EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated with limited liability in the Cayman Islands)
(Stock Code: 838)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL RESULTS

The Board of Directors of EVA Precision Industrial Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2022 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	**2022**	2021
		HK$'000	*HK$'000*
Revenue	*4*	**6,268,065**	5,108,777
Cost of sales	*5*	**(5,016,754)**	(4,096,058)
Gross profit		**1,251,311**	1,012,719
Other income		**22,430**	31,759
Other losses – net		**(8,335)**	(4,904)
Selling and marketing costs	*5*	**(369,162)**	(314,933)
General and administrative expenses	*5*	**(615,446)**	(505,690)
Net impairment losses on financial assets		**(7,622)**	(24,350)
Operating profit		**273,176**	194,601
Finance income	*6*	**10,462**	12,665
Finance costs	*6*	**(52,837)**	(27,510)
Share of (loss)/profit of associates		**(210)**	358
Profit before income tax		**230,591**	180,114
Income tax expense	*7*	**(24,574)**	(24,924)
Profit for the year		**206,017**	155,190
Other comprehensive (loss)/income for the year, net of tax			
Item that may be reclassified to profit or loss			
– Currency translation differences		**(115,686)**	38,924
Item that will not be reclassified to profit or loss			
– Revaluation losses on financial assets at fair value through other comprehensive income		**(3,681)**	(30,276)
Total comprehensive income for the year		**86,650**	163,838

	Note	**2022**	2021
		HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company		**206,017**	155,190
Total comprehensive income for the year attributable to equity holders of the Company		**86,650**	163,838
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– basic	*8*	**11.8**	9.0
– diluted	*8*	**11.8**	9.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**2022** *HK$'000*	2021 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,453,708**	2,417,647
Right-of-use assets		**377,546**	384,467
Intangible assets		**5,847**	7,639
Investments in associates		**30,591**	34,633
Prepayments, deposits and other receivables		**57,031**	48,529
Financial assets at fair value through other comprehensive income		**28,647**	32,328
Deferred income tax assets		**6,549**	6,675
		2,959,919	2,931,918
Current assets			
Inventories		**638,603**	688,478
Trade receivables	*10*	**1,681,160**	1,381,951
Prepayments, deposits and other receivables		**146,135**	150,365
Restricted bank deposits		**69,599**	102,742
Short-term bank deposits		**39,194**	–
Cash and cash equivalents		**1,722,162**	1,318,182
		4,296,853	3,641,718
LIABILITIES			
Current liabilities			
Trade payables	*11*	**1,489,832**	1,372,815
Contract liabilities		**99,288**	67,778
Accruals and other payables		**242,242**	283,712
Bank borrowings		**965,640**	1,447,550
Lease liabilities		**44,120**	30,949
Current income tax liabilities		**18,364**	23,187
		2,859,486	3,225,991
Net current assets		**1,437,367**	415,727

	Note	2022 HK$'000	2021 HK$'000
Total assets less current liabilities		**4,397,286**	3,347,645
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,459,783**	460,000
Lease liabilities		**76,107**	78,297
Deferred income tax liabilities		**22,992**	20,907
		1,558,882	559,204
Net assets		**2,838,404**	2,788,441
EQUITY			
Capital and reserves			
Share capital		**174,092**	174,912
Reserves		**2,664,312**	2,613,529
Total equity		**2,838,404**	2,788,441

Note:

1. BASIS OF PRESENTATION

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of precision manufacturing services, focusing on the production of moulds and components with high quality standard and dimensional accuracy.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 May 2005.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the requirements of the Hong Kong Company Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") which are carried at fair values.

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

2. ACCOUNTING POLICIES

(a) Relevant amendments to existing standards and conceptual framework adopted by the Group

The following amended standards and conceptual framework are mandatory for the first time for the financial year beginning 1 January 2022:

Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 (Amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of these amended standards and conceptual framework did not result in any substantial change to the Group's accounting policies. The amended standards and conceptual framework listed above had no material impact on the consolidated financial statements.

The Group has not applied any amended standards or conceptual framework that is not yet effective for the current accounting period.

(b) New standards and amendments to existing standards that have been issued and are relevant to the Group but not effective for the financial year beginning 1 January 2022 and have not been early adopted

		Effective for annual periods beginning on or after
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
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
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 HKFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
HK Int5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayments on Demand Clause	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

The directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards and do not expect them to have a material impact in the current or future reporting periods and on foreseeable future transactions. The directors of the Group will adopt the new standards and amendments to standards when they become effective.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources.

The Group is organised into two main business segments, namely (i) office automation ("OA") equipment and (ii) automotive components. Also, investments in associates and financial assets at FVOCI are reported as un-allocated assets as at 31 December 2022 in information provided to the chief operating decision-maker as they are not directly related to the segment performance.

The chief operating decision-maker assesses the performance of the operating segment based on a measure of revenue and profit before interest and tax.

