**

	Seasoned flour products *RMB'000*	Vegetable products *RMB'000*	Bean-based and other products *RMB'000*	Total *RMB'000*
For the year ended December 31, 2022				
Revenue	2,718,613	1,693,339	220,269	4,632,221
Cost of sales	(1,634,171)	(900,160)	(138,285)	(2,672,616)
Gross profit	1,084,442	793,179	81,984	1,959,605

(a) Geographical information

Revenue from external customers by location of the customers is shown in the table below:

	2023	2022
	RMB'000	*RMB'000*
PRC	**4,774,043**	4,566,747
Overseas	**97,623**	65,474
	4,871,666	4,632,221

Majority of the Group's identifiable assets and liabilities were located in the PRC.

(b) Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the reporting period.

(c) An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**4,871,666**	4,632,221

The timing of the above revenue recognition is when the performance obligations of sales and delivery of goods are satisfied at a point in time.

The performance obligation is satisfied upon delivery of the goods and payment in advance is normally required, except for customers with credit terms up to 90 days. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration.

All contract liability balances at the beginning of the year were recognized as revenue in the reporting period.

The Group has no revenue contract that has an original expected duration of more than one year, thus management has applied the practical expedient under IFRS 15 and is not required to disclose the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied as of the end of the reporting period.

4. OTHER INCOME, NET

	2023	2022
	RMB'000	*RMB'000*
Government grants		
Related to income (a)	**19,857**	85,586
Related to assets (b)	**5,983**	4,144
Sale of scraps and raw materials		
Proceeds income related to scraps and raw materials	**20,308**	24,058
Cost related to scraps and raw materials	**(4,684)**	(8,679)
VAT reduction	**2,006**	2,469
	43,470	107,578

The government grants represent subsidy income received from various government authorities as incentives to certain subsidiaries of the Group in the PRC.

(a) The government grants and subsidies related to income have been received to reward for the contribution to the local economic growth. These grants related to income were recognized in profit or loss upon receipt of these rewards and the related conditions associated with the rewards, if any, are being met. There are no unfulfilled conditions or contingencies relating to these grants.

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

5. OTHER GAINS/(LOSSES), NET

	2023	2022
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit or loss (a)	**19,377**	25,654
Loss on disposal of property, plant and equipment	**(245)**	(2,185)
Donation	**(2,348)**	(2,021)
Share-based payments related to pre-IPO investments	**–**	(628,811)
Net foreign exchange gains/(losses)	**(8,906)**	13,185
Impairment of property, plant and equipment	**(4,896)**	(7,026)
Others	**(172)**	3,518
	2,810	(597,686)

(a) Included fair value loss of RMB5,238,000 related to a foreign forward exchange contract acquired and settled during the year ended December 31, 2022.

6. EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Consumption of raw materials	**1,922,757**	2,141,677
Changes in inventories of finished goods, semi-finished goods, and goods in transit	**36,607**	(38,318)
Employee benefit expenses	**985,388**	852,998
Transportation expenses	**150,667**	160,191
Utilities	**99,995**	92,353
Promotion and advertising expenses	**213,970**	139,266
Other tax expenses	**50,242**	44,538
Depreciation and amortization	**128,450**	135,267
Travelling expenses	**45,188**	30,129
Repairs and maintenance	**35,529**	32,003
Office expenses	**56,252**	38,511
Listing expenses	**–**	34,852
Auditor's remuneration		
– Audit services	**3,800**	2,680
– Non-audit services	**980**	28
Expense relating to short-term leases	**17,833**	11,158
Professional fees	**36,129**	70,479
Others	**30,832**	39,791
Total of cost of sales of goods, distribution and selling expenses, and administrative expenses	**3,814,619**	3,787,603

7. FINANCE INCOME, NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
Interests from bank	**197,085**	71,067
Finance costs		
Interest expenses on borrowings	**(22,398)**	(16,289)
Finance costs on lease liabilities	**(648)**	(391)
Less: borrowing costs capitalized in property, plant and equipment	**1,520**	3,298
	(21,526)	(13,382)
Finance income, net	**175,559**	57,685

(a) Capitalized borrowing costs

The capitalization rate used to determine the amount of borrowing costs to be capitalized is 3.97%, which was applicable to the Group's borrowings during the year ended December 31, 2023 (2022: 3.97%).

8. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Current tax on profits for the year	**306,394**	274,397
Deferred income tax		
Decrease/(increase) in deferred income tax assets	**32,380**	(36,866)
Increase in deferred income tax liabilities	**60,144**	23,549
Total deferred tax expense/(credit)	**92,524**	(13,317)
Income tax expense	**398,918**	261,080

(a) Cayman Islands Income Tax

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

(b) British Virgin Islands profit tax

The Company's direct subsidiaries in the British Virgin Islands were incorporated under the BVI Companies Act, 2004 and accordingly, are exempted from British Virgin Islands income tax.

(c) Hong Kong profits tax

No provision for Hong Kong profit tax was provided as the Company. Pursuant to the two-tiered profit tax rates regime, the Group's first HKD2,000,000 of assessable profits under Hong Kong profits tax during the reporting period were subject to a tax rate of 8.25%. The Group's remaining assessable profits above HKD2,000,000 will continue to be subject to a tax rate of 16.5% during the reporting period.

(d) PRC corporate income tax

Enterprises incorporated in the PRC are subject to income tax rate of 25% throughout the reporting period unless subject to tax exemption set out below.

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential corporate income tax rate of 5% during the reporting period.

One of the Group's PRC subsidiaries is accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential income tax rate of 15% during the year ended December 31, 2023. Such qualification is subject to review by the relevant tax authority in the PRC for every three years.

Certain of the Group's PRC subsidiaries are engaged in agriculture and entitled to the tax exemption on agricultural products.

The income tax provision of the Group has been calculated at the applicable tax rate on the estimated assessable profits for the reporting period based on existing legislations, interpretations and practices.

(e) PRC Withholding Tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after January 1, 2008 are generally subject to a 10% WHT. 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 5%.

Deferred tax liabilities have been recognized at December 31, 2023 for the withholding tax that would be payable on the earnings of certain subsidiaries incorporated in PRC that are expected to be distributed in the foreseeable future. The remaining undistributed earnings generated from January 1, 2008, for which withholding tax is not provided for, amounted to RMB2,889,370,000 as at December 31, 2023 (2022: RMB2,889,370,000).

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Profit attributable to equity holders of the Company *(RMB'000)*	**880,354**	151,297
Weighted average number of outstanding ordinary shares *(thousands)*	**2,309,771**	2,163,327
Basic earnings per share *(RMB)*	**0.38**	0.07

Outstanding ordinary shares that are contingently returnable (i.e. subject to recall) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

During the year ended December 31, 2023, an aggregate of 2,981,331 RSUs (2022: 1,765,867) become vested under the terms and conditions of the RSU Scheme, so the effect of these shares has been taken into account in the calculation of basic earnings per share since the vesting date.

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares during the year.

