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## **Deyun Holding Ltd.**

### **德運控股有限公司\***

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

**(Stock Code: 1440)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Deyun Holding Ltd. (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the Reporting Period was approximately RMB134.2 million, representing a decrease of approximately 19.2% as compared with that for the corresponding period in 2021.
- Gross loss of the Group for the Reporting Period was approximately RMB3.8 million, as compared to the gross profit of approximately RMB39.2 million for the corresponding period in 2021.
- Loss attributable to owners of the Company for the Reporting Period was approximately RMB8.9 million, as compared to the profit attributable to owners of the Company of approximately RMB21.2 million for the corresponding period in 2021.
- Basic and diluted loss per share attributable to owners of the Company was approximately RMB0.71 cents for the Reporting Period.

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue	3	<b>134,155</b>	165,942
Cost of sales	4	<b>(137,966)</b>	(126,748)
<b>Gross (loss)/profit</b>		<b>(3,811)</b>	39,194
Other income	5	<b>5,369</b>	1,944
Other gains/(losses), net	6	<b>4,175</b>	(3,689)
Selling and distribution expenses	4	<b>(1,663)</b>	(2,416)
Administrative expenses	4	<b>(14,388)</b>	(10,333)
Net impairment losses on financial assets and contract assets	4	<b>(782)</b>	(1,974)
<b>Operating (loss)/profit</b>		<b>(11,100)</b>	22,726
Finance income		<b>2,338</b>	1,477
Finance costs		<b>(11)</b>	(123)
Finance income, net	7	<b>2,327</b>	1,354
<b>(Loss)/profit before income tax</b>		<b>(8,773)</b>	24,080
Income tax expense	8	<b>(164)</b>	(2,898)
<b>(Loss)/profit for the year attributable to owners of the Company</b>		<b>(8,937)</b>	21,182
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic and diluted ( <i>RMB cents</i> )	9	<b>(0.71)</b>	1.70

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>(Loss)/profit for the year</b>	<b>(8,937)</b>	21,182
<b>Other comprehensive income/(loss):</b>		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>129</u>	<u>(19)</u>
<b>Total comprehensive (loss)/income for the year attributable to owners of the Company</b>	<b><u><u>(8,808)</u></u></b>	<b><u><u>21,163</u></u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Properties, plant and equipment	10	142,567	147,476
Right-of-use asset	10	2,555	2,640
Investment property		281	308
Intangible assets		743	1,236
Prepayments	11	25	7,807
		146,171	159,467
<b>Current assets</b>			
Inventories	12	7,955	9,737
Contract assets	13	6,198	8,320
Trade and bills receivables	13	6,137	18,774
Prepayments, deposits and other receivables	11	572	1,623
Cash and cash equivalents		187,910	182,294
		208,772	220,748
<b>Total assets</b>		<b>354,943</b>	380,215
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		10,511	10,511
Reserves		315,387	324,195
<b>Total equity</b>		<b>325,898</b>	334,706

	<i>Notes</i>	<b>2022</b> <b><i>RMB'000</i></b>	2021 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	14	<b>1,425</b>	1,478
Deferred tax liabilities		<b>549</b>	535
		<u>1,974</u>	<u>2,013</u>
<b>Current liabilities</b>			
Trade payables	15	<b>10,096</b>	20,221
Other payables and accruals	14	<b>11,657</b>	17,242
Contract liabilities	14	<b>365</b>	588
Current income tax liabilities		<b>4,953</b>	5,445
		<u>27,071</u>	<u>43,496</u>
<b>Total liabilities</b>		<u><b>29,045</b></u>	<u>45,509</u>
<b>Total equity and liabilities</b>		<u><b>354,943</b></u>	<u>380,215</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The address of the Company's registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing of lace and provision of dyeing services; and (ii) sales of shoes.

The ultimate holding company of the Company is Glorious Way Investments Limited (“**Glorious Way**”), a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Mr. Tsoi Wing Sing.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Listing**”) on 13 January 2021.

These consolidated financial statements are presented in unit of Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB'000**”), unless otherwise stated.

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap 622 of the Laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the directors of the Group to exercise judgement in the process of applying the Group's accounting policies.

