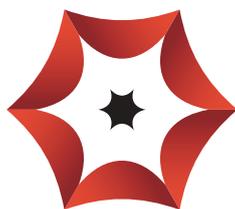


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**China Jicheng Holdings Limited**  
**中國集成控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1027)

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

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 16.9% to approximately RMB294 million (2022: approximately RMB354 million)
- Gross profit decreased by approximately 40.0% to approximately RMB21 million (2022: approximately RMB35 million)
- Loss for the year of approximately RMB93 million (2022: loss for the year of approximately RMB29 million)
- Basic loss per share of approximately RMB0.22 cents (2022: basic loss per share of approximately RMB0.08 cents)
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil)

The board (the “Board”) of directors (the “Directors”) of China Jicheng 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, together with the comparative figures for the year ended 31 December 2022 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	294,467	353,948
Cost of sales		<u>(273,075)</u>	<u>(318,582)</u>
Gross profit		21,392	35,366
Other income and net gain	4	4,656	19,026
Impairment loss recognised in respect of allowances for credit losses, net of reversal		(68,696)	(9,254)
Selling and distribution expenses		(14,450)	(22,050)
Administrative expenses		(32,562)	(43,775)
Finance costs	6	<u>(3,045)</u>	<u>(3,954)</u>
<b>Loss before tax</b>		<b>(92,705)</b>	<b>(24,641)</b>
Income tax expense	7	<u>(46)</u>	<u>(4,792)</u>
<b>Loss for the year attributable to owners of the Company</b>	8	<b>(92,751)</b>	<b>(29,433)</b>
<b>Other comprehensive income</b>			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation of financial statements		<u>99</u>	<u>2,172</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><b>(92,652)</b></u>	<u><b>(27,261)</b></u>
<b>Loss per share</b>			
Basic (RMB)	9	<u><b>(0.22) cents</b></u>	<u><b>(0.08) cents</b></u>
Diluted (RMB)	9	<u><b>(0.22) cents</b></u>	<u><b>(0.08) cents</b></u>

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>48,898</b>	46,308
Right-of-use assets		<b>12,587</b>	13,123
Fixed time deposit		<b>5,000</b>	5,000
Prepayment		–	6,710
		<b>66,485</b>	71,141
<b>Current assets</b>			
Inventories		<b>115,366</b>	132,269
Financial assets at fair value through profit or loss		<b>7,779</b>	4,245
Trade receivables	<i>10</i>	<b>92,925</b>	148,571
Prepayments and other receivables		<b>58,475</b>	65,598
Loan receivable		<b>10,263</b>	10,838
Fixed time deposits		<b>17,673</b>	19,207
Bank balances and cash		<b>13,094</b>	16,571
		<b>315,575</b>	397,299
<b>Current liabilities</b>			
Trade and bills payables	<i>11</i>	<b>45,041</b>	59,455
Accruals, other payables and contract liabilities		<b>21,929</b>	6,290
Bank borrowings		<b>73,390</b>	68,100
Tax payable		<b>2,102</b>	2,468
		<b>142,462</b>	136,313
<b>Net current assets</b>		<b>173,113</b>	260,986
<b>Total assets less current liabilities</b>		<b>239,598</b>	332,127
<b>Non-current liability</b>			
Deferred tax liabilities		–	315
<b>Net assets</b>		<b>239,598</b>	331,812
<b>Capital and reserves</b>			
Share capital		<b>10,818</b>	10,818
Reserves		<b>228,780</b>	320,994
<b>Total equity</b>		<b>239,598</b>	331,812

## NOTES:

### 1. GENERAL

The Company was incorporated in the Cayman Islands on 12 June 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is Jicheng Investment Limited, a company incorporated in the British Virgin Islands (the “BVI”) with limited liabilities and is ultimately controlled by Mr. Huang Wenji (“Mr. Huang”).

The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the principal place of business of the Company in Hong Kong is Room 904, Loon Kee Building, 275 Des Voeux Road Central, Hong Kong. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in manufacture and sales of umbrellas and the relevant products.

The functional currency of the Company is Hong Kong dollar (“HKD”). The consolidated financial statements are presented in Renminbi (“RMB”) since the principal subsidiaries are operating in RMB environment and the functional currency of these subsidiaries is RMB.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (A) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of other new and amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (B) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendment to HKAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> to be determined.