Information provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	2022			2021		
	Office automation equipment	**Automotive components**	**Total**	Office automation equipment	Automotive components	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**4,502,285**	**1,765,780**	**6,268,065**	3,743,273	1,365,504	5,108,777
Segment results	**253,507**	**101,824**	**355,331**	138,926	126,844	265,770
Unallocated expenses			**(82,155)**			(71,169)
Finance income			**10,462**			12,665
Finance costs			**(52,837)**			(27,510)
Share of (loss)/profit of associates			**(210)**			358
Profit before income tax			**230,591**			180,114
Income tax expense			**(24,574)**			(24,924)
Profit for the year			**206,017**			155,190
Depreciation	**138,001**	**132,530**	**270,531**	143,178	131,021	274,199
Amortisation	**1,792**	**–**	**1,792**	1,502	–	1,502

For the years ended 31 December 2021 and 2022, unallocated expenses represent corporate expenses.

The segment assets, liabilities and capital expenditure are as follows:

	2022				2021			
	Office automation equipment	**Automotive components**	**Un-allocated**	**Total**	Office automation equipment	Automotive components	Un-allocated	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	**4,044,457**	**3,135,168**	**77,147**	**7,256,772**	3,454,922	3,018,296	100,418	6,573,636
Liabilities	**1,184,422**	**765,765**	**2,468,181**	**4,418,368**	1,093,149	736,946	1,955,100	3,785,195
Capital expenditure	**227,138**	**184,903**	**-**	**412,041**	168,513	233,093	–	401,606

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables, restricted bank deposits, short-term bank deposits and certain prepayments, deposits and other receivables, and cash and cash equivalents.

Segment liabilities comprise operating liabilities but exclude bank borrowings, current income tax liabilities, deferred income tax liabilities and certain accruals and other payables.

Capital expenditure comprises additions to property, plant and equipment, and right-of-use assets.

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	As at 31 December			
	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Segment assets/liabilities	**7,179,625**	**1,950,187**	6,473,218	1,830,095
Unallocated:				
Investments in associates	**30,591**	**–**	34,633	–
Financial assets at FVOCI	**28,647**	**–**	32,328	–
Cash and cash equivalents	**4,644**	**–**	7,714	–
Deferred income tax assets	**6,549**	**–**	6,675	–
Prepayments, deposits and other receivables	**6,716**	**–**	19,068	–
Current income tax liabilities	**–**	**18,364**	–	23,187
Deferred income tax liabilities	**–**	**22,992**	–	20,907
Bank borrowings	**–**	**2,425,423**	–	1,907,550
Accruals and other payables	**–**	**1,402**	–	3,456
Total	**7,256,772**	**4,418,368**	6,573,636	3,785,195

An analysis of the Group's two major customers (2021: two major customers), each of which accounts for 10% or more of the Group's external revenue, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**2,244,260**	1,593,335
Customer B	**683,374**	617,033

Revenue from external customers, based on the destination of the shipment, and assets by geographical region are as follows:

	2022				2021			
	The People's Republic of China ("PRC")	**Vietnam**	**Mexico**	**Total**	The People's Republic of China ("PRC")	Vietnam	Mexico	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**4,670,608**	**1,028,943**	**568,514**	**6,268,065**	4,332,448	459,920	316,409	5,108,777
Assets by geographical region								
Total non-current assets	**2,278,956**	**255,849**	**425,114**	**2,959,919**	2,304,504	246,066	381,348	2,931,918
Total assets	**5,825,587**	**683,634**	**747,551**	**7,256,772**	5,490,863	466,108	616,665	6,573,636

4 REVENUE

	2022	2021
	HK$'000	*HK$'000*
Sales of moulds and components	**6,104,907**	4,975,773
Others *(Note)*	**163,158**	133,004
	6,268,065	5,108,777

The Group derives all revenue from the sales of goods at a point in time.

Note: Others mainly represent proceeds from sales of scrap materials.

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	2022	2021
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**228,958**	240,825
Depreciation of right-of-use assets	**41,573**	33,374
Amortisation of intangible assets	**1,792**	1,502
Employee benefit expenses	**1,110,988**	1,013,143
Auditor's remuneration		
– Audit services	**4,175**	4,175
– Non-audit services	**273**	262
Changes in inventories of finished goods and work-in-progress	**75,173**	(74,253)
Raw materials and consumables used	**3,887,110**	3,145,305
Reversal of provision for inventory obsolescence	**(16,173)**	(3,186)
Subcontracting expenses	**10,724**	30,047
Utilities expenses	**78,941**	68,540
Transportation expenses	**64,724**	63,547
Packaging expenses	**143,618**	126,519
Marketing expenses	**11,335**	8,589
Office expenses	**61,240**	56,583
Operating lease payments for short-term and low value leases	**1,970**	721
Others	**294,941**	200,988
	6,001,362	4,916,681

6 FINANCE INCOME/COSTS

	2022	2021
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**10,462**	12,665
Finance costs		
Interest expense on:		
Bank borrowings	**67,831**	33,183
Lease liabilities – plant and machinery	**199**	346
Lease liabilities – factory and office premises	**4,773**	4,778
Interest capitalised	**(19,966)**	(10,797)
	52,837	27,510

7 INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Current taxation		
– Mainland China corporate income tax	**23,585**	34,118
– Vietnam corporate income tax	**10,934**	–
Over-provision in prior years	**(12,156)**	(11,079)
Deferred income tax	**2,211**	1,885
	24,574	24,924

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Basic

	2022	2021
Profit attributable to equity holders of the Company *(HK$'000)*	**206,017**	155,190
Weighted average number of ordinary shares in issue *('000)*	**1,745,051**	1,727,866
Basic earnings per share *(HK cents per share)*	**11.8**	9.0

