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HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	YoY change
	RMB'000	RMB'000	%
Continuing Operations:			
Revenue	1,421,454	1,039,286	36.8
Gross profit	215,265	123,593	74.2
Profit/(loss) for the year from continuing operations	35,191	(34,670)	201.5
Discontinued Operations (see note 18):			
Loss for the year from discontinued operations	–	(53,469)	100.0
Profit/(loss) attributable to equity shareholders	33,885	(80,022)	142.3

The board (the “Board”) of directors (the “Directors”) of Hengdeli Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 (hereinafter referred to as the “year” or “year under review”), which have been audited by the Company’s auditor, ZHONGHUI ANDA CPA LIMITED in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

(Expressed in Renminbi)

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Continuing operations			
Revenue	<i>3</i>	1,421,454	1,039,286
Cost of sales		<u>(1,206,189)</u>	<u>(915,693)</u>
Gross profit		215,265	123,593
Other revenue	<i>4</i>	47,299	32,033
Other net loss	<i>4</i>	(6,394)	(71,691)
Distribution costs		(61,100)	(55,481)
Administrative expenses		<u>(172,805)</u>	<u>(133,323)</u>
Profit/(loss) from operations		22,265	(104,869)
Share of profits of associates		16,358	76,457
Finance costs	<i>5(a)</i>	<u>(5,385)</u>	<u>(3,288)</u>
Profit/(loss) before taxation	<i>5</i>	33,238	(31,700)
Income tax credit/(expense)	<i>6</i>	<u>1,953</u>	<u>(2,970)</u>
Profit/(loss) for the year from continuing operations		35,191	(34,670)
Discontinued operations			
Loss for the year from discontinued operations	<i>18</i>	<u>–</u>	<u>(53,469)</u>
Profit/(loss) for the year		<u>35,191</u>	<u>(88,139)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the year ended 31 December 2023*

(Expressed in Renminbi)

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Attributable to:			
Owners of the Company			
– Continuing operations		33,885	(26,553)
– Discontinued operations		<u>–</u>	<u>(53,469)</u>
		33,885	(80,022)
Attributable to:			
Non-controlling interests			
– Continuing operations		1,306	(8,117)
– Discontinued operations		<u>–</u>	<u>–</u>
		1,306	(8,117)
Profit/(loss) for the year		35,191	(88,139)
Basic and diluted earnings/(loss) per share	<i>8</i>		
– Continuing operations		RMB 0.008	RMB (0.006)
– Discontinued operations		RMB –	RMB (0.012)
		RMB 0.008	RMB (0.018)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 December 2023*

(Expressed in Renminbi)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit/(loss) for the year	35,191	(88,139)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries' financial statements	23,375	109,319
Share of associates exchange differences on translating foreign operations	2,615	7,163
	25,990	116,482
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	(59,515)	(195,425)
Exchange differences on translation of equity investments at fair value through other comprehensive income	6,596	41,156
Exchange differences on translation of the Company's financial statements	17,538	89,889
	(35,381)	(64,380)
Total comprehensive income for the year	25,800	(36,037)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONTINUED)**

For the year ended 31 December 2023

(Expressed in Renminbi)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Attributable to:		
Owners of the Company		
– continuing operations	24,496	11,780
– discontinued operations	–	(39,510)
	24,496	(27,730)
Attributable to:		
Non-controlling interests		
– continuing operations	1,304	(8,307)
– discontinued operations	–	–
	1,304	(8,307)
Total comprehensive income for the year	25,800	(36,037)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in Renminbi)

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Non-current assets			
Investment properties		266,398	126,694
Property, plant and equipment		551,137	512,032
		817,535	638,726
Intangible assets		2,727	3,415
Goodwill	<i>9</i>	52,611	52,014
Interests in associates	<i>10</i>	137,386	132,780
Other investments	<i>11</i>	368,582	355,331
Prepayment and deposits	<i>13</i>	46,707	1,748
Deferred tax assets		3,259	2,721
		1,428,807	1,186,735
Current assets			
Inventories	<i>12</i>	258,115	237,768
Trade and other receivables	<i>13</i>	558,072	703,627
Loans to associates	<i>14</i>	33,789	67,273
Other investments	<i>11</i>	10,654	7,336
Current tax recoverable		469	168
Deposits with banks		318,437	272,701
Cash and cash equivalents	<i>15</i>	990,815	1,050,187
		2,170,351	2,339,060
Current liabilities			
Trade and other payables and contract liabilities	<i>16</i>	226,920	201,935
Bank loans	<i>17</i>	76,653	56,799
Lease liabilities		8,313	10,802
Current taxation		2,846	4,961
		314,732	274,497
Net current assets		1,855,619	2,064,563
Total assets less current liabilities		3,284,426	3,251,298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2023*

(Expressed in Renminbi)

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Bank loans	<i>17</i>	17,483	24,922
Lease liabilities		21,309	6,542
		38,792	31,464
NET ASSETS			
		3,245,634	3,219,834
CAPITAL AND RESERVES			
Share capital	<i>7(b)</i>	21,254	21,254
Reserves		3,164,782	3,140,286
Total equity attributable to equity shareholders of the Company			
		3,186,036	3,161,540
Non-controlling interests			
		59,598	58,294
		3,245,634	3,219,834

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The final results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2023 but are extracted therefrom.

