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STAR SHINE HOLDINGS GROUP LIMITED

應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1440)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Star Shine Holdings Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2022.

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 RMB317.4 million, representing an increase of approximately 136.6% as compared with that for the corresponding period in 2022.
- Gross profit of the Group for the Reporting Period was approximately RMB23.8 million, as compared to the gross loss of approximately RMB3.8 million for the corresponding period in 2022.
- Loss attributable to owners of the Company for the Reporting Period was approximately RMB10.1 million, representing an increase of approximately 12.9% as compared with that for the corresponding period in 2022.
- Basic and diluted loss per share attributable to owners of the Company was approximately RMB0.80 cents for the Reporting Period.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Revenue	3	317,353	134,155
Cost of sales		<u>(293,507)</u>	<u>(137,966)</u>
Gross profit/(loss)		23,846	(3,811)
Other income	5	4,401	5,369
Other gains, net	6	2,457	4,175
Selling and distribution expenses	4	(16,160)	(1,663)
Administrative expenses	4	(17,782)	(14,388)
Net reversal of/(provision for) loss allowance on financial assets and contract assets	4	1	(782)
Impairment loss on property, plant and equipment	10	<u>(7,382)</u>	<u>–</u>
Operating loss		(10,619)	(11,100)
Finance income		2,306	2,338
Finance costs		<u>(352)</u>	<u>(11)</u>
Finance income, net	7	<u>1,954</u>	<u>2,327</u>
Loss before income tax		(8,665)	(8,773)
Income tax expenses	8	<u>(1,426)</u>	<u>(164)</u>
Loss for the year attributable to owners of the Company		<u>(10,091)</u>	<u>(8,937)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	9	<u>(0.80)</u>	<u>(0.71)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	RMB'000	RMB'000
Loss for the year	(10,091)	(8,937)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>77</u>	<u>129</u>
Total comprehensive loss for the year attributable to owners of the Company	<u><u>(10,014)</u></u>	<u><u>(8,808)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Properties, plant and equipment	10	122,014	142,567
Right-of-use assets	10	6,326	2,555
Investment property		–	281
Intangible assets		452	743
Prepayments	11	121	25
		<u>128,913</u>	<u>146,171</u>
Current assets			
Inventories	12	6,301	7,955
Contract assets	13	6,854	6,198
Trade and bills receivables	13	78,185	6,137
Prepayments, deposits and other receivables	11	2,944	572
Cash and cash equivalents		268,978	187,910
		<u>363,262</u>	<u>208,772</u>
Total assets		<u>492,175</u>	<u>354,943</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		10,511	10,511
Reserves		305,373	315,387
Total equity		<u>315,884</u>	<u>325,898</u>

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Other payables	14	1,373	1,425
Lease liabilities		2,528	–
Deferred tax liabilities		532	549
		<u>4,433</u>	<u>1,974</u>
Current liabilities			
Trade payables	15	108,793	10,096
Other payables and accruals	14	19,877	11,657
Contract liabilities	14	220	365
Interest-bearing borrowing	16	33,440	–
Lease liabilities		1,355	–
Loan from ultimate holding company	17	3,411	–
Current income tax liabilities		4,762	4,953
		<u>171,858</u>	<u>27,071</u>
Total liabilities		<u>176,291</u>	<u>29,045</u>
Total equity and liabilities		<u>492,175</u>	<u>354,943</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.

Pursuant to the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 25 May 2023 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 13 June 2023, the name of the Company was changed from Deyun Holding Ltd. to Star Shine Holdings Group Limited with effect from 25 May 2023.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") is principally engaged in (i) manufacturing of lace and provision of dyeing services; and (ii) footwear business.

In the opinion of the Directors of the Company, 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 consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise indicated.

2 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

(a) Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

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

(b) Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current financial reporting period, which the Group has not early adopted.

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

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2024

⁽²⁾ Effective for annual periods beginning on or after 1 January 2025

⁽³⁾ The effective date to be determined

The Directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

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) footwear business.

The chief operating decision-maker (“CODM”) has been identified as the executive Directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on these reports.