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2022	2021
Profit attributable to equity holders of the Company *(HK$'000)*	**206,017**	155,190
Weighted average number of ordinary shares in issue *('000)*	**1,745,051**	1,727,866
Adjustment for share options *('000)*	**44**	464
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**1,745,095**	1,728,330
Diluted earnings per share *(HK cents per share)*	**11.8**	9.0

9 DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Interim dividend paid of HK1.76 cents (2021: HK1.2 cents) per share	**30,675**	20,735
Proposed final dividend of HK1.76 cents (2021: HK1.5 cents) per share	**30,640**	26,237
	61,315	46,972

A final dividend in respect of the year ended 31 December 2022 of HK1.76 cents per share, totaling of HK$30,640,000 has been proposed for approval at the forthcoming annual general meeting. These financial statements have not reflected this dividend payable.

10 TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**1,682,348**	1,383,139
Less: Loss allowance	**(1,188)**	(1,188)
Trade receivables – net	**1,681,160**	1,381,951

The credit period granted by the Group to its customers is generally 30 to 180 days. The aging of the trade receivables based on invoice date is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 to 90 days	**1,447,054**	1,232,628
91 to 180 days	**235,294**	150,511
	1,682,348	1,383,139
Less: Loss allowance	**(1,188)**	(1,188)
Trade receivables – net	**1,681,160**	1,381,951

The carrying amounts of trade receivables approximate their fair values.

The top five customers and the largest customer accounted for 37.7% (2021: 44.8%) and 12.1% (2021: 12.4%), respectively, of the trade receivables balance as at 31 December 2022. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 December 2022, no trade receivables (2021: Nil) were past due.

Movements of loss allowance are as follows:

	2022	2021
	HK$'000	*HK$'000*
As at 1 January	**1,188**	1,188
Net impairment losses on financial assets	**–**	–
As at 31 December	**1,188**	1,188

Trade receivables are denominated in the following currencies:

	2022	2021
	HK$'000	*HK$'000*
HK$	**221,906**	118,176
US$	**789,518**	638,622
RMB	**657,841**	609,665
Others	**13,083**	16,676
	1,682,348	1,383,139

11 TRADE PAYABLES

The aging of trade payables based on invoice date is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 to 90 days	**1,344,134**	1,269,900
91 to 180 days	**145,698**	102,915
	1,489,832	1,372,815

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	2022	2021
	HK$'000	*HK$'000*
HK$	**18,095**	20,186
RMB	**891,957**	871,901
US$	**564,484**	463,965
Others	**15,296**	16,763
	1,489,832	1,372,815

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the past year, industries across the world were affected by a number of macro factors. The Russian-Ukrainian war has dealt a heavy blow on the European economy and pushed up inflation. Material and transportation costs rose amid the COVID-19 pandemic. Thus, operating costs of industries climbed dramatically during the year. These factors plus the anti-epidemic measures implemented on Mainland China to various extent affected the Group's factories in different regions and its operation overall. Nevertheless, thanks to the strategic deployment the management started making a few years ago to diversify business, the Group was able to mitigate the negative impact of the weak business performance in certain regions. Coupled with the contribution from a strategic acquisition made in 2021 in China, the Group achieved satisfactory growth overall during the year.

For the year ended 31 December 2022, the Group's turnover increased by 22.7% year-on-year to HK$6,268,065,000 (2021: HK$5,108,777,000). Profit attributable to shareholders was up 32.8% reaching HK$206,017,000 (2021: HK$155,190,000). The satisfactory performance was mainly attributable to the long-term strategic deployment made by the management and as a result our overseas operations, primarily Vietnam and Mexico, all recorded notable growth during the year. In addition, the Group's favourable results were also benefited from the synergies brought by Shenzhen EVA Technology Intelligent Manufacturing Co., Ltd. ("EVA Intelligent Manufacturing"), which the Group acquired in 2021. Basic earnings per share rose 31.1% year-on-year to HK11.8 cents (2021: Basic earnings per share of HK9.0 cents).

Regarding costs, with inflation and global chip supply shortage pushing up material and transportation costs, plus automotive components business having to delay production during the second half year because of the pandemic, the utilisation rate of production capacity slid. Although orders grew well in Mexico, with the pandemic being sporadic and the Chinese government tightening related controls, the Group still faced many challenges in managing and operating the factory there. As such, the automotive component business gross profit margin and the segment profit were severely affected. However, driven by the Vietnam operation's strong performance, the Group's office automation ("OA") equipment business gross profit margin and the segment profit climbed up. hence, the Group's overall gross profit margin for the year rose slightly to 20.0%, 0.2% percentage point up against last year (2021: 19.8%). Furthermore, backed by its global strategic business layout and persistent cost control measures, the Group was able to effectively lower marketing and administrative expenses and maintained profit growth during the year.

