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**AKM Industrial Company Limited**  
**安捷利實業有限公司**

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 1639)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**HIGHLIGHTS**

- For the year ended 31 December 2021, the turnover of the Company and its subsidiaries (collectively, the “Group”) amounted to approximately HK\$2,361,722,000, representing an increase of approximately 40.88% as compared to the turnover of last year, and the profit attributable to the owners of the Company for the year amounted to approximately HK\$130,530,000, while the profit attributable to the owners of the Company of last year was approximately HK\$119,351,000.
- Earnings per share of the Group was approximately HK8.49 cents for the year ended 31 December 2021.
- The board of Directors recommend the payment of final dividend of HK1.45 cent per share for the year ended 31 December 2021 (2020: HK1.45 cent per share).

**THE FINANCIAL STATEMENTS**

**Results**

The board (the “Board”) of directors (the “Directors”) of the Company hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 (the “year”), together with the comparative audited figures for the year 2020, as follows:

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	2,361,722	1,676,423
Cost of sales		(2,055,350)	(1,429,284)
Gross profit		306,372	247,139
Other income	5	76,490	48,909
Distribution costs		(35,950)	(27,795)
Administrative expenses		(77,947)	(45,697)
Research and development expenses		(114,929)	(83,153)
Share of results of associates		4,653	2,645
Finance costs	6	(13,219)	(10,234)
Profit before taxation	7	145,470	131,814
Taxation	8	(13,453)	(12,404)
Profit for the year		<u>132,017</u>	<u>119,410</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		44,480	85,759
Share of exchange differences of associates		1,106	2,495
		<u>45,586</u>	<u>88,254</u>
Item that will not be reclassified subsequently to profit or loss:			
Fair value gain on equity instruments designated at fair value through other comprehensive income		8,195	21,912
Total other comprehensive income		<u>53,781</u>	<u>110,166</u>
Total comprehensive income for the year		<u>185,798</u>	<u>229,576</u>
Profit for the year attributable to:			
Owners of the Company		130,530	119,351
Non-controlling interests		1,487	59
		<u>132,017</u>	<u>119,410</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		183,738	229,141
Non-controlling interests		2,060	435
		<u>185,798</u>	<u>229,576</u>
Earnings per share	10		
– Basic and diluted ( <i>HK cents</i> )		<u>HK8.49 cents</u>	<u>HK7.79 cents</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		2021	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Non-current assets			
Property, plant and equipment		<b>1,154,403</b>	898,327
Right-of-use assets		<b>50,258</b>	51,286
Interests in associates		<b>47,154</b>	41,555
Equity instruments designated at fair value through other comprehensive income		<b>390,534</b>	371,435
Deposits for property, plant and equipment		<b>51,920</b>	26,855
		<b><u>1,694,269</u></b>	<u>1,389,458</u>
Current assets			
Inventories		<b>238,185</b>	206,880
Trade and other receivables	<i>11</i>	<b>922,858</b>	726,644
Pledged bank deposits		<b>2,367</b>	2,368
Bank balances and cash		<b>119,908</b>	129,853
		<b><u>1,283,318</u></b>	<u>1,065,745</u>
Current liabilities			
Trade and other payables	<i>12</i>	<b>921,307</b>	682,033
Deferred income		<b>22,741</b>	15,355
Tax payables		<b>18,904</b>	15,490
Bank borrowings		<b>210,741</b>	144,236
Lease liabilities		<b>2,115</b>	1,869
		<b><u>1,175,808</u></b>	<u>858,983</u>

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Net current assets		<u>107,510</u>	<u>206,762</u>
Total assets less current liabilities		<u><b>1,801,779</b></u>	<u>1,596,220</u>
Capital and reserves			
Share capital	<i>13</i>	<b>921,553</b>	921,553
Reserves		<u>716,803</u>	<u>556,745</u>
Equity attributable to owners of the Company		<b>1,638,356</b>	1,478,298
Non-controlling interests		<u>23,178</u>	<u>12,491</u>
Total Equity		<u><b>1,661,534</b></u>	<u>1,490,789</u>
Non-current liabilities			
Lease liabilities		<b>2,011</b>	3,349
Deferred income		<b>50,128</b>	49,295
Deferred tax liabilities		<b>15,742</b>	13,808
Bank borrowings		<u>72,364</u>	<u>38,979</u>
		<u><b>140,245</b></u>	<u>105,431</u>
		<u><b>1,801,779</b></u>	<u>1,596,220</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL

