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L U X X U

GROUP LIMITED

Luxxu Group Limited

勵時集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1327)

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

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 amounted to approximately RMB64.4 million (2021: approximately RMB70.7 million), representing a decrease of approximately 8.9% as compared with the preceding year.
- Gross profit for the year ended 31 December 2022 was approximately RMB4.8 million (2021: approximately RMB8.4 million), representing a decrease of approximately 42.9% as compared with the preceding year.
- Net loss for the year ended 31 December 2022 was approximately RMB48.2 million (2021: approximately RMB43.9 million).
- No dividend was proposed by the Board for the year ended 31 December 2022.

The board (the “Board”) of directors (the “Directors”) of Luxxu Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	64,409	70,657
Cost of sales		<u>(59,604)</u>	<u>(62,307)</u>
Gross profit		4,805	8,350
Other (loss) gain	6	(35)	43
Change in fair value of financial assets at fair value through profit or loss		24	4,427
Allowance for inventories		(15,280)	(31,150)
Selling and distribution expenses		(8,989)	(14,700)
Administrative expenses		(16,366)	(13,918)
(Allowance for) reversal of expected credit losses, net			
– trade receivables		(10,472)	5,839
– other receivables		–	6,789
Impairment of goodwill		–	(3,100)
Share-based payment expenses		–	(4,646)
Finance costs	7	<u>(1,934)</u>	<u>(1,793)</u>
Loss before tax	9	(48,247)	(43,859)
Income tax expense	8	<u>–</u>	<u>–</u>
Loss for the year		<u>(48,247)</u>	<u>(43,859)</u>
Other comprehensive income (expense):			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		<u>12,248</u>	<u>(5,837)</u>
Other comprehensive income (expense) for the year, net of tax		<u>12,248</u>	<u>(5,837)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(35,999)</u>	<u>(49,696)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (RMB cents)	11	<u>(8.95)</u>	<u>(9.33)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		16,215	21,233
Right-of-use assets		4,739	7,478
Rental deposits		1,666	1,541
Goodwill		–	–
		<u>22,620</u>	<u>30,252</u>
Current assets			
Inventories		37,960	37,895
Trade receivables	<i>12</i>	51,710	45,445
Financial asset at fair value through profit or loss		16,810	11,541
Deposits, prepayments and other receivables		16,520	56,082
Cash and cash equivalents		9,559	10,134
		<u>132,559</u>	<u>161,097</u>
Liabilities			
Current liabilities			
Lease liabilities		3,482	3,009
Accruals and other payables		6,574	5,232
Bond payables		16,040	5,132
Income tax payable		252	245
		<u>26,348</u>	<u>13,618</u>
Net current assets		<u>106,211</u>	<u>147,479</u>
Total assets less current liabilities		<u>128,831</u>	<u>177,731</u>
Non-current liabilities			
Lease liabilities		1,315	4,437
Bond payables		9,141	18,920
		<u>10,456</u>	<u>23,357</u>
NET ASSETS		<u>118,375</u>	<u>154,374</u>
Equity			
Share capital	<i>13</i>	45,286	45,286
Reserves		73,089	109,088
TOTAL EQUITY		<u>118,375</u>	<u>154,374</u>

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands on 3 December 2012 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. Its shares are listed on The Stock Exchange of Hong Kong Limited. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 10 June 2013. Its shares were initially listed on Main Board of The Stock Exchange Hong Kong Limited.

The Company's registered office is located at Cricket Square, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 2302, 23/F, New World Tower I, 18 Queen's Road Central, Central, Hong Kong.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars. For the purpose of presenting the consolidated financial statements, the Group adopted Renminbi ("RMB") as its presentation currency. All financial information presented in RMB has been rounded to the nearest thousand.

The Company is an investment company. The Group is principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, OEM watches and third-party watches.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for current and prior accounting periods reflected in these consolidated financial statements.

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

3.1 Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

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

3.2 New and revised HKFRSs issued but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in one business segment in manufacturing, trading and retailing business of watches.

A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separate reportable segments.

Revenue from major products

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Branded watches	62,210	65,861
Third-party watches	2,199	4,796
	<u>64,409</u>	<u>70,657</u>

Geographical information

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Asia (excluding the PRC)	63,759	62,424
The PRC	115	5,171
Europe	535	3,062
	<u>64,409</u>	<u>70,657</u>

The Group's non-current assets (excluding goodwill) are mainly located in the PRC and Hong Kong.