Business Review

Office Automation Equipment

The OA equipment business has always been the most valuable core business of the Group. Having dedicated decades in developing the business and accumulated profound operating experience, the Group has established a good reputation in the industry, hence is preferred and trusted by many customers. In view of the constant upgrade and advancement of business models in the market, the Group has been devoted to expanding its Design and Electronic Manufacturing Service ("D-EMS") operation, complete machine assembly and sales of assembly parts businesses in recent years, thereby enabling it to increase market penetration and achieve diversification of business. During the year, turnover of the OA equipment business grew 20.3% to HK$4,502,285,000 (2021: HK$3,743,273,000). The increase was mainly a result of the strong growth in business in Vietnam and the strategic acquisition of EVA Intelligent Manufacturing.

During the year, the OA equipment business in Shenzhen performed well, with turnover up by approximately 9.0% year-on-year. Of such growth, about 7.6% were attributable to the increase in orders after the acquisition of EVA Intelligent Manufacturing, credited to major customers like Fujifilm, and the remaining were from organic growth. By the end of June 2022, the Group completed integrating the production capacity of EVA Intelligent Manufacturing with that of the Shenzhen industrial park, allowing it to reap synergies and notably reduce operating costs such as wages, rental and administrative expenses, while making the best of its existing production capacity and resources. As such, the Group improved its overall operational efficiency, as well as the utilisation rate and profit margin of its Shenzhen operation.

In Vietnam, since the industrial park started operation in 2017, business in the country has been growing rapidly, with turnover for the year up by 123.7% year-on-year. The surge was mainly resulted from the Group having made strategic deployment a few years ago to move the processing of certain Japanese customers' orders from China to Vietnam, in line with these customers expanding their production bases to Southeast Asia. In addition, with the Vietnamese government among the first to relax anti-epidemic measures in the first quarter of 2022, the Group seized the opportune time of the economy reviving thereafter and saw the production capacity of its industrial park there quickly climbed since after the pandemic broke out at the beginning of the year. Shipments started to surge starting in March 2022. Currently, orders received for the Vietnam production base have already exceeded its output capacity. To meet customer needs in limited time, the Group has shifted some orders to a temporarily leased new factory nearby so as to maintain an overall stable utilisation rate in Vietnam. We may also consider expanding the Vietnam industrial park in response to future market changes. We hope to take advantage of Vietnam's low labour costs and tax incentives to expand our business and raise profit, continuing to realize growth in both revenue and profit.

In Suzhou, due to the COVID outbreak in Shanghai during the year forcing several major customers to suspend production for several months, the production facilities there faced overall unfavourable operating conditions. As such, both orders and shipments slipped, with turnover down 15.5% year-on-year. As the Group actively adjusted its business strategy in Suzhou, the drop in business narrowed markedly in the second half year relative to the first. Resources allocation and cost control also improved in the second half year. The Group believes, at its efforts to adjust and perfect the operational strategy, breakthroughs are likely to be achieved in Suzhou in the next few years.

As for the business in Weihai, it recorded 16.2% increase in turnover year-on-year mainly at the drive of D-EMS business. In 2022, the Group stepped up pushing growth of D-EMS business and cultivating friendly cooperation with major customers such as Fujifilm. More efforts were made also on developing such business areas as digital laser printing equipment, multi-function photocopiers, and expanding the Group's high value-added A3 printing machinery and device business, as well as strengthening its in-house research and development team. The Group has strong confidence all along in its business in Weihai, and is currently talking to leading customers such as Fujifilm on deepening cooperation. We expect D-EMS orders for A3 multi-function printers to grow several folds in three years. At the same time, with the support of local government policies and grants, the Group's OA equipment business in the Weihai Industrial Park is expected to see considerable growth in the next few years.

Apart from developing existing overseas markets, the Group has also strived to expand the Mainland market and into the information technology application innovation ("ITAI") industry. With the support of national policies, the ITAI industry has grown rapidly. According to the"Market research report on the information technology application innovation ecosystem in China in 2021"published by the China Software Industry Association, the industry will grow at a CAGR of 37.7% to reach RMB800 billion worth by the end of 2025. To localise printer production is an important part of ITAI's localisation exercise, and the management sees a very promising outlook when it comes to industry demand. As a market leader in providing fundamental hardware, the Group, armed with top-notch manufacturing technologies and D-EMS product advantages, is cooperating with customers such as Lenovo, Huawei, TOEC and Great Wall Information on co-developing and introducing various products. Such efforts are expected to help enlarge the Group's market share in Mainland China.

During the year, the OA equipment business segment reported profit amounting to HK$253,507,000 (2021: HK$138,926,000), representing a year-on-year growth of 82.5%. The significant growth was primarily attributable to the aforementioned growth trend pushing up the segmental turnover, plus the Group's utilisation rate returning to normal, and the Vietnam business booming quickly with its low-cost environment which helped widening profit margin to approximately 5.6% (2021: 3.7%). The Group will continue to develop and launch more market demand-oriented and practical products and solutions for we believe the OA equipment market still has considerable room for development going forward.

Automotive Components

For the year ended 31 December 2022, the Group's automotive component segment continued to record growth, mainly because the Group continued to step up efforts in technological R&D and market expansion in the new energy realm. As such, our strategic new energy vehicle ("NEV") customer base gradually swelled. The segment also received large quantity of new orders, driving year-on-year sales growth in Mexico, Chongqing and Wuhan and in turn an approximately 29.3% growth in revenue year-on-year to HK$1,765,780,000 (2021: HK$1,365,504,000). After years of strategic deployment and optimisation and integration of advantageous resources, the automotive component segment managed to seize industry opportunities arising from the global economic recovery and rapid development of NEV. During the year, the segment gradually started production for new automotive component orders, releasing the production capacity of the industrial parks in Zhongshan, Wuhan and Mexico and helping the segment achieve turnover growth in 2022.