### (a) Amended standards adopted by the Group

The Group has adopted the following amended standards for the first time for their annual reporting period commencing 1 January 2022:

HKFRS 1, HKFRS 9 and HKFRS 16 and HKAS 41 (Amendments)	Annual Improvements to HKFRSs 2018–2020
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use
HKFRS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 2021
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations

**(b) New and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group**

The following new and amended standards, interpretation and accounting guideline have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenant	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HK Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards, interpretation and accounting guideline as and when they become effective. The Group has already commenced an assessment of the impact of these new and amended standards, interpretation and accounting guideline, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurements of certain items in the consolidated financial statements.

### 3 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in

- (i) manufacturing of lace and provision of dyeing services; and
- (ii) sales of shoes.

The chief operating decision-maker has been identified as the directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segment based on these reports.

In previous years, the directors consider the Group's operation from a business perspective and determine that the Group has two reportable operating segments being manufacturing of lace and provision of dyeing services. In 2021, a new subsidiary was incorporated in Hong Kong which is principally engaged in sales of shoes. Therefore, the Board currently considers the Group's operation from a business perspective and determines that the Group has three reportable operating segments being:

- (i) Manufacturing of lace – principally engaged in manufacturing of lace based on customers' orders for lingerie and other products;
- (ii) Provision of dyeing services – principally engaged in provision of dyeing services of lace and swimwear fabrics based on customers' orders; and
- (iii) Sales of shoes – principally engaged in trading of causal and sports footwear.

The directors assess the performance of the operating segments based on a measure of revenue and gross profit.

#### (a) Segment revenue by operating segments

The segment information provided to the directors for the reportable segments for the years ended 31 December 2022 and 2021 is as follows:

	Manufacturing of lace		Provision of dyeing services		Sales of shoes		Total	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Segment revenue	<b>26,762</b>	56,161	<b>56,108</b>	94,244	<b>51,285</b>	15,537	<b>134,155</b>	165,942
Segment results	<b>111</b>	18,572	<b>(8,223)</b>	18,995	<b>4,301</b>	1,627	<b>(3,811)</b>	39,194
Other segmental information:								
Depreciation of properties, plant and equipment	<b>7,391</b>	7,425	<b>9,194</b>	8,023	-	-	<b>16,585</b>	15,448
Additions to non-current segment assets	<b>335</b>	2,477	<b>9,544</b>	24,295	-	-	<b>9,879</b>	26,772



**(b) Disaggregation of revenue from contracts with customers**

The Group derived revenue from the sales of goods at a point in time and provision of services over time as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Timing of revenue recognition		
Over time – provision of services	82,870	150,405
At a point in time – sales of goods	51,285	15,537
	<u>134,155</u>	<u>165,942</u>

**(c) Segment revenue by customers' geographical location**

The Group's revenue by geographical location, which is determined by the location of customers, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The PRC	81,972	148,577
Hong Kong	51,379	16,232
Others	804	1,133
	<u>134,155</u>	<u>165,942</u>

**(d) Information about major customers**

Revenue derived from customers individually contributing over 10% of the Group's total revenue during the years ended 31 December 2022 and 2021 is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	<u>51,285</u>	<u>N/A*</u>

\* The corresponding customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2021.

**(e) Details of contract liabilities**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contract liabilities	<u>365</u>	<u>588</u>

Notes:

- (i) Contract liabilities represent advanced payments received from the customers for services that have not yet been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2022 and 2021 due to fluctuation in sales orders with advanced payments.
- (ii) During the years ended 31 December 2022 and 2021, all brought-forward contract liabilities at the beginning of the financial years were fully recognised as revenue.

**(f) Unsatisfied performance obligations**

As at 31 December 2022 and 2021, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15 “Revenue from Contracts with Customers”, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

**(g) Non-current assets by geographical location**

All of the Group’s non-current assets were located in the PRC.

**4 EXPENSES BY NATURE**

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial assets and contract assets are analysed as follows:

	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Raw materials and merchandise used	72,543	58,270
Employee benefit expenses, including directors’ emoluments	32,403	37,056
Manpower service expenses	1,548	1,841
Amortisation of intangible assets	493	451
Utilities	9,394	9,806
Depreciation of properties, plant and equipment and right-of-use asset	17,395	16,086
Depreciation of investment property	27	33
Provision for impairment of inventories	3,065	–
Auditor’s remuneration	1,702	1,843
Professional fees	4,153	2,761
Other tax and surcharges	926	1,439
Packaging expenses	874	1,722
Commission and handling charges	2,888	921
Waste handling charges	2,980	4,001
Net impairment losses on financial assets and contract assets	782	1,974
Others	3,626	3,267
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial assets and contract assets	<b>154,799</b>	141,471
	<hr/> <hr/>	<hr/> <hr/>