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- equity investments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1 and HKFRS Practice Statement 2, 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

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing of high-end consuming accessories, building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

Turnover represents the sales value of goods sold to customers, net of value added tax and deduction of any sales discounts and returns.

The Group's customer base is diversified and at the end of reporting period 36% and 69% of the Group's revenue come from the largest customer and top five customers respectively.

Further details regarding the Group's principal activities are disclosed in note 3(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography (mainly in Mainland China and Hong Kong).

The Group has identified the following reportable segments:

- High-end consuming accessories
- Commodity trading
- Watches trading
- Manufacturing of watch accessories and shop design and decoration services business;
- Trading of iron ore and coal;
- Trading of watches and jewellery business

During the year ended 31 December 2022, in line with the established strategy, the Group liquidated its remaining watch stocks and completely cease its renowned watch operations. This segment is separately reported with the comparative figures restated accordingly.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group's businesses are separated into the two reportable segments on a geographical and products and services basis, as the divisional managers for each of these regions report directly to the senior executive team. All segments primarily derive their trading revenue through their own network. No operating segments have been aggregated to form the reportable segments.

(i) **Segment results and assets**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit".

Segment assets represent inventories only, without eliminating the unrealised inter-segment profits.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

	Continuing operations				Discontinued operations		Total	
	High-end consuming accessories		Commodity trading		Watches trading			
	PRC		PRC		Hong Kong			
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	710,708	630,330	710,746	408,956	-	220,293	1,421,454	1,259,579
Inter-segment revenue	221,327	150,597	-	-	-	-	221,327	150,597
Reportable segment revenue	932,035	780,927	710,746	408,956	-	220,293	1,642,781	1,410,176
Reportable segment gross profit/(loss)	130,248	98,548	85,017	25,045	-	(29,419)	215,265	94,174
Reportable segment assets	84,629	131,027	173,486	106,741	-	-	258,115	237,768

During the year ended 31 December 2023, the high-end consuming accessories segment in PRC is mainly engaged in the manufacturing of watch accessories and shop design and decoration services business in PRC.

(ii) **Reconciliations of reportable segment revenues, profit or loss and assets**

	Continuing operations		Discontinued operations		Total	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Total revenue for reportable segments	1,642,781	1,189,883	-	220,293	1,642,781	1,410,176
Elimination of inter-segment revenue	(221,327)	(150,597)	-	-	(221,327)	(150,597)
Consolidated revenue	<u>1,421,454</u>	<u>1,039,286</u>	<u>-</u>	<u>220,293</u>	<u>1,421,454</u>	<u>1,259,579</u>
Profit/(loss)						
Total gross profit/(loss) for reportable segments	<u>215,265</u>	<u>123,593</u>	<u>-</u>	<u>(29,419)</u>	<u>215,265</u>	<u>94,174</u>
Other revenue	47,299	32,033	-	7,329	47,299	39,362
Other net loss	(6,394)	(71,691)	-	(12,656)	(6,394)	(84,347)
Distribution costs	(61,100)	(55,481)	-	(11,848)	(61,100)	(67,329)
Administrative expenses	(172,805)	(133,323)	-	(9,168)	(172,805)	(142,491)
Share of profits of associates	16,358	76,457	-	-	16,358	76,457
Finance costs	(5,385)	(3,288)	-	(519)	(5,385)	(3,807)
Consolidated profit/(loss) before taxation	<u>33,238</u>	<u>(31,700)</u>	<u>-</u>	<u>(56,281)</u>	<u>33,238</u>	<u>(87,981)</u>
				2023		2022
				RMB'000		RMB'000
Assets						
Assets for reportable segments (inventories)				258,115		237,768
Trade, other receivables, prepayment and deposits				604,779		705,375
Loans to associates				33,789		67,273
Current tax recoverable				469		168
Cash and cash equivalents				990,815		1,050,187
Deposits with banks				318,437		272,701
Investment properties				266,398		126,694
Property, plant and equipment				551,137		512,032
Intangible assets				2,727		3,415
Goodwill				52,611		52,014
Interests in associates				137,386		132,780
Other investments				379,236		362,667
Deferred tax assets				3,259		2,721
Consolidated total assets				<u>3,599,158</u>		<u>3,525,795</u>

(iii) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, intangible assets, goodwill, interests in associates, prepayment and deposits and other investments ("specified non-current assets"). The geographical locations of customers are based on the locations at which the services were provided or the goods delivered. The geographical locations of the specified non-current assets are based on the physical locations of the assets, in the case of property, plant and equipment, the locations of operations to which they are allocated, in the case of intangible assets and goodwill, and the locations of operations, in the case of prepayment and deposits and other investments.

The Group's businesses are mainly managed in three principal economic environments, Mainland China, Hong Kong and Taiwan/Malaysia.

