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## **BILLION INDUSTRIAL HOLDINGS LIMITED**

**百宏實業控股有限公司**

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

**(Stock Code: 2299)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 amounted to RMB17,755.5 million, representing an increase of 14.1% compared to the year ended 31 December 2022.
- Profit for the year ended 31 December 2023 amounted to RMB353.4 million, representing a decrease of 46.1% compared to the year ended 31 December 2022.
- Earnings per share for the year ended 31 December 2023 amounted to RMB0.17 (2022: RMB0.31).

The board (the “**Board**”) of directors (the “**Directors**”) of Billion Industrial Holdings Limited (the “**Company**”) is pleased to announce the consolidated results for the year ended 31 December 2023 of the Company and its subsidiaries (collectively the “**Group**”), together with comparative figures for the previous year, as follows:

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>2023</b> <b>RMB’000</b>	2022 RMB’000
<b>Revenue</b>	2	<b>17,755,491</b>	15,564,988
Cost of sales		<u>(16,705,432)</u>	<u>(14,141,043)</u>
<b>Gross profit</b>		<b>1,050,059</b>	1,423,945
Other revenue	3	<b>440,992</b>	540,200
Other net gains and (losses)	4	<b>(79,673)</b>	(106,831)
Selling and distribution expenses		<b>(234,077)</b>	(264,177)
Administrative expenses		<u>(645,784)</u>	<u>(632,026)</u>
<b>Profit from operations</b>		<b>531,517</b>	961,111
Finance costs	5	<u>(120,184)</u>	<u>(216,310)</u>
<b>Profit before tax</b>	5	<b>411,333</b>	744,801
Income tax expenses	6	<u>(57,935)</u>	<u>(88,983)</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>353,398</b></u>	<u>655,818</u>
<b>Earnings per share</b>	8		
Basic and diluted (RMB)		<u><b>0.17</b></u>	<u>0.31</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit for the year attributable to owners of the Company</b>	<b>353,398</b>	655,818
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Translation of the Company's financial statements into presentation currency	2,052	12,401
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on consolidation	50,138	55,319
<b>Total other comprehensive income for the year</b>	<b>52,190</b>	67,720
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>405,588</b>	723,538

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2023	2022
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>12,794,492</b>	12,322,233
Intangible assets		<b>5,834</b>	7,378
Deposits and prepayments	<i>10</i>	<b>174,742</b>	402,055
		<b>12,975,068</b>	12,731,666
<b>Current assets</b>			
Inventories	<i>9</i>	<b>4,474,770</b>	4,011,391
Trade and other receivables	<i>10</i>	<b>3,241,181</b>	2,886,168
Financial assets at FVPL	<i>11</i>	<b>32,386</b>	96,065
Restricted bank deposits	<i>12</i>	<b>5,386,905</b>	6,517,348
Cash and cash equivalents	<i>13</i>	<b>158,138</b>	231,620
		<b>13,293,380</b>	13,742,592
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>14,729,736</b>	15,386,124
Contract liabilities		<b>343,554</b>	153,162
Bank loans	<i>15</i>	<b>417,078</b>	758,870
Lease liabilities		<b>873</b>	1,082
Tax payable		<b>58,550</b>	57,734
		<b>15,549,791</b>	16,356,972
<b>Net current liabilities</b>		<b>(2,256,411)</b>	(2,614,380)
<b>Total assets less current liabilities</b>		<b>10,718,657</b>	10,117,286

	<i>Note</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans	<i>15</i>	<b>283,538</b>	101,567
Lease liabilities		<b>2,273</b>	3,156
Deferred tax liabilities		<b>201,586</b>	185,686
		<u><b>487,397</b></u>	<u>290,409</u>
<b>NET ASSETS</b>		<u><b>10,231,260</b></u>	<u>9,826,877</u>
<b>Capital and reserves</b>			
Share capital		<b>17,816</b>	17,819
Reserves		<b>10,213,444</b>	9,809,058
<b>TOTAL EQUITY</b>		<u><b>10,231,260</b></u>	<u>9,826,877</u>

## 1. MATERIAL ACCOUNTING POLICIES

### Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The functional currency of the Company is Hong Kong Dollars (“HK\$”). The consolidated financial statements are presented in Renminbi (“RMB”) as the functional currency of the Group’s major operating subsidiaries is RMB. All amounts have been rounded to the nearest thousand, unless otherwise stated.

A summary of the significant accounting policies adopted by the Group is set out below.

The measurement basis used in the preparation of the consolidated financial statements is historical cost except for financial assets at fair value through profit or loss (“FVPL”) which are stated at fair value.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current financial reporting period as detailed below.

### Going concern

At 31 December 2023, the Group recorded net current liabilities of approximately RMB2,256,411,000 (2022: *approximately RMB2,614,380,000*). Based on the estimation of the future cash flows of the Group, after taking into account of (i) the bank balances and cash at 31 December 2023; and (ii) the confirmed and indicated credit commitments from financial institutions, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operation and meet the obligation for its liabilities for the twelve months from the end of the reporting period of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## **Adoption of new/revised HKFRSs**

The Group has applied, for the first time, the following new/revised HKFRSs:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

### ***Amendments to HKAS 1: Disclosure of Accounting Policies***

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements.

### ***Amendments to HKAS 8: Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

### ***Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

### ***Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules***

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and sales of polyester filament yarns products, polyester products\*, polyester industrial yarns products and ES fiber products. The Group has only one reportable operating segment. The Group's most senior executive management reviews the Group as a whole and internal reports including only revenue analysis by product types and no other discretionary information is prepared for resource allocation and performance assessment. Therefore, no operating segment information is presented.

### Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). Disaggregation of revenue from contracts with customers by major products is as follows:

	2023 RMB'000	2022 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<u>Disaggregated by major products lines</u>		
Polyester filament yarns products	8,712,597	8,022,664
Polyester products*	7,182,898	5,636,081
Polyester industrial yarns products	1,751,412	1,812,110
ES fiber products	108,584	94,133
	<u>17,755,491</u>	<u>15,564,988</u>
<u>Disaggregated by geographical location of customers</u>		
The People Republic of China (the "PRC")	13,512,221	11,787,250
Vietnam	824,737	995,747
Others	3,418,533	2,781,991
	<u>17,755,491</u>	<u>15,564,988</u>

The Group's customer base is diversified. No individual customer had transactions which exceeded 10% of the Group's aggregate revenue for the years ended 31 December 2023 and 2022.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time during the years ended 31 December 2023 and 2022.

\* *Polyester products represent biaxially-oriented polyethylene terephthalate ("BOPET") thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.*

## Geographical information

The following table sets out information about the geographical location of the Group's property, plant and equipment (including right-of-use assets), intangible assets and deposits and prepayments ("Specified Non-current Assets"). The geographical location of the Specified Non-current Assets is presented based on the physical location of the assets or the location of operation.

### Location of the Specified Non-current Assets

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
The PRC	<b>10,286,868</b>	10,041,892
Vietnam	<b>2,647,029</b>	2,647,913
Hong Kong	<b>41,171</b>	41,861
	<b>12,975,068</b>	12,731,666

### 3. OTHER REVENUE

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Bank interest income	<b>209,975</b>	277,161
Government grants ( <i>Note</i> )	<b>166,898</b>	212,340
Sales of raw materials	<b>59,630</b>	46,733
Others	<b>4,489</b>	3,966
	<b>440,992</b>	540,200

*Note:*

In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants.