The amendments to HKFRSs mentioned below, the directors anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

### Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the “Stock Exchange”) (the “Listing Rule”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 4. REVENUE AND OTHER INCOME AND GAINS

##### (i) Revenue from contracts with customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Sales of umbrellas and the relevant products	<u>294,467</u>	<u>353,948</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
A point in time	<u>294,467</u>	<u>353,948</u>

##### (ii) Other income and net gain

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank interest income	1,308	4,797
Loan interest income	1,049	417
Government grants	1,026	2,219
Loss on financial assets at fair value through profit or loss	(382)	(4,863)
Gain on disposal of a subsidiary	–	5,056
Exchange gain, net	1,539	10,870
Others	116	530
	<u>4,656</u>	<u>19,026</u>

#### 5. SEGMENT INFORMATION

The Group is engaged in a single operating segment, which is the manufacture and sales of umbrellas and the relevant products. Operating segment is reported in a manner consistent with the internal reporting provided to the board of directors, being the chief operating decision maker (the “CODM”). The CODM is responsible for allocating resources and assessing performance of the operating segments, no other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, products information, major customers and geographic information are presented.

##### Product information

The Group has been engaged in manufacturing and sales of POE umbrella, nylon umbrella and umbrella parts. An analysis of the Group’s revenue by product category is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
POE umbrella	59,488	83,307
Nylon umbrella	114,400	72,840
Umbrella parts	<u>120,579</u>	<u>197,801</u>
	<u>294,467</u>	<u>353,948</u>

## 6. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expense on:		
– bank borrowings	<u>3,045</u>	<u>3,954</u>

## 7. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC Corporate Income Tax		
– current tax	<u>361</u>	<u>4,841</u>
	361	4,841
Deferred tax credit	<u>(315)</u>	<u>(49)</u>
	<u>46</u>	<u>4,792</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

- (iii) Under the Law of the PRC on Corporate Income Tax and Implementation Regulation of the Corporate Income Tax Law, the tax rate of the PRC subsidiaries is 25% for both years.

## 8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Wages, salaries and allowances (excluding directors' emoluments)	31,541	39,474
Retirement benefit schemes contributions (excluding directors)	5,239	7,541
Equity-settled share-based payment expenses	–	4,419
	<hr/>	<hr/>
Total staff costs	36,780	51,434
	<hr/>	<hr/>
Cost of inventories sold	273,075	318,582
Loss on disposal of property, plant and equipment	383	327
Depreciation of property, plant and equipment	4,540	4,613
Depreciation of right-of-use assets	536	731
Research and development expenses	12,617	13,321
Operating lease rental relating to short-term lease	10	10
Auditor's remuneration	524	532
	<hr/> <hr/>	<hr/> <hr/>

## 9. LOSS PER SHARE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<hr/> <hr/> (92,751)	<hr/> <hr/> (29,433)
	<hr/>	<hr/>
	2023 <i>'000</i>	2022 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<hr/> <hr/> 412,550	<hr/> <hr/> 367,188
	<hr/>	<hr/>

The basic and diluted loss per share are the same for the years ended 31 December 2023 and 2022.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for the years ended 31 December 2023 and 2022.

## 10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables arising from contracts with customers	170,732	151,924
Less: Allowance for credit losses	<u>(77,807)</u>	<u>(3,353)</u>
	<u><b>92,925</b></u>	<u><b>148,571</b></u>

The Group generally allows average credit period of 90 to 180 days to its trade customers. The Group does not hold any collateral over these balances.

The following is an ageing analysis of trade receivables, net of allowance of credit losses, presented based on the invoice date:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 90 days	74,791	58,598
91 to 180 days	11,002	66,407
181 to 365 days	3,392	23,566
Over 365 days	<u>3,740</u>	<u>–</u>
	<u><b>92,925</b></u>	<u><b>148,571</b></u>

## 11. TRADE AND BILLS PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	10,774	26,038
Bills payables	<u>34,267</u>	<u>33,417</u>
	<u><b>45,041</b></u>	<u><b>59,455</b></u>

An ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 90 days	17,707	33,357
91 to 180 days	19,733	3,199
181 to 365 days	<u>7,601</u>	<u>22,899</u>
	<u><b>45,041</b></u>	<u><b>59,455</b></u>

The credit period granted by the supplier normally ranging from 30 days to 120 days for both years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft. The Group manufactures products at the production site located in Dongshi Town and Yonghe Town of Jinjiang City in Fujian Province of the PRC.