AKM Industrial Company Limited (the “Company”) is a public limited company incorporated in Hong Kong with limited liability on 9 December 1993 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The registered office of the Company is situated at Rooms 2708-11, 27th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, and the principal place of business of the Company is situated at 63 Huan Shi Road South, Information Technology Park, Nansha District, Guangzhou City, the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The Company is an investment holding company and is also engaged in sourcing of raw materials and equipment and trading of flexible printed circuits (“FPC”) and related products. Its subsidiaries established in the PRC (the “PRC Subsidiaries”) are principally engaged in manufacture and sales of FPC and flexible packaging substrates (including components), sourcing and sales of electronic components and other components and products during the year.

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

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## ***Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2***

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures (“HKFRS 7”).

The Group had certain interest-bearing bank borrowings denominated in United States dollars based on London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. For LIBOR-based borrowings, since the interest rates of these instruments were not replaced by risk-free rates during the year, the amendments did not have any impact on the financial position and performance of the Group.

### **New and amendments to HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective

HKFRS 17	Insurance Contracts and related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the results and financial position of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at end of each reporting period, as explained in the accounting policies set out in the note to consolidated financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

### 4. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the businesses of manufacture and sale of electronic products and sourcing and sale of electronic components. All revenue generated by the Group is recognised at a point in time when control of the goods has transferred to the customers, being when the goods are shipped to the specific location (delivery).

Sales-related warranties associated with products cannot be purchased separately, the Group accounts for warranties in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

Revenue is recognised from the Group’s contracts with customers with fixed price and short-term duration. Revenue is recognised at a point in time.

#### Segment information

This segment information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on type of goods delivered and services provided.

During the year ended 31 December 2021 and 2020, the Group had two business segments namely (i) the circuit boards and components business – the manufacture and sales of FPC and flexible packaging substrates and (ii) other.

Principal activities are as follows:

Circuit boards and components business	–	The manufacture and sales of FPC and flexible packaging substrates (including components)
Other	–	The sourcing and sales of electronic components

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	Segment revenue – external sales		Segment results	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Circuit boards and components business	2,323,264	1,651,223	230,266	180,314
Other	38,458	25,200	332	3,116
Total	<u>2,361,722</u>	<u>1,676,423</u>	230,598	183,430
Interest income			1,385	1,563
Central administration costs			(77,947)	(45,590)
Finance costs			(13,219)	(10,234)
Share of results of associates			4,653	2,645
Profit before taxation			<u>145,470</u>	<u>131,814</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, finance costs and share of results of associates. This is the measure reported to the executive directors, the Group's CODM, for the purposes of resource allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as they are not reviewed by the CODM nor otherwise regularly provided to the CODM for review.

The Group did not have any significant inter-segment sales during the year ended 31 December 2021 and 2020.

### Geographical information

The Group operates in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong (country of domicile). The following table provides an analysis of the Group's revenue from external customers by the geographical location of the customer:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC, other than Hong Kong	1,776,221	1,134,011
Hong Kong	441,241	283,690
Other	144,260	258,722
	<u>2,361,722</u>	<u>1,676,423</u>



## 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Release of government grants for construction of factory on existing lands	805	752
Government grants for research and development projects	43,054	26,051
Government subsidies ( <i>note (a) below</i> )	7,516	7,167
Other government grants ( <i>note (b) below</i> )	–	54
Interest income	1,385	1,563
Rental income	2,123	596
Scrap income	20,963	11,563
Others	644	1,163
	<u>76,490</u>	<u>48,909</u>

### Notes:

- (a) The amount of approximately HK\$7,516,000 (2020: HK\$7,167,000) represents subsidies from various government authorities in supporting the high-end technology research and development activities for the year ended 31 December 2021.
- (b) During the year ended 31 December 2020, the Group recognised government grants of HK\$54,000 in respect of Covid-19-related subsidies and relates to Employment Support Scheme provided by the Hong Kong government (2021: nil).