#### 4. OTHER NET GAINS AND (LOSSES)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Donation	(219)	(164)
Exchange loss, net	(43,100)	(26,834)
(Loss) Gain on disposal of property, plant and equipment, net	(387)	2,673
Unrealised gain (loss) on financial instruments at FVPL, net		
– Other financial assets	–	(4,496)
– Contracts for financial instruments at FVPL	2,911	7,000
Realised gain (loss) on financial instruments at FVPL, net		
– Other financial assets	91	–
– Contracts for financial instruments at FVPL	(30,647)	(86,227)
Others	(8,322)	1,217
	<u>(79,673)</u>	<u>(106,831)</u>

#### 5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting):

##### (a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on bank loans	36,949	45,925
Interest on lease liabilities	213	250
Other interest expenses	101,563	201,662
	<u>138,725</u>	<u>247,837</u>
Total finance costs	138,725	247,837
Less: Capitalised into construction in progress ( <i>Note (i)</i> )	(18,541)	(31,527)
	<u>120,184</u>	<u>216,310</u>

##### (b) Staff costs (including directors' emoluments)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages, allowances, bonus and other benefits	561,007	525,126
Contributions to defined contribution retirement plan ( <i>Note (ii)</i> )	24,384	19,479
	<u>585,391</u>	<u>544,605</u>

(c) Other items

	2023 RMB'000	2022 RMB'000
Amortisation of intangible assets (included in “Administrative expenses”)	1,544	1,964
Auditor’s remuneration		
– audit services	1,593	1,697
– non-audit services	351	179
Cost of inventories ( <i>Note (iii)</i> )	16,705,432	14,141,043
Depreciation (included in “Cost of sales” and “Administrative expenses” as appropriate)		
– property, plant and equipment	753,545	691,993
– right-of-use assets	25,846	23,931
Loss allowance on trade receivables, net	8,812	9,447
Research and development costs ( <i>Note (iv)</i> )	455,857	435,055

*Notes:*

- (i) The borrowing costs have been capitalised at a rate of 2.57% (2022: 2.75%) per annum for the year ended 31 December 2023.
- (ii) For the years ended 31 December 2023 and 2022, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group’s existing level of contributions to the relevant defined contribution retirement plans.
- (iii) For the year ended 31 December 2023, cost of inventories included approximately RMB1,077,255,000 (2022: approximately RMB939,374,000) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.
- (iv) For the year ended 31 December 2023, research and development costs included approximately RMB148,189,000 (2022: approximately RMB159,684,000) relating to staff costs and depreciation, which were included in the respective amounts as disclosed above.

## 6. INCOME TAX EXPENSES

	2023 RMB'000	2022 RMB'000
<b>Current tax</b>		
PRC Corporate Income Tax (“CIT”)		
Current year	41,292	84,100
<b>Withholding tax</b>		
Withholding tax on dividends	743	251
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>15,900</u>	<u>4,632</u>
	<u><u>57,935</u></u>	<u><u>88,983</u></u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the Laws of the PRC on CIT (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

In accordance with the relevant CIT Law, regulations and implementation guidance notes, the subsidiaries in the PRC, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.\* (福建百宏聚纖科技實業有限公司) (“Billion Fujian”) and Fujian Billion High-tech Material Industry Co., Ltd.\* (福建百宏高新材料實業有限公司) (“Billion High-tech”) were approved to be the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2021 to 2023 and from 2023 to 2025, respectively, which entitles Billion Fujian and Billion High-tech to a reduced CIT tax rate at 15% during the valid period under the new tax law and its relevant regulations.

Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the year ended 31 December 2023. Hong Kong Profits Tax has not been provided for the year ended 31 December 2022 as the Group incurred a loss for taxation purpose in Hong Kong.

\* *The English translation of the name is for reference only.*

From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. The Group had obtained the certificates of Hong Kong tax residents from the Inland Revenue Department of Hong Kong, which are effective until 2024. Withholding tax on dividend represents tax charged by the PRC tax authority on dividends distributed by the Group’s subsidiaries in the PRC for the years ended 31 December 2023 and 2022.

The standard corporate income tax rate in Vietnam is 20%. The provisions of the Investment Registration Certificate of Billion Industrial (Viet Nam) Co., Ltd. (“Billion Vietnam”), the subsidiary in Vietnam, allow Billion Vietnam to be exempted from income tax for 2 years starting from the first year it generates taxable profit and entitled to a 50% reduction in income for the 4 succeeding years. The above exemption and reduction are not applicable to other income. As Billion Vietnam generated taxable profit for the first year in 2021, Billion Vietnam is exempted from Vietnam CIT for the year ended 31 December 2021. For the years ended 31 December 2023 and 2022, Vietnam CIT has not been provided as Billion Vietnam incurred a loss for taxation purpose.

## **7. DIVIDENDS**

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: Nil).

## 8. EARNINGS PER SHARE

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

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit:</b>		
Profit attributable to owners of the Company used for the purpose of basic earnings per share	<u><b>353,398</b></u>	<u>655,818</u>
	<b>2023</b>	2022
<b>Number of shares:</b>		
Issued ordinary shares at 1 January	<b>2,118,986,000</b>	2,118,986,000
Effect of shares repurchased and cancelled	<u><b>(163,463)</b></u>	<u>—</u>
Weighted average number of ordinary shares	<u><b>2,118,822,537</b></u>	<u>2,118,986,000</u>

There were no dilutive potential ordinary shares during the years ended 31 December 2023 and 2022, and therefore, diluted earnings per share is the same as the basic earnings per share.

## 9. INVENTORIES

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	<b>536,728</b>	672,260
Work in progress	<b>239,640</b>	106,923
Finished goods	<u><b>3,698,402</b></u>	<u>3,232,208</u>
	<u><b>4,474,770</b></u>	<u>4,011,391</u>

## 10. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables from third parties	927,366	963,060
Less: Loss allowance	<u>(27,849)</u>	<u>(19,033)</u>
	899,517	944,027
Bills receivables from third parties	<u>274,553</u>	<u>319,002</u>
	<u>1,174,070</u>	<u>1,263,029</u>
Deposits and prepayments for acquisition of interests in leasehold land and property, plant and equipment	174,514	401,847
Prepayments on raw materials	1,585,068	749,830
Interest receivables	327,770	298,623
Value-added tax recoverable	79,715	479,232
Deposits, prepayments and other receivables	<u>74,786</u>	<u>95,662</u>
	2,241,853	2,025,194
Less: Non-current portion – deposits and prepayments	<u>(174,742)</u>	<u>(402,055)</u>
	<u>2,067,111</u>	<u>1,623,139</u>
	<u><u>3,241,181</u></u>	<u><u>2,886,168</u></u>

All of the trade and other receivables that are classified as current assets are expected to be recovered or recognised as expenses within one year.

At 31 December 2023, the Group had discounted bank acceptance bills totalling approximately RMB3,223,347,000 (2022: approximately RMB5,652,298,000) and endorsed bank acceptance bills totalling approximately RMB67,764,000 (2022: approximately RMB92,169,000), which are derecognised as financial assets (the “Derecognition”). These bank acceptance bills matured within one year from date of issue. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. During the year ended 31 December 2023, the loss arising from the Derecognition was approximately RMB5,946,000 (2022: approximately RMB9,854,000).

Non-current portion of deposits and prepayments mainly represents deposits and prepayments for acquisition of interests in leasehold land and property, plant and equipment.

Current portion of deposits, prepayments and other receivables mainly represents prepayments on raw materials, interest receivables from deposits with banks and value-added tax recoverable.

### Ageing analysis

At the end of the reporting period, the ageing analysis of trade receivables and bills receivables (which are included in “trade and other receivables”), based on the date of billing and net of loss allowance for ECL, is as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 month	<b>1,152,588</b>	1,262,348
1 to 2 months	<b>14,299</b>	681
2 to 3 months	<b>5,384</b>	–
Over 3 months	<b>1,799</b>	–
	<b><u>1,174,070</u></b>	<u>1,263,029</u>

Trade receivables and bills receivables are due within 30 to 210 days (2022: 30 to 210 days) and 1 to 365 days (2022: 1 to 365 days), respectively, from the date of billing.

## 11. FINANCIAL ASSETS AT FVPL

Details of financial instruments represented by financial assets at FVPL are set out as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Unlisted wealth management products ( <i>Note (i)</i> )	–	50,000
Contracts for financial instruments at FVPL ( <i>Note (ii)</i> )	<b>32,386</b>	46,065
	<b>32,386</b>	96,065

*Notes:*

- (i) At 31 December 2022, the Group invested in unlisted wealth management products issued by a bank in the PRC with the aggregate principal amounts of RMB50,000,000. These unlisted wealth management products comprised of listed and unlisted debt securities, funds and other financial products. There are no fixed or determinable returns of the wealth management products and the returns of principal are not guaranteed. During the year ended 31 December 2023, the unlisted wealth management products were fully redeemed.
- (ii) At 31 December 2023, the Group had outstanding commodity futures contracts with underlying nominal values of approximately RMB435,960,000 (*2022: approximately RMB480,219,000*).
- (iii) At 31 December 2023, the Group had outstanding foreign currency forward contracts of approximately RMB98,562,000 (*2022: Nil*) entered into with a bank in the PRC. In the opinion of the Group's management, no significant realised and unrealised fair value gain or loss has been arising for the foreign currency forward contracts with reference to the quote from the bank.