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) Footwear business – principally engaged in design, research and development, sourcing, merchandising, quality control and sales of causal and sports footwear.

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

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

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

The segment information provided to the directors of the Company for the reportable segments for the years ended 31 December 2023 and 2022 is as follows:

	Manufacturing of lace		Provision of dyeing services		Footwear		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Segment revenue	<u>20,690</u>	<u>26,762</u>	<u>53,287</u>	<u>56,108</u>	<u>243,376</u>	<u>51,285</u>	<u>317,353</u>	<u>134,155</u>
Segment results	<u>1,479</u>	<u>111</u>	<u>(7,327)</u>	<u>(8,223)</u>	<u>29,694</u>	<u>4,301</u>	<u>23,846</u>	<u>(3,811)</u>
Other segmental information:								
Depreciation of properties, plant and equipment	5,158	7,391	7,007	9,194	-	-	12,165	16,585
Additions to non-current segment assets	-	335	460	9,544	4,183	-	4,643	9,879
Write-down of inventories	1,134	1,695	322	1,370	-	-	1,456	3,065
Impairment loss on property, plant and equipment	3,130	-	4,252	-	-	-	7,382	-
Research and development expenditures	-	-	6,481	8,586	2,178	-	8,659	8,586
Commission and handling charges	-	-	-	-	10,631	2,888	10,631	2,888

(b) **Disaggregation of revenue from contracts with customers within HKFRS 15 by the timing of revenue is as follows:**

	2023 RMB'000	2022 RMB'000
Timing of revenue recognition		
Over time – provision of services	73,977	82,870
At a point in time – sales of goods	<u>243,376</u>	<u>51,285</u>
	<u>317,353</u>	<u>134,155</u>

(c) **Segment revenue by operating geographical location**

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

	2023 RMB'000	2022 RMB'000
Mainland China and Hong Kong	<u>317,353</u>	<u>134,155</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 2023 and 2022 is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
From footwear business segment		
Customer A	N/A*	51,285
Customer B	<u>220,161</u>	<u>–</u>

* The corresponding customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2023.

(e) Details of contract liabilities

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contract liabilities	<u>220</u>	<u>365</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 2023 and 2022 due to fluctuation in sales orders with advanced payments.
- (ii) During the years ended 31 December 2023 and 2022, all brought-forward contract liabilities at the beginning of the financial years were fully recognised as revenue.

(f) Unsatisfied performance obligations

At 31 December 2023 and 2022, 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

No geographical analysis on segment assets is provided as substantially all of the Group's non-current assets were located in the Mainland China.

4 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses, net (reversal of)/provision for loss allowance on financial assets and contract assets and impairment loss on property, plant and equipment are analysed as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials and merchandise used	242,584	72,543
Employee benefit expenses, including Directors' emoluments	36,449	32,403
Manpower service expenses	1,229	1,548
Amortisation of intangible assets	363	493
Utilities	9,204	9,394
Depreciation of properties, plant and equipment and right-of-use asset	15,357	17,395
Depreciation of investment property	13	27
Write-down of inventories	1,456	3,065
Auditor's remuneration		
– Audit service	895	1,350
– Non-audit service	492	352
Professional fees	2,970	4,153
Other tax and surcharges	921	926
Packaging expenses	703	874
Commission and handling charges	10,631	2,888
Waste handling charges	2,094	2,980
Net (reversal of)/provision for loss allowance on financial assets and contract assets	(1)	782
Impairment loss on property, plant and equipment	7,382	–
Others	2,088	3,626
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses, administrative expenses, net (reversal of)/provision for loss allowance on financial assets and contract assets and impairment loss on property, plant and equipment	334,830	154,799

Note: During the year ended 31 December 2023, research and development expenditures of approximately RMB8,659,000 (2022: approximately RMB8,586,000) which were included in the respective amounts as disclosed above.