## 6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interests on:		
– Bank borrowings	12,914	9,702
– Lease liabilities	305	532
	<u>13,219</u>	<u>10,234</u>

## 7. PROFIT BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging		
Research and development expenses		
Staff costs	37,689	31,704
Other research and development expenses	<u>77,240</u>	<u>51,449</u>
	<u>114,929</u>	<u>83,153</u>
Directors' and chief executive's emoluments	1,858	1,455
Other staff costs	243,902	169,038
Other staff's retirement benefits schemes contributions	<u>20,660</u>	<u>17,281</u>
Total staff costs	266,420	187,774
<i>Less: Other staff costs included in research and development expenses as shown above</i>	<u>(37,689)</u>	<u>(31,704)</u>
	<u>228,731</u>	<u>156,070</u>
Auditor's remuneration	1,045	950
Cost of inventories recognised as an expense ( <i>note below</i> )	2,055,350	1,429,284
Depreciation of property, plant and equipment	167,891	145,922
Depreciation of right-of-use assets	3,479	3,684
Loss on disposal of property, plant and equipment	6,066	1,931
Provision for allowance for credit losses	<u>3,759</u>	<u>2,045</u>

*Note:* The amount includes allowance for inventories of HK\$1,859,000 (2020: HK\$8,413,000).

## 8. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	2,239	1,076
PRC Enterprise Income Tax	<u>14,567</u>	<u>18,581</u>
	<u>16,806</u>	<u>19,657</u>
Overprovision in prior years		
PRC Enterprise Income Tax	<u>(4,656)</u>	<u>(8,783)</u>
	<u>12,150</u>	<u>10,874</u>
Deferred tax:		
Current year	<u>1,303</u>	<u>1,530</u>
	<u><u>13,453</u></u>	<u><u>12,404</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

For the years ended 31 December 2021 and 31 December 2020, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for each PRC subsidiary and at its applicable tax rate. Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

AKM Electronics Industrial (Panyu) Ltd. (“AKM Panyu”) and AKM Electronic Technology (Suzhou) Ltd. (“AKM Suzhou”) were awarded the Foreign Invested Advanced-Technology Enterprise Certificate in prior years. AKM Suzhou is entitled to tax rate reduction from 25% to 15% for three years commenced from 1 January 2016, which was then renewed for a further term of three year commenced from 1 January 2019. AKM Panyu was entitled to tax rate reduction from 25% to 15% for three years commenced from 1 January 2015, which was then renewed for a further term of three years commenced from 1 January 2018 and 1 January 2021 respectively.

## 9. DIVIDEND

During the year ended 31 December 2021, a final dividend of HK1.45 cent per share in respect of the year ended 31 December 2020 totaling HK\$22,304,000 (2020: HK\$1.00 cent per share in respect of the year ended 31 December 2019 totaling HK\$15,382,000) was declared and paid to the owners of the Company.

Pursuant to the board of directors' meeting on 14 March 2022, the directors recommended to declare the final dividend for the year ended 31 December 2021 of HK1.45 cent per share totaling HK\$22,304,000. Such recommendation is to be approved by the shareholders at the annual general meeting.

## 10. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	<u>130,530</u>	<u>119,351</u>
	<b>Number of shares</b>	
	2021	2020
	<i>(in thousand)</i>	<i>(in thousand)</i>
Number of shares		
Weighted average number of ordinary shares less shares held under the restricted share incentive scheme during the year, for the purpose of basic earnings per share	<u>1,538,238</u>	<u>1,531,948</u>

There was no potential ordinary share in existence for the two years ended 31 December 2020 and 2021, basic and diluted earnings per share are the same for both years.