## 12. RESTRICTED BANK DEPOSITS

The restricted bank deposits of approximately RMB222,057,000 (*2022: approximately RMB582,690,000*) and approximately RMB5,164,848,000 (*2022: approximately RMB5,934,658,000*) were pledged to the banks to secure certain bank loans (*Note 15*) and bills payables (*Note 14*), respectively.

## 13. CASH AND CASH EQUIVALENTS

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Bank balances and cash	<b>158,138</b>	231,620

At 31 December 2023, cash at bank balances were placed with banks in the PRC amounted to approximately RMB86,968,000 (*2022: approximately RMB171,890,000*). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

#### 14. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade payables	<b>2,327,575</b>	1,907,623
Bills payables	<b>11,707,191</b>	12,748,674
Other payables and accrued charges	<b>316,593</b>	223,792
Salaries and welfare payables	<b>48,109</b>	43,765
Interest payables	<b>6,887</b>	15,600
Equipment payables	<b>27,301</b>	88,231
Construction payables	<b>108,970</b>	92,054
Accrued land cost	<b>4,453</b>	64,211
Other tax payables	<b>182,657</b>	202,174
	<b><u>14,729,736</u></b>	<u>15,386,124</u>

All of the trade and other payables are expected to be settled within one year or repayable on demand.

At 31 December 2023, bills payables carry interest rate at 0.90% to 2.65% (2022: 0.99% to 2.48%) per annum and certain bills payables were secured by restricted bank deposits (Note 12).

The Group is normally allowed with a credit term of 60 to 180 days by its suppliers. At the end of the reporting period, the ageing analysis of trade payables and bills payables (which are included in “trade and other payables”), based on the invoice date/issue date, is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>5,458,446</b>	4,189,117
More than 3 months but within 6 months	<b>4,796,134</b>	3,803,830
More than 6 months but within 1 year	<b>3,711,238</b>	6,662,854
More than 1 year	<b>68,948</b>	496
	<b><u>14,034,766</u></b>	<u>14,656,297</u>

## 15. BANK LOANS

At the end of the reporting period, the bank loans were repayable as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within 1 year or on demand	<u>417,078</u>	<u>758,870</u>
After 1 year but within 2 years	<b>2,467</b>	98,588
After 2 years but within 5 years	<u>281,071</u>	<u>2,979</u>
	<u><b>283,538</b></u>	<u>101,567</u>
	<u><b>700,616</b></u>	<u>860,437</u>

At the end of the reporting period, the bank loans were secured as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Secured bank loans	<u><b>700,616</b></u>	<u>860,437</u>

At 31 December 2023, the secured bank loans are collectively secured by:

- (i) restricted bank deposits amounted to approximately RMB222,057,000 (2022: approximately RMB582,690,000) (Note 12);
- (ii) building held for own use with net carrying amount of approximately RMB40,919,000 (2022: approximately RMB41,611,000); and
- (iii) corporate guarantee given by the Billion Fujian and Billion High-tech (2022: the Company, Billion Fujian and Billion High-tech) to the extent of approximately RMB1,509,238,000 (2022: approximately RMB780,553,000).

The ranges of effective interest rates on the Group's bank loans are as follows:

	<b>2023</b>	2022
	%	%
Fixed rate bank loans	<b>2.00 – 2.55</b>	2.35 – 2.45
Variable rate bank loans	<b>5.58</b>	1.10 – 4.79

## 16. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2023 and 2022 not provided, net of any deposits paid, for in the consolidated financial statements were as follows:

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Authorised but not contracted for	–	514,684
Contracted for	<b>234,793</b>	563,898
	<b>234,793</b>	1,078,582

## MANAGEMENT DISCUSSION AND ANALYSIS

### CHANGES IN MACRO-ECONOMIC ENVIRONMENT

In 2023, the impact of the novel coronavirus (the “**COVID-19**”), Russia-Ukraine and Israeli-Palestinian wars, global interest rate hikes, and the delicate moment in the Sino-US relation have had an impact on the global economic landscape. However, as the COVID-19 largely passed, together with policies implemented to boost consumption, the markets and industries started to gradually resume their business operation and production. The global economy began to show signs of recovery from the impacts of the epidemic. The impact of the pandemic on China economy was temporary and unable to change the promising prospect of China’s economy to expand stably in long term. From January 2023 to December 2023, the profit of industrial enterprises of larger scale exceeded RMB7.6 trillion, representing a year-on-year decrease by approximately 2.3%. In face of the adversely affected business activities in global trade, many countries around the world have been proposing or enhancing their economic stimulus policies to cope with economic downturn and rising unemployment brought by the epidemic. The progress of global stable recovery largely depends on the sustainability and effectiveness of various economic stimulus policies and the improvement of the world economic governance.

In addition, with improved fiscal and currency policy, global economy is expected to improve gradually by 2024, and China is striving for the stable economic development, which further helps the people’s access to services and goods, so as to stimulate consumption.

## INDUSTRY REVIEW

The textile and apparel industry employs a large number of workers and plays an important role in ensuring the employment of residents, protecting the market players and stabilizing the supply chain of the industry chain. In 2023, China's textile industry faced an increasingly complicated external environment. The increasing risk points of the global economy and the domestic structural issues have brought impacts on the textile and apparel industry. Despite those adverse impacts, the development trend of China's macro economy will remain positive in long term due to its continuing effort to stabilize growth for the domestic macro-economic policies. In recent years, China's textile industry has seen the trend of growing export of textile machinery and chemical fibers with higher technology content and added value. Trade tensions may accelerate the adjustment of the industry. As the Chinese government promulgated various anti-epidemic support measures to ease the operating pressure of the textile enterprises, the textile industry will develop under the general keynote of seeking progress while maintaining stability. PRC government promulgated multiple supporting policies to transform textile industry and enhance its competitiveness, including but not limited to: (i) the Textile Industry the Development Planning (2016–2020) (《紡織工業發展規劃(2016–2020)》) under which there are six measures including enhancing the industry's innovation ability, fully implementing "Three Quality" strategy, promoting the intelligent manufacturing of textile, accelerating green development progress, promoting regional coordinative development and improving enterprises' comprehensive strength; (ii) the Development Outline of Textile Industry for the 14th Five Year Plan (《紡織行業「十四五」發展綱要》) which highlighted the textile industry shall satisfy, lead and create domestic demand by supplying high-quality product and fulfill the people's hope for a better life; and (iii) Made in China 2025 (《中國製造2025》) which aims to comprehensively upgrade manufacturing industry to make it further pursue efficiency and integration so as to rank top in the global production chain.

With the order in economy and people's lives recovering and the proper support of government's policy to stimulate local consumption, the sales in domestic market of textile industry recovered in every quarter. With the progressively rebound of demands in overseas market, the enterprises in China textile industry already show a sign of stable restoration. According to the data from the National Bureau of Statistics of China, for the twelve months ended 31 December 2023, the total operating revenue and profit of the industrial enterprises of larger scale in the textile industry are approximately RMB2,287.9 billion and RMB84 billion respectively. According to the data from the National Bureau of Statistics of China, the raw material price of textile products decreased by approximately 3.0% on a year-on-year basis from January 2023 to December 2023 in general.

## BUSINESS REVIEW

With the mission of “providing eco-friendly products for the public, aspiring to be the world’s premier supplier of consumer product materials”, the Group implements the operation philosophy of “creating green products”. In order to achieve “technology innovation and improving competitive strength”, the Group persists in pursuing the technology innovation in a comprehensive approach addressing “Production, Learning, Research and Application”. The Group formulates the deepened reform proposal through technology improvement, technology innovation, product mix optimization and recruiting innovative talents, strives to research and develop new products and enhance product added value, and improves brand values and market competitiveness of the Company. As a “High Technology Enterprise” and the “Pilot Demonstration Enterprise of Intelligent Manufacturing in Fujian Province”, the Group is the first enterprise pioneering in the application of the full process intelligent automatic production in the industry. The Group leverages on the digitalization, networking and modularization of automatic equipment to keep on improving its products’ quality and production volume. During the epidemic, the Group showed great resilience to risks. Benefiting from technologies and equipment such as intelligent transformation, intelligent production, intelligent packaging and intelligent storage, our production was less impacted by the epidemic. The Group’s production lines of each workshop continued to run at full speed during the critical period of the first outbreak of the epidemic when manpower was largely limited. The capability of maintaining operation benefits from the automation, which proves that our forward-looking decision made years ago to carry out intelligent transformation, and also reinforces the Group’s determination towards further intelligent upgrade.