## 5 OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants ( <i>Note</i> )	4,970	1,800
Rental income	–	17
Others	399	127
	<u>5,369</u>	<u>1,944</u>

*Note:* Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

## 6 OTHER GAINS/(LOSSES), NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Losses on disposal of properties, plant and equipment	(2)	(3,174)
Exchange differences	4,177	(515)
	<u>4,175</u>	<u>(3,689)</u>

## 7 FINANCE INCOME, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Finance income</b>		
Interest income	2,338	1,477
<b>Finance costs</b>		
Unwinding of discount on other payables	(11)	(10)
Interest expenses on bank borrowings	–	(118)
Less: capitalised on qualifying assets ( <i>Note</i> )	–	5
	<u>(11)</u>	<u>(123)</u>
<b>Finance income, net</b>	<u>2,327</u>	<u>1,354</u>

*Note:* Borrowing costs have been capitalised at rates of 4.35% per annum on qualifying assets for the year ended 31 December 2021.

## 8 INCOME TAX EXPENSE

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

During the years ended 31 December 2022 and 2021, Fujian Deyun Technology Co., Ltd\* (福建德運科技有限公司) (“**Deyun Technology**”), the Group’s subsidiary in the PRC, has qualified for high and new technology enterprises status and is therefore subject to a preferential income tax rate of 15%.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

During the year ended 31 December 2022 and 2021, Hope Faith Limited, the Group’s subsidiary in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime, the first HKD2 million of profits will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current income tax</b>		
– PRC Corporate income tax	–	2,618
– Hong Kong profits tax	<u>150</u>	<u>91</u>
	150	2,709
<b>Deferred income tax</b>	<u>14</u>	<u>189</u>
<b>Income tax expense</b>	<u><u>164</u></u>	<u><u>2,898</u></u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/profit before income tax	<u>(8,773)</u>	<u>24,080</u>
Tax calculated at tax rates applicable to (losses)/profits of the respective subsidiaries	(1,399)	3,431
Tax effect of:		
Income not subject to tax	(1,265)	–
Expenses not deductible for tax purpose	1,853	1,009
Tax loss not recognised ( <i>Note (a)</i> )	2,242	–
Super deductions from research and development expenditure ( <i>Note (b)</i> )	<u>(1,267)</u>	<u>(1,542)</u>
Income tax expense	<u><u>164</u></u>	<u><u>2,898</u></u>

### Notes:

- (a) As at 31 December 2022, the Group did not recognise deferred income tax assets of approximately RMB2,242,000 in respect of tax losses amounting to approximately RMB14,948,000, which is subject to the agreement by the relevant tax authority and could be carried forward to offset future income. The tax losses will expire within five years.
- (b) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

## 9 (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2022 and 2021.

	2022	2021
(Loss)/profit for the year attributable to owners of the Company (RMB'000)	(8,937)	21,182
Weighted average number of ordinary shares in issue (thousands of shares)	1,260,000	1,249,644
Basic and diluted (loss)/earnings per share (RMB cents)	<u>(0.71)</u>	<u>1.70</u>

There were no differences between the basic and diluted (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2022 and 2021.

## 10 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Sub-total	Right-of-use asset	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2021</b>								
Cost	41,093	264,444	4,251	1,090	8,271	319,149	4,121	323,270
Accumulated depreciation	(12,341)	(156,401)	(2,952)	(804)	-	(172,498)	(1,399)	(173,897)
Net book amount	<u>28,752</u>	<u>108,043</u>	<u>1,299</u>	<u>286</u>	<u>8,271</u>	<u>146,651</u>	<u>2,722</u>	<u>149,373</u>
<b>Year ended 31 December 2021</b>								
Opening net book amount	28,752	108,043	1,299	286	8,271	146,651	2,722	149,373
Additions	1,382	13,896	248	1,832	3,473	20,831	-	20,831
Transfers	-	11,744	-	-	(11,744)	-	-	-
Depreciation	(2,104)	(13,453)	(386)	(61)	-	(16,004)	(82)	(16,086)
Disposals	-	(4,002)	-	-	-	(4,002)	-	(4,002)
Closing net book amount	<u>28,030</u>	<u>116,228</u>	<u>1,161</u>	<u>2,057</u>	<u>-</u>	<u>147,476</u>	<u>2,640</u>	<u>150,116</u>
<b>At 31 December 2021</b>								
Cost	42,475	279,053	4,499	2,922	-	328,949	4,121	333,070
Accumulated depreciation	(14,445)	(162,825)	(3,338)	(865)	-	(181,473)	(1,481)	(182,954)
Net book amount	<u>28,030</u>	<u>116,228</u>	<u>1,161</u>	<u>2,057</u>	<u>-</u>	<u>147,476</u>	<u>2,640</u>	<u>150,116</u>