## 11. TRADE AND OTHER RECEIVABLES

Trade and other receivables include the following balances:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	910,021	701,387
<i>Less:</i> Allowance for credit losses	<u>(6,598)</u>	<u>(2,321)</u>
	<u>903,423</u>	<u>699,066</u>
Other receivables	14,945	19,454
Prepayments	<u>4,490</u>	<u>8,124</u>
	<u>19,435</u>	<u>27,578</u>
	<u><b>922,858</b></u>	<u><b>726,644</b></u>

The Group allows a credit period ranging from 30 to 120 days to its trade customers. Before accepting any new customer, the management assesses the potential customer's credit quality and defines credit limits by customer.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates (other than bills receivables which are presented based on the issuance date of relevant bills) at end of the reporting period, which approximated the respective revenue recognition dates:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	528,361	367,561
31 – 60 days	183,339	134,212
61 – 90 days	122,451	101,881
91 – 120 days	62,839	73,939
121 days – 1 year	<u>6,433</u>	<u>17,164</u>
	<u><b>903,423</b></u>	<u><b>694,757</b></u>

## 12. TRADE AND OTHER PAYABLES

The following is an aged analysis by invoice date/bills issued date of trade and bills payables at the end of the reporting period:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	<b>350,074</b>	248,663
31 – 60 days	<b>195,079</b>	117,831
61 – 90 days	<b>125,672</b>	72,286
91 – 120 days	<b>62,220</b>	34,053
121 days – 1 year	<b>20,715</b>	41,786
Over 1 year	<b>5,149</b>	649
	<b>758,909</b>	515,268

## 13. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Share capital</b> <i>HK\$'000</i>
Issued and fully paid: At 31 December 2020 and at 31 December 2021	<b>1,538,237,500</b>	<b>921,553</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the year ended 31 December 2021, the turnover of the Group was approximately HK\$2,361,722,000, representing an increase of approximately 40.88% as compared to approximately HK\$1,676,423,000 of last year. The increase in turnover was mainly due to the increase in orders from major customers of the circuit boards and components business.

Profit attributable to owners of the Company for the year ended 31 December 2021 was approximately HK\$130,530,000, representing an increase of approximately 9.37% as compared to approximately HK\$119,351,000 of last year. The percentage increase in profit attributable to owners of the Company was lower than the percentage increase in turnover, mainly attributable to the impact of the decrease in gross profit margin and the substantial increase in administrative expenses and research and development expenses.

The turnover for the circuit boards and components business of the Group for the year was approximately HK\$2,323,264,000 (2020: approximately HK\$1,651,223,000). During the year under review, the overall gross profit margin decreased to approximately 12.97% (2020: approximately 14.74%), of which the gross profit margin of circuit boards and components business decreased to approximately 13.16% (2020: approximately 14.88%), which was mainly attributable to the decrease in product prices due to fierce market competition and the increase in costs of raw materials.

For the year ended 31 December 2021, the other income of the Group amounted to approximately HK\$76,490,000, representing an increase of approximately 56.39% as compared to approximately HK\$48,909,000 of last year. The increase in other income was mainly attributable to the increase in government grants for research and development projects and scrap income.

For the year ended 31 December 2021, the distribution costs of the Group amounted to approximately HK\$35,950,000, representing an increase of approximately 29.34% as compared to approximately HK\$27,795,000 of last year. The increase in distribution costs during the year under review was mainly attributable to (i) the increase in transportation expenses and other logistics fees due to the increase in sales, and (ii) the increase in wage expenditure for sales team due to the overall increase of sales.

For the year ended 31 December 2021, the administrative expenses of the Group were approximately HK\$77,947,000, representing an increase of approximately 70.57% as compared to approximately HK\$45,697,000 of last year. The increase in administrative expenses was mainly due to the increase in labor costs and the increase in loss of disposal of fixed assets resulting from replacement of major machineries and facilities due to technological innovation.

For the year ended 31 December 2021, the research and development expenses of the Group amounted to approximately HK\$114,929,000, representing an increase of approximately 38.21% as compared to approximately HK\$83,153,000 of last year. The increase in research and development expenses was mainly attributable to the increase in investments in research and development of new products, new technologies and new production techniques by the Group, such as investments in research and development of high frequency and high speed flexible printed circuit and module products, High Density Interconnector (HDI) flexible printed circuit products as well as intelligent innovation.

For the year ended 31 December 2021, the finance cost of the Group amounted to approximately HK\$13,219,000, representing an increase of approximately 29.17% as compared to approximately HK\$10,234,000 of last year. The increase in finance costs was mainly due to the overall increase in interest expenses as a result of increase in bank loans for working capital and the increase in interest expenses for discounted notes receivable.