The Group attaches great importance to the introduction and cultivation of talents and has adopted the talent strategy of “recruiting employees with due care and connecting people with heart (招人留心、用人連心)” which attracts more talented individuals to join the business. We established a talents practice base in cooperation with Donghua University, and we have become an enterprise with excellent research and development talents. The Group has a research and development team, comprising a large number of senior technicians from all around the country, to develop new products under a market-oriented approach. The Group also has a sizable quality control team equipped with the world class testing facilities to ensure stringent product quality and personalized quality service.

The management team of the Group applied scientific management software to achieve networking and informatization of the management during the course of production, to allocate production among various products and to allocate equipment between production and research and development to maximize the utilization of production capacity. The scientific production management process enhanced the production efficiency of the Group, which enabled the Group to constantly launch new products on time targeting at market demand with a view to increasing the strengths of product differentiation. Our ES fiber project successfully commenced production on 27 June 2020. ES fiber is a kind of bicomponent skin-core structure composite fiber where the skin component has a low melting point and good flexibility and the core component has a high melting point and high strength. After heating, a portion of the skin component will be melted and bonded together, and the rest maintains the fiber properties while enjoying a low thermal shrinkage rate. It is particularly suitable for use in through air drying process to manufacture products such as sanitary materials, thermal filling materials and filtration materials. With respect to model selection and main equipment installation, our ES fiber project adopts German facilities. The excellent equipment largely ensures the Group's product innovation and technological innovation. The Group targets at the high-end customers to provide them with high-end customized products according to their demand, as a gradual process to enter into the international high-end market. Moving forward, the Group expects more promising prospects for the ES fiber business as to demand and application. High value-added products can generate higher profits, which will also consolidate the position of the Group in the industry.

The Group manufactures functional polyester thin films project of 255,000 tons in production site G on an annual basis, of which, 2 of the production lines focused on the production of polyester thin films, with an annual capacity of 70,000 tons, were duly put into production in December 2020. The project adopts international advanced polyester production process with six biaxially-oriented polyester thin films production lines of the latest model purchased from Dornier in Germany, equipped with the cutting machines in KAMPF of Germany, and 9 APET sheet production lines. By virtue of the automatic control in the whole process of production, the implementation of purification management in production workshops, and the smooth operation and stability of the equipment and the production lines, we can manufacture thin films of larger span, which can satisfy more customers' needs and ensure the quality of various products. Positioning at high-end functional polyester thin films market at home and abroad, the products can be mainly applied in the segments including soft packaging, composite printing, garments, safety and energy saving, cosmetics, food packaging, toys, electronic products including solar backplane, protective film and release film. Due to the prosperous market conditions in the thin films market this year and wide market potential, there have been advanced orders placed by our customers prior to the commencement of commercial production of the project. Relying on the entire supply chain platform of the Group and mature technology management team, the products will serve customers in all respects with a focus on high quality, high starting point and specialization. The production of the project will allow the Group to double the production capacity of its existing polyester thin films and APET sheet and strengthen its market position as a large polyester thin films manufacturer in China.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The expected annual production capacity is about 300,000 tons and it has been put into commercial production gradually in July 2023. In addition, the production line for polyester thin films established by the Group with a planned investment of approximately US\$320 million over a period of four years from 2020 to 2023 has been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After more than one year of planning and construction, the manufacturing facilities of polyester industrial yarns, which has an annual production capacity of approximately 250,000 tons, commenced operation in July 2022. The Group has been committed to constructing its polyester industrial yarns products with the belief of “high quality, high starting point, specialization, and serving various fields”. The Group adopts world-class advanced polyester process in its production by introducing the latest high-speed spinning winder of Oerlikon Barmag (a German brand), which can produce a full range of products including ordinary high-strength, low-shrink, ultra-low-shrink, activated, anti-wicking and water-repellent, car seat belt wear resistant and special sewing thread and non-ferrous type, as complemented by the plied and twisted lines and twisting device to enrich the product structure. Meanwhile, the Group is equipped with the whole-process intelligent production and management from the latest intelligent winding, product inspection, packaging to storage, together with the optimized application of Oerlikon Barmag’s automation solution. The Group is also among the top ten polyester industrial yarns manufacturers in China. The project has led the Group to expand the business of polyester industrial yarns products, marking another milestone towards the whole industry chain layout of the Group. We gradually acquire expertise in the direction of customer flow, information flow and capital flow in the industry. Meanwhile, the Company continues to strengthen its publicity efforts to further enhance our reputation for polyester industrial yarns products, and proactively deepens understanding of customers’ needs for polyester industrial yarns prices, functions and services. The Group will continue to provide customers with high-end quality products and gradually take the lead in the market.

The Group had signed a 5G new technology strategic cooperation with China Mobile, to jointly explore development opportunities in the 5G business sector by further leveraging the unique advantages of both parties. The Group’s commissioning of 5G smart factories has eased the pressure caused by rising labor costs, improved production efficiency, and promoted high-quality development in digital, intelligent, and flexible aspects with reform and innovation. As the first 5G intelligent chemical factory in the chemical fiber industry in the country, the Group and China Mobile cooperate in the fields of intelligent manufacturing, 5G data acquisition and transmission, high-precision positioning, visual recognition, network security, etc., to expand 5G industrial Internet application scenarios and achieve mutual benefit and win-win results.

As a leading enterprise in Fujian Province, the Group has been dedicated to building the front-end platform for foreign economic and trading cooperation in recent years. In active response to the national call, the Group decided to invest in Vietnam to build a polyester factory as early as 2016. On 3 May 2020, the Group officially commenced the second project, i.e. the “polyester bottle chips project with an annual production capacity of 250,000 tons”, under phase I of the Group’s investment in and construction of the “700,000-ton differentiated chemical fiber project” in Tay Ninh, Vietnam. The main product of the project is bottle grade chips suitable for making bottles for water such as mineral water and purified water. Coupled with the “polyester filament yarns and chips project with an annual production capacity of 200,000 tons”, which commenced operation in September 2019, the two projects under phase I of our investment in and construction of the “700,000-ton differentiated chemical fiber project” in Vietnam have completed construction. The Group targets to develop these projects to create a demonstration platform for China– Vietnam production capacity cooperation, marking a further great leap forward in the development of the Group. Leveraging on the geographical location of Vietnam and its huge market potential, the Group will continue to capitalize on its opportunities and utilize its strengths as a large-scale corporation to differentiate itself from the competitors and enter the textile and polyester bottle chips market in Vietnam.

The Group has always been highly valuing the importance of marketing channel expansion and customer services. The flexible sales strategies enable it to understand market situations in time, focus on customers’ experience and timely communicate the feedback from customers to the technology and production center, in order to ensure the bilateral interaction and providing fast and efficient product aftersales services. While consolidating its market share in Fujian and Guangdong Provinces, the Group also strived to develop international markets and continued to improve its response to the market whilst expanding the emerging markets. According to the feedback of downstream users in the emerging markets, the Group made functional improvement and technology upgrade to its existing product lines with suitable marketing strategy, strengthened quality control on export products, and maintained cost advantages.

The Group’s major subsidiaries, Billion Fujian and Billion High-tech have been awarded as high technology enterprises. During the year under review, the revenue from and the research and development expenses of the Group’s differentiated products amounted to RMB10,142,455,000 and RMB455,857,000, representing 57.1% and 2.6% of the total revenue respectively. Our research and development focused on improving the product quality and production efficiency, as well as enhancing its innovative capability in all aspects from chemical fiber to textile fabrics. Such a high rate ensures our market competitiveness and is also a key factor contributing to the steady growth of the Group’s sales. In addition, the Group owned 134 national patents registered in China and had applied for 168 national patents. Among all of the Group’s patented products, 140 of them have already been applied to our products sold to customers. We remain confident in the short-and medium-term development as it continues to push ahead its innovative capability and intelligentization achievements, alongside with the application for patents in China, increasing national income, optimizing demographic structure and consumption upgrade.