	2023	2022
	RMB'000	RMB'000
Revenue from external customers		
Mainland China	1,064,415	778,273
Hong Kong	357,039	261,013
Hong Kong (discontinued operations)	–	220,293
	<hr/>	<hr/>
Total	1,421,454	1,259,579
	<hr/> <hr/>	<hr/> <hr/>
Specified non-current assets		
Mainland China	715,311	511,004
Hong Kong	620,287	577,026
Taiwan/Malaysia	89,950	95,984
	<hr/>	<hr/>
Total	1,425,548	1,184,014
	<hr/> <hr/>	<hr/> <hr/>
Revenue from major customers		
Customer A		
– high-end consuming accessories segment	508,005	412,285
Customer B		
– watch trading segment	N/A*	127,616
Customer C		
– commodity trading segment	N/A*	124,718
Customer D		
– commodity trading segment	209,456	N/A*

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

* Customers did not contribute more than 10% of the total consolidated revenue of the Group.

4. OTHER REVENUE AND NET LOSS

(a) Other revenue

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations:		
Interest income	34,227	15,377
Dividend income from other investments	4,989	9,298
Rental income from investment properties	2,064	1,484
Rental income from operating leases, other than those relating to investment properties	1,801	1,003
Government grants	2,286	2,613
Others	1,932	2,258
	<u>47,299</u>	<u>32,033</u>
Discontinued operations:		
Interest income	-	23
Rental income from operating leases, other than those relating to investment properties	-	201
Others	-	7,105
	<u>-</u>	<u>7,329</u>

In 2023, the Group successfully applied for government grants that mainly relate to funding support set up by the Mainland China Government and the Hong Kong SAR Government respectively. Under the conditions of the funding support, the Group is required to maintain sufficient value-added tax sales, enhance the visibility of brand and product, and production capabilities in the Mainland market.

(b) Other net loss

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations:		
Net foreign exchange loss	(11,560)	(57,842)
Net loss on disposal of property, plant and equipment and intangible assets	(1,959)	(8,711)
Fair value gain/(loss) on financial assets held for trading	3,164	(5,138)
Reversal of impairment of property, plant and equipment	3,961	-
	<u>(6,394)</u>	<u>(71,691)</u>
Discontinued operations:		
Net foreign exchange loss	-	(12,656)

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
(a) Finance costs		
Continuing operations:		
Interest on bank loans	3,536	2,217
Interest on lease liabilities	388	642
Bank charges	1,461	429
	<u>5,385</u>	<u>3,288</u>
Discontinued operations:		
Interest on bank loans	–	491
Interest on lease liabilities	–	14
Bank charges	–	14
	<u>–</u>	<u>519</u>
(b) Staff costs		
Continuing operations:		
Salaries, wages and other benefits	88,159	72,714
Contributions to defined contribution retirement plans	16,162	14,573
	<u>104,321</u>	<u>87,287</u>
Discontinued operations:		
Salaries, wages and other benefits	–	472
Contributions to defined contribution retirement plans	–	16
	<u>–</u>	<u>488</u>

	2023 RMB'000	2022 RMB'000
(c) Other items		
Continuing operations:		
Amortisation of intangible assets	590	893
Depreciation		
– Investment properties and property, plant and equipment	42,173	33,725
– Right-of-use assets	10,349	11,773
Impairment losses of		
– Trade receivables	4,964	1,889
Expenses relating to short-term leases and leases of low-value assets	2,243	1,740
Direct operating expenses of investment properties that generate rental income	435	358
Direct operating expenses of investment properties that did not generate rental income	1,700	331
Auditors' remuneration	1,811	1,515
Cost of inventories [#]	1,206,189	915,693
Discontinued operations:		
Depreciation		
– Investment properties and property, plant and equipment	–	2,081
Impairment losses of		
– Trade receivables	–	3,994
Expenses relating to short-term leases and leases of low-value assets	–	83
Auditors' remuneration	–	97
Cost of inventories [#]	–	249,712

[#] Cost of inventories includes RMB131,909,000 (2022: RMB119,187,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each type of expenses.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Continuing operations

(i) Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	1,963
Over provision in respect of prior years	<u>(1,397)</u>	<u>–</u>
	----- (1,397)	----- 1,963
Current tax – Overseas		
Provision for PRC Corporate Income Tax for the year	1,948	884
(Over)/under provision in respect of prior years	<u>(2,021)</u>	<u>123</u>
	----- (73)	----- 1,007
Deferred tax		
Reversal of temporary differences	<u>(483)</u>	<u>–</u>
	----- (483)	----- –
Total	<u><u>(1,953)</u></u>	<u><u>2,970</u></u>

(ii) Reconciliation between tax (credit)/expense and accounting profit/(loss) at applicable tax rates:

	2023 RMB'000	2022 RMB'000
Profit/(loss) before taxation	<u><u>33,238</u></u>	<u><u>(31,700)</u></u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	5,282	(3,435)
Tax effect of non-taxable income	(9,156)	(15,757)
Tax effect of non-deductible expenses	3,395	3,030
(Over)/under provision in respect of prior years	(3,418)	123
Effect of tax losses not recognised	<u>1,944</u>	<u>19,009</u>
Actual tax (credit)/expense	<u><u>(1,953)</u></u>	<u><u>2,970</u></u>