## **BUSINESS REVIEW**

The Group is principally engaged in the businesses of the manufacture and sales of FPC and flexible packaging substrates (including components), which are used in electronic products. For the year ended 31 December 2021, the turnover of the Group amounted to approximately HK\$2,361,722,000, representing an increase of approximately 40.88% as compared to approximately HK\$1,676,423,000 for 2020. The increase in turnover was mainly due to the increase in orders from major customers of the circuit boards and components business. For the year ended 31 December 2021, the gross profit of the Group was approximately HK\$306,372,000, representing an increase of approximately 23.97% as compared to approximately HK\$247,139,000 for 2020. In 2021, the profit attributable to the owners of the Company amounted to approximately HK\$130,530,000, representing an increase of approximately 9.37% as compared to approximately HK\$119,351,000 in 2020. The percentage increase in profit attributable to owners of the Company for the year is lower than the percentage increase in turnover, mainly attributable to the impact of the decrease in gross profit margin and the substantial increase in administrative expenses and research and development expenses.

During the year under review, the turnover of the Group's circuit boards and components business was approximately HK\$2,323,264,000, representing an increase of approximately 40.70% as compared with approximately HK\$1,651,223,000 of last year. The gross profit margin decreased to approximately 13.16% (corresponding period in 2020: approximately 14.88%), which was mainly attributable to the decrease in product prices due to fierce market competition and the increase in costs of raw materials. During the year under review, the turnover of the "other" business of the Group amounted to approximately HK\$38,458,000, which was mainly derived from the business of sourcing and sales of electronic components, and accounted for approximately 1.63% of the total sales volume of the Group.



During the year under review, due to the growth in consumption demands and supply chain disruption caused by the shortage of components, the smartphone market showed a relatively prominent fluctuation. In the new energy vehicles market, following the significant increase in global manufacture and sales of new energy vehicles, the expediting popularity of new energy vehicles drove the increase in demands of power batteries for new energy vehicles. In the meantime, the prices of raw materials increased significantly due to the changes in global economic environment, the increase in prices of raw materials in the upstream could not be passed to the downstream due to intense competition within the overall FPC industry. As a result, the product prices and overall profit level of the industry showed a downward trend.

During the year under review, the Group continued to implement the strategy of “developing major customers” and achieved satisfactory results in the supply of the Group’s products to customers manufacturing new energy car power cells, camera compact modules and display modules and the development of overseas customers, resulting in the significant increase in operating revenue. However, factors such as the decrease in gross profit margin as well as the significant increase in administrative expenses and research and development expenses led to a higher pressure on profit. During the year under review, supply of FPC and flexible packaging substrates for the manufacture of smartphones and its modules, consumer electronics, new energy car power cells and automotive electronics continued to be the main development directions of the Group. By proactively improving the Group’s technical capabilities and standards, the Group enhanced the productivity and strengthened the cooperation between the upstream and downstream, and captured opportunities to develop leading customers in the industry, so as to achieve better operating results.

During the year under review, the research and development expenses of the Group amounted to approximately HK\$114,929,000, representing an increase of approximately 38.21% as compared to approximately HK\$83,153,000 of last year. The increase in research and development expenses was mainly attributable to the increase in investments in research and development of new products, new technologies and new production techniques by the Group. During the year under review, the Group invested substantial research and development resources in high frequency and high speed flexible printed circuit and module products, and High Density Interconnector (HDI) flexible printed circuit products as well as intelligent innovation. Facing the market prospect of 5G network, development trend of consumer electronic products, as well as the constant increasing demand from downstream customers in product structure and complexity, the Group will continue to increase investment in research and development in order to continuously uplift technology standard and technical capability and conducting research and development in new materials, new products and new production techniques. During the year under review, the Group has started mass production on high frequency and high speed flexible printed circuit products based on Liquid Crystal Polymer (LCP) and High Density Interconnector (HDI) flexible printed circuit products for our customers.

During the year under review, following the launch of the Group's new intelligent manufacturing plant in Nansha, Guangzhou, and the operation of the equipment invested in recent years, the Group's production capacity has been improved and the Group's ability to serve its customers has been strengthened. During the year under review, the Group's plan for the construction of a new plant in Suzhou factory has commenced.