	2023	2022
Profit attributable to equity holders of the Company *(RMB'000)*	**880,354**	151,297
Weighted average number of outstanding ordinary shares *(thousands)*	**2,309,771**	2,163,327
Adjustments for:		
– RSUs *(thousands)*	**6,530**	5,693
Adjusted weighted average number of outstanding ordinary shares for diluted earnings per share *(thousands)*	**2,316,301**	2,169,020
Diluted earnings per share *(RMB)*	**0.38**	0.07

10. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Final and special dividends declared in respect of year ended December 31, 2022	**564,276**	–
Interim dividend declared in respect of year ended December 31, 2023	**282,138**	–
	846,414	–

On June 28, 2023, the Company's shareholders approved a profit distribution plan at an annual general meeting, pursuant to which a final dividend in respect of the year ended December 31, 2022 of RMB0.12 per share, amounting to a total final dividend of RMB282,138,000, and a special dividend in respect of the year ended December 31, 2022 of RMB0.12 per share, amounting to a total special dividend of RMB282,138,000, were declared to all shareholders.

On August 29, 2023, the Company's board of directors approved a profit distribution plan at the board meeting, pursuant to which an interim dividend in respect of the year ended December 31, 2023 of RMB0.12 per share, amounting to a total interim dividend of RMB282,138,000, was declared to all shareholders.

The dividend was paid in July and October 2023, except for dividend attributable to the unvested shares held by the trustee in relation to the RSU scheme amounting to RMB14,815,000, which the holders will entitle to dividend right upon vesting of the RSUs.

A final dividend in respect of the year ended December 31, 2023 of RMB0.10 per share, amounting to a total final dividend of RMB235,115,000, and a special dividend in respect of the year ended December 31, 2023 of RMB0.11 per share, amounting to a total special dividend of RMB258,626,000, are to be proposed at the forthcoming annual general meeting. These financial statements do not reflect these dividend payables.

11. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	December 31, 2023	2022
	RMB'000	*RMB'000*
Trade receivables:		
Receivables from third parties	**51,659**	66,554
Loss allowance	**(41)**	(124)
	51,618	66,430
Other receivables:		
Deposits	**4,535**	10,286
Proceeds receivable from sale of property, plant and equipment	**460**	650
Loans to third parties (d)	**200**	200
Receivables from local government	**29,068**	50,000
Others	**4,626**	1,771
Loss allowance	**(200)**	(503)
	38,689	62,404
Prepayments:		
Prepayments for raw materials	**25,530**	35,335
Prepayments for services	**28,110**	6,616
Input VAT recoverable	**63,151**	68,348
Prepayment for income tax	**4,433**	915
	121,224	111,214
	211,531	240,048

(a) Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximate their fair value.

(b) Trade receivables primarily arise from credit sales of products. The Group usually deliver products to distributors after they have made the payment, while for direct sale customers, the credit terms are generally up to 90 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing. All the trade receivables of the Group are from third parties.

As at December 31, 2023 and 2022, the aging analysis of the trade receivables based on invoice date is as follows:

	December 31, 2023	2022
	RMB'000	*RMB'000*
Trade receivables:		
Within 90 days	**40,344**	61,842
91 to 180 days	**11,315**	4,712
	51,659	66,554

(c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The loss allowance for trade receivables at amortized cost was not material during the years ended December 31, 2023 and 2022.

(d) Loans to third parties were unsecured, interest-free and repayable on demand.

12. TRADE AND OTHER PAYABLES

	December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables:		
– Third parties	**154,662**	171,462
– Related parties	**10,066**	15,790
	164,728	187,252
Other payables:		
Salary and welfare payables	**262,432**	245,048
Amounts due to a related party	**260**	260
Deposits payables	**80,384**	88,684
Freight charges payables	**17,584**	25,270
Payables for purchase of property, plant and equipment	**17,786**	27,853
Tax payable	**26,264**	24,791
VAT payable related to contract liabilities	**13,415**	20,417
Utilities payables	**10,612**	9,120
Payables in relation to the Listing	**–**	25,668
Others	**69,279**	35,369
	498,016	502,480
	662,744	689,732

The aging analysis of the trade payables based on invoice date is as follows:

	December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**164,728**	187,252

The carrying amounts of trade and other payables are considered to be approximately their fair value, due to their short-term nature.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of WEILONG Delicious Global Holdings Ltd ("**WL Delicious**" or the "**Company**"), I hereby submit to all shareholders the annual results of the Company and its subsidiaries ("**we**", the "**Group**") for the year ended December 31, 2023 (the "**Current Year**" or "**2023**").

The year of 2023, for WL Delicious, was a year to take the initiative to innovate and accelerate the omni-channel construction. The domestic economy has gradually recovered after the impact of the COVID-19, and consumers' lifestyle and consumption concepts were undergoing many changes, which also brought diversified changes in the snack food industry channels and diversified needs of consumers, bringing new opportunities and challenges to our development.

Under such a background, the Group remained confident and actively embraced changes and trends, and the overall business operations and financial performance remained stable. The overall revenue of the Group for the year was RMB4,871.7 million, representing an increase of 5.2% as compared with the year ended December 31, 2022 (the "**Previous Year**" or "**2022**"); gross profit margin was 47.7%, representing an increase of 5.4 percentage points as compared with 42.3% in the Previous Year; net profit was RMB880.4 million, representing an increase of 481.9% as compared with the Previous Year and the adjusted net profit was RMB970.3 million, representing an increase of 6.3% as compared with the Previous Year.

During the Current Year, the Group actively explored the consumer needs through market research, expanded its product lines to conform to consumer preferences, and constantly innovated and launched new products. Following the launch of the new spicy Mala Latiao "BADAO PANDA (霸道熊貓)" in September during the Current Year, the Group also launched the new konjac vegetarian tripe "XIAO MO NV (小魔女)" in October and the new spicy crisp Latiao "CUI HUO HUO (脆火火)" in December during the Current Year, further enriching the Group's product matrix.

During the Current Year, the Group continued to strengthen the building of online and offline omni-channels, comprehensively developed and served all channels, and actively embraced new opportunities brought by emerging offline snack specialty retailer channels and online content e-commerce channels. At the same time, the Company was also actively expanding overseas markets.

During the Current Year, the Group actively strengthened its brand building and engaged with young consumers through novel, interesting and topical activities, thereby capturing consumers' interest points and creating topics with public communication power, thereby enhancing the brand exposure and visibility of the Group. At the same time, the Group also paid attention to the "humanistic core" of the brand, actively participated in brand public welfare activities and fulfilled social responsibilities to improve the Group's brand image.

During the Current Year, the Group also actively introduced and cultivated talents to continuously strengthen its core management strength. At the same time, the Group also continued to promote the supply chain upgrading, digital upgrading, to comprehensively enhance the operating and management efficiency of the Group.

Looking forward to the new year, the Group will continue to strengthen product innovation and enhance the core competitiveness of products; strengthen brand building, and continue to create a popular brand image among young consumers. At the same time, the changing consumer demand is reshaping the channel landscape, and the Group will continue to strengthen the omni-channel building, actively embrace the development advantages brought by emerging channels with consumer flows, and strengthen the supply chain, digital capabilities and enhance organizational team building, and constantly improve the Company's operating efficiency, so as to strive to create values for the shareholders and customers.

LIU Weiping
Chairman of the Board

Hong Kong, China
March 21, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Macro and Industry Environment

Looking back at 2023, China's GDP grew by 5.2% year-on-year. Under the impact of external pressures and internal challenges, China saw a continuous and stable recovery in its economy. China's consumer market also showed a trend of rebound, with the total retail sales of consumer goods for the Current Year increasing by 7.2% as compared with the Previous Year. The macro-economy continued to recover, and the internal driving force of the economy was gradually strengthened.

