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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2022;
(2) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR;
AND
(3) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2022	2021	YoY change
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>	%
Continuing Operations:			
Revenue	1,039,286	877,994	18.4
Gross profit	123,593	137,915	-10.4
(Loss)/profit for the year from continuing operations	(34,670)	49,286	-170.3
Discontinued Operations (see note 18):			
Loss for the year from discontinued operations	(53,469)	(29,076)	83.9
(Loss)/profit attributable to equity shareholders	(80,022)	26,282	-404.5

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (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 2022

(Expressed in Renminbi)

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Continuing operations			
Revenue	3	1,039,286	877,994
Cost of sales		<u>(915,693)</u>	<u>(740,079)</u>
Gross profit		123,593	137,915
Other revenue	4	32,033	35,822
Other net loss	4	(71,691)	(1,377)
Distribution costs		(55,481)	(52,532)
Administrative expenses		<u>(133,323)</u>	<u>(118,238)</u>
(Loss)/profit from operations		(104,869)	1,590
Share of profits of associates		76,457	50,997
Finance costs	5(a)	<u>(3,288)</u>	<u>(2,909)</u>
(Loss)/profit before taxation	5	(31,700)	49,678
Income tax expense	6	<u>(2,970)</u>	<u>(392)</u>
(Loss)/profit for the year from continuing operations		(34,670)	49,286
Discontinued operations	18		
Loss for the year from discontinued operations		<u>(53,469)</u>	<u>(29,076)</u>
(Loss)/profit for the year		<u>(88,139)</u>	<u>20,210</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the year ended 31 December 2022*

(Expressed in Renminbi)

		2022	2021
	<i>Notes</i>	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Attributable to:			
Owners of the Company			
– Continuing operations		(26,553)	55,358
– Discontinued operations		(53,469)	(29,076)
		(80,022)	26,282
Attributable to:			
Non-controlling interests			
– Continuing operations		(8,117)	(6,072)
– Discontinued operations		–	–
		(8,117)	(6,072)
(Loss)/profit for the year		(88,139)	20,210
Basic and diluted (loss)/earnings per share			
	8		
– Continuing operations		RMB(0.006)	RMB0.012
– Discontinued operations		RMB(0.012)	RMB(0.006)
		RMB(0.018)	RMB0.006

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 December 2022*

(Expressed in Renminbi)

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
(Loss)/profit for the year	(88,139)	20,210
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Release of exchange differences on disposal of subsidiaries	–	30
Exchange differences on translation of overseas subsidiaries' financial statements	109,319	(39,325)
Share of associates exchange differences on translating foreign operations	7,163	(747)
	116,482	(40,042)
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)	(195,425)	(60,485)
Exchange differences on translation of equity investments at fair value through other comprehensive income	41,156	(9,516)
Exchange differences on translation of the Company's financial statements	89,889	(28,876)
	(64,380)	(98,877)
Total comprehensive income for the year	(36,037)	(118,709)

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

For the year ended 31 December 2022

(Expressed in Renminbi)

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Attributable to:		
Owners of the Company		
– continuing operations	11,780	(78,363)
– discontinued operations	(39,510)	(33,895)
	(27,730)	(112,258)
	-----	-----
Attributable to:		
Non-controlling interests		
– continuing operations	(8,307)	(6,451)
– discontinued operations	–	–
	(8,307)	(6,451)
	-----	-----
Total comprehensive income for the year	(36,037)	(118,709)
	=====	=====

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in Renminbi)

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Investment properties		126,694	130,376
Property, plant and equipment		512,032	515,745
		638,726	646,121
Intangible assets		3,415	2,861
Goodwill	<i>9</i>	52,014	49,237
Interests in associates	<i>10</i>	132,780	51,407
Other investments	<i>11</i>	355,331	525,064
Prepayment and deposits	<i>13</i>	1,748	1,598
Deferred tax assets		2,721	323
		1,186,735	1,276,611
Current assets			
Inventories	<i>12</i>	237,768	597,505
Trade and other receivables	<i>13</i>	703,627	632,749
Loans to associates	<i>14</i>	67,273	77,951
Other investments	<i>11</i>	7,336	11,585
Current tax recoverable		168	178
Deposits with banks		272,701	273,796
Cash and cash equivalents	<i>15</i>	1,050,187	661,017
		2,339,060	2,254,781
Current liabilities			
Trade and other payables and contract liabilities	<i>16</i>	201,935	157,156
Bank loans	<i>17</i>	56,799	46,925
Lease liabilities		10,802	11,774
Current taxation		4,961	3,587
		274,497	219,442
Net current assets		2,064,563	2,035,339
Total assets less current liabilities		3,251,298	3,311,950