On 13 January 2020, the Company (for itself and on behalf of its subsidiaries) and GoerTek Inc. ("GoerTek", for itself and on behalf of its subsidiaries) entered into a renewed purchase agreement (the "Renewed Purchase Agreement") in relation to the transactions for selling of parts, components and other products (including but not limited to FPC products) for a term commenced from 1 January 2020 and expiring on 31 December 2022. Since Goertek (HongKong) Co., Limited, a wholly-owned subsidiary of GoerTek, holds 363,650,000 shares of the Company, representing approximately 23.64% of the issued shares of the Company, GoerTek is a substantial shareholder and a connected person of the Company under the Listing Rules, such transactions constituted non-exempt continuing connected transactions of the Company under the Listing Rules. The Renewed Purchase Agreement and the transactions contemplated thereunder, as well as the annual caps for each of the three years ended 31 December 2022 were approved by the independent shareholders at the extraordinary general meeting of the Company held on 20 February 2020. Details of the terms of the Renewed Purchase Agreement, the continuing connected transactions and the annual caps were disclosed in the Company's announcement dated 13 January 2020 and the circular dated 5 February 2020. The annual cap set for the continuing connected transactions for the year ended 31 December 2021 was RMB250,000,000. During the year under review, the Group sold circuit board products of approximately RMB122,260,000 (equivalent to approximately HK\$147,248,000) to GoerTek and its subsidiaries, representing an increase of approximately 42.98% as compared to that of the year ended 31 December 2020 (2020: approximately RMB85,507,000 (equivalent to approximately HK\$96,173,000)).

On 31 December 2020, the Company (for itself and on behalf of its subsidiaries) and Suzhou Anjie Technology Co. Ltd. (蘇州安潔科技股份有限公司) (“Anjie Technology”) (for itself and on behalf of its subsidiaries) entered into a framework agreement (“Framework Agreement”) for a term commenced from 1 January 2021 and expired on 31 December 2021, and the annual cap of the continuing connected transaction for the year 2021 was set at HK\$40,000,000. Since Anjie Technology (Hong Kong) Company Limited, a wholly-owned subsidiary of Anjie Technology, holds 200,000,000 shares of the Company, representing approximately 13.00% of the issued shares of the Company, Anjie Technology is a substantial shareholder and a connected person of the Company under the Listing Rules and such transactions constituted non-exempt continuing connected transactions of the Company under the Listing Rules. Details of the terms of the Framework Agreement, the continuing connected transaction and the annual cap for the year 2021 were disclosed in the announcement of the Company dated 31 December 2020. During the year under review, the Group sold FPC products of approximately RMB503,000 (equivalent to approximately HK\$606,000) to Anjie Technology, representing a decrease of approximately 76.78% as compared with the year ended 31 December 2020 (2020: approximately RMB2,166,000 (equivalent to approximately HK\$2,436,000)). As the term of the Framework Agreement expired on 31 December 2021, the Company (for itself and on behalf of its Subsidiaries) and Anjie Technology (for itself and on behalf of its Subsidiaries) entered into the renewed framework agreement on 31 December 2021 to renew the Framework Agreement for a term commenced from 1 January 2022 and expiring on 31 December 2022. Since it is expected that the transaction amount of the continuing connected transactions for the year 2022 will not exceed HK\$3,000,000, such transactions are fully exempt from shareholders’ approval, annual review and disclosure requirements under Chapter 14A to the Listing Rules.