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Right-of-use asset <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2022</b>								
Opening net book amount	28,030	116,228	1,161	2,057	-	147,476	2,640	150,116
Additions	303	9,308	355	1,136	1,301	12,403	-	12,403
Depreciation	(2,382)	(14,234)	(459)	(235)	-	(17,310)	(85)	(17,395)
Disposals	-	-	(2)	-	-	(2)	-	(2)
Closing net book amount	<u>25,951</u>	<u>111,302</u>	<u>1,055</u>	<u>2,958</u>	<u>1,301</u>	<u>142,567</u>	<u>2,555</u>	<u>145,122</u>
<b>At 31 December 2022</b>								
Cost	42,778	288,361	4,815	4,058	1,301	341,313	4,121	345,434
Accumulated depreciation	(16,827)	(177,059)	(3,760)	(1,100)	-	(198,746)	(1,566)	(200,312)
Net book amount	<u>25,951</u>	<u>111,302</u>	<u>1,055</u>	<u>2,958</u>	<u>1,301</u>	<u>142,567</u>	<u>2,555</u>	<u>145,122</u>

During the years ended 31 December 2022 and 2021, depreciation expenses have been charged in cost of sales, selling and distribution expenses and administrative expenses as below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of sales	16,585	15,448
Selling and distribution expenses	7	7
Administrative expenses	803	631
	<u>17,395</u>	<u>16,086</u>

## 11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current portion</b>		
Prepayments to suppliers	225	370
Other prepayments	310	242
Other receivables	2	1,011
Deposits	<u>35</u>	<u>–</u>
	<u>572</u>	<u>1,623</u>
<b>Non-current portion</b>		
Prepayments of acquisition of properties, plant and equipment	<u>25</u>	<u>7,807</u>

As at 31 December 2022 and 2021, the carrying amounts of deposits and other receivables approximated their fair values.

The carrying amounts of the Group's prepayments, deposits and other receivables were denominated in the following currencies:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
RMB	305	9,259
Hong Kong dollar (“HKD”)	212	171
United States dollar (“USD”)	<u>80</u>	<u>–</u>
	<u>597</u>	<u>9,430</u>

## 12 INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Raw materials	11,020	9,737
Less: Provision for impairment of inventories	<u>(3,065)</u>	<u>–</u>
	<u>7,955</u>	<u>9,737</u>

The cost of inventories recognised as expense and included in cost of sales during the years ended 31 December 2022 and 2021 amounted to approximately RMB72,543,000 and RMB58,270,000 respectively.

Provision for impairment of inventories amounting to approximately RMB3,065,000 was recognised in the consolidation income statement and included in cost of sales for the Reporting Period (2021: nil).

### 13 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contract assets	6,226	8,348
Less: Provision for impairment of contract assets	<u>(28)</u>	<u>(28)</u>
Contract assets, net	----- 6,198	----- 8,320
Trade receivables	9,374	21,289
Bills receivables	160	100
Less: Provision for impairment of trade receivables	<u>(3,397)</u>	<u>(2,615)</u>
Trade and bills receivables, net	----- 6,137	----- 18,774
	<u><u>12,335</u></u>	<u><u>27,094</u></u>

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional which generally take one to three months. The balances of contract assets fluctuated from year-to-year during the years ended 31 December 2022 and 2021 as the Group provided varying amount of goods or services that were unbilled before the year-ends.

As at 31 December 2022 and 2021, the carrying amounts of contract assets, trade and bills receivables approximated their fair values.

The Group's sales were generally on credit terms primarily from 30 to 60 days.