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2022*

(Expressed in Renminbi)

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities			
Bank loans	17	24,922	26,954
Lease liabilities		6,542	12,079
Deferred tax liabilities		–	454
		31,464	39,487
NET ASSETS			
		3,219,834	3,272,463
CAPITAL AND RESERVES			
Share capital	7(b)	21,254	21,516
Reserves		3,140,286	3,183,082
Total equity attributable to equity shareholders of the Company			
		3,161,540	3,204,598
Non-controlling interests			
		58,294	67,865
		3,219,834	3,272,463

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 2022 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 HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to HKFRSs 2018-2020 Cycle

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 trading of watches and jewellery with comprehensive related customer services and maintenance, manufacturing of watch accessories, provision of shop design and decoration service and trading of iron ore and coal.

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 33% and 67% 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, 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 retail and 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 2022 and 2021 is set out below.

	Continuing operations				Discontinued operations		Total	
	High-end consuming accessories		Commodity trading		Watches trading			
	PRC		PRC		Hong Kong			
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	630,330	550,933	408,956	327,061	220,293	114,968	1,259,579	992,962
Inter-segment revenue	150,597	110,063	-	-	-	-	150,597	110,063
Reportable segment revenue	<u>780,927</u>	<u>660,996</u>	<u>408,956</u>	<u>327,061</u>	<u>220,293</u>	<u>114,968</u>	<u>1,410,176</u>	<u>1,103,025</u>
Reportable segment gross profit/(loss)	<u>98,548</u>	<u>87,064</u>	<u>25,045</u>	<u>50,851</u>	<u>(29,419)</u>	<u>(24,048)</u>	<u>94,174</u>	<u>113,867</u>
Reportable segment assets	<u>131,027</u>	<u>136,174</u>	<u>106,741</u>	<u>157,291</u>	<u>-</u>	<u>304,040</u>	<u>237,768</u>	<u>597,505</u>

During the year ended 31 December 2022, 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, no impairment loss (2021: RMB12,855,000) was recognized to provide against of the goodwill allocated to this segment.

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

	Continuing operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
	(RMB'000)	(Restated) RMB'000	(RMB'000)	(Restated) RMB'000	(RMB'000)	(RMB'000)
Revenue						
Total revenue for reportable segments	1,189,883	988,057	220,293	114,968	1,410,176	1,103,025
Elimination of inter-segment revenue	(150,597)	(110,063)	-	-	(150,597)	(110,063)
Consolidated revenue	<u>1,039,286</u>	<u>877,994</u>	<u>220,293</u>	<u>114,968</u>	<u>1,259,579</u>	<u>992,962</u>
Profit/(loss)						
Total gross profit/(loss) for reportable segments	<u>123,593</u>	<u>137,915</u>	<u>(29,419)</u>	<u>(24,048)</u>	<u>94,174</u>	<u>113,867</u>
Other revenue	32,033	35,822	7,329	8,762	39,362	44,584
Other net loss	(71,691)	(1,377)	(12,656)	(2,384)	(84,347)	(3,761)
Distribution costs	(55,481)	(52,532)	(11,848)	(1,708)	(67,329)	(54,240)
Administrative expenses	(133,323)	(118,238)	(9,168)	(11,136)	(142,491)	(129,374)
Share of profits of associates	76,457	50,997	-	-	76,457	50,997
Finance costs	(3,288)	(2,909)	(519)	(463)	(3,807)	(3,372)
Consolidated (loss)/profit before taxation	<u>(31,700)</u>	<u>49,678</u>	<u>(56,281)</u>	<u>(30,977)</u>	<u>(87,981)</u>	<u>18,701</u>
				2022		2021
				RMB'000		RMB'000
Assets						
Assets for reportable segments (inventories)				237,768		597,505
Trade, other receivables, prepayment and deposits				705,375		634,347
Loans to associates				67,273		77,951
Current tax recoverable				168		178
Cash and cash equivalents				1,050,187		661,017
Deposits with banks				272,701		273,796
Investment properties				126,694		130,376
Property, plant and equipment				512,032		515,745
Intangible assets				3,415		2,861
Goodwill				52,014		49,237
Interests in associates				132,780		51,407
Other investments				362,667		536,649
Deferred tax assets				2,721		323
Consolidated total assets				<u>3,525,795</u>		<u>3,531,392</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.