(b) **Discontinued operations**

(i) **Taxation in the consolidated statement of profit or loss represents:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	–
Deferred tax		
Origination and reversal of temporary differences	–	(2,812)
Total	–	(2,812)

(ii) **Reconciliation between tax credit and accounting loss at applicable tax rates:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before taxation	–	(56,281)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	–	(9,844)
Tax effect of non-taxable income	–	(178)
Tax effect of non-deductible expenses	–	3,857
Effect of tax losses not recognised	–	3,353
Actual tax credit	–	(2,812)

Pursuant to the rules and regulations of the Cayman Islands, the Company is exempt from income tax in the Cayman Islands. In addition, subsidiaries located in jurisdictions other than Hong Kong, Mainland China, Taiwan and Malaysia are not subject to any income tax in these jurisdictions.

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision of the Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

The applicable income tax rate of the Group's Mainland China subsidiaries is 25% (2022: 25%) for the year.

The provision for Taiwan Income Tax is calculated at 20% (2022: 20%) of the estimated assessable profits for the year.

The provision for Malaysia Income Tax is calculated at 24% (2022: 24%) of the estimated assessable profits for the year.

7. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2023 and 2022.

(b) Share capital

Authorised and issued share capital

	2023		2022	
	Number of shares	Amount <i>HKD</i>	Number of shares	Amount <i>HKD</i>
Authorised:				
Ordinary shares of HKD0.005 each	<u>10,000,000,000</u>	<u>50,000,000</u>	<u>10,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:				
At 1 January	4,404,018,959	22,020,094	4,464,806,959	22,324,034
Share repurchased	<u>-</u>	<u>-</u>	<u>(60,788,000)</u>	<u>(303,940)</u>
At 31 December	<u>4,404,018,959</u>	<u>22,020,094</u>	<u>4,404,018,959</u>	<u>22,020,094</u>
		equivalent <i>RMB'000</i>		equivalent <i>RMB'000</i>
		<u>21,254</u>		<u>21,254</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the year, the Company repurchased no listed shares (2022: 60,788,000 shares) on the Stock Exchange.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of RMB33,885,000 (2022: loss of RMB80,022,000) and the weighted average of 4,404,018,959 ordinary shares (2022: 4,428,360,975 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2023	2022
Issued ordinary shares at 1 January	4,404,018,959	4,464,806,959
Effect of shares repurchased	–	(36,445,984)
	<u>4,404,018,959</u>	<u>4,428,360,975</u>

(ii) Consolidated profit/(loss) attributable to ordinary equity shareholders of the Company

	2023 RMB'000	2022 RMB'000
Profit/(loss) attributable to equity shareholders of the Company		
– continuing operations	33,885	(26,553)
– discontinued operations	–	(53,469)
	<u>33,885</u>	<u>(80,022)</u>

(iii) Earnings/(loss) per share

	2023	2022
Basic earnings/(loss) per share		
– continuing operations	RMB 0.008	RMB (0.006)
– discontinued operations	RMB –	RMB (0.012)
	<u>RMB 0.008</u>	<u>RMB (0.018)</u>

(b) Diluted earnings/(loss) per share

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

9. GOODWILL

	<i>RMB'000</i>
Cost:	
At 1 January 2022	218,738
Exchange adjustments	<u>18,705</u>
At 31 December 2022	<u>237,443</u>
At 1 January 2023	237,443
Exchange adjustments	<u>4,018</u>
At 31 December 2023	<u>241,461</u>
Accumulated impairment losses:	
At 1 January 2022	(169,501)
Exchange adjustments	<u>(15,928)</u>
At 31 December 2022	<u>(185,429)</u>
At 1 January 2023	(185,429)
Exchange adjustments	<u>(3,421)</u>
At 31 December 2023	<u>(188,850)</u>
Carrying amount:	
At 31 December 2023	<u>52,611</u>
At 31 December 2022	<u>52,014</u>

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units identified according to places of operations and reportable segments as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
High-end consuming accessories	<u>52,611</u>	<u>52,014</u>

High-end consuming accessories

At 31 December 2023, before impairment testing, goodwill of RMB32,925,000 (2022: RMB32,328,000), RMB18,000,000 (2022: RMB18,000,000) and RMB1,686,000 (2022: RMB1,686,000) were allocated to Born Talent Limited, 上海亨冠裝飾工程管理有限公司 and 廣州亨雅實業集團有限公司 within the high-end consuming accessories segment respectively.

The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are the discount rate and revenue/gross profit growth rate. The Group prepares cash flow forecasts derived from the two years financial budgets and extrapolates cash flows for the following three years based on estimated annual average growth rates in sales ranging from 1% to 13% (2022: 10% to 35%), growth rates in gross profit ratio ranging from 1% to 3% (2022: 1% to 5%), at a discount rate of 12.0% to 13.0% (2022: 13.3% to 14.3%). Cash flows beyond five years period are projected using 3% (2022: 3%) growth rate. This rate does not exceed the average long-term growth rate for the relevant market. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. The growth rates are determined by management based on the performance of the relevant cash-generating units and their estimated future development.