Movements on the Group's provision for impairment of contract assets are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
As at 1 January	28	8
Provision for impairment on a collective basis	<u>—</u>	<u>20</u>
As at 31 December	<u><u>28</u></u>	<u><u>28</u></u>



Movements on the Group's provision for impairment of trade receivables are as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
As at 1 January	<b>2,615</b>	661
Provision for impairment on an individual basis	<b>702</b>	1,617
Provision for impairment on a collective basis	<b>110</b>	354
Reversal of provision for impairment	<b>(30)</b>	(17)
	<hr/>	<hr/>
As at 31 December	<b>3,397</b>	2,615
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022 and 2021, the aging analysis of trade and bills receivables, based on invoice date, was as follows:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
1 to 3 months	<b>4,884</b>	16,659
Over 3 months	<b>4,650</b>	4,730
	<hr/>	<hr/>
	<b>9,534</b>	21,389
Less: Provision for impairment of trade receivables	<b>(3,397)</b>	(2,615)
	<hr/>	<hr/>
	<b>6,137</b>	18,774
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's contract assets, trade and bills receivables were denominated in the following currencies:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
RMB	<b>11,750</b>	26,806
USD	<b>585</b>	288
	<hr/>	<hr/>
	<b>12,335</b>	27,094
	<hr/> <hr/>	<hr/> <hr/>

The maximum exposure to credit risk as at 31 December 2022 and 2021 was the carrying value of the receivables and contract assets mentioned above. The Group did not hold any collateral as security.

## 14 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Current portion</b>		
Payables for acquisition of properties, plant and equipment	3,716	9,648
Other tax payables	2,350	972
Other payables	627	622
Accruals for auditor's remuneration	1,592	1,494
Accruals for employee benefit expenses	1,654	2,632
Accruals for professional fees	282	457
Other accruals	106	154
Deposits received from customers	1,330	1,263
Contract liabilities	365	588
	<u>12,022</u>	<u>17,830</u>
<b>Non-current portion</b>		
Other payables	<u>1,425</u>	<u>1,478</u>

As at 31 December 2022 and 2021, the carrying amounts of the Group's other payables and accruals approximated their fair values.

The carrying amounts of the Group's contract liabilities, other payables and accruals were denominated in the following currencies:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
RMB	10,622	16,947
USD	659	376
HKD	2,166	1,985
	<u>13,447</u>	<u>19,308</u>

## 15 TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	<u><u>10,096</u></u>	<u><u>20,221</u></u>

As at 31 December 2022 and 2021, the aging analysis of trade payables, based on invoice date, was as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
1 to 3 months	6,279	17,728
Over 3 months	<u>3,817</u>	<u>2,493</u>
	<u><u>10,096</u></u>	<u><u>20,221</u></u>

As at 31 December 2022 and 2021, the carrying amounts of the Group's trade payables were denominated in RMB and approximated their fair values.

## 16 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2022 and 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

We are a long-established lace manufacturer and dyeing service provider. We are primarily engaged in manufacturing and sales of lace to our customers to produce branded lingerie products on order-by-order basis. For our dyeing services, our customers are mainly lace and swimwear manufacturers who would provide us with their own lace and swimwear fabrics to dye before further fabrication.

As part of our business diversification strategies, we commenced our footwear trading business in Hong Kong in the second half year of 2021. Revenue from footwear trading business segment increased significantly during the Reporting Period, which accounted for approximately 38.2% of the total revenue of the Group (2021: approximately 9.4%).

During the Reporting Period, the PRC experienced several waves of COVID-19 and the PRC government had to implement lockdown measures in response to the COVID-19 pandemic. These lockdown measures disrupted the supply chain and business activities of many enterprises in the PRC, including the Group and its business partners. Our revenue from lace manufacturing and dyeing services and gross profit margin of these two business segments for the Reporting Period were adversely affected, but partially offset by the contribution from our footwear trading business in Hong Kong.

We recorded revenue of approximately RMB134.2 million for the Reporting Period, representing a decrease of approximately 19.2% from approximately RMB165.9 million for the year ended 31 December 2021. Net loss attributable to owners of the Company of approximately RMB8.9 million was recorded for the Reporting Period as compared to the net profit of approximately RMB21.2 million for the year ended 31 December 2021.

### **OUTLOOK AND BUSINESS STRATEGY**

The PRC economy is expected to gradually recover from the COVID-19. Going forward, we will adopt a prudent approach to run our existing business operations and also actively identify potential business opportunities that are in the interests of the Company and its shareholders. We will continue to enhance our production efficiency and reduce our operating cost; comply with environmental protection policies; and strengthen our research and development capability and quality control.