5 OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants (<i>Note</i>)	4,247	4,970
Others	154	399
	<hr/>	<hr/>
	4,401	5,369

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

6 OTHER GAINS, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss on disposal of properties, plant and equipment	–	(2)
Exchange differences	2,386	4,177
Other	71	–
	<u>2,457</u>	<u>4,175</u>

7 FINANCE INCOME, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Finance income		
Interest income	2,306	2,338
Finance costs		
Unwinding of discount on other payables	(12)	(11)
Interest expenses on lease liabilities	(62)	–
Interest expenses on interest-bearing borrowings	(278)	–
	<u>(352)</u>	<u>(11)</u>
Finance income, net	<u>1,954</u>	<u>2,327</u>

8 INCOME TAX EXPENSES

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

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax of those jurisdictions.

During the years ended 31 December 2023 and 2022, Fujian Deyun Technology Co., Ltd* (福建德運科技有限公司), the Group's subsidiary in the People's Republic of China (the "PRC"), has qualified for high and new technology enterprises status since December 2022 with a valid period of 3 years and is therefore subject to a preferential income tax rate of 15% during the valid period.

The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as "Super Deduction". The Directors of the Company consider the eligibility of the PRC subsidiaries and recognise the additional tax deduction for the years ended 31 December 2023 and 2022.

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 Hong Kong Dollar ("HKD") 2 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 years ended 31 December 2023 and 2022, one of the Group's subsidiaries 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%.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
– Corporate income tax	1,123	–
– Hong Kong profits tax	<u>320</u>	<u>150</u>
	1,443	150
Deferred income tax	<u>(17)</u>	<u>14</u>
Income tax expenses	<u><u>1,426</u></u>	<u><u>164</u></u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before income tax	<u>(8,665)</u>	<u>(8,773)</u>
Tax calculated at tax rates applicable to the respective subsidiaries	(759)	(1,399)
Tax effect of:		
Income not subject to tax	(447)	(1,265)
Expenses not deductible for tax purpose	774	1,853
Unrecognised temporary differences	1,199	2,242
Tax loss not recognised (<i>Note (a)</i>)	1,641	–
Super deductions from research and development expenditure (<i>Note (b)</i>)	<u>(982)</u>	<u>(1,267)</u>
Income tax expenses	<u><u>1,426</u></u>	<u><u>164</u></u>

Notes:

- (a) At 31 December 2023, the Group did not recognise deferred income tax assets of approximately RMB1,641,000 (2022: nil) in respect of tax losses amounting to approximately RMB10,942,000 (2022: nil), which is subject to the agreement by the relevant tax authority and could be carried forward to offset future income.
- (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 PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

	2023	2022
Loss for the year attributable to owners of the Company (<i>RMB'000</i>)	(10,091)	(8,937)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	1,260,000	1,260,000
Basic and diluted loss per share (<i>RMB cents</i>)	<u>(0.80)</u>	<u>(0.71)</u>

There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

10 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Sub-total	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2022								
Opening net carrying 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 carrying 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>
At 31 December 2022								
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 carrying 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>
Year ended 31 December 2023								
Opening net carrying amount	25,951	111,302	1,055	2,958	1,301	142,567	2,555	145,122
Additions	–	925	10	60	458	1,453	4,183	5,636
Depreciation	(2,284)	(11,986)	(299)	(323)	–	(14,892)	(465)	(15,357)
Transfer from construction in progress	659	–	1,004	–	(1,663)	–	–	–
Transfer from investment property	268	–	–	–	–	268	–	268
Impairment loss	–	(7,382)	–	–	–	(7,382)	–	(7,382)
Exchange realignment	–	–	–	–	–	–	53	53
Closing net carrying amount	<u>24,594</u>	<u>92,859</u>	<u>1,770</u>	<u>2,695</u>	<u>96</u>	<u>122,014</u>	<u>6,326</u>	<u>128,340</u>
At 31 December 2023								
Cost	43,705	281,904	5,829	4,118	96	335,652	8,362	344,014
Accumulated depreciation	(19,111)	(189,045)	(4,059)	(1,423)	–	(213,638)	(2,036)	(215,674)
Net carrying amount	<u>24,594</u>	<u>92,859</u>	<u>1,770</u>	<u>2,695</u>	<u>96</u>	<u>122,014</u>	<u>6,326</u>	<u>128,340</u>