According to the "2023 China Consumer Brand Growth White Paper" issued by CBNDATA, 2023 is the year of consumption boost in China. Chinese consumer brands are proactively "responding" to the intensifying competition by increasing their investment in product research and development, supply chain and channel construction, as well as focusing on refining channel operation and creating more value enhancement for consumers. Although the growth of total consumption is slowing down and consuming behavior is increasingly diversified, companies that actively adapt to changes are expected to seize new opportunities and develop in fierce competition with the reconstruction of consumption logic.

In the consumer market, the food industry, as a basic necessity of life, occupies an important position in consumer spending. The snack food industry also plays an important supporting role in the process of consumption recovery, with significant resilience in various categories of consumer goods. As competition in the industry becomes more intense, price-performance consumption and rational consumption tend to be prominent. Meanwhile, sales channels also show a trend of diversified development. The retail industry is evolving towards miniaturization, communities and households, and the snack specialty retailers are developing rapidly in particular. All of these factors accelerate the change of the snack food industry ecology and bring new opportunities and challenges for the industry in terms of product pricing, store channel management, supply chain efficiency and others. Competition in online channels is also tough. The rapid development of content e-commerce platforms represented by Douyin has enriched consuming and purchasing scenarios, thus bringing more growth space and vitality for online channels.

Diversified sales channels require consumer goods enterprises to refine their operations and adapt to the new situation. To achieve long-term sustainable development, snack food enterprises have to flexibly utilize omni-channel strategies to reach different consumer bases to the utmost extent, therefore satisfying the ever-changing needs of consumers, and developing steadily to seize the first chance in the market.

Business Review

In 2023, the Group continued to specialize in turning authentic Chinese gourmet into casual snack food that consumers can enjoy anywhere and anytime. We have improved the Group's corporate culture by upgrading our core values to "Customer First, Employee Oriented, Operating Business with Integrity and Creating Changes" while maintaining our original mission of "let the world fall in love with Chinese flavors" and the vision to "make authentic Chinese gourmet more entertaining, casual, convenient and affordable, embrace digital-intelligentization and ultimately build a great business that brings joy and happiness to people for 123 years", which aims to serve our customers better and achieve employees' values, so as to promote the sustainable development and growth of the Group continuously, thereby offering consumers better service and experience.

During the Current Year, we focused on continuous innovation and exploring a multi-category strategy to meet diversified consumer needs through consumer insights. Meanwhile, we strengthened our research and development capabilities and introduced several types of innovative spicy snack foods to expand our product portfolio. Furthermore, we will continue to enhance our brand building and brand influence.

During the Current Year, new retail channels such as O2O, snack specialty retailers and content e-commerce platforms saw rapid development. Diversified channels have driven accelerated changes in the snack foods industry. In the face of this development trend, we have kept pace with the times by actively embracing the development opportunities brought by new channels and continuously strengthening our omni-channel operation and expansion strategies, thereby establishing closer connections with consumers and making it more convenient for them to buy our products.

During the Current Year, the Group recorded a total revenue of RMB4,871.7 million, representing an increase of 5.2% as compared with RMB4,632.2 million in the Previous Year, primarily due to an increase in the sales from the emerging channels such as O2O, snack specialty retailers and content e-commerce platforms, partially offset by a decrease in the sales from offline traditional channels, which was caused by a drop in the consumer flow. The Group's gross profit increased by 18.5% from RMB1,959.6 million in the Previous Year to RMB2,322.7 million in the Reporting Period, and the Group's gross profit margin increased from 42.3% in the Previous Year to 47.7% in the Current Year, mainly due to (i) an increase in the average selling price resulted from the Group's structural adjustment of main products in the Previous Year; (ii) a decrease in the price of raw materials in the Current Year; and (iii) the optimization of the Group's cost management by streamlining production process continuously. The Group's net profit increased by 481.9% from RMB151.3 million in the Previous Year to RMB880.4 million in the Current Year, primarily due to (i) the increase in gross profit; and (ii) the share-based payments related to Pre-IPO Investments of RMB628.8 million in the Previous Year. The Group's adjusted net profit increased by 6.3% from RMB913.1 million in the Previous Year to RMB970.3 million in the Current Year, and adjusted net profit margin increased from 19.7% in the Previous Year to 19.9% in the Current Year, primarily due to the increase of gross profit.

Our Products

Our products have accompanied the growth of young generations in China. Dedicated to using household food materials as our main ingredients, the Group adheres to the product development philosophy of "maximizing the intrinsic value of nature with an industrialized approach". Leveraging rigorous and profound fundamental research and advanced production techniques, the Group actively launched new products to respond to changing market conditions and satisfy consumers' changing needs.

During the Current Year, the Group continued to adhere to the strategy of "multiple categories and large single product". Currently, the Group's products cover seasoned flour products, vegetable products, and bean-based and other product categories. Seasoned flour products, also commonly known as Latiao (辣條), primarily comprise Big Latiao (大麵筋), Mini Latiao (小麵筋), Spicy Hot Stick (麻辣棒), Mini Hot Stick (小辣棒), Kiss Burn (親嘴燒), Mala Mala (麻辣麻辣), BADAO PANDA (霸道熊貓) and CUI HUO HUO (脆火火). Vegetable products primarily comprise Konjac Shuang (魔芋爽), Fengchi Kelp (風吃海帶) and XIAO MO NV (小魔女). Bean-based and other products primarily comprise Soft Tofu Skin (軟豆皮), 78° Braised Egg (78°滷蛋) and others.

During the Current Year, the Group launched new products such as spicy Latiao "BADAO PANDA", konjac vegetarian tripe "XIAO MO NV" and spicy crisp Latiao "CUI HUO HUO". The new products not only represent our innovation in authentic gourmet, but also reflect our insights into the changes in the consumer market. The new products will satisfy consumers with more diversified taste experiences. Meanwhile, they will further enrich the Group's product portfolio and enhance its category competitiveness.

Spicy Latiao "BADAO PANDA" is derived from authentic Sichuan cuisine. Based on profound insights into the market demand, the Group has extensively researched and validated the essence of classic Sichuan flavors. Simultaneously, the Group is committed to inheriting and promoting non-heritage cooking techniques of Sichuan cuisine, continuously enhancing and upgrading authentic spicy flavors through improving flavor experiments. Furthermore, in the design and names of new products, "BADAO PANDA" embodies WL Delicious's youthful brand ethos and aspiration to preserve traditional culture.

Konjac vegetarian tripe "XIAO MO NV" offers big and crisp slices with less burdensome. It is an innovation in the konjac category following WL Delicious's introduction of Konjac Shuang. "XIAO MO NV" maximizes the crispness and shape of hot-pot tripe, meanwhile, with each slice of "35x35mm" vegetarian tripe benefiting from the Group's product cutting upgrade, so as to provide consumers with a more gratifying taste experience. At the same time, "XIAO MO NV" features a thoughtfully crafted two-dimensional brand image with a smart elf on the packaging IP. This cute and funny imagery fully satisfies the emotional and aesthetic preferences of young consumers.

Spicy crisp Latiao "CUI HUO HUO" are made from premium wheat, carefully selected high-quality chili peppers and peppercorns. With non-fried extrusion cooking technology, these chips are crispy yet not crumbly, with a tasty and delightful flavor. They address a common challenge in the market that Latiao products lack sufficient crispiness and extrusion food lacks sufficient spiciness. Focusing on crispness and spiciness, "CUI HUO HUO" further attracts youthful consumers through a lively, quirky, and funny brand image, continuing to build up a brand image that understands young consumers.