## FINANCIAL REVIEW

### Operational performance

#### 1. Revenue

Revenue of the Group in 2023 amounted to RMB17,755,491,000, representing an increase of 14.1% as compared to RMB15,564,988,000 in 2022. Revenue attributable to the sales of polyester filament yarns, the Group's main products, was RMB8,712,597,000 accounting for 49.1% of the total revenue. Revenue attributable to the sales of polyester products\* was RMB7,182,898,000, accounting for 40.4% of the total revenue. The revenue of the new products ES fiber and polyester industrial yarns of the Group was RMB108,584,000 and RMB1,751,412,000, respectively, accounting for 0.6% and 9.9% of the total revenue, respectively. The revenue analysis of the various products is as follows:

##### *Polyester filament yarns*

The Group adopts melt-direct spinning differentiated chemical fiber production line which is technologically advanced by global standard, and possesses the leading spinning and texturing equipment and technology in the industry. The Group targets its polyester filament yarns products at the middle and high-end markets both domestically and abroad, a majority of which are differentiated products and have special physical features and functionalities, such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame-resistant, abrasion-resistant, super-soft, super-shining and antibacterial. These products are widely used in apparel, footwear and home furnishings and high-end fabrics and textiles for industry. The Group's product solutions have a clear positioning and are targeted at the mid to high-end market. In response to the needs of the target markets, the product plan designs are based on the production of differential Oerlikon fibers and functional fibers.

Revenue attributable to the sales of polyester filament yarns products for the year under review was RMB8,712,597,000, representing an increase of RMB689,933,000 or 8.6% as compared to RMB8,022,664,000 in 2022. The average selling price of polyester filament yarns in the year under review was RMB8,603 per ton, representing a decrease of RMB334 or 3.7% as compared to RMB8,937 per ton in 2022.

\* *Polyester products represent BOPET thin films, polyester bottle chips, polyester films and wasted filament generated during the production process.*

### *Polyester products*

The Group's polyester products can be widely used in various sectors including packaging, magnetic materials, imaging, industry, electronics and electrical appliances, with its principal products positioned at the middle and high-end markets both domestically and abroad. The Group re-engineered its polyester products production lines to conduct research and development on various categories of thin films products under different raw material formulae and various technological conditions. The Group introduced the production lines and research and development equipment with advanced international standards for BOPET thin films from Dornier in Germany, which mainly focuses on the production, research and development and sales of BOPET thin films. It has become one of the largest polyester thin films production enterprises in China. In addition, the commencement of production of the facility of Billion Vietnam has also expanded the production capacity of polyester products of the Group.

Revenue attributable to the sales of polyester products for the year under review was RMB7,182,898,000, representing an increase of RMB1,546,817,000 or 27.4% as compared to RMB5,636,081,000 in 2022. The average selling price of polyester products in the year under review was RMB6,778 per ton, representing a decrease of RMB1,029 or 13.2% as compared to RMB7,807 per ton in 2022. The sales volume of the Group's polyester products increased by 46.8% from 721,968 tons in 2022 to 1,059,755 tons during the year under review. The sales volume continued to record steady growth.

### *ES fiber and polyester industrial yarns*

The Group's ES fiber is a new type of thermally bonded composite fiber. After heating, a portion of the skin component will be melted and bonded together enjoying a low thermal shrinkage rate. Fibers are interlinked to form a non-woven fabric without adhesives. Different heat treatment methods will produce non-woven fabrics with different effects. For example, the application of hot air bonding can produce fluffy non-woven fabrics, the application of hot rolling bonding can produce high strength non-woven fabrics, products of which are mainly used in disposable sanitary products. The prospects for ES fiber demand are becoming broader, and the broad demand potential for ES fibers in the future is expected to open up new sources of revenue growth for the Group. During the year under review, the revenue attributable to the sale of ES fiber products was RMB108,584,000, and the average selling price of the products was RMB8,971 per ton.

Different from the production process of polyester filament, polyester industrial yarns of the Group requires a solid phase polymerization device which can increase the viscosity through solid phase polycondensation. The tensile strength of such yarns is controlled by winding hot rolls industrial silk, and physical properties are controlled. Different strengths have different uses. Industrial silk products of the Group serve various fields with high quality, high starting point and specialization, including hoisting belts, conveyor belts, car seat belts, canvas, teslin, coated cloth, fire hoses, oil and water pipelines, geotextiles and so on. During the year under review, the revenue attributable to the sale of polyester industrial yarns products was RMB1,751,412,000, and the average selling price of the products was RMB7,629 per ton.

*Analysis of Revenue and Sales Volume (By Product)*

	Revenue				Sales volume			
	2023		2022		2023		2022	
	RMB'000	Percentage	RMB'000	Percentage	Tons	Percentage	Tons	Percentage
<b>Polyester filament yarns</b>								
DTY	6,175,801	34.8%	5,486,280	35.2%	675,400	29.2%	566,860	30.5%
FDY	1,871,331	10.5%	1,860,596	12.0%	229,162	9.9%	225,035	12.1%
POY	147,672	0.8%	148,145	1.0%	21,020	0.9%	20,051	1.1%
Other polyester filament yarns products*	517,793	3.0%	527,643	3.4%	87,164	3.8%	85,772	4.6%
Sub-total	8,712,597	49.1%	8,022,664	51.6%	1,012,746	43.8%	897,718	48.3%
<b>Polyester products</b>								
BOPET thin films	3,470,897	19.5%	3,253,204	20.9%	493,271	21.3%	402,005	21.7%
Polyester bottle chips	2,395,937	13.5%	1,603,784	10.3%	350,855	15.2%	194,975	10.5%
Other polyester products**	1,316,064	7.4%	779,093	5.0%	215,629	9.3%	124,988	6.7%
Sub-total	7,182,898	40.4%	5,636,081	36.2%	1,059,755	45.8%	721,968	38.9%
ES fiber	108,584	0.6%	94,133	0.6%	12,104	0.5%	10,587	0.6%
<b>Polyester industrial yarns</b>	1,751,412	9.9%	1,812,110	11.6%	229,566	9.9%	226,014	12.2%
Total	17,755,491	100.0%	15,564,988	100.0%	2,314,171	100.0%	1,856,287	100.0%

\* Other polyester filament yarns products represent polyethylene terephthalate (“PET”) chips and wasted filament generated during the production process.

\*\* Other polyester products represent polyester chips, polyester films and wasted filament generated during the production process.

### *Sales by geographic region*

The Group's overseas sales revenue increased from RMB3,777,738,000 in 2022 to RMB4,243,270,000 during the year under review or an increase of 12.3%. Consequentially, the percentage of overseas sales revenue slightly decreased from 24.3% in 2022 to 23.9% during the year under review, representing a decrease of 0.4 percentage point. The stable development of the Group's overseas sales was not affected. In addition, the second project under phase I of the Group's investment in and construction of the "700,000-ton differentiated chemical fiber project" in Tay Ninh, Vietnam fully commenced production, which boosted the overall overseas sales of the Group. Approximately 76.1% of the Group's revenue was generated from domestic market sales, of which 48.6% was from sales to customers in Fujian Province and 12.7% to customers in the adjacent Guangdong Province. The textile manufacturing industries in these two provinces have been booming, resulting in a relatively strong demand for the Group's products.

### *Geographic Breakdown of Revenue*

	2023		2022	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Domestic sales				
Fujian Province	<b>8,615,788</b>	<b>48.6%</b>	7,647,783	49.1%
Guangdong Province	<b>2,259,849</b>	<b>12.7%</b>	2,061,107	13.2%
Other provinces	<b>2,636,584</b>	<b>14.8%</b>	2,078,360	13.4%
Overseas sales				
Vietnam	<b>824,737</b>	<b>4.6%</b>	995,747	6.4%
Others*	<b>3,418,533</b>	<b>19.3%</b>	2,781,991	17.9%
Total	<b><u>17,755,491</u></b>	<b><u>100.0%</u></b>	<b><u>15,564,988</u></b>	<b><u>100.0%</u></b>

\* Overseas sales were mainly made to countries such as ASEAN countries, EU countries, Japan, South Korea, Central America and South America.