10. INTERESTS IN ASSOCIATES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Unlisted corporate entities		
Share of net assets	137,386	132,780

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

Name	Hengdeli Deyesion International Shipping Limited		Mark Ocean Limited		Deyi Diligence Maritime Limited	
Principal place of business/country of incorporation	Hong Kong		Hong Kong		Hong Kong	
Principal activities	Engaged in provision of shipping services		Engaged in vessel holding		Engaged in vessel holding	
% of ownership interests/voting rights held by the Group	46%		46%		35%	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 31 December:						
Non-current assets	–	–	93,811	91,933	139,279	146,208
Current assets	254,101	300,029	35,317	57,028	65,582	64,977
Current liabilities	(91,125)	(123,334)	(53,000)	(61,090)	(136,760)	(186,341)
Net assets	162,976	176,695	76,128	87,871	68,101	24,844
Group's share of net assets	74,969	81,280	35,019	40,421	23,835	8,695
Year ended 31 December:						
Revenue	219,290	1,496,282	91,862	232,521	158,405	101,332
(Loss)/profit after tax	(17,263)	68,951	17,847	73,788	42,599	24,015
Other comprehensive income	3,543	11,278	1,641	3,670	657	820
Total comprehensive income	(13,720)	80,229	19,488	77,458	43,256	24,835

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 31 December:		
Carrying amounts of interests	<u>3,563</u>	<u>2,384</u>
Year ended 31 December:		
Profit for the year	2,621	2,392
Other comprehensive income	<u>–</u>	<u>–</u>
Total comprehensive income	<u>2,621</u>	<u>2,392</u>
Dividends received from associates	<u>–</u>	<u>–</u>

During the year, Mark Ocean Limited has declared and paid dividends to the Group of USD2,034,000 (equivalents to RMB14,367,000). An immaterial associate has declared of RMB2,250,000 in 2022 but not yet paid to the Group.

11. OTHER INVESTMENTS

(a) Equity investments at fair value through other comprehensive income

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Equity securities designated at FVOCI (non-recycling)			
– Listed securities	<i>(i)</i>	183,434	207,176
– Unlisted fund investments		<u>185,148</u>	<u>148,155</u>
		<u>368,582</u>	<u>355,331</u>

Notes:

- (i) Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which the Group intends to hold for strategic purposes, and which the Group has irrevocably elected at initial recognition to recognise in this category. RMB4,989,000 of dividends were received on these investments during the year (2022: RMB9,298,000).
- (ii) The value of the above investments was individually insignificant (individually less than 5% of the Group's total assets).

(b) Equity investments at fair value through profit or loss

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Equity securities, at fair value			
– Listed securities	<i>(i)</i>	<u>10,654</u>	<u>7,336</u>

Note:

- (i) During the year, no dividends were received on the equity investments at fair value through profit or loss (FVPL) (2022: Nil).

12. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials	25,982	20,090
Work in progress	27,589	32,443
Finished goods and merchandise	204,544	185,235
	<u>258,115</u>	<u>237,768</u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations:		
Carrying amount of inventories sold	<u>1,206,189</u>	<u>915,693</u>
Discontinued operations:		
Carrying amount of inventories sold	-	565,566
Reversal of write-down of inventories	-	(315,854)
	<u>-</u>	<u>249,712</u>

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Current assets			
Trade receivables, net of loss allowance		338,540	342,832
Other receivables, net of loss allowance	<i>(i)</i>	124,562	178,106
PRC value added tax receivables		17,565	20,584
Receivables from government authority	<i>(ii)</i>	13,153	21,573
Interest receivables		6,650	8,111
Dividends receivable from an associate		4,050	4,050
		504,520	575,256
Prepayment and deposits	<i>(iii)</i>	53,552	128,371
		558,072	703,627
Non-current assets			
Prepayment and deposits		46,707	1,748
		604,779	705,375

All of the trade and other receivables in current assets are expected to be recovered within one year.

Notes:

- (i) Other receivables include advances to third parties of RMB46,237,000 (2022: RMB104,570,000), which are interest bearing at 6% per annum as at 31 December 2023 and are recoverable within one year. The advances to third parties are fully secured by collaterals obtained by the Group as at 31 December 2023.
- (ii) The balance mainly represented a receivable in respect of return of land use right to the Chenzhou Government.
- (iii) Prepayment includes freight charges to an associate of RMB10,247,000 (2022: RMB26,441,000).

Ageing analysis

The ageing analysis of trade receivables (net of loss allowance) at the end of the reporting period, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 3 months	189,975	197,975
Over 3 months but less than 12 months	136,997	140,723
Over 12 months	11,568	4,134
	338,540	342,832

Trade receivables are due within 30 to 360 days from the date of billing.