During the Current Year, our revenue was primarily derived from the sales of seasoned flour products and vegetable products. The following table sets forth a breakdown of our revenue by product categories for the years indicated:

	Year ended December 31,			
Product category	**2023**		2022	
	RMB'000	**% of total revenue**	*RMB'000*	% of total revenue
Seasoned flour products	**2,549,244**	**52.3**	2,718,613	58.7
Vegetable products	**2,118,519**	**43.5**	1,693,339	36.6
Bean-based and other products	**203,903**	**4.2**	220,269	4.7
Total	**4,871,666**	**100.0**	4,632,221	100.0

Revenue generated from our seasoned flour products decreased by 6.2% from RMB2,718.6 million in 2022 to RMB2,549.2 million in 2023, primarily due to the impact on a drop in the consumer flow of offline traditional channels. Our revenue from our seasoned flour products as a percentage of total revenue decreased from 58.7% in 2022 to 52.3% in 2023, reflecting our more diversified product mix following the sales growth of our vegetable products.

Our revenue from our vegetable products increased by 25.1% from RMB1,693.3 million in 2022 to RMB2,118.5 million in 2023 and its percentage to our total revenue increased from 36.6% in 2022 to 43.5% in 2023, primarily due to (i) the Group actively tapped into consumers' demand for such products and continuously upgraded such products; and (ii) we also continued to expand our production capacity for such products in 2023.

Revenue from our bean-based and other products decreased by 7.4% from RMB220.3 million in 2022 to RMB203.9 million in 2023 and its percentage to our total revenue slightly decreased by 0.5 percentage points in 2023 as compared with 2022, primarily due to the decrease in the sales of the Group's bean-based products.

The following table sets forth a breakdown of our revenue by product categories for the years indicated:

		Year ended December 31,	
		2023	2022
Seasoned flour products	ton	**124,427.2**	150,557.5
	RMB/kg	**20.5**	18.1
Vegetable products	ton	**71,454.7**	54,523.5
	RMB/kg	**29.6**	31.1
Bean-based and other products	ton	**5,315.4**	6,087.4
	RMB/kg	**38.4**	36.2

During the Current Year, our sales volume of seasoned flour products decreased by 17.4% as compared with the Previous Year, mainly due to the impact on a drop in the consumer flow of offline traditional channels. Our sales volume of vegetable products increased by 31.1% as compared with the Previous Year, mainly because the Group actively tapped into consumers' demand for such products and continuously upgraded such products. Besides, our sales volume of bean-based and other products decreased by 12.7% as compared with the Previous Year, primarily due to the decrease in the sales of the Group's bean-based products.

Our Customers and Sales Channels

Customers of the Group are primarily offline and online distributors, and to a much lesser extent, individual consumers who purchase from our self-operated online stores and certain snack specialty retailer system customers. Through in-depth channel building over years, we have a nationwide distribution network that deeply penetrates the Chinese market. As of December 31, 2023, we cooperated with 1,708 offline distributors. In addition, as of December 31, 2023, our products were sold through distributors to 147 national or regional operators for hypermarkets, supermarkets and chained convenience stores.

We have a professional sales team that aids our distributors in expanding the coverage of retail points of sale and enhancing the execution and service ability of our stores, so as to improve the sales performance of POS. During the Current Year, emerging channels such as O2O and snack specialty retailers saw rapid development, and became new channels in the snack food industry that can not be ignored. In the second half of 2023, the Group expedited the process of embracing these emerging channels and established close cooperation with major systems of snack specialty retailers.

Additionally, we have established our presence in major e-commerce platforms, including both traditional e-commerce platforms and emerging content e-commerce platforms, so as to cover all channels of e-commerce platforms. By analyzing online users and sales data, we are able to create a product mix that better suits consumers' consumption habits, thereby effectively reaching consumers. Our online models include online direct sales and online distribution, complementing our offline channels. We create topics and increase our interaction with consumers through short videos, internal live streaming and influencer live streaming to enhance traffic conversion and repurchase of content e-commerce platforms.

The table below sets out our revenue by sales channels for the years indicated:

	Year ended December 31,			
	2023		2022	
	RMB'000	**% of total revenue**	*RMB'000*	% of total revenue
Offline channels[(1)]	**4,361,222**	**89.5**	4,145,924	89.5
Online channels	**510,444**	**10.5**	486,297	10.5
– Online distribution[(2)]	**195,932**	**4.0**	236,727	5.1
– Online direct sales[(3)]	**314,512**	**6.5**	249,570	5.4
Total	**4,871,666**	**100.0**	4,632,221	100.0

(1) Offline channels mainly include distribution through our offline distributors. Our revenue generated from offline channels other than offline distributors and snack specialty retailers was immaterial.

(2) Online distribution refers to the sales model under which we distribute goods to online retailers such as Tmall Supermarket and JD Supermarket, or other online distributors, who then sell our products to consumers.

(3) Online direct sales refer to the sales model under which we sell products directly to consumers through our self-operated online stores on multiple third-party online platforms, such as Tmall, JD.com, Pinduoduo, Douyin and Kuaishou.

Our revenue from offline channels increased by 5.2% from RMB4,145.9 million in the Previous Year to RMB4,361.2 million in the Current Year, primarily due to an increase in the sales from the emerging channels such as O2O, snack specialty retailers and others, partially offset by a decrease in the sales from traditional offline channels, which was caused by a drop in the consumer flow.

Revenue from online channels increased by 5.0% from RMB486.3 million in the Previous Year to RMB510.4 million in the Current Year, of which our revenue from online distribution decreased by 17.2% from RMB236.7 million in the Previous Year to RMB195.9 million in the Current Year and our revenue from online direct sales increased by 26.0% from RMB249.6 million in the Previous Year to RMB314.5 million in the Current Year, reflecting that the Group closely follows the traffic change trend of online platforms and actively captures the revenue growth opportunities brought by online traffic ports such as content e-commerce represented by Douyin.

The table below sets forth a breakdown of revenue contribution as a percentage of our total revenue from offline distributors by geographic locations of the offline distributors' registered offices during the years indicated:

	Year ended December 31,			
	2023		2022	
	RMB'000	**% of total revenue**	*RMB'000*	% of total revenue
Eastern China	**967,111**	**22.2**	876,993	21.2
Central China	**749,874**	**17.2**	797,083	19.2
Northern China	**643,350**	**14.8**	642,391	15.5
Southern China	**781,126**	**17.9**	692,216	16.7
Southwestern China	**548,759**	**12.6**	488,063	11.8
Northwestern China	**573,379**	**13.1**	583,704	14.1
Overseas[4]	**97,623**	**2.2**	65,474	1.5
Total	**4,361,222**	**100.0**	4,145,924	100.0

(4) Revenue contributed overseas is from offline distributors registered overseas.

We generated relatively balanced revenue from offline distributors in different geographic areas in China. The geographic distribution of our domestic revenue is generally in line with the economic development and population of different regions in China. Revenue generated overseas increased significantly in the Current Year due to the active expansion of our business into overseas markets.

Our Production Facilities and Capacities

We strive for the advancement of our capabilities in production and quality control. Most of our production lines have achieved automation, and we have implemented strict monitoring of key parameters throughout the production process. We have an electronic control and mechanical design professional team, engaged in the research and development ("**R&D**") of automated production equipment and systems based on our process requirements. Most of our automation equipment is developed in-house. Meanwhile, we established partnerships with equipment manufacturers to automate our production procedures and upgrade our production facilities.