The Group's industrial park in Shenzhen, being the R&D centre for automotive components, supports technological R&D and mould design and production of all auto-related businesses of the Group. It is also the centralised production base for the Group's automobile seat moulds, with the moulds primarily being exported to the US and European markets. During the year, turnover of the automotive component business in Shenzhen fell by approximately 25.1% year-on-year, mainly because the Russian-Ukrainian War hit the European economy hard and seriously affected the automobile seat moulds export to Europe from the Shenzhen industrial park. While supporting the development of its counterpart in Mexico, the Shenzhen operation has also been actively expanding business in the Mainland China and Japan markets. As such, the management still has strong confidence in the mould business of the Group's Shenzhen industrial park.

In Zhongshan, the Group's turnover increased by approximately 13.2%. To cater to the NEV market in its explosive growth, the Group launched a number of new projects, such as the core "three-electric systems", namely battery, electronic control and motor systems, of NEVs and started mass production for several project orders. As we were working with customers on projects of general parts for multiple vehicle models, our business with traditional fuel vehicles component suppliers such as Brose, Aisin and Yachiyo continued to grow while we are developing the NEV business. At the same time, the Group continued to implement measures to reduce costs and increase efficiency in Zhongshan so as to enhance its competitiveness. As for market development, the Group focused on developing NEV customers and during the year, several new projects with "three-electric systems" customers have also been commenced. We believe, alongside the structural upgrade of the auto industry, Zhongshan industrial park will have new impetus to grow its business and profit.

In Chongqing, although the pandemic disrupted production activities of factories in Shanghai in 2022, the Group's turnover still grew approximately 5.5%. Affected by the shortage of automotive chips and COVID resurgence in China, production and shipment of certain projects of the Group's major customers such as Great Wall Motors had to be delayed. However, Great Wall Motors was still the key driver of Chongqing's turnover growth during the year. Having tightened cooperative ties with long-term customers like Great Wall Motors, SAIC-GM-Wuling and Changan Automobile, the Group's strengths in product development, manufacturing and quality, as well as management standard all improved notably. During the year, the Group has also started the mould business for the high-end NEV brand AVATR, which is jointly developed by Great Wall Motors, Huawei, and CATL, and is putting major effort into developing NEV business of the hot-selling models of Great Wall Motors, laying a solid foundation for sustainable growth in Chongqing in the foreseeing future.

The turnover of Wuhan industrial park for the year increased significantly, by approximately 81.1% year-on-year, attributable to the new Great Wall Motors project commencing production, and the relatively unsatisfactory business performance in the previous year due to the pandemic and chip shortage. With the country targeting to build Wuhan into an automobile manufacturing base, the Group integrated the leading technologies and resources of the Chongqing and Wuhan industrial parks during the year to set up a development centre of automotive body structure, chassis parts and battery systems in the Wuhan industrial park, in its bid to speed up development of its automotive component business of the Group. In recent years, the Group carried out strategic reforms of its automotive clientele in Wuhan. Apart from actively participating in the Great Wall Motors project, while working to maintain its share in the traditional fuel vehicle market, the Group continued to develop NEV business, including taking strategic orders from the American NEV manufacturer, Lucid Motors and securing BYD's NEV orders in 2022.

Mexico continues to serve as an important bridge for the Group to reach customers in the US and European markets. In 2022, as production for new project orders started gradually, the Mexico operation recorded an 80.0% surge in turnover. To meet increasing orders, the Group invested in new 1250T and 2500T presses in the Mexico Industrial Park during the year and the presses plus a new welding production line are expected to be put to use in 2023. Among automobile supplier customers, sales associated with Tesla, Faurecia, Brose and Adient increased notably year-on-year, pushing up turnover from Mexico rapidly. In 2023, the Group will continue to pool its advantageous resources to support continuous improvement of mould technology, production efficiency and management system in Mexico. Heeding the general trend of manufacturing industries moving back to North America, the Group will work hard on growing its customer base in the region. Our orders on hand from Tesla and Faurecia have continued to grow, suggesting of the promising performance the Mexico operation will deliver in the future.

In 2022, although the above factors provided a strong impetus to the automotive component segment to grow and develop, the automobile industry itself was affected by the unstable international environment. Global shortage of chips, the Russian-Ukrainian war, inflation and interest rate hikes, among other factors, hit the global industrial chain heavily, especially the manufacturing industry. In China, affected by COVID-19, some domestic automobile production lines delayed mass production, correspondingly many automakers continually reduced production orders. Given these unfavourable conditions, the Group's automotive component business was impacted to a relatively large extent particularly during the second half of the year. Nonetheless, on the back of NEV component orders, the Group stepped up NEV related R&D investment. The factories in Zhongshan, Wuhan and Mexico also allocated a lot of equipment and human resources to conduct trials and adjustments to prepare for mass production for new orders. In 2022, the COVID control measures in the Mainland restricted dispatch of domestic technicians to the Mexico industrial park to support commissioning of new projects. As such, although the Group's automotive component orders and turnover continued to increase, the segment's profitability was unimpressive, recording profit of approximately HK$101,824,000 during the year (2021: HK$126,844,000) with segment profit margin significantly down to approximately 5.8% (2021: 9.3%). Yet the Group believes, as the pandemic recedes globally, and the Group further tightens strategic partnership with top-tier automotive suppliers and automotive manufacturers, plus its Mexico, Chongqing and Wuhan industrial parks managing strong growth, the utilisation rates of its production facilities will markedly increase.