During the years ended 31 December 2023 and 2022, depreciation expenses have been charged in cost of sales, selling and distribution expenses and administrative expenses as below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of sales	14,104	16,585
Selling and distribution expenses	6	7
Administrative expenses	1,247	803
	<u>15,357</u>	<u>17,395</u>

In view of continuous drop in revenue in respect of the manufacturing of lace and provision of dyeing services (the “**Lace and Dyeing Business**”) during the recent years, the management of the Group identified the existence of an impairment indication on the property, plant and equipment and right-of-use assets of Lace and Dyeing Business (the “**Non-current Assets**”). The management of the Group engaged an independent professional valuer to assess the recoverable amount of the Non-current Assets, which is determined based on the value-in-use (“**VIU**”) of the Lace and Dyeing Business to which the Non-current Assets relate.

The management of the Group estimated the recoverable amount of the Non-current Assets with reference to the VIU calculation using cash flow projection of Lace and Dyeing Business. The VIU calculation uses cash flow projections based on financial budgets approved by the Directors of the Company covering a 5-year period. Cash flow beyond the 5-year period has been extrapolated using a long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Based on the impairment review performed by the management of the Group with reference to the VIU calculation conducted by an independent professional valuer, Colliers International (Hong Kong) Limited, the recoverable amounts of Non-current Assets of approximately RMB121,000,000 was lower than its carrying amount at 31 December 2023 and therefore an impairment loss of approximately RMB7,382,000 was recognised for the year ended 31 December 2023.

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current portion		
Prepayments to suppliers	1,378	225
Other prepayments	568	310
Other receivables	89	2
Deposits	233	35
Other tax receivables	580	–
Amount due from a related company (<i>Note</i>)	96	–
	<u>2,944</u>	<u>572</u>
Non-current portion		
Prepayments of acquisition of properties, plant and equipment	<u>121</u>	<u>25</u>

Note: The amount due from a related company is unsecured, interest free and repayable on demand.

At 31 December 2023 and 2022, 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	2,547	305
HKD	518	212
United States dollar ("USD")	—	80
	<u>3,065</u>	<u>597</u>

12 INVENTORIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials	10,822	11,020
Less: Allowance on inventories	<u>(4,521)</u>	<u>(3,065)</u>
	<u>6,301</u>	<u>7,955</u>

Allowance on inventories amounting to approximately RMB1,456,000 (2022: RMB3,065,000) was recognised in the consolidated income statement and included in cost of sales for the year ended 31 December 2023.

13 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contract assets	6,906	6,226
Less: Loss allowance on contract assets	<u>(52)</u>	<u>(28)</u>
Contract assets, net	<u>6,854</u>	<u>6,198</u>
Trade receivables	81,377	9,374
Bills receivables	180	160
Less: Loss allowance on trade receivables	<u>(3,372)</u>	<u>(3,397)</u>
Trade and bills receivables, net	<u>78,185</u>	<u>6,137</u>
	<u>85,039</u>	<u>12,335</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 2023 and 2022 as the Group provided varying amount of goods or services that were unbilled before the year-ends.

At 31 December 2023 and 2022, the carrying amounts of contract assets, trade and bills receivables approximated their fair values.

The Group grants credit up to 90 days (2022: up to 60 days) upon issuance of invoice.

Movements on the Group's loss allowance on contract assets are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	28	28
Provision for loss allowance on a collective basis	34	–
Reversal of loss allowance	<u>(10)</u>	<u>–</u>
At 31 December	<u>52</u>	<u>28</u>

Movements on the Group's loss allowance on trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	3,397	2,615
Provision for loss allowance on an individual basis	–	702
Provision for loss allowance on a collective basis	367	110
Reversal of loss allowance	<u>(392)</u>	<u>(30)</u>
At 31 December	<u>3,372</u>	<u>3,397</u>