Through the automation and standardization of production lines, the Group can effectively implement precise quality control and reduce labor and energy costs, enabling us to have extremely flexible production capabilities. Meanwhile, to maximize production efficiency and broaden our product portfolio, the Group also cooperates with reliable original equipment manufacturer ("**OEM**") suppliers for the production of products that we sell in relatively smaller amount.

As of December 31, 2023, the Group had five plants in Henan, namely Luohe Pingping Plant, Luohe Weilai Plant, Zhumadian Weilai Plant, Luohe Weidao Plant and Luohe Xinglin Plant, of which Luohe Xinglin Plant is expanding its production capacity and part of the production lines of the plant have already been put into operation.

The tables below set out the details of our designed production capacities, actual production volume, and utilization rates for the years indicated, by product types and by plants:

Type of Products	Year ended December 31, 2023 Designed Production Capacity *(ton)*	Actual Production *(ton)*	Utilization Rate	2022 Designed Production Capacity *(ton)*	Actual Production *(ton)*	Utilization Rate
Seasoned flour products	**237,722.4**	**114,791.6**	**48.3%**	242,422.3	138,447.0	57.1%
Vegetable products	**96,228.0**	**69,309.0**	**72.0%**	84,392.0	54,357.0	64.4%
Bean-based and other products	**5,934.5**	**3,893.4**	**65.6%**	3,257.0	2,609.0	80.1%
Total	**339,884.9**	**187,994.0**	**55.3%**	330,071.3	195,413.0	59.2%

Our designed production capacity for seasoned flour products in the Current Year decreased compared with the Previous Year, primarily due to the planning adjustment of production lines for some products. Our designed production capacity for vegetable products increased compared with the Previous Year, primarily due to the addition of new production lines in Luohe Xinglin Plant. Our designed production capacity for bean-based and other products also increased compared with the Previous Year, primarily due to the addition of production lines in Luohe Xinglin Plant for braised egg products. Our overall utilization rate decreased compared with the Previous Year, primarily attributable to the drop in utilization rate of seasoned flour products.

Production Plants	Year ended December 31, 2023 Designed Capacity *(ton)*	Actual Production *(ton)*	Utilization Rate	2022 Designed Capacity *(ton)*	Actual Production *(ton)*	Utilization Rate
Luohe Pingping Plant	**95,168.2**	**46,707.7**	**49.1%**	107,244.7	60,011.3	56.0%
Luohe Weilai Plant	**57,462.2**	**31,984.8**	**55.7%**	57,647.3	37,114.4	64.4%
Zhumadian Weilai Plant	**67,435.1**	**24,502.5**	**36.3%**	57,665.0	23,020.3	39.9%
Luohe Weidao Plant	**89,892.0**	**56,787.5**	**63.2%**	96,204.5	65,073.1	67.6%
Luohe Xinglin Plant	**29,927.4**	**28,011.5**	**93.6%**	11,309.8	10,193.9	90.1%
Total	**339,884.9**	**187,994.0**	**55.3%**	330,071.3	195,413.0	59.2%

During the Current Year, the changes for the annualized designed production capacity among our plants were mainly attributable to (i) the shift of some production lines to Luohe Xinglin Plant with higher efficiency; (ii) the adjustment of some product specifications; and (iii) the adjustment of some production lines for some products. Overall utilization rate in 2023 decreased compared with 2022, primarily attributable to the drop in utilization rate of seasoned flour products.

Our Food Safety and Quality Control

We uphold the quality-oriented principle, view food safety as our "lifeline" and continuously improve the construction of the food safety system. We adhere to the bottom line of product quality to ensure food safety, and promote innovation and research and development to create healthier and more delicious snack food for consumers.

The Group established a sound food safety and quality assurance system of the whole chain and the whole product life cycle. The system covering the whole process of production, covering R&D, procurement, manufacturing, storage, distribution to sales and other links. Throughout the production process, the entire production process can be controllable by using the HACCP hazard analysis and critical control points. In terms of product inspection and release, "Product Inspection and Release Control Procedures" are strictly implemented; in terms of detection capacity, HPLC-MS, GC-MS, ICP-MS and other high-end detection equipments are applied to strictly monitor the food additives, heavy metals and other indicators; in terms of risk management, advance prevention is carried out through the "Food Safety Information Collection and Early Warning", "Food Safety Monitoring and Risk Assessment Norms", "Food Safety Self-inspection Management System" and other systems. In terms of risk management of new products, risk assessment is carried out under "New Product Quality Inspection Standards".

The Group has also set up a quality management department, which is mainly responsible for raw materials and packaging materials management, production process management and product testing management, OEM and customer service management and food safety and quality assurance, and strives to build a closed-loop management system of source control, production control, strict certification control and after-sales control, so as to provide consumers with the best quality products.

Our R&D Capabilities

We always adhere to our R&D philosophy of "maximizing the intrinsic value of nature with an industrialized approach". In order to constantly enhance the competitiveness of our products, we have been focusing on upgrading existing products and launching new products. In particular, the modularized R&D model which integrates different teams forms the core of our product development. The Group built R&D teams in food technology, industrialized production techniques and packaging and preservation technology, pairing technical talents to conduct in-depth specialized research. Through close collaboration among teams, the Group integrated the technologies in each module across multiple product development phases, which significantly improves the success probabilities of the Group's existing product upgrade and new product launch.

The Group has also established long-term cooperative relationships with top universities in the domestic food science industry to jointly build the industrialization demonstration base of the food engineering technology research center and developed our talent reserves to strengthen our edge in product and technology R&D. As of December 31, 2023, the Group have established two application R&D centers, one in Henan and the other in Shanghai, and had a professional R&D team with specialties covering food engineering, food safety and nutrition, polymer chemistry, biology, inspection and testing and other fields. Relying on various R&D activities, we invested in upgrades, renovation and R&D of emerging technologies to meet ever-changing consumer preferences and promote the sustainable growth of sales.

Our Information Technology

The Group continued to strengthen WL Delicious's digital strategy and promote digitalization-related work continuously to improve the quality and efficiency of its business departments and achieve the goal of "interconnection and digital intelligentization of all business processes" ("互聯互通，一切業務數智化"). Leveraging the good foundation of information technology, the Group effectively monitored and optimized its management system, procurement, sales, R&D and other processes. The Group's information system is based on its four major types of infrastructure, including IaaS/PaaS system, three-tier network architecture, data center and hybrid cloud. In addition, the Group realized a series of functions such as product operation and information management through the complementary application of the ERP system, sales management system, item-specific serial code information system, storage and transportation system, supplier relationship management system, enterprise asset management system, 5G+ Industrial Internet of Things, smart manufacturing base management system, equipment management system, production execution and control system, piece-wage system, OA process approval system, and expense control and reimbursement system.

During the Current Year, we continued to promote the construction of the sales management system so as to enable us quickly expand the market, improve the points of sales (the "**POS**") coverage and operation efficiency and further enhance the quality of the POS management and control. At the same time, we continued to build an agile and responsive supply chain system, and establish supply chain planning system, three-dimensional warehouse management system, quality management system, R&D project management system, human resources performance management system, financial centralized management project and BI self-service analysis platform, etc., which improve the overall efficiency of enterprise. In addition, we continued to promote process standardization and streamline the end-to-end business process, especially the sorting and optimization of sale and supply chain planning and collaborative management process and R&D project management process, to eliminate bottlenecks in the business flow, simplify unnecessary process steps, increase risk control points, and drive business operations more efficiently with procedures. Besides, we are also continuously advancing the optimization of ERP system, supplier collaboration management system, e-commerce middle platform system and Industrial Internet of Things project and other projects to empower our business comprehensively and enhance the enterprise operational efficiency.