14. LOANS TO ASSOCIATES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loans to associates	<u>33,789</u>	<u>67,273</u>

The loans to associates are unsecured, interest-free and are repayable on demand.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cash at banks and on hand	<u>990,815</u>	<u>1,050,187</u>

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	144,580	119,366
Contract liabilities	20,874	16,861
Other payables and accrued expenses	<u>61,466</u>	<u>65,708</u>
	<u>226,920</u>	<u>201,935</u>

Ageing analysis

The ageing analysis of trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	86,562	56,995
Over 1 month but less than 3 months	53,228	54,926
Over 3 months but less than 12 months	115	7,426
Over 12 months	<u>4,675</u>	<u>19</u>
	<u>144,580</u>	<u>119,366</u>

17. BANK LOANS

As at 31 December 2023, the bank loans were repayable as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year or on demand	<u>76,653</u>	<u>56,799</u>
After 1 year but within 2 years	1,283	4,545
After 2 years but within 5 years	4,029	13,631
After 5 years	<u>12,171</u>	<u>6,746</u>
	<u>17,483</u>	<u>24,922</u>
	<u>94,136</u>	<u>81,721</u>

As at 31 December 2023, the bank loans were secured as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank loans within one year or on demand Secured	<u>76,653</u>	<u>56,799</u>
Bank loans after one year Secured	<u>17,483</u>	<u>24,922</u>
	<u>94,136</u>	<u>81,721</u>

Certain secured bank loans are all drawn down under certain bank facilities secured by certain land and buildings of the Group with aggregate carrying values of RMB179,902,000 (2022: RMB187,885,000).

As at 31 December 2023 and 2022, the banking facilities were not subject to the fulfilment of the covenants based on the lending arrangements with financial institutions.

18. DISCONTINUED OPERATIONS

During the year ended 31 December 2022, in line with the established strategy, the Group liquidated its remaining watch stocks and completely cease its renowned watch operations. This segment is separately reported with the comparative figures restated accordingly.

The results of the discontinued operations which have been included in consolidated profit or loss, are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	–	220,293
Cost of sales	–	(249,712)
Gross loss	–	(29,419)
Other revenue	–	7,329
Other net loss	–	(12,656)
Distribution costs	–	(11,848)
Administrative expenses	–	(9,168)
Loss from operations	–	(55,762)
Finance costs	–	(519)
Loss before taxation	–	(56,281)
Income tax credit	–	2,812
Loss for the year	–	(53,469)

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

The Group maintained a sound and stable financial position.

Revenue

For the year ended 31 December 2023, the Group recorded revenue of RMB1,421,454,000 (2022: RMB1,259,579,000), representing a year-on-year increase of 12.9%; the revenue from high-end consuming accessories business amounted to RMB710,708,000 (2022: RMB630,330,000), representing a year-on-year increase of 12.8%; the revenue from commodity trading amounted to RMB710,746,000 (2022: RMB408,956,000), representing a year-on-year increase of 73.8%.

Breakdown of revenue: (for the year ended 31 December)

	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
High-end Consuming Accessories	710,708	50.0	630,330	50.0
Commodity Trading	710,746	50.0	408,956	32.5
Watches Trading*	–	–	220,293	17.5
Total	<u>1,421,454</u>	<u>100</u>	<u>1,259,579</u>	<u>100</u>

* The Group liquidated its remaining watch stocks and completely ceased its renowned watch operations during 2022, and accordingly, the revenue of watches trading during the year under review was nil.

Gross profit and gross profit margin

For the year ended 31 December 2023, the Group's gross profit amounted to approximately RMB215,265,000 (2022: RMB94,174,000), representing a year-on-year increase of 128.6%. Gross profit margin was approximately 15.1% (2022: 7.5%), representing a year-on-year increase of 7.6 percentage points. The increase in gross profit and gross profit margin was mainly attributable to the fluctuations in commodity trading prices and a significant decrease in the inventory provision as a result of the discontinuation of the watch business.

Profit for the year

The Group recorded a profit of RMB35,191,000 during the year (2022: loss of RMB88,139,000), representing a year-on-year increase of 139.9%. Profit attributable to equity shareholders amounted to RMB33,885,000 (2022: loss of RMB80,022,000), representing a year-on-year increase of 142.3%. The main reason for the profit for the year was the improvement in gross profit and the discontinuation of the watch business, which led to a significant decrease in the inventory provision and operating expenses of the watch business.

Financial status and net debt to equity ratio

The Group maintained a sound and stable financial position. As at 31 December 2023, the Group had total equity of RMB3,245,634,000 (2022: RMB3,219,834,000) and net current assets of RMB1,855,619,000 (2022: RMB2,064,563,000), with cash and cash equivalents and deposits with bank of RMB1,309,252,000 (2022: RMB1,322,888,000) and total bank loans of RMB94,136,000 (2022: RMB81,721,000). As at 31 December 2023, bank loans bearing interests at floating rates of 2.3% to 3.7% (2022: 2% to 3.7%). As at 31 December 2023, approximately 80% (2022: 67%) and 20% (2022: 33%) of bank loans were denominated in RMB and NTD, respectively. The maturity profile of bank loans is set out in note 17 to the accompanying financial statements. During the year under review, there was no sign of significant changes in the Group's demand for loans in a particular quarter.