	2022	2021
	RMB'000	(Restated) RMB'000
Revenue from external customers		
Mainland China	778,273	791,046
Hong Kong	261,013	86,948
Hong Kong (discontinued operations)	220,293	114,968
	<hr/>	<hr/>
Total	1,259,579	992,962
	<hr/> <hr/>	<hr/> <hr/>
Specified non-current assets		
Mainland China	511,004	512,712
Hong Kong	577,026	665,705
Taiwan/Malaysia	95,984	97,871
	<hr/>	<hr/>
Total	1,184,014	1,276,288
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER REVENUE AND NET LOSS

(a) Other revenue

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Continuing operations:		
Interest income	15,377	14,982
Dividend income from other investments	9,298	14,294
Rental income from investment properties	1,484	2,474
Rental income from operating leases, other than those relating to investment properties	1,003	929
Government grants	2,613	2,303
Others	2,258	840
	<u>32,033</u>	<u>35,822</u>
Discontinued operations:		
Interest income	23	26
Rental income from operating leases, other than those relating to investment properties	201	–
Others	7,105	8,736
	<u>7,329</u>	<u>8,762</u>

In 2022, the Group successfully applied for government grants that mainly relate to funding support and wage subsidy set up by the Mainland China Government and the Hong Kong SAR Government respectively. Under the conditions of the funding support and wage subsidy, the Group is required to retain its local employees even if business is affected by the COVID-19 outbreak.

(b) Other net loss

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Continuing operations:		
Impairment of goodwill (<i>note 9</i>)	–	(12,855)
Net foreign exchange (loss)/gain	(57,842)	11,252
Net (loss)/gain on disposal of property, plant and equipment	(8,711)	41
Net realised gain on financial assets held for trading	–	4,829
Fair value loss on financial assets held for trading	(5,138)	(4,644)
	<u>(71,691)</u>	<u>(1,377)</u>
Discontinued operations:		
Net foreign exchange (loss)/gain	(12,656)	1,579
Net gain on disposal of property, plant and equipment	–	20
Net loss on disposal of subsidiaries	–	(3,983)
	<u>(12,656)</u>	<u>(2,384)</u>

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
(a) Finance costs		
Continuing operations:		
Interest on bank loans	2,217	1,805
Interest on lease liabilities	642	842
Bank charges	429	262
	<u>3,288</u>	<u>2,909</u>
Discontinued operations:		
Interest on bank loans	491	432
Interest on lease liabilities	14	30
Bank charges	14	1
	<u>519</u>	<u>463</u>
(b) Staff costs		
Continuing operations:		
Salaries, wages and other benefits	72,714	66,459
Contributions to defined contribution retirement plans	14,573	12,570
	<u>87,287</u>	<u>79,029</u>
Discontinued operations:		
Salaries, wages and other benefits	472	846
Contributions to defined contribution retirement plans	16	31
	<u>488</u>	<u>877</u>

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
(c) Other items		
Continuing operations:		
Amortisation of intangible assets	893	749
Depreciation		
– Investment properties and property, plant and equipment	33,725	29,135
– Right-of-use assets	11,773	10,608
Impairment losses of		
– Goodwill	–	12,855
– Trade receivables	1,889	–
Expenses relating to short-term leases and leases of low-value assets	1,740	980
Auditors' remuneration	1,515	1,561
Cost of inventories [#]	915,693	740,079
Discontinued operations:		
Depreciation		
– Investment properties and property, plant and equipment	2,081	2,050
– Right-of-use assets	–	217
Impairment losses of		
– Trade receivables	3,994	4,701
Expenses relating to short-term leases and leases of low-value assets	83	125
Auditors' remuneration	97	91
Cost of inventories [#]	249,712	139,016

[#] Cost of inventories includes RMB119,187,000 (2021: RMB103,674,000) 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:

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	1,963	–
Over provision in respect of prior years	–	(374)
	<u>1,963</u>	<u>(374)</u>
Current tax – Overseas		
Provision for PRC Corporate Income Tax for the year	884	2,103
Under/(over) provision in respect of prior years	123	(920)
	<u>1,007</u>	<u>1,183</u>
Deferred tax		
Origination and reversal of temporary differences	–	(417)
Total	<u><u>2,970</u></u>	<u><u>392</u></u>

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

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
(Loss)/profit before taxation	<u><u>(31,700)</u></u>	<u><u>49,678</u></u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(3,435)	7,185
Tax effect of non-taxable income	(15,757)	(15,654)
Tax effect of non-deductible expenses	3,030	221
Under/(over) provision in respect of prior years	123	(1,294)
Effect of tax losses not recognised	<u>19,009</u>	<u>9,934</u>
Actual tax expense	<u><u>2,970</u></u>	<u><u>392</u></u>