## 2. *Cost of Sales*

Cost of sales of the Group in 2023 was RMB16,705,432,000, representing an increase of 18.1% as compared to RMB14,141,043,000 in 2022. Such increase was mainly attributable to the effect of the increase in raw materials prices. The cost of sales for polyester filament yarns, the Group's main products, was RMB8,087,702,000, accounting for 48.5% of the total cost of sales. The cost of sales for polyester products was RMB6,858,545,000, accounting for 41.0% of total cost of sales. The cost of sales for ES fiber and polyester industrial yarns products was RMB112,505,000 and RMB1,646,680,000, accounting for 0.7% and 9.8% of total cost of sales.

### *Polyester filament yarns*

Average cost of sales for polyester filament yarns decreased from RMB8,128 per ton in 2022 to RMB7,986 per ton during the year under review, representing a decrease of RMB142 or 1.7% per ton. The average price of raw materials for polyester filament yarns increased from RMB6,127 per ton in 2022 to RMB6,174 per ton during the year under review, representing an increase of RMB47 or 0.8% per ton. PTA and MEG, major raw materials for products of the Group, accounted for 71.9% of the total cost of sales and the prices of which were mainly affected by the price of their raw materials, i.e. crude oil.

### *Polyester products*

Average cost of sales for polyester products decreased from RMB7,009 per ton in 2022 to RMB6,472 per ton during the year under review, representing a decrease of RMB537 or 7.7% per ton, which was mainly due to the decrease in the selling price of raw materials of polyester products. In addition, the average price of raw materials for polyester thin films decreased from RMB5,997 per ton in 2022 to RMB5,596 per ton during the year under review, representing a decrease of RMB401 or 6.7% per ton.

### *ES fiber and polyester industrial yarns*

Average cost of sales for ES fiber was RMB9,295 per ton, while the average price of raw materials for ES fiber was RMB6,934 per ton.

Average cost of sales for polyester industrial yarns was RMB7,173 per ton, while the average price of raw materials for polyester industrial yarns was RMB5,780 per ton.

*Analysis of Cost of Sales*

	2023		2022	
	RMB'000	Percentage	RMB'000	Percentage
Polyester filament yarns				
Cost of raw materials				
PTA	4,604,774	27.5%	3,980,245	28.2%
MEG	1,211,380	7.3%	1,170,402	8.3%
POY and other raw materials	436,685	2.7%	349,063	2.5%
Sub-total	6,252,839	37.5%	5,499,710	39.0%
Manufacturing costs	1,833,261	11.0%	1,780,150	12.6%
Other costs	1,602	0.0%	16,502	0.1%
Sub-total	8,087,702	48.5%	7,296,362	51.7%
Polyester products				
Cost of raw materials				
PTA	4,522,065	27.0%	3,290,905	23.3%
MEG	1,186,886	7.1%	936,617	6.6%
Chips and other raw materials	221,077	1.3%	101,379	0.7%
Sub-total	5,930,028	35.4%	4,328,901	30.6%
Manufacturing costs	927,874	5.6%	727,767	5.1%
Other costs	643	0.0%	3,123	0.0%
Sub-total	6,858,545	41.0%	5,059,791	35.7%
ES fiber				
Cost of raw materials				
PTA	28,966	0.2%	30,690	0.2%
MEG	7,708	0.0%	9,256	0.1%
Other raw materials	47,253	0.3%	46,145	0.3%
Sub-total	83,927	0.5%	86,091	0.6%
Manufacturing costs	28,557	0.2%	22,974	0.2%
Other costs	21	0.0%	226	0.0%
Sub-total	112,505	0.7%	109,291	0.8%
Polyester industrial yarns				
Cost of raw materials				
PTA	1,004,315	6.0%	993,389	7.0%
MEG	274,992	1.6%	303,618	2.1%
Other raw materials	47,407	0.3%	40,603	0.3%
Sub-total	1,326,714	7.9%	1,337,610	9.4%
Manufacturing costs	319,561	1.9%	333,167	2.4%
Other costs	405	0.0%	4,822	0.0%
Sub-total	1,646,680	9.8%	1,675,599	11.8%
Total	16,705,432	100.0%	14,141,043	100.0%

*Analysis of Average Cost of Sales of Products Per Ton*

	2023		2022	
	RMB (per ton)	Percentage	RMB (per ton)	Percentage
Polyester filament yarns				
Cost of raw materials				
PTA	4,547	56.9%	4,434	54.6%
MEG	1,196	15.0%	1,304	16.0%
POY and other raw materials	431	5.4%	389	4.8%
Sub-total	6,174	77.3%	6,127	75.4%
Manufacturing costs	1,810	22.7%	1,983	24.4%
Other costs	2	0.0%	18	0.2%
Sub-total	<u>7,986</u>	<u>100.0%</u>	<u>8,128</u>	<u>100.0%</u>
Polyester products				
Cost of raw materials				
PTA	4,267	66.0%	4,559	65.1%
MEG	1,120	17.3%	1,298	18.5%
Chips and other raw materials	209	3.2%	140	2.0%
Sub-total	5,596	86.5%	5,997	85.6%
Manufacturing costs	875	13.5%	1,008	14.4%
Other costs	1	0.0%	4	0.0%
Sub-total	<u>6,472</u>	<u>100.0%</u>	<u>7,009</u>	<u>100.0%</u>
ES fiber				
Cost of raw materials				
PTA	2,393	25.7%	2,899	28.1%
MEG	637	6.9%	874	8.5%
Other raw materials	3,904	42.0%	4,359	42.2%
Sub-total	6,934	74.6%	8,132	78.8%
Manufacturing costs	2,359	25.4%	2,170	21.0%
Other costs	2	0.0%	21	0.2%
Sub-total	<u>9,295</u>	<u>100.0%</u>	<u>10,323</u>	<u>100.0%</u>
Polyester industrial yarns				
Cost of raw materials				
PTA	4,375	61.0%	4,395	59.3%
MEG	1,198	16.7%	1,343	18.1%
Other raw materials	207	2.9%	180	2.4%
Sub-total	5,780	80.6%	5,918	79.8%
Manufacturing costs	1,392	19.4%	1,475	19.9%
Other costs	1	0.0%	21	0.3%
Sub-total	<u>7,173</u>	<u>100.0%</u>	<u>7,414</u>	<u>100.0%</u>
Total	<u>7,219</u>		<u>7,618</u>	

### 3. *Gross Profit*

Gross profit of the Group in 2023 was RMB1,050,059,000, representing a decrease of RMB373,886,000 or 26.3% as compared to RMB1,423,945,000 in 2022. Average selling price of products decreased by RMB712 per ton or 8.5% from RMB8,385 per ton in 2022 to RMB7,673 per ton during the year under review, while average cost of products also decreased by RMB399 per ton or 5.2% from RMB7,618 per ton in 2022 to RMB7,219 per ton during the year under review. The average gross profit of products per ton decreased from RMB767 in 2022 to RMB454 during the year under review. Gross profit margin decreased by 3.2 percentage point from 9.1% in 2022 to 5.9% during the year under review.

#### *Polyester filament yarns*

Average selling price of polyester filament yarns decreased by RMB334 per ton or 3.7% from RMB8,937 in 2022 to RMB8,603 during the year under review. The average gross profit of polyester filament yarns per ton decreased from RMB809 in 2022 to RMB617 during the year under review. The gross profit margin decreased by 1.9 percentage points from 9.1% in 2022 to 7.2% during the year under review.

#### *Polyester products*

Average selling price of polyester products decreased by RMB1,029 per ton or 13.2% from RMB7,807 per ton in 2022 to RMB6,778 per ton during the year under review. The average gross profit of polyester products per ton decreased from RMB798 in 2022 to RMB306 during the year under review. The gross profit margin decreased by 5.7 percentage points from 10.2% in 2022 to 4.5% during the year under review.

#### *ES fiber and polyester industrial yarns*

During the year under review, the average selling prices of the Group's new products ES fiber and polyester industrial yarns were RMB8,971 and RMB7,629, respectively. As the initial investment and the initial stage of market expansion, ES fiber recorded an average loss per ton, while the average gross profit of polyester industrial yarns per ton was RMB456.