As at 31 December 2023, the Group's total debt amounted to RMB94,136,000 (2022: RMB81,721,000). The net debt to equity ratio of the Group was zero (2022: zero) (Net debt is defined as total debt (which includes total interest-bearing borrowing) less cash and cash equivalents). It established a solid foundation for the further business expansion of the Group.

The Group adopts prudent treasury policies in financial and cash management, manages bank credit availability and monitors risks of credit cost centrally in various ways. The Group maintains a good partnership with a number of banks which provide financing facilities, and reviews its funding liquidity and financing needs regularly.

Foreign exchange risk

The Group's transactions are mainly denominated in HKD, RMB and USD. Therefore, the Group is exposed to foreign exchange risks. During the year under review, the Group has been actively monitoring its foreign exchange risk and will adopt a foreign exchange hedging policy for significant foreign exchange risks.

Pledge of assets

As at 31 December 2023, the Group had land and buildings equivalent to RMB179,902,000 (2022: RMB187,885,000) pledged as security for mortgage.

Contingent liabilities

As at 31 December 2023, the Group had no material contingent liabilities (2022: nil).

Current assets

As at 31 December 2023, the current assets of the Group amounted to approximately RMB2,170,351,000 (2022: RMB2,339,060,000), comprising inventories of approximately RMB258,115,000 (2022: RMB237,768,000), trade and other receivables of approximately RMB558,072,000 (2022: RMB703,627,000), loans to associates of approximately RMB33,789,000 (2022: RMB67,273,000), cash and cash equivalents and deposits with banks of approximately RMB1,309,252,000 (2022: RMB1,322,888,000).

As at 31 December 2023, cash and cash equivalents of approximately 19% (2022: 25%), 49% (2022: 58%) and 32% (2022: 17%) were denominated in RMB, HKD and other currencies, respectively.

Current liabilities

As at 31 December 2023, the current liabilities of the Group amounted to approximately RMB314,732,000 (2022: RMB274,497,000), comprising bank loans of approximately RMB76,653,000 (2022: RMB56,799,000), trade and other payables of approximately RMB226,920,000 (2022: RMB201,935,000), lease liabilities of approximately RMB8,313,000 (2022: RMB10,802,000) and current taxation of approximately RMB2,846,000 (2022: RMB4,961,000).

Capital structure

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 31 December 2023, the issued share capital of the Company was 4,404,018,959 shares (2022: 4,404,018,959 shares), with reserves and accumulated profits of RMB3,164,782,000 (2022: RMB3,140,286,000) in total.

Significant investment, material acquisition and disposal

The Company has no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review, except as disclosed in the notes to the financial statements.

Except as disclosed in the notes to the financial statements, the Company did not hold other significant investments during the year under review.

Final dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: nil).

II. BUSINESS REVIEW

During the year under review, the Group's business was primarily focused on the manufacturing of high-end consuming accessories, the building up of high-end consuming service platforms, international commodity trading and its related supply chain services.

High-end Consuming Accessories Service

The Group has a relatively mature industrial chain for high-end consuming accessories manufacturing, mainly covering the manufacturing of watches, jewellery, cosmetics and accessories and packaging products, commercial space design, production and decoration. The companies are mainly located in Suzhou, Guangzhou and Dongguan.

The two companies, “Guangzhou Artdeco” and “Dongguan Born Talent”, mainly produce high-end watch boxes and watch accessories for various types of watches. After years of development, we have achieved great success in all aspects. We have transitioned from low-end products to high-end products, from simple processing to independent innovative designs, and from purely handmade to products automated.

“Suzhou Henge” is a commercial space integration service enterprise engaged in design, production, on-site installation and after-sales service, comprising the design and decoration for each type of counters, props and various stores.

After years of development, all companies under the Group have achieved ISO9000 quality management certification, which provides strong support for the manufacturing of high-quality products; the companies have earned a solid reputation in their respective fields, forming tight relationships, mutual trust and interest sharing with brand suppliers. Moreover, a wide customer base covering China, Switzerland, the United States and other countries in the Asia Pacific region has been established. The application of advanced information management systems, such as the industry-leading ERP, BIM, and MES, provides practical guarantee for efficient and compliant corporate operation.

During the year under review, in terms of high-end consuming accessories business, the Group took various measures in order to respond to the difficult operating environment under the backdrop of the economic resurgence in China. The Group laid a solid foundation by maintaining stability, sought development driven by innovation, and continuously broadened its business modes. While engaging in sectors including accessories, jewellery, cosmetics and mobile phones, the Group continued focusing on its advantages in the field of watch accessories, watch boxes, showcases production and exhibition service. Additionally, the Group continued to improve its informational and automatic management. All measures mentioned above achieved remarkable results. During the year, good performance was recorded for both the revenue and profits of high-end consuming accessories business.