(b) **Discontinued operations**

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

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	53
Over provision in respect of prior years	–	(230)
	<u>–</u>	<u>(177)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(2,812)</u>	<u>(1,724)</u>
Total	<u><u>(2,812)</u></u>	<u><u>(1,901)</u></u>

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

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Loss before taxation	<u>(56,281)</u>	<u>(30,977)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(9,844)	(5,529)
Tax effect of non-taxable income	(178)	(460)
Tax effect of non-deductible expenses	3,857	1,508
Over-provision in respect of prior years	–	(230)
Effect of tax losses not recognised	<u>3,353</u>	<u>2,810</u>
Actual tax credit	<u><u>(2,812)</u></u>	<u><u>(1,901)</u></u>

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% (2021: 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 2021.

The applicable income tax rate of the Group's Mainland China subsidiaries is 25% (2021: 25%) for the year.

The provision for Taiwan Income Tax is calculated at 20% (2021: 20%) of the estimated assessable profits for the year.

The provision for Malaysia Income Tax is calculated at 24% (2021: 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 2022 and 2021.

(b) Share capital

Authorised and issued share capital

	2022		2021	
	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	4,464,806,959	22,324,034	4,662,666,959	23,313,334
Share repurchased	<u>(60,788,000)</u>	<u>(303,940)</u>	<u>(197,860,000)</u>	<u>(989,300)</u>
At 31 December	<u>4,404,018,959</u>	<u>22,020,094</u>	<u>4,464,806,959</u>	<u>22,324,034</u>
		equivalent <i>RMB'000</i>		equivalent <i>RMB'000</i>
		<u>21,254</u>		<u>21,516</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 a total of 60,788,000 (2021: 197,860,000) listed shares on the Stock Exchange by way of acquisition from the market at the price between HKD0.3 to HKD0.315. The total consideration paid was approximately HKD19,202,000.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB80,022,000 (2021: profit of RMB26,282,000) and the weighted average of 4,428,360,975 ordinary shares (2021: 4,488,419,156 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2022	2021
Issued ordinary shares at 1 January	4,464,806,959	4,662,666,959
Effect of shares repurchased	<u>(36,445,984)</u>	<u>(174,247,803)</u>
Weighted average number of ordinary shares at 31 December	<u><u>4,428,360,975</u></u>	<u><u>4,488,419,156</u></u>

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

	2022	2021
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
(Loss)/profit attributable to equity shareholders of the Company		
– continuing operations	(26,553)	55,358
– discontinued operations	<u>(53,469)</u>	<u>(29,076)</u>
	<u><u>(80,022)</u></u>	<u><u>26,282</u></u>

(iii) (Loss)/earnings per share

	2022	2021
		(Restated)
Basic (loss)/earnings per share		
– continuing operations	RMB(0.006)	RMB0.012
– discontinued operations	<u>RMB(0.012)</u>	<u>RMB(0.006)</u>
	<u><u>RMB(0.018)</u></u>	<u><u>RMB0.006</u></u>

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2022 and 2021, and therefore, diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

9. GOODWILL

	<i>RMB'000</i>
Cost:	
At 1 January 2021	224,340
Exchange adjustments	<u>(5,602)</u>
At 31 December 2021	<u>218,738</u>
At 1 January 2022	218,738
Exchange adjustments	<u>18,705</u>
At 31 December 2022	<u>237,443</u>
Accumulated impairment losses:	
At 1 January 2021	(160,793)
Exchange adjustments	4,147
Impairment loss for the year	<u>(12,855)</u>
At 31 December 2021	<u>(169,501)</u>
At 1 January 2022	(169,501)
Exchange adjustments	<u>(15,928)</u>
At 31 December 2022	<u>(185,429)</u>
Carrying amount:	
At 31 December 2022	<u>52,014</u>
At 31 December 2021	<u>49,237</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
High-end consuming accessories	<u>52,014</u>	<u>49,237</u>

High-end consuming accessories

At 31 December 2022, before impairment testing, goodwill of RMB32,328,000 (2021: RMB42,406,000), RMB18,000,000 (2021: RMB18,000,000) and RMB1,686,000 (2021: 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 (formerly known as 廣州市雅迪裝飾包裝有限公司) 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 10% to 35% (2021: (10%) to 30%), growth rates in gross profit ratio ranging from 1% to 5% (2021: (1%) to 8%), at a discount rate from 13.3% to 14.3% (2021: 11.1% to 12.5%). Cash flows beyond five years period are projected using 3% (2021: 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