During the year under review, there's an increase in the sales volume and sales of the Group as compared to the same period of last year even amid the certain impact of global epidemic in the beginning of 2023. The enterprises in textile industry still face various difficulties including the impact of the loss in foreign trade orders and the intensifying international competition. But the development of textile industry progressively recovers as the pandemic is gradually under control, while the country starts to issue different supporting policies with regard to the influence of pandemic to help mitigate the operating pressure of enterprises in textile industry and to ensure the overall steady progress and stable development of the enterprises. While the Group is constantly committed to expanding their shares in both domestic market and overseas market and its production capacity continued to expand as planned. Factors including the official production of ES fiber and polyester industrial yarns allow the stable growth in the sales volume and sales of the Group's products continue in 2023. As the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.

#### *Analysis of Gross Profit by Product*

	2023		2022	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Polyester filament yarns				
DTY	<b>400,933</b>	<b>38.2%</b>	532,022	37.4%
FDY	<b>217,419</b>	<b>20.7%</b>	180,437	12.7%
POY and other polyester filament yarns products*	<b>6,543</b>	<b>0.7%</b>	13,843	1.0%
Sub-total	<b>624,895</b>	<b>59.6%</b>	726,302	51.1%
Polyester products				
BOPET thin films	<b>106,924</b>	<b>10.2%</b>	347,492	24.4%
Polyester bottle chips	<b>128,730</b>	<b>12.2%</b>	148,458	10.4%
Other polyester products**	<b>88,699</b>	<b>8.4%</b>	80,340	5.6%
Sub-total	<b>324,353</b>	<b>30.8%</b>	576,290	40.4%
ES fiber	<b>(3,921)</b>	<b>(0.4%)</b>	(15,158)	(1.1%)
Polyester industrial yarns	<b>104,732</b>	<b>10.0%</b>	136,511	9.6%
Total	<b>1,050,059</b>	<b>100.0%</b>	1,423,945	100.0%

\* *Other polyester filament yarns products represent PET chips and wasted filament generated during the production process.*

\*\* *Other polyester products represent polyester chips, polyester films and waste filament generated during the production process.*

*Breakdown of Product Selling Price, Cost and Gross Profit (Average per ton)*

	<b>2023</b>	2022
	<b>RMB</b>	RMB
Polyester filament yarns		
Average selling price	<b>8,603</b>	8,937
Average cost of sales	<u>7,986</u>	<u>8,128</u>
Average gross profit	<u>617</u>	<u>809</u>
Average gross profit margin	<u>7.2%</u>	<u>9.1%</u>
Polyester products		
Average selling price	<b>6,778</b>	7,807
Average cost of sales	<u>6,472</u>	<u>7,009</u>
Average gross profit	<u>306</u>	<u>798</u>
Average gross profit margin	<u>4.5%</u>	<u>10.2%</u>
ES fiber		
Average selling price	<b>8,971</b>	8,891
Average cost of sales	<u>9,295</u>	<u>10,323</u>
Average gross loss	<u>(324)</u>	<u>(1,432)</u>
Average gross loss margin	<u>(3.6%)</u>	<u>(16.1%)</u>
Polyester industrial yarns		
Average selling price	<b>7,629</b>	8,018
Average cost of sales	<u>7,173</u>	<u>7,414</u>
Average gross profit	<u>456</u>	<u>604</u>
Average gross profit margin	<u>6.0%</u>	<u>7.5%</u>

#### **4. Other revenue**

Other revenue of the Group in 2023 amounted to RMB440,992,000, representing a decrease of 18.4% as compared to RMB540,200,000 in 2022. Other revenue included bank interest income, government grants and gains on sales of raw materials. Such change was mainly attributable to the combined effect of a decrease in bank interest income and a decrease in government grants.

#### **5. Other net gains and losses**

Other net losses of the Group in 2023 amounted to RMB79,673,000, representing a decrease of 25.4% as compared to RMB106,831,000 in 2022. Other net gains and losses mainly comprised the realised and unrealised net gains and losses on financial instruments at FVPL, donation expenses and the net exchange gain and loss. Such change was mainly attributable to the combined effect of a decrease in net realised loss on financial instruments at FVPL and an increase in net exchange loss.

#### **6. Selling and distribution expenses**

Selling and distribution expenses of the Group in 2023 amounted to RMB234,077,000, representing a decrease of 11.4% as compared to RMB264,177,000 in 2022. Selling and distribution expenses mainly comprised transportation costs, wages of our sales staffs, operating expenses and promotion expenses. Such decrease was mainly due to the overall decrease in costs resulted from the strengthening control in operation cost upon commencement of production of Billion Vietnam and the new production site in Jinjiang.

#### **7. Administrative expenses**

Administrative expenses of the Group in 2023 amounted to RMB645,784,000, increased by 2.2% as compared to RMB632,026,000 in 2022. Administrative expenses mainly comprised research and development costs, depreciation on office equipment, staff wages, general office expenses, professional and legal fees, etc. The administrative expenses remained stable during the year under review.

#### **8. Finance costs**

Finance costs of the Group in 2023 amounted to RMB120,184,000, decreased by 44.4% as compared to RMB216,310,000 in 2022. Such change was mainly due to decreases in the interest on the bank loan and other interest expenses.

## **9. Income tax**

Income tax of the Group in 2023 amounted to RMB57,935,000, decreased by 34.9% as compared to RMB88,983,000 in 2022. Such change was mainly due to a decrease in profit before income tax of the Group.

Billion Fujian and Billion High-tech, major subsidiaries of the Group, were recognised as the Advanced and New Technology Enterprises and entitled to a preferential tax rate of 15% in 2023.

The standard corporate income tax rate in Vietnam is 20%. The provisions of the Investment Registration Certificate of Billion Industrial (Viet Nam) Co., Ltd. (“**Billion Vietnam**”), the subsidiary in Vietnam, allow Billion Vietnam to be exempted from income tax for 2 years starting from the first year it generates taxable profit and entitled to a 50% reduction in income for the 4 succeeding years.

## **10. Profit for the year**

Profit of the Group in 2023 amounted to RMB353,398,000, decreased by RMB302,420,000 or 46.1% as compared to RMB655,818,000 in 2022, while the net profit margin of 2.0% represented a decrease of 2.2 percentage points as compared to 4.2% in 2022. Such decline was primarily attributable to a decrease in gross profit owing to the combined effect of (i) a decrease in sales unit price and (ii) an increase in the cost of sales.

## **Financial position**

### **1. Liquidity and capital resources**

As at 31 December 2023, cash and cash equivalent of the Group amounted to RMB158,138,000, decreased by RMB73,482,000 or 31.7% as compared to RMB231,620,000 as at 31 December 2022. Such decrease was mainly due to a decrease in the bank loan during the year under review.

During the year under review, net cash used in operating activities amounted to RMB93,553,000, net cash inflow from investing activities amounted to RMB331,028,000 and net cash used in financing activities amounted to RMB310,729,000.

The Group satisfies its working capital needs mainly with cash inflows from operating activities. During the year under review, inventory turnover days were 92.7 days (2022: 88.0 days), an increase of 4.7 days as compared to the same period last year, which was mainly due to insufficient orders affected by the market situation during the year under review. The trade and bills receivable turnover days were 25.1 days (2022: 22.6 days), representing an increase of 2.5 days as compared to the same period last year, which was mainly due to the longer credit days and larger credit facility granted to the major customers who have long term good relationship with the Group in the year. The trade and bills payable turnover days were 302.2 days (2022: 450.8 days), representing a decrease of 148.6 days as compared to the same period last year mainly due to the sound relationship the Group maintained with the suppliers.

As at 31 December 2023, the Group had capital commitments of RMB234,793,000, which were mainly used for the expansion of production capacity as well as development of the production line for polyester industrial yarns products in Jinjiang.

## **2. *Capital structure***

As at 31 December 2023, the total liabilities of the Group amounted to RMB16,037,188,000 whereas capital and reserves amounted to RMB10,231,260,000. The gearing ratio (total liabilities divided by total equity) was 156.7%. Total assets amounted to RMB26,268,448,000. The debt-to-assets ratio (total assets divided by total liabilities) was 1.64 times. Bank loans of the Group amounted to RMB700,616,000, of which RMB417,078,000 were repayable within one year, and RMB283,538,000 were repayable after one year. RMB700,616,000 of the bank borrowings were secured by properties and restricted bank deposits.