The Group principally engaged in selling POE umbrellas, nylon umbrellas and umbrella parts on export basis to the Group's overseas customers which accounted for approximately 77% of the Group's total revenue for the year ended 31 December 2023. The Group exported its POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, Republic of Korea, Taiwan, Spain and Cambodia. The Group's overseas customers would usually provide the Group with their design and specification. The Group's sales personnel would closely communicate with the Group's customers. Depending on the specific needs of these overseas customers, the Group's sales personnel would put forward the Group's suggestions for modifications to design and specification from its research and development staff to the Group's customers for their consideration. When customers decide on the final design and specification, the Group would make samples and provide to the Group's customers for approval.

For domestic market, the Group sold its POE umbrellas, nylon umbrellas and umbrella parts to the Group's customers in the PRC which accounted for approximately 23% of the Group's total revenue for the year ended 31 December 2023. The Group's domestic customers would usually place orders with the Group from selection of its existing POE umbrellas and nylon umbrellas products which are all designed by its research and development team. The Group also sell some of its POE umbrellas and nylon umbrellas under the Group's Jicheng (集成) brand through sales to our non-trading customers such as supermarkets.

The Group also manufactured umbrella parts as an ancillary products mainly for the Group's existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from the Group.

The Group's new business strategy is to shift business focus from developing upstream manufacturing to downstream distribution network and brand building so as to facilitate promotion of the Group's branded umbrellas which command higher margins.

To diversify its business and explore potential business opportunities, the Group is exploring and developing business opportunities and projects.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue decreased from approximately RMB354 million for the year ended 31 December 2022 to approximately RMB294 million for the year ended 31 December 2023, representing a decrease of approximately 16.9%, which was mainly attributable to the decreased demand for the POE umbrellas and umbrella parts.

### **Cost of sales**

The cost of sales decreased from approximately RMB319 million for the year ended 31 December 2022 to approximately RMB273 million for the year ended 31 December 2023, representing a decrease of approximately 14.4%. The decrease was mainly attributable to the corresponding decrease in direct materials costs and direct labour costs were in line with the Group's decrease in revenue during the year ended 31 December 2023.

### **Gross profit and gross margin**

As a result of the foregoing, the gross profit decreased by approximately RMB14 million, or 40.0%, from approximately RMB35 million for the year ended 31 December 2022 to approximately RMB21 million for the year ended 31 December 2023. The gross profit margin decreased from approximately 9.9% for the year ended 31 December 2022 to approximately 7.3% for the year ended 31 December 2023.

### **Other income and net gain**

The Group recorded other income and net gain of approximately RMB5 million for the year ended 31 December 2023 as compared with other income and net gain of approximately RMB19 million for the year ended 31 December 2022. It was mainly due to the decrease in exchange gain of approximately RMB9 million during the year ended 31 December 2023.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by approximately RMB8 million or 36.4% from approximately RMB22 million for the year ended 31 December 2022 to approximately RMB14 million for the year ended 31 December 2023.

### **Administrative expenses**

Administrative expenses decreased by approximately RMB11 million, or 25.0%, from approximately RMB44 million for the year ended 31 December 2022 to approximately RMB33 million for the year ended 31 December 2023. The decrease in administrative expenses was mainly due to the decrease in staff costs of approximately RMB10 million during the year ended 31 December 2023.

## **Finance costs**

Finance costs remained stable as approximately RMB3 million and RMB4 million for the years ended 31 December 2023 and 2022.

## **Loss for the year**

For the year ended 31 December 2023, the Group recorded a loss for the year of approximately RMB93 million, as compared with loss of approximately RMB29 million for the year ended 31 December 2022. The decline in the financial performance of the Group were mainly due to the impairment loss recognised for trade receivables and other receivables of approximately RMB69 million during the year ended 31 December 2023.

## **Liquidity and financial resources**

As at 31 December 2023, the Group's bank balances and cash (including fixed time deposits of approximately RMB23 million (2022: approximately RMB24 million)) amounted to approximately RMB36 million (2022: approximately RMB41 million), and short-term bank borrowings amounted to RMB73 million (2022: approximately RMB68 million). The annual interest rates of loans ranged from 3.4% to 4.6%.

The Group's current ratio decreased from 2.9 times as at 31 December 2022 to 2.2 times as at 31 December 2023, which was calculated based on the total current assets divided by the total current liabilities. As at 31 December 2023, the gearing ratio was approximately 45% (2022: approximately 31%), which was calculated based on the bank borrowings and bills payables to the percentage of the total equity.