	2022 RMB'000	2021 <i>RMB'000</i>
Unlisted corporate entities		
Share of net assets	132,780	51,407

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%

	2022 RMB'000	2021 <i>RMB'000</i>	2022 RMB'000	2021 <i>RMB'000</i>	2022 RMB'000	2021 <i>RMB'000</i>
At 31 December:						
Non-current assets	–	–	91,933	100,147	146,208	–
Current assets	300,029	218,887	57,028	16,075	64,977	–
Non-current liabilities	(35,362)	(63,737)	–	(105,662)	–	–
Current liabilities	(87,972)	(58,720)	(61,090)	(110)	(186,341)	–
Net assets	176,695	96,430	87,871	10,450	24,844	–
Group's share of net assets	81,280	44,358	40,421	4,807	8,695	–
Year ended 31 December:						
Revenue	1,496,282	1,253,289	232,521	19,608	101,332	–
Profit after tax	68,951	94,737	73,788	10,568	24,015	–
Other comprehensive income	11,278	(1,461)	3,670	(163)	820	–
Total comprehensive income	80,229	93,276	77,458	10,405	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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At 31 December:		
Carrying amounts of interests	<u>2,384</u>	<u>2,242</u>
Year ended 31 December:		
Profit for the year	2,392	2,557
Other comprehensive income	—	—
Total comprehensive income	<u>2,392</u>	<u>2,557</u>
Dividends received from associates	<u>—</u>	<u>—</u>

During the year, an associate has declared dividends but not yet paid to the Group of RMB2,250,000 (2021: RMB1,800,000).

11. OTHER INVESTMENTS

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

	<i>Note</i>	31 December 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Equity securities designated at FVOCI (non-recycling)			
– Listed securities	<i>(i)</i>	207,176	355,750
– Unlisted fund investments		<u>148,155</u>	<u>169,314</u>
		<u>355,331</u>	<u>525,064</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. RMB9,298,000 of dividends were received on these investments during the year (2021: RMB13,550,000).
- (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>	31 December 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Equity securities, at fair value			
– Listed securities	<i>(i)</i>	<u>7,336</u>	<u>11,585</u>

Notes:

- (i) During the year, no dividends were received on the equity investments at fair value through profit or loss (FVPL) (2021: RMB744,000).

12. INVENTORIES

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Raw materials	20,090	17,225
Work in progress	32,443	37,200
Finished goods	185,235	543,080
	<u>237,768</u>	<u>597,505</u>

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

	2022 <i>RMB'000</i>	2021 (Restated) <i>RMB'000</i>
Continuing operations:		
Carrying amount of inventories sold	<u>915,693</u>	<u>740,079</u>
Discontinued operations:		
Carrying amount of inventories sold	565,566	197,745
Write down of inventories	–	32,238
Reversal of write-down of inventories	<u>(315,854)</u>	<u>(90,967)</u>
	<u>249,712</u>	<u>139,016</u>

13. TRADE AND OTHER RECEIVABLES

		31 December 2022	31 December 2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets			
Trade receivables, net of loss allowance		342,832	339,971
Other receivables, net of loss allowance	<i>(i)</i>	178,106	175,734
PRC value added tax receivables		20,584	25,098
Receivables from government authority	<i>(ii)</i>	21,573	–
Interest receivables		8,111	3,725
Dividends receivable from an associate		4,050	1,800
		575,256	546,328
Prepayment and deposits		128,371	86,421
		703,627	632,749
Non-current assets			
Prepayment and deposits		1,748	1,598
		705,375	634,347

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 RMB104,570,000 (2021: RMB158,310,000), which are interest bearing at 6% per annum as at 31 December 2022 and are recoverable within one year. The advances to third parties are fully secured by collaterals obtained by the Group as at 31 December 2022.
- (ii) The balance mainly represented a receivable in respect of return of land use right to the Chenzhou Government.

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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	197,975	271,248
Over 3 months but less than 12 months	140,723	65,791
Over 12 months	4,134	2,932
	342,832	339,971

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

14. LOANS TO ASSOCIATES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loans to associates	<u>67,273</u>	<u>77,951</u>

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cash at banks and on hand	<u>1,050,187</u>	<u>661,017</u>

16. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	31 December 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Trade payables	119,366	99,981
Contract liabilities	16,861	3,282
Other payables and accrued expenses	<u>65,708</u>	<u>53,893</u>
	<u>201,935</u>	<u>157,156</u>

Ageing analysis

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	56,995	48,049
Over 1 month but less than 3 months	54,926	43,585
Over 3 months but less than 12 months	7,426	8,199
Over 12 months	<u>19</u>	<u>148</u>
	<u>119,366</u>	<u>99,981</u>