### **Significant investment held, and material acquisitions or disposals of subsidiaries**

There were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year under review.

The Group will continue to seek opportunities in utilising its idle cash by investing in appropriate financial products. The Company's future plan in the coming year for other material investments and additions of capital assets is primarily related to the expansion of domestic production capacity as well as development of the Vietnam production business. The Company intends to finance such plan through internally generated funds and bank loans.

## **Charges on assets**

Save as disclosed elsewhere in this announcement, there was no other charge on Group's assets as of 31 December 2023.

## **Contingent liabilities**

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

## **Foreign currency risk**

The exposure of the Group's transactional currency to foreign currency risk was minimal as most of the financial assets and liabilities held by group entities of the Group are denominated in the respective functional currency of the respective group entities.

The management monitors the related foreign currency risk exposure closely on daily basis and, pursuant to a written foreign currency hedging policy as approved by the management, the Group would only enter into foreign currency forward contracts should need to arise. At 31 December 2023, the Group had outstanding foreign currency forward contracts of approximately RMB98,562,000 (2022: Nil). No significant realised and unrealised fair value gain or loss has been arising for the foreign currency forward contracts.

## **Employees and remuneration**

As at 31 December 2023, the Group had a total of 9,202 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

## **BUSINESS OUTLOOK**

As the improved fiscal and currency policy, the global economy is expected to continue to rebound in 2024, and China is striving for the stable economic development, which is more conducive to people's access to services and commodities to stimulate consumption in this way.

As the largest polyester filament yarns manufacturer in Southern China, the Group has always been focusing on technological innovation. It adopts the world advanced melt-direct spinning differentiated chemical fiber production line, and possesses the leading spinning and texturing equipment and technology in the industry. Benefiting from the economic cycle and the rise of the crude oil price, the price trend of polyester thin films of the Group continued to improve. In addition, the continuous launch of new products has driven up the price of the Group's products and coupled with our appropriate cost control, the Group's overall business has experienced steady growth.

The Billion Vietnam Polyester Filament Project, which has an iconic significance for the Group's expansion into emerging markets, was formally put into operation in September 2019, further expanding the Group's overseas markets. Furthermore, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group invested approximately US\$185 million to set up a production line for polyester industrial yarns products to expand this business. The total production capacity of the new manufacturing facilities will be approximately 250,000 tons per annum, and they had been gradually commenced commercial production.

The Group also announced on 20 September 2022 that it will further invest approximately US\$73,900,000 in the development of a new production facility in Vietnam for polyester bottle chips. The designed annual production capacity is about 300,000 tons. It has been put into commercial production in July 2023.

Polyester products consumption has been increasing in China in recent years, and China has become an important production base for polyester products worldwide. By expanding the existing polyester thin film business, the Company will be able to leverage its existing scale and expertise in manufacturing polyester products to enjoy the growth of this market. The Group currently has geographical, technological and cost advantages in the polyester thin film industry. At a time when the industry is still in the blue ocean stage, the future polyester thin film will remain an important performance growth driver of the Group. The production line for polyester thin films established by the Group with a planned investment of US\$320 million over a period of four years from 2020 to 2023 had been put into commercial production in November 2023. Upon the full completion, the additional polymerizing production capacity is 400,000 tons per year, which enables the additional polyester thin films to give their full play to reach the production capacity of 228,000 tons per year.

After the expansion plans for the polyester industrial yarns project and the polyester thin film project are completed, the size of the Group, and the sales volume and sales revenue of products will further increase. However, due to the impact of the lingering pandemic, there was some short-term impacts on the overall textile industry and the sales of the Group. However, as the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.

## **DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on 27 May 2024 (the “AGM”). In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificate must be lodged with the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 21 May 2024.

## **AUDIT COMMITTEE**

The audit committee of the Company had reviewed, together with the management, the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2023. The audit committee of the Company has also met and discussed with the Group’s external auditor regarding the Group’s audit and financial reporting matters.

## **CORPORATE GOVERNANCE PRACTICE OF THE COMPANY**

Recognizing the importance of a publicly listed company’s responsibilities to enhance its transparency and accountability, the Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Throughout the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the CG Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

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 for securities transactions by the Directors. All the Directors confirmed, following specific enquiries by the Company, that they had complied with the required standard as set out in the Model Code during the year ended 31 December 2023.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the year ended 31 December 2023. In case the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its Directors and relevant employees in advance.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES**

During the year ended 31 December 2023, the Company bought back a total of 486,000 shares on the Stock Exchange. The 328,000 bought-back shares were cancelled during the year ended 31 December 2023, and the remaining 158,000 bought-back shares were cancelled subsequently in January 2024. The details of the bought-back shares are as follows:

<b>Date</b>	<b>Number of shares bought back</b>	<b>Price per share or highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Aggregate price paid (HK\$)</b>
24 March 2023	10,000	3.76	3.76	37,600
31 March 2023	2,000	3.88	3.88	7,760
4 April 2023	14,000	3.89	3.88	54,360
6 April 2023	8,000	4.02	4.02	32,160
11 April 2023	4,000	4.02	4.02	16,080
17 April 2023	4,000	4.05	4.05	16,200
25 May 2023	30,000	4.15	4.15	124,500
29 May 2023	50,000	4.20	4.01	206,300
6 June 2023	24,000	4.21	4.05	100,300
12 June 2023	10,000	3.95	3.95	39,500
13 June 2023	20,000	3.90	3.86	77,600
15 June 2023	2,000	3.85	3.85	7,700
16 June 2023	20,000	3.98	3.94	79,200
19 June 2023	10,000	3.90	3.90	39,000
23 June 2023	10,000	3.95	3.95	39,500
27 June 2023	40,000	3.99	3.95	159,100
10 July 2023	60,000	4.15	4.15	249,000
20 July 2023	10,000	4.30	4.30	43,000
23 August 2023	10,000	4.03	4.03	40,300
24 August 2023	8,000	3.99	3.99	31,920
25 August 2023	6,000	4.05	4.05	24,300
28 August 2023	20,000	4.10	4.05	81,500
5 September 2023	2,000	4.00	4.00	8,000
6 September 2023	22,000	4.05	3.98	88,560
15 September 2023	14,000	4.05	4.01	56,540
19 September 2023	10,000	4.04	4.04	40,400

<b>Date</b>	<b>Number of shares bought back</b>	<b>Price per share or highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Aggregate price paid (HK\$)</b>
21 September 2023	12,000	4.19	4.07	49,080
26 September 2023	2,000	4.10	4.10	8,200
4 October 2023	2,000	4.18	4.18	8,360
10 October 2023	14,000	4.13	4.09	57,660
18 October 2023	6,000	4.06	4.06	24,360
20 October 2023	2,000	3.96	3.96	7,920
2 November 2023	10,000	4.10	4.10	41,000
24 November 2023	10,000	4.14	4.14	41,400
6 December 2023	8,000	4.06	4.06	32,480
<b>Total</b>	<b>486,000</b>			<b>1,970,840</b>

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities of the Company during the year ended 31 December 2023.

There have been no options, awards, convertible securities or similar rights or arrangements, issued or granted by the Group during the year ended 31 December 2023 and as at the date of this announcement.

#### **SUFFICIENCY OF PUBLIC FLOAT**

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the year ended 31 December 2023 and the subsequent period ended the date of this announcement.

#### **SCOPE OF WORK PERFORMED BY MAZARS CPA LIMITED ("MAZARS")**

The figures in respect of the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position of the Group and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditor, Mazars, Certified Public Accountants, to the amounts set out in the draft consolidated financial statements of the Group for the year ended 31 December 2023. The work performed by Mazars in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on this announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is also published on the Company's website ([www.baihong.com](http://www.baihong.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

By order of the Board  
**Billion Industrial Holdings Limited**  
**Sze Tin Yau**  
*Co-Chairman*

Hong Kong, 22 March 2024

*As at the date of this announcement, the board of directors of the Company comprises Mr. Sze Tin Yau and Mr. Wu Jinbiao as executive directors, Mr. Zhang Shengbai as non-executive director and Mr. Yu Wai Ming, Mr. Lin Jian Ming and Mr. Shih Chun Pi as independent non-executive directors.*