## **Inventories**

As at 31 December 2023, the inventories were approximately RMB115 million (2022: approximately RMB132 million). The inventory turnover days were increased from approximately 149 days in 2022 to approximately 165 days in 2023, which was calculated based on the average of the beginning and ending balance of inventories for the year divided by cost of sales for the year, and multiplied by 365 days.

## **Trade receivables**

As at 31 December 2023, the trade receivables were approximately RMB93 million (2022: approximately RMB149 million). The Group generally allows an average credit period of 90 days to its trade customers. The average trade receivables turnover day was increased from approximately 138 days in 2022 to approximately 150 days in 2023, which was calculated based on the average of the beginning and ending trade receivable balances for the year divided by revenue for the year and multiplied by 365 days.

## **Trade and bills payables**

As at 31 December 2023, the trade and bills payables were approximately RMB45 million (2022: approximately RMB59 million). The Group's suppliers typically grant us a credit terms ranging from 30 days to 120 days. The average trade and bills payables turnover days were increased from approximately 49 days in 2022 to approximately 70 days in 2023, which was calculated based on the average of the beginning and ending of trade and bills payable balance of the year divided by cost of sales of the year and multiplied by 365 days.

## **PREPAYMENT AND OTHER RECEIVABLES**

RMB33.1 million of other receivables represent an advance to an independent third party (a former wholly-owned subsidiary which the disposal was completed on 24 June 2022, please refer to the announcement dated 17 June 2022 for more details) which is unsecured and interest-free. The amount was fully repaid during the year ended 31 December 2023.

The Company considers that the terms of the advance are fair and reasonable. The Company is of the view that the advance would be able to maintain stable long-term commercial relationship as a domestic semi-finished product approved supplier to the Group. We believe that the domestic supply of these materials is currently satisfactory and we have not experienced any material shortage or delay in the supply of these raw materials. Having ascertained that we were able to comply with the stringent standards in relation to product quality, production process and environmental compliance. We believe that our stable product quality with a stable relationship with our suppliers and our ability to deliver a wide range of products to our customers have enabled us to earn recurring business. The Company considers that the advance is in the interests of the Company and its shareholders as a whole and also meet the group's business strategy.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The business of the Group is subject to numerous risks and uncertainties. The following is a summary of some of the principal risks and uncertainties affecting the Group's business:

- The Group's business, financial condition and results of operations may be affected by the loss of key customers.

It is important for the Group to maintain close and mutually beneficial relationships with the Group's key overseas and domestic customers. The Group's revenue is also subject to the Group's customers' business, product quality, sales strategy, industry conditions and the overall economic market environments. Any significant reduction of sales to or loss of any of the Group's key customers could materially and adversely affect our business, financial condition and results of operations.

- The Group may be subject to certain risks, such as political and economic instability and fluctuations in currency rates of foreign currencies, associated with selling our umbrella products to Japan, the PRC and other overseas customers.

## **PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

- Any change in market demand levels for the Group’s umbrella products in Japan, the PRC and in the Group’s other export destinations may have a significant effect on the Group’s business, financial condition and results of operations. In particular, the Group is affected by changes in the economic condition of Japan, a major destination of our products, and the PRC.
- As the Group’s sales are primarily made in US dollar, RMB and Japanese Yen whereas the Group’s purchases of materials and payment of wages and salaries to the PRC workers are in RMB and US dollar, therefore, the Group is exposed to exchange rate risk. In addition, the Group is exposed to the risks associated with the currency conversion and exchange rate system in the PRC.
- Fluctuations in prices of raw materials or unstable supply of raw materials could negatively impact our operations and may adversely affect our profitability.

The prices of most of the Group’s raw materials generally follow the price trends of, and vary with, market conditions. Supplies of these raw materials may also be subject to a variety of factors that are beyond our control, including but not limited to market shortages, suppliers’ business interruptions, government control, weather conditions and overall economic conditions, all of which may have an impact on their respective market prices from time to time.

- The Group may experience a shortage of labour or our labour costs may continue to increase.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no material capital commitment (2022: nil). As at 31 December 2023, the Group did not have any significant contingent liabilities (2022: nil).