At 31 December 2023 and 2022, the ageing analysis of trade and bills receivables, based on invoice date, was as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
1 to 3 months	78,737	4,884
Over 3 months	<u>2,820</u>	<u>4,650</u>
	81,557	9,534
Less: Loss allowance on trade receivables	<u>(3,372)</u>	<u>(3,397)</u>
	<u>78,185</u>	<u>6,137</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	12,988	11,750
USD	72,051	585
	<u>85,039</u>	<u>12,335</u>

The maximum exposure to credit risk at 31 December 2023 and 2022 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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current portion		
Payables for acquisition of properties, plant and equipment	2,743	3,716
Other tax payables	–	2,350
Commission payables	10,816	–
Other payables	693	627
Accruals for auditor's remuneration	909	1,592
Accruals for employee benefit expenses	3,479	1,654
Accruals for professional fees	222	282
Other accruals	482	106
Deposits received from customers	533	1,330
	<u>19,877</u>	<u>11,657</u>
Contract liabilities	220	365
	<u>20,097</u>	<u>12,022</u>
Non-current portion		
Other payables	1,373	1,425

At 31 December 2023 and 2022, 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 dominated in the following currencies.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	8,644	10,622
USD	–	659
HKD	12,826	2,166
	<u>21,470</u>	<u>13,447</u>

15 TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables		
To related parties	8,341	–
To third parties	<u>100,452</u>	<u>10,096</u>
	<u>108,793</u>	<u>10,096</u>

The trade payables are interest free and with normal credit terms up to 30 days (2022: up to 30 days).

At 31 December 2023 and 2022, the ageing analysis of trade payables, based on invoice date, was as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
1 to 3 months	107,210	6,279
Over 3 months	<u>1,583</u>	<u>3,817</u>
	<u>108,793</u>	<u>10,096</u>

The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	35,447	10,096
USD	<u>73,346</u>	<u>–</u>
	<u>108,793</u>	<u>10,096</u>

16 INTEREST-BEARING BORROWING

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest-bearing borrowing – unsecured		
– Within one year	<u>33,440</u>	<u>–</u>

At 31 December 2023, the unsecured interest-bearing borrowing is wholly repayable within six months since its inception and arranged at fixed rate per annum of 8.0%. The unsecured borrowing is borrowed from a financial institution which is an independent third party.

17 LOAN FROM ULTIMATE HOLDING COMPANY

The loan from ultimate holding company is unsecured, interest free, repayable on demand and denominated in HKD. The carrying amount of the loan from ultimate holding company approximated its fair value.

18 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2023 and 2022.

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. We are also engaged in footwear business, including design, research and development, sourcing, merchandising, quality control and sales of shoes. Revenue from footwear business segment increased significantly during the Reporting Period, which accounted for approximately 76.7% of the total revenue of the Group (2022: approximately 38.2%).

During the Reporting Period, the market economy remained uncertain such as rate hikes, geopolitical tensions and weakening consumer confidence. Although the Mainland China market has reopened, the economic recovery and growth in Mainland China have still fallen short of expectations due to various uncertainties. The Group's lace manufacturing and dyeing business inevitably experienced a certain degree of impact from the market conditions. However, the Group's footwear business benefited from a new customer, offsetting the decline in the lace manufacturing and dyeing business.

We recorded revenue of approximately RMB317.4 million for the Reporting Period, representing an increase of approximately 136.6% from approximately RMB134.2 million for the year ended 31 December 2022. Net loss attributable to owners of the Company of approximately RMB10.1 million was recorded for the Reporting Period, representing an increase of approximately 12.9% from approximately RMB8.9 million for the year ended 31 December 2022.

OUTLOOK AND BUSINESS STRATEGY

In the medium to long term, with the increasing environmental awareness and the determined implementation of “dual-carbon” goals, it is foreseeable that more and more environmental protection policies will be introduced. All of these factors raise concerns about the prospects of our Group's lace manufacturing and dyeing business. In light of the explosive growth in the footwear business, our Group will gradually reduce investment of further resources in the lace manufacturing and dyeing business and shift focus to the footwear business. The Group continues to invest more resources in footwear business which aiming to match with the fashion trend and market demand in order to strive for 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.

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.