In view of the growth potential of the business of footwear and the experience of the management, the Group intended to invest more resources into this business to strive more customers and orders. We believe that these actions will enable us to reduce the risk of the Group and contribute positively to our Group's future earnings and consequentially improve the financial position of our Group.

## FINANCIAL REVIEW

### Revenue

The Group derives its revenue from (i) dyeing services; (ii) manufacturing and sales of lace; and (iii) footwear trading business. As part of our business diversification strategies, we tapped into the footwear trading business in Hong Kong in the second half of 2021 and the revenue from footwear trading business have a significant growth in the Reporting Period.

#### *Revenue by product types*

Breakdown of the Group's revenue by product types is as follows:

	Year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Dyeing	<u>56,108</u>	<u>41.8</u>	<u>94,244</u>	<u>56.8</u>
Lace				
– High density	<u>21,343</u>	<u>15.9</u>	<u>45,097</u>	<u>27.2</u>
– Regular density	<u>5,419</u>	<u>4.1</u>	<u>11,064</u>	<u>6.6</u>
Sub-total	<u>26,762</u>	<u>20.0</u>	<u>56,161</u>	<u>33.8</u>
Sales of shoes	<u>51,285</u>	<u>38.2</u>	<u>15,537</u>	<u>9.4</u>
Total	<u><b>134,155</b></u>	<u><b>100.0</b></u>	<u><b>165,942</b></u>	<u><b>100.0</b></u>

#### *Revenue by geographical regions*

Breakdown of the Group's revenue by geographical regions is as follows:

	Year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Domestic sales	<u>81,972</u>	<u>61.1</u>	<u>148,577</u>	<u>89.5</u>
International sales	<u>52,183</u>	<u>38.9</u>	<u>17,365</u>	<u>10.5</u>
Total	<u><b>134,155</b></u>	<u><b>100.0</b></u>	<u><b>165,942</b></u>	<u><b>100.0</b></u>

### ***Dyeing***

The Group's dyeing revenue decreased by approximately 40.5% from approximately RMB94.2 million for the year ended 31 December 2021 to approximately RMB56.1 million for the Reporting Period, primarily attributable to the decrease in orders from customers as a result of the disruption to the supply chain and business activities of our Group in the PRC, caused by the lockdown measures in response to the outbreak of several waves of COVID-19.

### ***Lace***

The Group's lace products are classified into (i) regular density lace, and (ii) high density lace. The lace revenue decreased by approximately 52.3% from approximately RMB56.2 million for the year ended 31 December 2021 to approximately RMB26.8 million for the Reporting Period for the reasons mentioned above.

### ***Sales of shoes***

The Group commenced a footwear trading business in Hong Kong in the second half of 2021 and recorded revenue of approximately RMB51.3 million for the Reporting Period, representing an increase of approximately 2.3 times from approximately RMB15.5 million for the year ended 31 December 2021.

### **Gross (loss)/profit and gross (loss)/profit margin**

The Group recorded a gross loss of approximately RMB3.8 million for the Reporting Period as compared to the gross profit of approximately RMB39.2 million for the year ended 31 December 2021, primary attributable to (i) the decrease in sales of dyeing services and lace products; (ii) the decrease in price of the dyeing services due to the fierce competition; and (iii) the increase in cost of the raw materials.

### **Other income**

Other income increased by approximately 1.8 times from approximately RMB1.9 million for the year ended 31 December 2021 to approximately RMB5.4 million for the Reporting Period, primarily attributable to the increase in one-off government grants in relation to the listing of the shares of the Company.

### **Other gains/(losses), net**

Other gains, net for the Reporting Period of approximately RMB4.2 million mainly represented differences arising from translation of the Group's sales, assets and liabilities denominated in foreign currencies. Other losses, net for the year ended 31 December 2021 of approximately RMB3.7 million mainly represented losses on disposal of properties, plant and equipment.

### **Selling and distribution expenses**

Selling and distribution expenses primarily consist of packaging expenses and staff cost in relation to sales and marketing staff. Selling and distribution expenses decreased by approximately 31.2% from approximately RMB2.4 million for the year ended 31 December 2021 to approximately RMB1.7 million for the Reporting Period, primarily attributable to the decrease in packaging expenses, which was in line with the decrease in sales of lace products and dyeing services.

### **Administrative expenses**

Administrative expenses increased by approximately 39.2% from approximately RMB10.3 million for the year ended 31 December 2021 to approximately RMB14.4 million for the Reporting Period mainly due to the employment of more staff in Hong Kong by the Group to manage its footwear trading business.