In the new year, the Group will adapt to market changes and adjust such businesses as appropriate, further strengthening the industrial management together with technical R&D and innovation, taking quality as the priority and driving growth by innovation. We will continue to seek opportunities to conduct vertical and horizontal industry integration of products, so as to maintain and improve our leadership in the industry. The Group will focus on expanding the development in manufacturing of high-end consuming accessories, and engage in deeper cooperation with brands and international counterparts in various ways. The Group will continue to enhance the service standard of its integrated services for commercial space in Mainland China and international markets. The Group will also fully embark on a limited number of diversified business activities to capitalize on the potential of the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, striving to become an indispensable independent segment in the global industry ecological chain of high-end consumption.

International Trading

During the year under review, in accordance with the established strategy, the Group continued to carry out the international commodity trading business. During the year, the business mainly covered the importation of iron ore, thermal coal and coking coal to Mainland China. In response to difficult operating environment, the Group actively adapted to the market dynamics and accordingly made flexible and precise delivery as much as possible, in order to increase sales and decrease costs. Since international commodity trading business was on a steady upward trend due to efforts from various parties, its sales and profits both improved as compared to the same period last year.

In the new year, the Group will continue to keep abreast of the market and carry out international commodity trading activities as appropriate in a prudent manner in order to lay a solid foundation for the Group's healthy operation and development.

International Shipping

During the year under review, in line with the Group's established strategic direction and the development of its international trading business, the Group continued the in-depth development of its international shipping business which mainly focused on global maritime transportation of dry bulk cargo, such as steel, coal, iron ore, manganese ore, food and industrial salt.

In 2023, the global shipping market for dry bulk cargo maintained seasonal fluctuations. Our shipping company therefore adhered to its prudent and sound operating strategies, and seized every favorable opportunity to expand its business while keeping the customer service as the core and prioritizing the shipping safety. Since the resumption of coal importation from Australia to China at the beginning of the year, the Group has successively secured new customers with large importation of Australian coal, including Yankuang Energy Group Company Limited and Jidong Cement Co., Ltd. in order to address the transportation demand of Australian coal from major customers. In addition to engaging in original traditional transportation routes, the Group initiated its first coal transportation route from Colombia to South Korea, the revenue of which significantly outperformed the shipping market in the same period. At the same time, the Group continued to maintain good communication and cooperation with major central enterprises and state-owned enterprises in China which have concentrated overseas large-scale mining and import businesses. By doing such, the Group overcame difficulties and strived for development. During the year, the Group's revenue from the shipping business increased and kept positive returns despite the overall profits recorded a decrease. The shipping business made positive contribution to the Group's healthy operation and future development.

With China being a major importer of bulk raw materials in the world, although there are certain uncertainties in global economy growth and demand from China, the fundamentals of long-term upward trend of Chinese economy remain unchanged. In the coming year, our shipping company will maintain its prudent and optimistic attitude to keep align with the market and continue its expansion in China's shipping market, so as to provide existing customers with better-quality shipping service. At the same time, maintaining our prudential and stable operating strategy, the Group will also explore new customers, new cargoes and new routes to enhance the Company's vessel capacity and market competitiveness, so as to achieve robust profit growth.

III. OUTLOOK

At present, the global political situation is experiencing a high degree of unrest, making the global economy more perplexing and the business environment remain complicated and grim. China's economy is struggling for recovery amid external instability and uncertainties as well as internal challenges. However, it is undisputed that the economy will recover and achieve growth in long run. With multiple measures implemented by the Chinese government to promote stability and progress, it is believed that the momentum of Mainland China's economic development will continue to strengthen with sustainable growth.

In the new year, the Group will continue to adhere to the principle of “sound, steady, and long-term operations”, and will leverage the stable business environment in Mainland China that “pursues stability while seeking progress” to keep abreast of the market trend and further advance the process of international trade steadily. Additionally, the Group will continuously expand and strengthen the international shipping business which is closely related to international trade, and strive to become a stronger participant in the international shipping supply chain and achieve new breakthroughs in corporate development.

The Group will continue to adapt to market demands and continuously enhance the service standard of its integrated services for commercial space in both Mainland China and international markets. The Group will continuously adjust the manufacturing of high-end accessories for renowned watches while embarking on a limited number of diversified business activities to include the manufacturing of high-end consuming accessories in high-end lifestyle products such as jewellery, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, thus becoming an indispensable independent segment in the industry ecological chain of high-end consuming accessories.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no important events affecting the Company and its subsidiaries which have occurred since the end of the year under review.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 7 May 2024 to Friday, 10 May 2024 (both days inclusive) to confirm the members on the register of members who are eligible to attend and vote at the general meeting. In order to establish entitlements to attending and voting at the general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 6 May 2024.

PURCHASE, SALE OR REPURCHASE OF SECURITIES

During the year under review, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (2022: repurchased 60,788,000 shares).

As of 31 December 2023, the issued share capital of the Company was 4,404,018,959 shares (31 December 2022: 4,404,018,959 shares).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Directors are of the opinion that the Company complied with code provisions in the Corporate Governance Code during the year under review.

By Order of the Board
Zhang Yuping
Chairman

Hong Kong, 20 March 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Yuping (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive Director is Mr. Shi Zhongyang; and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.