FINANCIAL REVIEW

The following financial results are extracted from the financial report of the Group prepared in accordance with the IFRS during the Reporting Period:

Revenue and Gross Profit

The Group recorded a revenue of RMB4,871.7 million in the Current Year, representing an increase of 5.2% as compared with RMB4,632.2 million in the Previous Year, primarily due to an increase in the sales from the emerging channels such as O2O, snack specialty retailers and content e-commerce platforms, partially offset by a decrease in the sales from offline traditional channels, which was caused by a drop in the consumer flow.

Gross profit of the Group increased by 18.5% from RMB1,959.6 million in the Previous Year to RMB2,322.7 million in the Current Year. Gross profit margin of the Group increased by 5.4 percentage points from 42.3% in the Previous Year to 47.7% in the Current Year, primarily due to (i) an increase in the average selling price resulted from the Group's structural adjustment of main products in the Previous Year; (ii) a decrease in the price of raw materials in the Current Year; and (iii) the optimization of the Group's cost management by optimising production process flow continuously.

Distribution and Selling Expenses

Distribution and selling expenses of the Group amounted to RMB806.7 million in the Current Year, representing an increase of 27.4% as compared with RMB633.3 million in the Previous Year. In the Current Year, distribution and selling expenses of the Group accounted for 16.6% of the total revenue, representing an increase of 2.9 percentage points as compared with 13.7% in the Previous Year. The increase in the Group's distribution and selling expenses was mainly due to (i) an increase in the employee benefit expenses from RMB248.7 million (including share-based payment of approximately RMB17.4 million) in the Previous Year to RMB346.3 million (including share-based payment of approximately RMB17.3 million) in the Current Year, primarily due to the continuous expansion of the sales team of the Group; (ii) promotion and advertising expenses increase by 53.6% from RMB139.3 million in the Previous Year to RMB214.0 million in the Current Year as a result of the increased promotion and advertising investments; and (iii) a decrease in professional fees.

Administrative Expenses

Administrative expenses of the Group decreased by 4.7% from RMB481.7 million in the Previous Year to RMB458.9 million in the Current Year, primarily due to an increase in employee benefit expenses offset by a decrease in professional fees and Listing expenses of the Group. The proportion of administrative expenses to total revenue decreased from 10.4% in the Previous Year to 9.4% in the Current Year.

Other Income, Net

Other income, net, of the Group decreased by 59.6% from RMB107.6 million in the Previous Year to RMB43.5 million in the Current Year, primarily due to the decrease in government subsidies.

Other Gains/(Losses), Net

The Group recorded RMB2.8 million in other gains in the Current Year compared to RMB597.7 million in other losses in the Previous Year, primarily due to the share-based payments related to Pre-IPO Investments in relation to the supplemental share purchase agreement in April 2022 of RMB628.8 million.

Finance Income, Net

Net finance income of the Group increased by 204.3% from RMB57.7 million in the Previous Year to RMB175.6 million in the Current Year, primarily due to an increase in interests from banks.

Income Tax Expense

Income tax expense of the Group increased by 52.8% from RMB261.1 million in the Previous Year to RMB398.9 million in the Current Year, primarily due to (i) an increase of the taxable income of the Group in the Current Year; and (ii) an increase in the amount of withholding tax provision for subsequent profit distribution from the subsidiaries incorporated in the PRC.

Profit for the Year

As a result of the foregoing, profit for the year of the Group increased by 481.9% from RMB151.3 million in the Previous Year to RMB880.4 million in the Current Year, primarily due to the share-based payments related to Pre-IPO Investments in the Previous Year as well as an increase in gross profit of the Group in the Current Year.

Adjusted Net Profit (Non-IFRS Measure) and Adjusted Net Profit Margin (Non-IFRS Measure) for the Year

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS, the Group also use adjusted net profit (Non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of items that the management does not consider to be indicative of the Group's operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as it helped the Group's management. However, the Group's presentation of adjusted net profit (Non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the investors should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial conditions as reported under IFRS.

The Group defines adjusted net profit (Non-IFRS measure) as net profit for the year adjusted by adding back share-based payment expenses and Listing expenses. The following table reconciles our adjusted net profit (Non-IFRS measure) for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is net profit for the years:

	Year ended December 31,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Reconciliation of net profit to adjusted net profit (Non-IFRS measure)		
Profit for the year	**880,354**	151,297
Add:		
Share-based payment to employees[1]	**89,981**	98,133
Listing expenses[2]	**–**	34,852
Share-based payments related to Pre-IPO Investments[3]	**–**	628,811
Adjusted net profit (Non-IFRS measure)	**970,335**	913,093

Notes:

(1) Share-based payment to employees, which is non-cash in nature mainly represents the arrangement that the Group receives services from employees as consideration for equity instruments of the Group.

(2) Listing expenses mainly relate to the IPO.

(3) Share-based payments related to Pre-IPO Investments refer to the supplemental agreement of share purchase agreement the Company entered into with certain Pre-IPO investors, pursuant to which the Company issued and sold to these investors a total number of 157,626,890 ordinary shares, at a par value of US$0.00001 of each share, for a consideration of US$1,576.2689 in April 2022.

Adjusted net profit (Non-IFRS measure) of the Group for the year increased by 6.3% from RMB913.1 million in the Previous Year to RMB970.3 million in the Current Year, primarily as the result of an increase in gross profit of the Group and adjusted net profit margin (Non-IFRS measure) of the Group increased from 19.7% to 19.9%, for the respective years.

Dividends

Based on the Group's overall performance, having accounted for, including but not limited to, surplus, overall financial conditions, capital expenditures of the Group in the Current Year, the Board will propose at the forthcoming annual general meeting of the Company to declare a final dividend (the "**Final Dividend**") of RMB0.10 per share as of the end of Current Year (inclusive of tax, amounting to a total Final Dividend of approximately RMB235.1 million), representing approximately 27% of the net profit of the Group for the year ended December 31, 2023. The proposed Final Dividend and the Interim Dividend declared by the Board at the board meeting held on August 29, 2023, totaled RMB517.3 million, representing approximately 60% of the net profit of the Group for the year ended December 31, 2023. Besides, considering that the year of 2023 is the 1st anniversary of the Listing of the Group, the Board will propose to declare a special dividend (the "**Special Dividend**") of RMB0.11 per share (inclusive of tax, amounting to a total Special Dividend of approximately RMB258.6 million), representing approximately 30% of the net profit of the Group for the year ended December 31, 2023. However, the implementation of the Final Dividend and the Special Dividend is subject to the approval of the annual general meeting. The Final Dividend and the Special Dividend are expected to be paid on or about June 28, 2024.