Information about major customers

No individual customer contributed over 10% of total revenue of the Group during the years ended 31 December 2022 and 2021.

5. REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Contract with customers within the scope of HKFRS 15 Recognised at a point in time:		
Branded watches	62,210	65,861
Third-party watches	2,199	4,796
	<u>64,409</u>	<u>70,657</u>

6. OTHER (LOSS) GAIN

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants (<i>Note</i>)	21	–
Bank interest income	–	1
Exchange (loss) gain	(56)	42
	<u>(35)</u>	<u>43</u>

Note:

During the year ended 31 December 2022, the Group recognised government grants of RMB21,000 in respect of Covid-19-related subsidies, all of which relates to Employment Support Scheme provided by the Hong Kong government. Government grants in respect of the Covid-19-related subsidies were recognised at the time the Group fulfilled the relevant granting criteria.

7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finance charges on bonds	1,682	1,596
Finance charges on lease liabilities	252	197
	<u>1,934</u>	<u>1,793</u>

8. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Hong Kong profits tax	–	–

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Salaries and other benefits	3,230	6,695
Retirement benefit schemes contribution	32	35
Share-based payment expenses	–	3,089
	<hr/>	<hr/>
Total employee expenses	3,262	9,819
	<hr/>	<hr/>
Advertising expenses	8,989	14,700
Auditors' remuneration	532	514
Cost of inventories recognised as cost of sales	59,604	62,307
Depreciation of property, plant and equipment	7,512	6,984
Depreciation of right-of-use assets	3,252	1,831
	<hr/> <hr/>	<hr/> <hr/>

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss		
Loss for the year attributable to owners of the Company and loss for the purpose of basic and diluted loss per share	<u>(48,247)</u>	<u>(43,859)</u>
	2022	2021
Weighted average number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted loss per share	<u>539,136,000</u>	<u>469,883,441</u>

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the exercise of the Company's share options outstanding had no dilutive effect on the basic loss per share amounts presented.

12. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	87,941	74,645
Less: Allowance for expected credit losses	<u>(36,231)</u>	<u>(29,200)</u>
	<u>51,710</u>	<u>45,445</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranged from 0 to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The following is an aged analysis of trade receivables, net of allowance, presented based on the invoice date at the end of the reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	2,710	3,233
31 to 60 days	1,858	4,287
61 to 90 days	3,341	2,801
91 to 180 days	11,544	9,128
Over 180 days	<u>32,257</u>	<u>25,996</u>
	<u>51,710</u>	<u>45,445</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At beginning of year	29,200	56,576
Allowance for (reversal of) impairment losses	10,472	(5,839)
Amount written off as uncollectible	(5,270)	(20,891)
Exchange realignments	<u>1,829</u>	<u>(646)</u>
At end of year	<u>36,231</u>	<u>29,200</u>

13. SHARE CAPITAL

	2022	2021
	HK\$'000	HK\$'000
Authorised:		
1,300,000,000 ordinary shares of HK\$0.1 each	<u>130,000</u>	<u>130,000</u>
	2022	2021
	RMB'000	RMB'000
Issued and fully paid:		
539,136,000 ordinary shares of HK\$0.1 each	<u>45,286</u>	<u>45,286</u>

The movements in authorised and issued share capital of the Company during the year were as follows:

	Authorised shares		Issued shares		Equivalent to RMB
	No. of shares	Total HK\$	No. of shares	Total HK\$	
At 1 January 2021	1,300,000,000	130,000,000	414,720,000	41,472,000	35,126,000
Share option exercised (<i>Note (a)</i>)	–	–	34,560,000	3,456,000	2,822,000
Issue of new share (<i>Note (b)</i>)	–	–	89,856,000	8,985,600	7,338,000
	<u>1,300,000,000</u>	<u>130,000,000</u>	<u>539,136,000</u>	<u>53,913,600</u>	<u>45,286,000</u>
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>1,300,000,000</u>	<u>130,000,000</u>	<u>539,136,000</u>	<u>53,913,600</u>	<u>45,286,000</u>

Notes:

- (a) The subscription rights attaching to 34,560,000 share options were exercised at the subscription price of HK\$0.1084 per share (note 31), resulting in the issue of 34,560,000 shares for a total cash consideration, before expenses, of approximately HK\$3,746,000 (equivalent to approximately RMB3,059,000). An amount of approximately RMB1,577,000 was transferred from the share option reserve to share premium upon the exercise of the share options.
- (b) On 5 August 2021, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 89,856,000 placing shares at the placing price of HK\$0.10 per placing share to not less than six placees who are professional, institutional, or other investors that are third parties independent of the Company and its connected persons. On 18 August 2021, the placing agreement have been fulfilled and completion of the placing took place, resulting in the issue of 89,856,000 shares for a total consideration, before expenses, of approximately HK\$8,986,000 (equivalent to approximately RMB7,338,000). Please refer to the announcements dated 5 August and 18 August 2021 for details.

BUSINESS REVIEW, OUTLOOK AND FUTURE PROSPECTS

In 2022, the Group continued to focus on its business operations which (i) cooperate with different industry experts to design and sales of prestige and high-end watches and accessories, including but not limited to diamond tourbillon watches and luxury jewellery watches; (ii) design, production and assembly of watches for our OEM customers; and (iii) manufacture and sales of our own brands watches.

Although due to the prolonged Sino-US trade dispute and the recovery from outbreak of coronavirus, the sales for the year ended 31 December 2022 has been decreased comparing from that for the year ended 31 December 2021. According to the statistics from The Census and Statistics Department, retail sales of the jewellery, watches and clocks, and valuable gifts category in Hong Kong has increased approximately 0.3% for year ended 31 December 2022 respectively, when comparing with 2021.

Going forward, the Group aimed to offer premium quality products to customers and will continue to strengthen our core competitiveness by improving our watch and jewellery design and development capabilities by upholding the design and artistic knowledge of the design team and recruitment of additional talents. In view of the recovery from the outbreak of the coronavirus in Hong Kong and the PRC, the Group expects 2023 will still be a challenging year. The Group will closely monitor the market response and remix the business and product portfolio to suit the market needs, including but not limited to design, manufacture and sales of prestige and high-end watches and jewelleries and stay competitive.

In view of (i) the growing middle-class, (ii) increase of disposal income, in particular among Chinese women; and (iii) the rising women's job participation rate, the Group still believe that there is a strong force behind the consumption of prestige and high-end watches and luxury jewelleries and accessories in long run. The Group should allocate more resources and effort to strengthen our design team and consider crossover design with some famous designer so that the Group can offer fashionable and affordable watches and jewelleries suitable for wearing in workplace.

Looking beyond the near-term uncertainties, the Group remains committed to seeking and seizing new opportunities, and is well-prepared to shine in the future.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately RMB6.2 million or approximately 8.8% from approximately RMB70.7 million for the year ended 31 December 2021 to approximately RMB64.5 million for the year ended 31 December 2022. The decrease in revenue was mainly attributable to the net effect of (i) increase of sales demand watches due to the recovery from outbreak of coronavirus; and (ii) the decrease in average selling price for the year ended 31 December 2022.

Cost of sales

Our cost of sales decreased by approximately RMB3.5 million or approximately 4.3% from approximately RMB62.3 million for the year ended 31 December 2021 to approximately RMB59.6 million for the year ended 31 December 2022. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB3.5 million or approximately 42.5% from approximately RMB8.4 million for the year ended 31 December 2021 to approximately RMB4.8 million for the year ended 31 December 2022 which was in line with the decrease in the average selling price for the year ended 31 December 2022. Our overall gross profit margin decreased from approximately 11.8% for the year ended 31 December 2021 to approximately 7.5% for the year ended 31 December 2022. The decrease was mainly attributable to the decrease in average selling price during the year ended 31 December 2022.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately RMB5.7 million or approximately 38.9% from approximately RMB14.7 million for the year ended 31 December 2021 to approximately RMB9.0 million for the year ended 31 December 2022. The decrease was mainly attributable to decrease in marketing activities due to the tighten of the social distancing measures.

Administrative expenses

Our administrative expenses increased by approximately RMB2.5 million or approximately 15.0% from approximately RMB13.9 million for the year ended 31 December 2021 to approximately RMB16.4 million for the year ended 31 December 2022.

Loss before taxation

As a result of the foregoing, our loss before taxation increased by approximately RMB4.4 million to approximately RMB48.3 million for the year ended 31 December 2022 as against a loss before taxation of approximately RMB43.9 million for the year ended 31 December 2021.