FINANCIAL REVIEW

Revenue

The Group derives its revenue from (i) dyeing services; (ii) manufacturing and sales of lace; and (iii) footwear business. The revenue from footwear business maintains 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			
	2023		2022	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Dyeing	<u>53,287</u>	<u>16.8</u>	<u>56,108</u>	<u>41.8</u>
Lace				
– High density	<u>15,968</u>	<u>5.0</u>	21,343	15.9
– Regular density	<u>4,722</u>	<u>1.5</u>	<u>5,419</u>	<u>4.1</u>
Sub-total	<u>20,690</u>	<u>6.5</u>	<u>26,762</u>	<u>20.0</u>
Footwear	<u>243,376</u>	<u>76.7</u>	<u>51,285</u>	<u>38.2</u>
Total	<u><u>317,353</u></u>	<u><u>100.0</u></u>	<u><u>134,155</u></u>	<u><u>100.0</u></u>

Revenue by operating geographical location

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

	Year ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Mainland China and Hong Kong	<u>317,353</u>	<u>100.0</u>	<u>134,155</u>	<u>100.0</u>

Dyeing

Market demand has been weakened because of the pandemic. The industry's recovery progress has been further hindered due to the various uncertain factors mentioned earlier. In the face of a sluggish market, competition has become more intense. The Group's dyeing revenue decreased by approximately 5.0% from approximately RMB56.1 million for the year ended 31 December 2022 to approximately RMB53.3 million for the Reporting Period, primarily attributable to the decrease in orders from customers.

Lace

The Group's lace products are classified into (i) regular density lace, and (ii) high density lace. The lace revenue decreased by approximately 22.7% from approximately RMB26.8 million for the year ended 31 December 2022 to approximately RMB20.7 million for the Reporting Period for the reasons mentioned above.

Footwear

The Group recorded revenue from footwear business of approximately RMB243.4 million for the Reporting Period, representing an increase of approximately 3.7 times from approximately RMB51.3 million for the year ended 31 December 2022.

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

The Group recorded a gross profit of approximately RMB23.8 million for the Reporting Period as compared to the gross loss of approximately RMB3.8 million for the year ended 31 December 2022, primary attributable to (i) the decrease in sales of dyeing services and (ii) the considerable growth in footwear business.

Other income

Other income decreased by approximately 18.0% from approximately RMB5.4 million for the year ended 31 December 2022 to approximately RMB4.4 million for the Reporting Period, primarily attributable to the decrease in the last phase of one-off government grants in relation to the listing of the Company.

Other gains, net

Other gains, net for the Reporting Period of approximately RMB2.5 million decreased by approximately 41.1% from approximately RMB4.2 million for the year ended 31 December 2022 mainly represented exchange differences arising from translation of the Group's sales, assets and liabilities denominated in foreign currencies.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses, commission and staff cost in relation to sales and marketing staff. Selling and distribution expenses increased of approximately 8.7 times from approximately RMB1.7 million for the year ended 31 December 2022 to approximately RMB16.2 million for the Reporting Period, which was in line with the increase in revenue from footwear business.

Administrative expenses

Administrative expenses mainly consist of employment benefit expenses, professional fee, utilities, and office expenses. Administrative expenses increased by approximately 23.6% from approximately RMB14.4 million for the year ended 31 December 2022 to approximately RMB17.8 million for the Reporting Period mainly due to the employment of more staff in Hong Kong and Mainland China by the Group to manage its footwear business.

Impairment loss on property, plant and equipment

The Group recorded an impairment loss on property, plant and equipment of approximately RMB7.4 million (2022: nil) for the Reporting Period mainly due to (i) the deteriorating performance of dyeing services and lace manufacturing and (ii) current market condition.

Finance income, net

Net finance income decreased from approximately RMB2.3 million for the year ended 31 December 2022 to approximately RMB2.0 million for the Reporting Period, primarily attributable to the increase in interest expenses on interest-bearing borrowing.

Income tax expenses

Fujian Deyun Technology Co., Ltd.* (福建德運科技有限公司), 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 2022 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 expenses increased from approximately RMB0.2 million for the year ended 31 December 2022 to approximately RMB1.4 million for the Reporting Period, which was mainly due to the profit-making position of the footwear business in the PRC for the Reporting Period.