OUTLOOK

Although the world was still facing severe challenges in 2022, such as Sino-US relations continuing to be tense and situation between Russia and Ukraine unstable, pushing up global inflation and affecting raw material supply and prices, which led to high operating costs for enterprises; nevertheless, with COVID-19 having come to an end, the global economy is expected to gradually recover. Domestic and foreign consumption sentiment are also likely to improve. Thus, the management believes the industry as well as the Group itself are looking at a brighter future.

With rich experience built over the years and market leadership, and boasting solid and close long-term cooperative relationship with upstream suppliers, even when the supply chain was under pressure, the Group was still able to, via its flexible operational model, meet the production needs of customers. Expecting demand for traditional products to decline, the management took action in advance to promote business diversification, R&D of new products and expansion of business to various markets. A management team with shrewd foresight and a relentlessly hard working staff are the unique edges of the Group, and what will give it a good foundation for attaining rapid development in the future.

Looking ahead, the market will still be full of challenges and at the same time also opportunities. The Group will actively seek opportunities for acquisitions and forging strategic alliances so as to further strengthen its business foundation and expand its business footprint. Its hopes are to enlarge market share and drive long-term growth of its business. With years of industry experience, the management boasts acute insights on market trends, and the determination to, at the brace of the Group's solid business, realise continuous growth and bring satisfactory returns to shareholders.

DIVIDENDS

The Board recommends the payment of a final dividend of HK 1.76 cents per ordinary share, totaling approximately HK$30,640,000 for the year ended 31 December 2022. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 18 May 2023, the final dividend will be paid in cash on 9 June 2023. Including the interim dividend of HK$30,675,000 for the six months ended 30 June 2022 paid on 23 September 2022, the total dividends declared for the year ended 31 December 2022 will be approximately HK$61,315,000.

FINANCIAL REVIEW

An analysis of the Group's turnover and results by segment is as follows:

	2022		2021	
	HK$'000		*HK$'000*	
By business segment				
Turnover				
Office automation equipment division				
Design and fabrication of moulds	**179,895**	**2.9%**	256,198	5.0%
Manufacturing of components	**4,263,733**	**68.0%**	3,437,507	67.3%
Others *(Note 1)*	**58,657**	**0.9%**	49,567	1.0%
	4,502,285	**71.8%**	3,743,273	73.3%
Automotive component division				
Design and fabrication of moulds	**158,012**	**2.5%**	180,494	3.5%
Manufacturing of components	**1,503,267**	**24.0%**	1,101,574	21.6%
Others *(Note 1)*	**104,501**	**1.7%**	83,437	1.6%
	1,765,780	**28.2%**	1,365,504	26.7%
Total	**6,268,065**		5,108,777	
Segment results				
Office automation equipment division	**253,507**		138,926	
Automotive component division	**101,824**		126,844	
Operating profit	**355,331**		265,770	
Unallocated expenses	**(82,155)**		(71,169)	
Finance income	**10,462**		12,665	
Finance costs	**(52,837)**		(27,510)	
Share of (loss)/profit of associates	**(210)**		358	
Income tax expense	**(24,574)**		(24,924)	
Profit attributable to equity holders of the Company	**206,017**		155,190	

Note 1: Others mainly represented sales of scrap materials.

Turnover

During the year, the Group's turnover increased by 22.7% to HK$6,268,065,000, which was primarily caused by an increase in orders from certain existing customers and the Group's effort to develop new customers during the year, as well as the additional contribution of revenue arisen from the acquisition of EVA Intelligent Manufacturing as aforementioned.

Gross profit

During the year, gross profit margin slightly increased to 20.0% (2021: 19.8%), which was mainly driven by the increase in orders as mentioned above, thus achieving an overall better utilisation of the Group's production facilities. During the year ended 31 December 2022, the Group's rapid growth in business in Vietnam, where the labour and certain production costs were relatively much lower as compared to those in China, also contributed to the improvement in the gross profit margin.

Segment results

For the year ended 31 December 2022, as a result of a surge in turnover as well as improved gross profit margin as mentioned above, the operating profit margin of the Group's office automation equipment division went up to 5.6% (2021: 3.7%). The operating profit margin of the Group's automotive component division dropped to 5.8% (2021: 9.3%), primarily because despite the surge in automotive component orders during the year, unfavourable external conditions, such as the COVID outbreaks in the Mainland China during 2022, the global chip shortage and the decline in European economy, adversely impacted the utilisation of the Group's production capacity as the production in the related factories was disrupted.

Unallocated expenses

For the year ended 31 December 2022, unallocated expenses mainly represent corporate expenses of HK$43,256,000 (2021: HK$41,849,000), share-based payment expenses of HK$31,277,000 (2021: HK$4,970,000) and impairment losses on financial assets amounting to HK$7,622,000 (2021: HK$24,350,000).