17. BANK LOANS

As at 31 December 2022, the bank loans were repayable as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 year or on demand	<u>56,799</u>	46,925
After 1 year but within 2 years	4,545	4,606
After 2 years but within 5 years	13,631	13,819
After 5 years	<u>6,746</u>	8,529
	<u>24,922</u>	26,954
	<u>81,721</u>	<u>73,879</u>

As at 31 December 2022, the bank loans were secured as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
Bank loans within one year or on demand Secured	<u>56,799</u>	46,925
Bank loans after one year Secured	<u>24,922</u>	26,954
	<u>81,721</u>	<u>73,879</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 RMB187,885,000 (2021: RMB194,937,000).

As at 31 December 2022 and 2021, 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, 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 for the year ended 31 December 2022, which have been included in consolidated profit or loss, are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	220,293	114,968
Cost of sales	<u>(249,712)</u>	<u>(139,016)</u>
Gross loss	(29,419)	(24,048)
Other revenue	7,329	8,762
Other net loss	(12,656)	(2,384)
Distribution costs	(11,848)	(1,708)
Administrative expenses	<u>(9,168)</u>	<u>(11,136)</u>
Loss from operations	(55,762)	(30,514)
Finance costs	<u>(519)</u>	<u>(463)</u>
Loss before taxation	(56,281)	(30,977)
Income tax credit	<u>2,812</u>	<u>1,901</u>
Loss for the year	<u>(53,469)</u>	<u>(29,076)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL REVIEW

The Group maintained a sound and stable financial position.

Revenue

For the year ended 31 December 2022, the Group recorded revenue of RMB1,259,579,000 (2021: RMB992,962,000), representing a year-on-year increase of 26.9%; the revenue from high-end consuming accessories business amounted to RMB630,330,000 (2021: RMB550,933,000), representing a year-on-year increase of 14.4%; the revenue from commodity trading amounted to RMB408,956,000 (2021: RMB327,061,000), representing a year-on-year increase of 25.0%; the sales of watches trading amounted to RMB220,293,000 (2021: RMB114,968,000), representing a year-on-year increase of 91.6%.

Breakdown of revenue: (for the year ended 31 December 2022)

	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
High-end Consuming Accessories	630,330	50.0	550,933	55.5
Commodity Trading	408,956	32.5	327,061	32.9
Watches Trading	220,293	17.5	114,968	11.6
Total	<u>1,259,579</u>	<u>100</u>	<u>992,962</u>	<u>100</u>

Gross profit and gross profit margin

For the year ended 31 December 2022, the Group's gross profit amounted to approximately RMB94,174,000 (2021: RMB113,867,000), representing a year-on-year decrease of 17.3%. Gross profit margin was approximately 7.5% (2021: 11.5%), representing a year-on-year decrease of 4 percentage points. The decrease in gross profit and gross profit margin was mainly due to a decrease in sales price caused by the unfavorable economic environment during the year.

Loss for the year

The Group recorded a loss of RMB88,139,000 during the year (2021: profit of RMB20,210,000), representing a year-on-year decrease of 536.1%. Loss attributable to equity shareholders amounted to RMB80,022,000 (2021: profit of RMB26,282,000), representing a year-on-year decrease of 404.5%. The main reason for the loss for the year is the decrease in gross profit and the foreign exchange loss incurred by the operating units as a result of exchange rate fluctuations.

Financial status and net debt to equity ratio

The Group maintained a sound and stable financial position. As at 31 December 2022, the Group had total equity of RMB3,219,834,000 (2021: RMB3,272,463,000) and net current assets of RMB2,064,563,000 (2021: RMB2,035,339,000), with cash and cash equivalents and deposits with bank of RMB1,322,888,000 (2021: RMB934,813,000) and total bank loans of RMB81,721,000 (2021: RMB73,879,000). As at 31 December 2022, the bank loans bore interests at floating rates of 2% to 3.7% (2021: 1.4% to 4%). As at 31 December 2022, approximately 67% (2021: 61%) and 33% (2021: 39%) 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 2022, the Group's total debt amounted to RMB81,721,000 (2021: RMB73,879,000). The net debt to equity ratio of the Group was zero (2021: 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 2022, the Group had land and buildings equivalent to RMB187,885,000 (2021: RMB194,937,000) pledged as security for bank loans.

Contingent liabilities

As at 31 December 2022, the Group had no material contingent liabilities (2021: nil).