Net loss for the year

As a result of the above factors, the Group recorded a net loss of approximately RMB10.1 million for the Reporting Period as compared to the net loss of approximately RMB8.9 million for year ended 31 December 2022.

Dividend

The Board does not recommend the payment of dividend for the Reporting Period (2022: nil).

LIQUIDITY, CAPITAL RESOURCES AND GEARING

Net current assets

The Group had net current assets of approximately RMB191.4 million at 31 December 2023 (2022: approximately RMB181.7 million). The current ratio of the Group decreased from approximately 7.7 times at 31 December 2022 to approximately 2.1 times at 31 December 2023. The increase in net current assets and decrease of current ratio at 31 December 2023 was primarily attributable to the overall impact on (i) the increase of cash and cash equivalents; (ii) the increase in trade and bill receivables; (iii) the increase in trade payables and (iv) the increase in interest-bearing borrowing.

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.

At 31 December 2023, the Group had cash and cash equivalents of approximately RMB269.0 million (2022: approximately RMB187.9 million) and they were denominated in RMB, USD and HKD.

At 31 December 2023, the Group had borrowings of approximately RMB36.9 million (2022: nil).

At 31 December 2023 and 2022, the Group had no undrawn banking facilities.

At 31 December 2023 and 2022, the Group did not have any assets pledged as securities.

Gearing ratio

At 31 December 2023, the Group had a gearing ratio of 0.1 (2022: nil), calculated by dividing total debt (borrowings and lease liabilities) by total equity.

Capital structure

At 31 December 2023, 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 and intangible assets in the amount of approximately RMB1.5 million (2022: approximately RMB10.6 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

At 31 December 2023, the Group had capital commitments of approximately RMB0.2 million in relation to the purchase of properties, plant and equipment (2022: approximately RMB0.4 million).

CONTINGENT LIABILITIES

At 31 December 2023 and 2022, the Group did not have any material contingent liabilities.

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.

At 31 December 2023, the Group had 527 employees (2022: 362 employees) and the Group's total employee benefit expenses (including Directors' emoluments) for the Reporting Period amounted to approximately RMB36.4 million (2022: approximately RMB32.4 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 at 31 December 2023. 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. At 31 December 2023, the net proceeds from the IPO had been applied as follows:

Planned use of net proceeds	Planned use of net proceeds <i>HKD million</i>	Unused net proceeds at 1 January 2023 <i>HKD million</i>	Net proceeds used for the Reporting Period <i>HKD million</i>	Net proceeds used at 31 December 2023 <i>HKD million</i>	Unused balance at 31 December 2023 <i>HKD million</i>	Timeframe for the unused balance
Expand dyeing service capacity and enhance efficiency by way of upgrading, replacing and acquiring machineries and facilities	49.9	13.9	2.7	38.7	11.2	By end of 2024
Strengthen research and development capability and quality control for dyeing services	3.4	0.5	0.5	3.4	–	N/A
Replace a coal-burning-boiler by a natural-gas-boiler	13.6	5.7	–	7.9	5.7	By end of 2024
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
	85.6	20.1	3.2	68.7	16.9	

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 Mainland China and the world, orders of Dyeing services and Laces products had a sharp decrease, 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.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 December 2020 (the “**Adoption Date**”), which became 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 2023 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 at the date of this announcement was 126,000,000, representing 10% of the issued share capital of the Company 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 24 May 2024 (Friday), the register of members of the Company will be closed from 21 May 2024 (Tuesday) to 24 May 2024 (Friday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 20 May 2024 (Monday). 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 20 May 2024 (Monday).

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 C1 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 C3 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 C1 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 MAZARS CPA LIMITED

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 2023 as set out in this announcement have been agreed by the Group’s auditor, Mazars CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Mazars CPA Limited in this 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) and the Company's website (www.starshineholdings.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
STAR SHINE HOLDINGS GROUP LIMITED
Tsoi Wing Sing
Chairman

Hong Kong, 28 March 2024

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