Term Deposits with Initial Term over Three Months, Restricted Cash, Cash and Cash Equivalents and Borrowings

As of the end of Current Year, the sum of term deposits with initial term over three months, restricted cash, cash and cash equivalents of the Group amounted to RMB4,690.5 million, representing an increase of 19.1% as compared with RMB3,939.3 million as of the end of Previous Year, mainly attributable to the cash generated from operating activities during the Current Year. Borrowings of the Group were RMB161.3 million and RMB180.9 million as of the end of Previous Year and Current Year, respectively. Borrowings of the Group were secured bank loans which the Group obtain for the construction of plants and purchase of machinery and equipment.

Inventories

Inventories of the Group decreased by 29.9% from RMB599.3 million as of the end of Previous Year to RMB419.9 million as of the end of Current Year. Inventory turnover days of the Group decreased from 82 days in the Previous Year to 73 days in the Current Year, primarily due to (i) a decrease in raw materials of the Group; and (ii) the increased reserve of finished goods at the end of Previous Year for the Chinese New Year in mid January 2023.

Trade, Other Receivables and Prepayments

Trade receivables of the Group decreased by 22.3% from RMB66.4 million as of the end of Previous Year to RMB51.6 million as of the end of Current Year, primarily because the online retailers placed more orders with the Group in December of Previous Year in anticipation of the Chinese New Year in mid January 2023. The turnover days of trade receivables decreased from 4.9 days in the Previous Year to 4.4 days in the Current Year.

Other receivables of the Group decreased by 38.0% from RMB62.4 million as of the end of Previous Year to RMB38.7 million as of the end of Current Year, primarily due to a decrease in receivables from local government.

Prepayments of the Group increased by 9.0% from RMB111.2 million as of the end of Previous Year to RMB121.2 million as of the end of Current Year, primarily due to an increase in prepayments for consulting services provided by a third-party service provider partially offset by a decrease in prepayments for raw materials and input VAT recoverable.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss of the Group decreased by 67.9% from RMB382.4 million as of the end of Previous Year to RMB122.8 million as of the end of Current Year, because the Group strategically decreased its investments in structured deposits products and fund management products.

Trade and Other Payables

Trade payables of the Group decreased by 12.1% from RMB187.3 million as of the end of Previous Year to RMB164.7 million as of the end of Current Year, primarily due to an increase in purchase from the suppliers in December of Previous Year in anticipation of the Chinese New Year in mid January 2023. The turnover days of trade payables decreased from 26 days in the Previous Year to 25 days in the Current Year.

Other payables of the Group were RMB502.5 million and RMB498.0 million as of the end of Previous Year and Current Year, respectively, which remained relatively stable.

Contract Liabilities and Refund Liabilities

Contract liabilities and refund liabilities of the Group decreased by 8.4% from RMB225.3 million as of the end of Previous Year to RMB206.3 million as of the end of Current Year, primarily because the distributors placed more orders with the Group at the end of Previous Year in anticipation of the Chinese New Year in mid January 2023.

Gearing Ratio

As of the end of Current Year, the gearing ratio of the Group, which is calculated as total interest-bearing borrowings divided by total equity, was 3.2%, as compared with 2.9% as of the end of Previous Year.

Treasury Policy

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

FOREIGN EXCHANGE RISK

The Group mainly operates in China with most of the transactions settled in RMB. The functional currency of the subsidiaries in mainland is RMB, while the functional currency of the Company and subsidiaries outside mainland of China is HKD or USD. Both the entities in and outside mainland of China have assets and liabilities, like cash at bank and other major licensed payment institutions, restricted cash, term deposits with initial term over three months which are denominated in USD and HKD. Foreign exchange risk arises from the fluctuations in exchange rates. The Group has continued to closely track and manage its exposure to fluctuation in foreign exchange rates confronted by the majority of the Group's deposits denominated in foreign currencies.

CONTINGENT LIABILITIES

As of the end of Previous Year and Current Year, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENTS

As of the end of Current Year, the Group had capital commitments for the construction of property, plant and equipment of approximately RMB49.4 million (Previous Year: RMB79.5 million).

PLEDGE OF ASSETS

As of the end of Current Year, the Group has pledged land use right amounting to approximately RMB91.8 million (Previous Year: RMB93.8 million).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investments held, or any material acquisition or disposal of any relevant subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of the Latest Practicable Date, save for the "Future Plans and Use of Proceeds" disclosed in the prospectus of the Company dated December 5, 2022 (the "**Prospectus**"), the Group did not have any existing plans for acquiring other material investments or capital assets.

USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Stock Exchange on December 15, 2022 (the "**Listing Date**"). From the Listing Date to December 31, 2023, the Group progressively utilised the proceeds from the IPO according to the intended use set out in the Prospectus.

The net proceeds from the IPO of the shares of the Company on the Main Board of the Stock Exchange (after deducting underwriting fees and other related expenses) were approximately HK$903.3 million. As of December 31, 2023, the Group utilized total proceeds of approximately HK$328.8 million for the intended purposes set out in the Prospectus, accounting for 36.4% of all raised funds, and the remaining unutilized proceeds were approximately HK$574.6 million.

Intended purposes of net proceeds	Net proceeds from the Listing available *(HK$ million)*	Unutilized net amount as at December 31, 2022 *(HK$ million)*	Actual net amount utilized for the Current Year *(HK$ million)*	Unutilized net amount as at December 31, 2023 *(HK$ million)*	Expected timeline for fully utilizing unutilized net amount	Expected timeline as disclosed in the Prospectus
Production facilities and supply chain system	514.9	507.1	95.5	411.6	2-3 years	3-5 years
Expanding our sales and distribution network	135.5	135.5	118.6	16.9	1 year	3-5 years
Brand building	90.3	80.3	66.4	13.9	1 year	3-5 years
Product R&D activities and enhancement of R&D capabilities	90.3	90.0	15.2	74.8	1-2 years	3-5 years
Advancing the construction of digitization and intelligence	72.3	72.3	14.9	57.4	1-2 years	3-5 years
Total	**903.3**	**885.2**	**310.6**	**574.6**		

Note: Due to rounding, there may be a difference between the sum of the individual sub-values and the total amount. The balance of the proceeds from the IPO will continue to be utilized according to the purposes and proportions disclosed in the Prospectus. The expected time for the full use of the proceeds was earlier than disclosed in the Prospectus, which was mainly due to the Group's reassessment of the business execution plan. In addition, taking into account of the Company's long-term development and changes in the supply of raw materials, the Board of Directors decided to cancel the plan for construction of a new plant in Qujing, Yunnan Province as disclosed in the Prospectus.

GOING CONCERN

On the basis of current financial projections and financing available, the Group has adequate financial resources to continue its operation in the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are carried out primarily in the PRC, while the shares of the Company are listed on the Hong Kong Stock Exchange. The businesses operated by the Group are mainly subject to the laws of PRC and Hong Kong and other relevant jurisdictions. During the year ended December 31, 2023 and as of the date of this announcement, the Group has complied with relevant laws and regulations that have significant impacts on the Group in the applicable jurisdictions. Specifically, as a manufacturer of casual snack food, the Group's operations are subject to the applicable food production, sale and safety laws and regulations, applicable consumer protection laws and regulations and competition law, and applicable environmental protection laws and regulations. In the Current Year, the Group did not have any material non-compliance with such laws and regulations.

HUMAN RESOURCES AND REMUNERATION POLICY

As at December 31, 2023, the total number of employees of the Group was 6,079, and the total employee benefits (including directors' remuneration) amounted to approximately RMB985.4 million in the Reporting Period. We always believe that the Group's long-term growth depends on the expertise and capability of our employees. We proactively optimize the talent selection and cultivation system in order to improve the general competitiveness of our employees and their sense of belongings to the Group.