Current assets

As at 31 December 2022, the current assets of the Group amounted to approximately RMB2,339,060,000 (2021: RMB2,254,781,000), comprising inventories of approximately RMB237,768,000 (2021: RMB597,505,000), trade and other receivables of approximately RMB703,627,000 (2021: RMB632,749,000), loans to associates of approximately RMB67,273,000 (2021: RMB77,951,000), cash and cash equivalents and deposits with banks of approximately RMB1,322,888,000 (2021: RMB934,813,000).

As at 31 December 2022, cash and cash equivalents of approximately 25% (2021: 15%), 58% (2021: 67%) and 17% (2021: 18%) were denominated in RMB, HKD and other currencies, respectively.

Current liabilities

As at 31 December 2022, the current liabilities of the Group amounted to approximately RMB274,497,000 (2021: RMB219,442,000), comprising bank loans of approximately RMB56,799,000 (2021: RMB46,925,000), trade and other payables of approximately RMB201,935,000 (2021: RMB157,156,000), lease liabilities of approximately RMB10,802,000 (2021: RMB11,774,000) and current taxation of approximately RMB4,961,000 (2021: RMB3,587,000).

Capital structure

The Company's capital structure is composed of issued share capital, reserves and accumulated profits. As at 31 December 2022, the issued share capital of the Company was 4,404,018,959 shares (2021: 4,464,806,959 shares), with reserves and accumulated profits of RMB3,140,286,000 (2021: RMB3,183,082,000) 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 2022 (2021: 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 from the manufacturing of watch, jewellery, cosmetics and accessories and packaging products to commercial space design, production and decoration. Companies are mainly located in Suzhou, Guangzhou and Dongguan.

The two companies, namely “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, transitioning from low-end products to high-end products, from simple processing to independent innovative designs, and from techniques of purely handmade to basically 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 types 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. 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, due to the rapidly changing pandemic across Mainland China and increased economic uncertainties, downward pressure on the economy gradually increased. In addition, the international market is ever-changing and unpredictable. Our three companies all operate in both the Mainland China and international markets, therefore facing greater difficulties and challenges. However, the Group has laid a strong foundation for development through innovation. The Group has adopted various measures to address risks. During the year under review, the overall revenue from high-end consuming accessories business continued to increase. However, there was no improvement in profit compared to the same period last year due to the expansion of new projects and a significant increase in labour costs and others.

Next year, the Group will adapt to market changes and adjust such businesses respectively, further strengthening the industrial management together with technical R&D and innovation, taking quality as the priority and driving growth by innovation. We will seek opportunities to conduct vertical and horizontal industry integration of products, so as to further 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 embark on a limited number of diversified business activities to include 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, so as to build momentum for future development.

International Trading

During the year under review, in accordance with the established strategy, the Group continued to carry out the international commodity trading business, seeking a new profit model and future development of the Group. During the year, the international trading business mainly covered the importation of iron ore, manganese ore and coal to Mainland China. Due to the ever-changing global political and economic environment, the operation of the business fluctuated. While its sales increased, profits had decreased compared with the same period last year due to the fluctuations and drop in price.

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

International Shipping

During the year under review, in line with the Group's new 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 coal, iron ore, manganese ore, food and industrial salt. During the year, in addition to maintaining good cooperation with world-renowned mines (such as Vale and others) and large central enterprises such as China Huadian, China Datang and China National Building Materials, our shipping company established its first cooperation with India's largest coal trader, Libra Group, and signed a series of voyage charter contracts, laying a solid foundation for the Company's shipping business to expand its visibility in the Indian market. At the same time, the Company also successfully commenced its first shipment of Mexican industrial salt to China, opening up a new cargo category for the Company. The Group's shipping business achieved rapid growth and outstanding results during the year under review, contributing to the Group's healthy survival and development.

Next year, with the adjustment of China's anti-pandemic policy and the improvement of international fundamentals, the shipping market is expected to continue to improve. The Group will continue its expansion into the marine transportation market of China and continue to provide existing customers with better-quality shipping service. At the same time, maintaining our prudential and stable operating strategy, the Group will also target the international market to 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.

Watch Trading

During the year under review, in line with the established strategy, the Group liquidated its remaining watch stocks and completely ceased its renowned watch operations.

III. OUTLOOK

At present, from a global perspective, the trend of political unrest is still obvious while great uncertainties over the global economy remain. However, the economy of Mainland China is resilient, abundant of control measures under macroeconomic policies. With the adjustment of pandemic prevention and control policies, the effects of various policies and measures to stabilize the economy will continue to emerge, making the business environment enter into a brand new stage. The economy of Mainland China is expected to show a further recovery, thus ushering in a general rebound.