## **PLEDGE OF ASSETS**

As at 31 December 2023, the Group’s leasehold land and buildings with a carrying amounts of approximately RMB9 million (2022: approximately RMB10 million) and the fixed time deposits with a carrying amounts of approximately RMB23 million (2022: approximately RMB24 million) were pledged to banks for bank borrowings and bills payables.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group employed a total of 449 employees (2022: 571 employees). The emolument policy of the employees of the Group was set up by the Board based on their experience, qualifications and competence. Other employees’ benefits include contributions to statutory mandatory provident funds, and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND CAPITAL ASSETS**

The Group had no significant investments, material acquisitions and disposals of subsidiaries and capital assets during the year.

## **FUTURE PROSPECTS**

The Group principal objectives are to maintain and strengthen its position as a leading umbrella manufacturer focused in Japan market and its own branded umbrella products in the PRC market, and increase its market share in the existing markets such as Hong Kong, Cambodia and Republic of Korea.

Looking ahead, the Group will shift business focus from developing upstream manufacturing to downstream distribution network and brand building so as to facilitate promotion of the Group's branded umbrellas which command higher margins and create higher values as well as bringing better return to our shareholders. To diversify its business and explore potential business opportunities, the Group is exploring and developing business opportunities and projects.

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

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company's securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standard of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises four executive Directors and three independent non-executive Directors. The Company has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules since the Listing Date with the following deviations:

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer of an issuer should be separated and should not be performed by the same person. Mr. Huang is currently the Chairman of the Board and the chief executive officer who is primarily responsible for the day-to-day management of the Group's business. The Directors consider that vesting the roles of the Chairman of the Board and chief executive officer in the same person facilitates the execution of the Group's business strategies and decision making, and maximises the effectiveness of the Group's operation. The Directors also believe that the presence of three independent non-executive Directors provides added independence to our Board. The Directors will review the structure from time to time and consider an adjustment should it become appropriate.

## **CODE ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)**

Code provision A.6.7 stipulates that independent non-executive Directors should attend general meeting of the Company. Mr. Yang Xuetai and Ms. Lee Kit Ying, Winnie, being the independent non-executive Directors, did not attend the Company's annual general meeting held on 29 June 2023 due to their other business engagements.

### **AUDIT COMMITTEE**

The Company established an Audit Committee on 23 January 2015 with specific written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tso Sze Wai (Chairman of the Audit Committee), Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai.

During the year ended 31 December 2023, the Audit Committee held three meetings to review the annual and interim results of the Group and make recommendations to the Board and the management in respect of the Group's financial reporting and internal control procedures. During the year ended 31 December 2023, the Audit Committee has also reviewed, with the management and the Company's auditor, the Group's significant internal controls and financial matters in accordance with the Audit Committee's written terms of reference and made relevant recommendations to the Board. The Audit Committee's review covered the audit scope and findings, external auditor's independence and performance, the Group's accounting principles and practices, the Listing Rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the interim and annual financial reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. It also reviewed this Corporate Governance Report and an internal control review report on the Company prepared by an independent advisor.

### **SCOPE OF WORK OF THE COMPANY'S AUDITOR**

The figures above in the preliminary announcement of the Group's result for the year ended 31 December 2023 have been agreed with the Company's auditor, Elite Partners CPA Limited ("Elite Partners"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Elite Partners did not constitute an 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners on the preliminary announcement.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

## **NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS**

The independent non-executive Directors have also reviewed the confirmation given by Mr. Huang Wenji and Jicheng Investment Limited, being controlling shareholders (the “Controlling Shareholders”) of the Company, to ensure their compliance with the non-competition undertakings as disclosed in the prospectus (the “Prospectus”) of the Company dated 3 February 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company will make a separate announcement to confirm the date for the closure of register of members of the Company in respect of shareholders’ entitlement to attend the forthcoming annual general meeting of the Company.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and dispatched to the shareholders of the Company in due course.

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

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.china-jicheng.cn](http://www.china-jicheng.cn)). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank all the colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all the shareholders, customers, bankers and other business associates for their trust and support.

By order of the Board of  
**China Jicheng Holdings Limited**  
**Huang Wenji**  
*Chairman*

Fujian Province, The PRC, 28 March 2024

*As at the date of this announcement, the executive Directors are Huang Wenji, Yang Guang, Lin Zhenshuang and Chung Kin Hung, Kenneth; and the independent non-executive Directors are Tso Sze Wai, Yang Xuetai and Lee Kit Ying, Winnie.*