The human resources are one of the Group's most important assets and the key to the continuous growth of the Group's business. The Group's remuneration policy is determined by the salary levels in different regions, employee rank and performance and the market conditions. Apart from basic remuneration, for all employees in Chinese Mainland, the Group makes contributions towards employee mandatory social security schemes including pensions, unemployment compensation, work-related injury insurance, maternity insurance and medical insurance in accordance with the applicable laws and regulations of Chinese Mainland. The Group also makes contributions towards housing provident fund schemes for employees in Chinese Mainland as required by applicable local laws and regulations in Chinese Mainland. For employees in Hong Kong and other countries, the Group also makes contributions towards relevant insurance schemes, pension schemes and provident fund as required by applicable local laws and regulations. Besides, performance bonus and other incentive systems are established, performance bonuses are paid based on the Group's revenue and profit targets as well as the performance of the organization in which the employee works and the performance of the individual employee, to recognize and encourage organizations and employees which have made outstanding contributions to the Group's business. Generally, a remuneration review is conducted annually to make sure that the overall remuneration policy is competitive.

In order to incentivize and reward our directors, members of senior management and other employees who have contributed to the development of the Group, the restricted share unit scheme (the "**RSU Scheme**") was approved and adopted by the Board on January 1, 2021 and March 21, 2024 (the "**Dates of Adoption**") respectively. The RSU Scheme shall be valid and effective for the period of ten (10) years commencing on the Dates of Adoption.

For details of the employee incentive scheme, please refer to the Prospectus published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.weilongshipin.com) and the 2023 annual report of the Company which is expected to be published by the end of April 2024.

The details of the incentive shares granted to the employees under the grant proposal will be published in the 2023 annual report of the Company, which is expected to be published by the end of April 2024.

OUTLOOK

In line with the mission to "let the world fall in love with Chinese flavors", the vision to "make authentic Chinese gourmet more entertaining, casual, convenient and affordable, embrace digital-intelligentization and ultimately build a great business that brings joy and happiness to people for 123 years", and the value of "customers first, employee oriented, operating business with integrity and creating changes", the Group continues to build a leading company in the spicy snack food industry, thus providing more value to its customers, employees, and consumers.

Looking ahead, the Group will continuously strengthen brand building, actively build its brand recognition advantage, and obtain profound consumer insights. Oriented by consumers' needs and experiences, the Group will actively explore the penetration of consumers' minds through brand activities centering around young consumers as well as enhancing the refined operation of online content e-commerce platforms, social e-commerce platforms and other channels with consumer flows, so as to continuously enhance the Group's brand awareness and reputation.

The Group will continue to invest in product development and quality improvement. In order to provide better products and services to consumers, we have introduced our new products into the market immediately after their launch during the Current Year. These innovative products not only enrich our product portfolio, but also strengthen the Group's position in the spicy snack food industry. We believe that continuous innovation, breakthroughs and keeping pace with the times are the key factors to success in business growth.

Meanwhile, the Group will continue to strengthen its online and offline omni-channel development strategy. The rapid development of snack specialty retailers and Douyin e-commerce platform has brought new development opportunities for snack food enterprises. As the competition is intense, the Group will proactively take corresponding measures and reinforce its omni-channel construction. On the one hand, the Group will focus on enhancing the operational efficiency of traditional distribution channels and the implementation quality of stores. On the other hand, the Group will intensify collaborations with the system of snack specialty retailers and continue to expand into stores in the system of snack specialty retailers. Furthermore, emphasis will be placed on bolstering online omni-channel construction. By refinedly operating traditional e-commerce platforms and expanding into emerging content e-commerce platforms, the Group will cater to different consumer needs, thereby improving omni-channel operation and omni-channel brand influence.

In addition, to seize the opportunities brought by channel changes, the Group will continue to enhance its supply chain capabilities to better meet the demand of customers and the end market. The Group will continue to improve its R&D capabilities and organizational capabilities, and strengthen the construction of digital intelligence in order to improve its overall operational efficiency.

Finally, the Group will stay true to its original aspiration and mission, and strive to maximize returns for consumers, clients, shareholders, investors, employees and the society.

DIVIDEND

Relevant resolution has been passed at a meeting of the Board held on March 21, 2024, and the Board proposed the distribution of a Final Dividend of RMB0.10 (tax inclusive) per share for the year ended December 31, 2023, with a total amount of approximately RMB235.1 million, and a Special Dividend of RMB0.11 (tax inclusive) per share, with a total amount of approximately RMB258.6 million. The distribution of such Final Dividend and Special Dividend is subject to approval by shareholders of the Company at the annual general meeting. The dividend is expected to be paid on or about June 28, 2024.

The Company will not be liable for any claim or dispute over the withholding mechanism arising from any delay in, or inaccurate determination of the status of the shareholders. The Board is not aware of any shareholders who have waived or agreed to waive any dividend.

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that our Board considers appropriate. Distribution of dividends is subject to the discretion of our Board and, if necessary, the approval of our shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial conditions, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

Subject to applicable laws and regulations, our dividend policy is to distribute to our shareholders no less than 25% of our distributable profits for any particular year after the Listing. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that the Company and our subsidiaries have entered into or may enter into in the future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will depend on the availability of dividends received from our subsidiaries and other reserves lawfully available for distribution. Our shareholders may approve any declaration of dividends in a general meeting, which must not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

SUBSEQUENT SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The Board is not aware of any material event requiring disclosure, that has taken place subsequent to December 31, 2023 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, June 6, 2024. A notice convening the annual general meeting of the Company will be published in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, June 3, 2024 to Thursday, June 6, 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend the annual general meeting and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, May 31, 2024.

The register of members of the Company will also be closed from Thursday, June 13, 2024 to Monday, June 17, 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to receive the Final Dividend and Special Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, June 12, 2024.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As of the Current Year, none of the Company or its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

As of December 31, 2023 and the date of this announcement, the Audit Committee of the Company consists of three independent non-executive directors, namely Mr. ZHANG Bihong, Ms. XU Lili and Ms. XING Dongmei. Mr. ZHANG Bihong currently serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to inspect, review and supervise financial data and reporting process for financial data of the Company. The Audit Committee has reviewed the consolidated annual results of the Group for the year ended December 31, 2023 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Ernst & Young on this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE SET OUT IN APPENDIX C1 TO THE LISTING RULES

The Company is committed to the best practices on corporate governance. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") under Appendix C1 to the Listing Rules, and had complied with all applicable code provisions as set out in the CG Code for the year ended December 31, 2023.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX C3 TO THE LISTING RULES

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 code of conduct regarding the directors' dealings in the securities of the Company.

After making specific enquiries with all directors, all of them confirmed that they had complied with the provisions set out in the Model Code for the year ended December 31, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (https://www.weilongshipin.com), and the 2023 annual report of the Company will be published on the aforementioned websites in due course.

By order of the Board
WEILONG Delicious Global Holdings Ltd
LIU Weiping
Chairman

Hong Kong, March 21, 2024

As of the date of this announcement, the executive directors of the Company are Mr. LIU Weiping, Mr. LIU Fuping, Mr. SUN Yinong, Mr. PENG Hongzhi, Mr. LIU Zhongsi and Mr. CHEN Lin, and the independent non-executive directors of the Company are Ms. XU Lili, Mr. ZHANG Bihong and Ms. XING Dongmei.