Next year, the Group will continue to adhere to the principle of “sound, steady and long-term operations” in accordance with the new strategic development direction. Leveraging on the stable economic environment in Mainland China, the Group will keep abreast of the market to adjust and strengthen its business model constantly on the basis of the steady growth of its existing business. The Group will further advance the process of international trade, continuously expand and strengthen the international shipping business closely related to international trade, and strive to grow, hoping to become a stronger participant of the international shipping supply chain in the near future, 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 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, 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, 9 May 2023 to Friday, 12 May 2023 (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, 8 May 2023.

PURCHASE, SALE OR REPURCHASE OF SECURITIES

During the year under review, the Company repurchased a total of 60,788,000 (2021: 197,860,000) listed shares on the Stock Exchange by way of acquisition from the market. The total consideration paid was approximately HKD19,202,000, including related expenses. The details are as follows:

Date of repurchase of shares	Number of shares repurchased	Highest price per share paid (HKD)	Lowest price per share paid (HKD)	Approximate aggregate consideration (HKD) (excluding related expenses)
26 May 2022	23,584,000	0.315	0.300	7,410,540
27 May 2022	26,080,000	0.315	0.310	8,212,920
30 May 2022	<u>11,124,000</u>	<u>0.315</u>	<u>0.315</u>	<u>3,504,060</u>

All the above repurchased shares had been cancelled on 23 June 2022.

As of 31 December 2022, the issued share capital of the Company was 4,404,018,959 shares (2021: 4,464,806,959 shares).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code set out in Appendix 14 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.

(2) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Ms. Qian Weiqing (“Ms. Qian”) has been appointed as an independent non-executive Director of the Company with effect from 21 March 2023.

Ms. Qian, aged 50, graduated from Massey University of New Zealand with a master degree in finance management. Ms. Qian has been engaged in financial investment for a long time and has rich experience in commodity trading. She had held positions in China International Futures Co., Ltd. and COFCO Futures Co., Ltd..

Ms. Qian will enter into a letter of appointment with the Company for a term of three years commencing from 21 March 2023. The letter of appointment may be terminated by not less than three months’ prior notice in writing served by either party on the other in accordance with the articles of association of the Company. Her directorship is subject to retirement at the next following annual general meeting of the Company, at which she will be eligible for re-election, and thereafter subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. Pursuant to terms of the letter of appointment to be entered into between the Company and Ms. Qian, Ms. Qian will be entitled to an annual director’s fee of HKD100,000, which is determined by the Board by reference to her experience, duties and responsibilities, the Company’s current standards for emolument, the prevailing market conditions and the recommendation from the remuneration committee of the Company.

As at the date of this announcement, Ms. Qian (i) has not held any directorships in any public listed companies in the past three years; (ii) did not have or was not deemed to have any interest or short position (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) in any shares, underlying shares or debentures of the Company or its associated corporations; (iii) did not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iv) did not hold other positions within the Group.

Save as disclosed above, there is no information in relation to Ms. Qian that is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter in relation to the appointment of Ms. Qian that needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to welcome Ms. Qian to the Board.

(3) PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

This announcement is made pursuant to Rule 13.51(1) of the Listing Rules. The Board, through resolution passed on 21 March 2023, proposed to amend the existing memorandum and articles of association of the Company (the “Memorandum and Articles”) to, inter alia, (i) allow a general meeting to be held as an electronic meeting (also referred to as virtual general meeting) or a hybrid meeting; (ii) bring the Memorandum and Articles in line with the amendments made to Appendix 3 to the Listing Rules which became effective on 1 January 2022 and the applicable laws of the Cayman Islands; and (iii) make certain housekeeping amendments to the Memorandum and Articles (collectively, the “Proposed Amendments”).

The Proposed Amendments will also include (i) amending the names of certain laws of the Cayman Islands used in the Memorandum and Articles and making consequential amendments to the relevant provisions which make reference to such terms; and (ii) adjusting the numbering of certain articles as a result of the aforesaid Proposed Amendments.

The adoption of the amended and restated Memorandum and Articles of Association incorporating the Proposed Amendments is subject to the approval of the shareholders of the Company (the “Shareholders”) by way of a special resolution at the upcoming annual general meeting of the Company (the “AGM”) to become effective. A circular containing, among others, details of the Proposed Amendments, together with a notice of the AGM, will be despatched to the Shareholders in due course.

By Order of the Board
Zhang Yuping
Chairman

Hong Kong, 21 March 2023

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. Wong Kam Fai, William, Mr. Liu Xueling and Ms. Qian Weiqing.