Taxation

No income tax expense for the year ended 31 December 2022 and 2021.

Loss for the year

As a result of the foregoing, we recorded a loss for the year of approximately RMB48.3 million for the year ended 31 December 2022 as against a loss for the year of approximately RMB43.9 million for the year ended 31 December 2021.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities.

As at 31 December 2022, the Group's total cash and bank balances were approximately RMB9.6 million (31 December 2021: approximately RMB10.1 million), most of which are held in HKD. The current ratio (defined as current assets divided by current liabilities) of the Group decreased from 11.8 times as at 31 December 2021 to 5.0 times as at 31 December 2022. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group increased from 15.6% as at 31 December 2021 to approximately 21.3% as at 31 December 2022 as there was issuance of bond note by the Group during the year ended 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 December 2022.

SIGNIFICANT INVESTMENTS IN LISTED SECURITIES

Name of investee	As at	As at	Percentage to	Number of	Percentage of	Number of	Percentage of
	1 January	31 December	the Group's	shares	shareholding	shares	shareholding
	2022	2022	audited total	held by	held by	held by	held by
	RMB'000	RMB'000	assets as at	the Group	the Group	the Group	the Group
			31 December	as at	as at	as at	as at
			2022	2022	1 January	31 December	31 December
					2022	2022	2022
			%		%		%
Significant investments							
SEEC Media Group Limited ("SEEC") (stock code: 205.HK) (note)	-	6,873	4.4	Nil	Nil	11,620,000	1.58%
Other listed securities	11,541	9,937	6.4				
Total	<u>11,541</u>	<u>16,810</u>	<u>10.8</u>				

Note:

SEEC and its subsidiaries are principally engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China and the securities broking business, money lending business and provision of e-commerce platform services and sales of high-tech products in Hong Kong. Based on SEEC's unaudited interim result announcement for the six months ended 30 June 2022, revenue and loss of SEEC was approximately HK\$31,912,000 and HK\$29,724,000 respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Except the significant investments disclosed above, at 31 December 2022, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group and no investment held by the Group contributed more than 10% of the realised or unrealised gain for the year ended 31 December 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 56 (2021: 108) employees. The total remuneration costs incurred by the Group for the financial year 2022 were approximately RMB3.9 million (2021: approximately RMB12.2 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

DEBTS AND CHARGE ON ASSETS

As at 31 December 2022, none of the assets of the Group has been pledged to secure any banking facilities granted to the Group (2021: Nil).

FOREIGN CURRENCY RISK

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars (“USD”). During the years ended 31 December 2022 and 2021, the Group has not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2022 and 2021.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2022 and 2021.

FINAL DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

AUDIT COMMITTEE

The audit committee (the “Audit Committee”) consists of three members, all being independent non-executive Directors, namely, Mr. Yu Chon Man (Chairman), Ms. Duan Baili and Mr. Zhong Weili. The duties of the Audit Committee include, without limitation, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of the Group’s financial statements, annual report and accounts and half-year report, and reviewing significant financial reporting judgments contained therein; (c) reviewing the Group’s financial control, internal control and risk management systems; and (d) reviewing reports made by the corporate guarantee committee, a committee closely monitoring the Group’s activities for the provision of corporate guarantee and to enforce the prohibition on provision of corporate guarantee to any party other than member of the Group. The Group’s annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee.

EVENT AFTER THE END OF THE REPORTING PERIOD

Since January 2020, the outbreak on Novel Coronavirus (“COVID-19”) has impacted the global business environment. Up to the date of these financial statements, COVID-19 has significant decrease in the Group’s revenue. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

SCOPE OF WORK OF EXTERNAL AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other 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 auditors, McM (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by McM (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McM (HK) CPA Limited on the preliminary announcement.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This results announcement is published on the Company's website (www.luxxu.hk) and the website of the Stock Exchange (www.hkexnews.hk). The Company's 2022 Annual Report containing all information required under the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Luxxu Group Limited
Yang Xi
Executive Director

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises two executive Directors being Mr. Lee Ting Fung and Mr. Yang Xi; and three independent non-executive Directors, being Mr. Yu Chon Man, Ms. Duan Baili and Mr. Zhong Weili.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.