Finance income and costs

For the year ended 31 December 2022, the Group's finance costs increased mainly due to increased interest rates and the Group's higher average borrowing balance as compared to 2021. Most of the Group's bank deposits are held with banks in the PRC. The Group's finance income decreased, primarily due to the decreased interest rates from bank deposits held with banks in the PRC during the year.

Share of (loss)/profit of associates

Share of (loss)/profit of associates represents the Group's share of 40% of the (loss)/profit of the micro lending business through equity pick-up.

Income tax expense

Income tax expense for the year ended 31 December 2022 mainly represents current income tax charge amounting to HK$34,519,000 netted off by (i) over-provision in prior years amounting to HK$12,156,000 and (ii) deferred income tax charge of HK$2,211,000.

Profit attributable to equity holders of the Company

For the year ended 31 December 2022, profit attributable to equity holders of the Company was HK$206,017,000 (2021: HK$155,190,000), which was primarily caused by the increase in operating profit as mentioned above.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2022, the Group's net cash generated from operating activities increased to HK$372,353,000 (2021: HK$259,284,000), which was primarily due to increased turnover and earnings from operation. During the year, the Group's capital expenditure decreased to HK$345,810,000 as the major capital expansion had been completed and certain maintenance and renovation work on the existing production facilities continued in 2022. Therefore, the Group recorded net cash used in investing activities amounting to HK$345,917,000 (2021: HK$337,246,000). The Group had a net increase in bank borrowings of HK$517,873,000 and lease payments of HK$35,390,000 during the year. After payment of dividend of HK$56,815,000 and repurchase of shares amounting to HK$11,479,000, the Group recorded net cash generated from financing activities of HK$414,519,000 during the year (2021: net cash used in financing activities HK$18,433,000).

Treasury policy

The Group adopts a prudent treasury policy. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An adequate level of cash resources is maintained by each of the Group's subsidiaries, and the Group also have sufficient stand-by credit lines to provide adequate liquid funds to finance its business activities. Due consideration is given for the cost of borrowings. We also consider impacts of interest rates fluctuation on our operations and financial condition, and take appropriate and timely measures accordingly. In addition, as a majority of the Group's sales are made in Hong Kong dollars and United States dollars (which are pegged), almost all of the Group's borrowings as at 31 December 2022 were denominated in Hong Kong dollars and United States dollars to match repayment currency with the Group's major source of operating cash inflows. Looking ahead, the Group will adhere to conservative financial management policies and remain committed to maintaining a healthy balance sheet.

Key financial performance indicators

	31 December 2022	31 December 2021
Inventory turnover days *(Note 1 and 5)*	**46**	61
Debtors' turnover days *(Note 2 and 5)*	**98**	99
Creditors' turnover days *(Note 3 and 5)*	**108**	122
Cash conversion cycle *(Note 4 and 5)*	**36**	38
Current ratio *(Note 6 and 8)*	**1.50**	1.13
Net debt-to-equity ratio *(Note 7 and 8)*	**21.0%**	17.5%
Net profit margin *(Note 9 and 11)*	**3.3%**	3.0%
Return on shareholders' equity *(Note 10 and 11)*	**7.3%**	5.6%

Notes:

1. Calculation of inventory turnover days is based on the ending inventories divided by cost of sales and multiplied by the number of days during the year.

2. Calculation of debtors' turnover days is based on the ending balance of trade receivables divided by turnover and multiplied by the number of days during the year.

3. Calculation of creditors' turnover days is based on the ending balance of trade payables divided by cost of sales and multiplied by the number of days during the year.

4. Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.

5. These ratios have a significant impact on the ability of the Group to generate cash flows from its operations. Therefore, they are selected as key financial performance indicators.

6. Current ratio is calculated based on the Group's total current assets divided by total current liabilities.

7. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and lease liabilities less cash and bank balances divided by shareholders' equity. Lease liabilities exclude the rentals for factory and office premises in future periods amounting to HK$117,598,000 as at 31 December 2022 (as at 31 December 2021: HK$97,272,000). These rentals have not yet been incurred, but are deemed as lease liabilities under the newly adopted Hong Kong Financial Reporting Standard 16 "Leases". The ownership of the related factory and office premises is not held by the Group.

8. These ratios reflect the Group's financial stability and its ability to pay its debts as they fall due. Therefore, they are selected as key financial performance indicators.

9. Net profit margin is based on profit attributable to equity holders of the Company divided by turnover.

10. Return on shareholders' equity is based on profit attributable to equity holders of the Company divided by shareholders' equity.

11. These ratios reflect the Group's ability to generate returns from its business, and the returns obtainable by shareholders from their investments in the Group. Therefore, they are selected as key financial performance indicators.

Inventory turnover days

With a view to reducing the Group's working capital requirements to cope with the growth in orders, we devoted substantial effort on strengthening our inventory control during the year ended 31 December 2022. Inventories as at 31 December 2022 decreased by 7.2% to approximately HK$638,603,000, while the cost of sales for the year increased proportionately to sales. Accordingly, the Group's inventory turnover days for the year ended 31 December 2022 dropped to approximately 46 days, as compared to 61 days for the year ended 31 December 2021.