### **Finance income, net**

Net finance income increased from approximately RMB1.4 million for the year ended 31 December 2021 to approximately RMB2.3 million for the Reporting Period, primarily attributable to the increase in interest income on bank balances.

### **Income tax expenses**

Fujian Deyun Technology Co., Ltd.\* (福建德運科技有限公司) (the “**Deyun Technology**”), which engaged in dyeing and lace business of the Group, is recognised as a High and New Technology Enterprise\* (高新技術企業) and therefore entitled to a preferential tax rate of 15% for the year ended 31 December 2021 and for the Reporting Period. During the Reporting Period, Hong Kong profits tax has been provided at the rate of 8.25% to 16.5% on the estimated assessable profits. The income tax expense decreased from approximately RMB2.9 million for the year ended 31 December 2021 to approximately RMB0.2 million for the Reporting Period, which was mainly due to the loss-making position of the PRC business for the Reporting Period.

### **Net (loss)/profit for the year**

As a result of the above factors, the Group recorded a net loss of approximately RMB8.9 million for the Reporting Period as compared to the net profit of approximately RMB21.2 million for year ended 31 December 2021.

## **Dividend**

The Board does not recommend the payment of dividend for the Reporting Period (2021: nil).

## **LIQUIDITY, CAPITAL RESOURCES AND GEARING**

### **Net current assets**

The Group had net current assets of approximately RMB181.7 million as at 31 December 2022 (2021: approximately RMB177.3 million). The current ratio of the Group increased from approximately 5.1 times as at 31 December 2021 to approximately 7.7 times as at 31 December 2022. The increase in net current assets and improvement of current ratio as at 31 December 2022 was primarily attributable to the increase in cash and cash equivalents and settlement of the payables for the purchase of equipment during the Reporting Period.

### **Cash and cash equivalents, borrowings and pledge of assets**

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from listing. The Group will adjust its mix of funding mix depending on the costs of funding and its actual needs.

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB187.9 million (2021: approximately RMB182.3 million) and they were denominated in RMB, USD and HKD.

As at 31 December 2022 and 2021, the Group had no bank borrowings.

As at 31 December 2022 and 2021, the Group had no undrawn banking facilities.

As at 31 December 2022 and 2021, the Group did not have any assets pledged as securities.

### **Gearing ratio**

As at 31 December 2022 and 2021, the Group had a gearing ratio of nil, calculated by dividing total debt by total equity.

### **Capital structure**

As at 31 December 2022, the Company's issued share capital was HKD12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares of HKD0.01 each.



## **Capital expenditure**

For the Reporting Period, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment in the amount of approximately RMB10.6 million (2021: approximately RMB35.2 million).

## **Foreign exchange risks and hedging**

The majority of assets and liabilities of the Group are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. During the Reporting Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group had capital commitments of approximately RMB0.4 million in relation to the purchase of properties, plant and equipment (2021: approximately RMB0.2 million).

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

As at 31 December 2022, the Group had 362 employees (2021: 495 employees) and the Group's total employee benefit expenses (including directors' emoluments) for the Reporting Period amounted to approximately RMB32.4 million (2021: approximately RMB37.1 million).

## **DEFINED CONTRIBUTION SCHEMES**

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme operated by the PRC government (the "**Retirement Benefit Scheme**"). The Group is required to contribute a certain percentage of basic payroll costs to the Retirement Benefit Scheme.

The Group joined a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The Group's contributions to the Retirement Benefit Scheme and the MPF Scheme (the "**Defined Contribution Schemes**") vest fully and immediately with the employees. Accordingly, (i) for the Reporting Period, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2022. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Schemes.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Reporting Period.

## **FUTURE PLANS FOR MAJOR INVESTMENT**

During the Reporting Period, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 28 December 2020 (the "**Prospectus**"), the Group had no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the initial public offering (the “IPO”), after deducting underwriting commissions and other relevant expenses, amounted to approximately HKD85.6 million. As at 31 December 2022, the net proceeds from the IPO had been applied as follows:

Planned use of net proceeds	Planned	Net proceeds	Unused	Timeframe
	use of net proceeds	used as at 31 December 2022	balance as at 31 December 2022	for the unused balance
	<i>HKD million</i>	<i>HKD million</i>	<i>HKD million</i>	
Expand dyeing service capacity and enhance efficiency by way of upgrading, replacing and acquiring machineries and facilities	49.9	36.0	13.9	By end of 2023
Strengthen research and development capability and quality control for dyeing services	3.4	2.9	0.5	By end of 2023
Replace a coal-burning-boiler by a natural-gas-boiler	13.6	7.9	5.7	By end of 2023
Expand integrated enterprise planning resource system	0.9	0.9	–	N/A
Repayment of bank loan	9.5	9.5	–	N/A
General working capital	8.3	8.3	–	N/A
	<b>85.6</b>	<b>65.5</b>	<b>20.1</b>	

Please refer to the Prospectus for the original intended timeframe for utilisation of the net proceeds. Since the outbreak of the COVID-19 has slowed down the economic of China and the world, orders of Dyeing services and Laces products had a sharp decrease during the Reporting Period, and the Group were acting with more caution. Certain plans of the use of proceeds from the IPO were slowing down. The balance of the unutilised proceeds is expected to be utilised in the coming year.

## **CHANGE IN CONTROLLING SHAREHOLDER OF THE COMPANY AND MANDATORY UNCONDITIONAL CASH OFFER**

On 17 June 2022, Deyong Investment Co., Ltd (the “**Vendor**”), Mr. Lin Minqiang as the guarantor and Glorious Way Investments Limited (the “**Offeror**”) entered into a sale and purchase agreement (the “**SPA**”), pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 724,500,000 Shares, representing 57.50% of the issued shares of the Company.

Immediately prior to the completion of the SPA, the Offeror and parties acting in concert with it were interested in an aggregate of 160,405,000 Shares, representing approximately 12.73% of the total issued shares of the Company. Immediately following the completion of the SPA, (i) the Offeror and parties acting in concert with it are interested in an aggregate of 884,905,000 Shares, representing approximately 70.23% of the total issued shares of the Company; and (ii) the Vendor continues to hold 126,000,000 Shares, representing 10.00% of the total issued shares of the Company. As a result, the Offeror became the controlling shareholder of the Company.

On 27 June 2022, the Company and the Offeror made a joint announcement (the “**Joint Announcement**”), pursuant to which, Dakin Securities Limited, for and on behalf of the Offeror, made a mandatory unconditional cash offer (the “**Offer**”) to acquire all the issued shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Hong Kong Code on Takeovers and Mergers. Immediately upon the close of the Offer on 2 September 2022, the Offeror and the parties acting in concert with it are interested in an aggregate of 884,910,000 shares, representing approximately 70.2309% of the total issued share capital of the Company.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 December 2020 (the “**Adoption Date**”), which become effective on 13 January 2021. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants, including any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group; and to promote the success of the business of the Group.

The Share Option Scheme remains valid for a period of ten years commencing on the Adoption Date. As of 31 December 2022 and the date of this announcement, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, the total number of shares available for issue under the Share Option Scheme as of the date of this announcement was 126,000,000, representing 10% of the issued share capital of the Company as at the Adoption Date.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 25 May 2023 (Thursday), the register of members of the Company will be closed from 22 May 2023 (Monday) to 25 May 2023 (Thursday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 19 May 2023 (Friday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on 19 May 2023 (Friday).

## **CORPORATE GOVERNANCE**

The Board recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company has complied with the code provisions set out in the CG Code for the Reporting Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code during the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

## **AUDIT COMMITTEE**

The Group established an audit committee (the “**Audit Committee**”) on 16 December 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code as set forth in Appendix 14 to the Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chow Kit Ting (Chairman), Dr. Chiu Kwok Hung, Justin and Mr. Chan Hoi Shan.

The Audit Committee has reviewed with the management of the Company the consolidated financial statements of the Company for the Reporting Period, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **EVENT AFTER THE REPORTING PERIOD**

The Group does not have any important events after the Reporting Period and up to the date of this announcement.

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

This announcement is published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company’s website ([www.ds-lace.com](http://www.ds-lace.com)). The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

## **APPRECIATION**

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

By order of the Board  
**Deyun Holding Ltd.**  
**Tsoi Wing Sing**  
*Chairman*

Hong Kong, 30 March 2023

*As of the date of this announcement, the Board comprises of Mr. Tsoi Wing Sing, Mr. Lin Minqiang, Mr. Larry Stuart Torchin, and Ms. Jian Xuegen as executive Directors, and Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, and Mr. Chan Hoi Shan as independent non-executive Directors.*

\* *For identification purposes only*