Debtors' and creditors' turnover days

Debtors' turnover days for the year remained relatively constant. Creditors' turnover days for the year decreased to 108 days, which was mainly because a higher percentage of the Group's purchases were made from suppliers with shorter credit periods during the year.

Cash conversion cycle

The slight drop in cash conversion cycle in 2022 was mainly caused by the decrease in inventory turnover days netted-off by the decrease in creditors' turnover days as mentioned above.

Current ratio and net debt-to-equity ratio

During the year, the Group refinanced certain of its short-term bank loans and portion of long-term bank loans that was due for repayment with long-term bank loans. Hence, the Group's current ratio increased to 1.50 as at 31 December 2022. The Group's net debt-to-equity ratio as at 31 December 2022 increased as a result of net increase in bank borrowings.

Net profit margin and return on shareholders' equity

The increase in the Group's net profit margin and return on shareholders' equity was caused by the increase in profit attributable to equity holders of the Company, as explained in the section headed "Financial Review" above.

FOREIGN CURRENCY EXPOSURE

For the year ended 31 December 2022, the Group's sales and raw material purchases were denominated in the following currencies:

	Sales	**Purchases**
Hong Kong dollars	20.3%	1.8%
US dollars	53.6%	62.6%
Renminbi	24.9%	34.6%
Other currencies	1.2%	1.0%

A majority of the Group's customers and suppliers in China, Vietnam and Mexico are reputable international companies which use United States dollars as settlement currency. Accordingly, approximately 73.9% of the Group's sales and 64.4% of its raw material purchases were made in United States dollars and Hong Kong dollars (which are pegged to United States dollars) during the year. The Group also has a policy of using Renminbi to settle the purchases of raw materials used for Renminbi denominated sales. Sales and raw material purchases denominated in other currencies were mainly related to initial trial orders with new customers and suppliers, and therefore their percentages to our total turnover and purchases were small. Should these sales and raw material purchases increase in the future, we will take appropriate actions to safeguard ourselves from any potential exchange rate risk that may arise from dealing in other currencies. Further, it is the Group's policy to strictly prohibit any speculative foreign exchange transaction which is not related to business operations.

At present, although the Group endeavours to transact sales and raw material purchases in matching currencies, the percentage of the Group's raw material purchases in Renminbi is still larger than the percentage of its sales in Renminbi due to the Group's substantial production operations in China. However, management is of the view that the exchange rate risk is not high because Renminbi is unlikely to resume a long-term appreciation trend in a foreseeable future. Going forward, management will continue to evaluate the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

HUMAN RESOURCES

During the year, the total number of the Group's employees was 9,434 employees as at 31 December 2022. The Group considers its employees, in particular the skilled engineers and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. Share option schemes were adopted to attract and retain talents to contribute to the Group. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potentials is also important for attracting and retaining qualified staff for its future success. Training programmes are offered to employees for their continuous development. Besides, various employee activities are organised to inspire the team spirit of the Group's staff, which includes the organisation of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participate. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

As at 31 December 2022, the average length of services of the Group's employees below and above manager grade was 2.8 years and 8.5 years respectively.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, the charges on the Group's assets included mortgage of equipment under lease liabilities with net book amount of HK$43,056,000 for securing lease liabilities.

PURCHASES, SALE AND REDEMPTION OF THE SHARES

During the year ended 31 December 2022, the Company repurchased its 8,500,000 listed shares on the Stock Exchange. These shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchases during the period ended 31 December 2022 are summarised as follows:

Months of repurchase	Number of shares repurchased	Highest price per share	Lowest price per share	Total consideration paid
		HK$	*HK$*	*HK$'000*
May 2022	5,500,000	1.56	1.21	7,654
October 2022	3,000,000	1.29	1.19	3,708
	8,500,000			11,362

The directors considered that the repurchases were made for the benefit of the shareholders as a whole as they uplifted the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated.

CLOSURE OF REGISTER OF MEMBERS

To determine which shareholders will be eligible to attend and vote at the forthcoming annual general meeting to be held on Thursday, 18 May 2023, the register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.

Subject to the shareholders' approval of the recommended final dividend at the annual general meeting of the Company, the final dividend will be payable on Friday, 9 June 2023 to shareholders whose names appear on the register of members on Monday, 29 May 2023. To determine eligibility for the final dividend, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Monday, 29 May 2023, both days inclusive, during which period no share transfer will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had 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. Having made specific enquiry of all directors, the Company reported that all directors have complied with the required standards set out in the Model Code during the year ended 31 December 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the CG Code as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has set up an audit committee, in accordance with the requirements of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules, for the purpose of reviewing and providing supervision on the financial reporting process, risk management, internal control system and corporate governance matters of the Group. The audit committee comprises the three independent non-executive directors, namely, Ms. Ling Kit Sum, Mr. Lam Hiu Lo and Dr. Chai Ngai Chiu Sunny, with Ms. Ling Kit Sum as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal control, corporate governance and financial reporting matters with management including a review of the audited consolidated financial statements for the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2022 and up to the date of this announcement.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises three executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman) and Mr. Zhang Yaohua (Chief Executive) and three independent non-executive directors, being Mr. Lam Hiu Lo, Dr. Chai Ngai Chiu Sunny and Ms. Ling Kit Sum.