On 13 December 2018, the Group proposed to adopt the restricted stock incentive scheme (the “Scheme”) to further improve corporate governance of the Group, retain and motivate the Scheme participants to make contributions to the long-term growth and profits of the Group with a view to achieving the objectives of increasing the value of the Group and to promote a greater alignment of interests between the scheme participants and the shareholders. Pursuant to the Scheme, the Board shall select the scheme participants and determine the number of restricted stock to be granted. The Company has appointed a trustee to purchase the shares from the secondary market. At the extraordinary general meeting held on 31 January 2019, the Scheme was duly approved by the independent shareholders. On 14 February 2019 and 27 March 2019, the Board approved the initial grant of restricted stock under the Scheme, pursuant to which 27,500,000 shares of restricted stock were granted to 81 selected scheme participants on 14 February 2019 at the grant price of HK\$0.65 per share and 2,490,000 shares of restricted stock were granted to Mr. Xiong Zheng Feng (executive director) and Mr. Chai Zhi Qiang (chief executive officer) on 27 March 2019 at the grant price of HK\$0.77 per share. Details of the Scheme and the initial grant of restricted stock were disclosed in the Company’s announcements dated 13 December 2018, 31 January 2019, 14 February 2019, 15 February 2019 and 27 March 2019 and the circular dated 16 January 2019. As at 31 December 2021, the trustee had purchased 8,820,000 shares in aggregate from the secondary market. Since the performance appraisal targets of the first, second and third unlocking period had not been satisfied, none of the restricted stock granted had been unlocked and all restricted stocks granted had lapsed.

On 14 January 2022, 安捷利美維電子(廈門)有限責任公司(transliteration “AKM Meadville Electronics (Xiamen) Co., Ltd.”)(“AKM Meadville”) and Alpha Luck Industrial Limited (being the joint offerors) (the “Joint Offerors”) and the Company jointly published an announcement (the “Joint Announcement”) with respect to the pre-conditional proposal by the Joint Offerors for the privatization of the Company by way of a scheme of arrangement (“Scheme”) under Section 673 of the Companies Ordinance (the “Proposal”). As disclosed in the Joint Announcement, the making of the Proposal is, and the implementation of the Scheme will be subject to the pre-condition as set out in the Joint Announcement (“Pre-Condition”) being satisfied and the Proposal and the Scheme will become effective subject to the conditions (“Conditions”) as set out in the Joint Announcement being fulfilled or waived, as applicable, in each case on or before their respective long stop dates, i.e. 9 January 2023 for the Pre-Condition and 31 March 2023 for the Conditions (or such other later dates as may be agreed between the Joint Offerors and the Company, or to the extent applicable, as the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate(s) of the Executive Director may consent and/or the High Court of Hong Kong may direct). If the Pre-Condition is not satisfied before the long stop date for the Pre-Condition, the Proposal and the Scheme will not be implemented. If the Condition(s) is/are not fulfilled or waived, as applicable, before the long stop date for the Conditions, the Proposal and the Scheme will lapse. Details of the Proposal (including the Pre-Condition and the Conditions) and the latest status of the Proposal and the Scheme were disclosed in the announcements of the Company dated 14 January 2022, 20 January 2022, 26 January 2022, 28 January 2022 and 18 February 2022. An expected timetable for the Proposal will be set out in the composite scheme document of the Joint Offerors and the Company containing, among other things, further details of the Proposal (“Scheme Document”) and in a joint announcement to be jointly made by the Joint Offerors and the Company upon the despatch of the Scheme Document.

## OUTLOOK

The Group has become an authorised supplier for a number of world-renowned high-technology companies. To meet the requirements of the global supply chain system of such customers, the Group has established two production bases (Southern China Guangzhou Factory and Eastern China Suzhou Factory) and new overseas factories in India and Vietnam. The factories in India and Vietnam merely conducts post-assembly operations including surface mounting and component assembling for customers. The Group has also established sales centres, research and development centres, quality management, supply chain management, intelligent manufacturing and informatization etc. which are independent from the manufacturing system to cater for the comprehensive needs of the Group's customers. Under the guidance of the strategy of "developing major customers" and with the gradual uplift of the Group's research and development, production, quality management, supply chain management and information technology capabilities, the Group's capability to satisfy the "one-stop demand" of such customers has also been largely improved. The Group aims at developing as a supplier of circuit boards and components with international importance and becoming the industry leader in the PRC.

Affected by the prolonged novel coronavirus pandemic and the changes in global economic environment, along with the increase in uncertainties of global economic environment, the electronic industry fluctuated to a greater extent. In the meantime, as the application of new technologies becomes wider and more mature, and major international customers have increasing concern on supply chain security and price factors, the Group is facing a more challenging and competitive environment. The Group remains cautious about the future and will pay close attention to the changes in the economy, industry and major customers. The Group will enhance the risk management and internal capability, adhere to the strategy of "developing major customers", continuously uplift the product technological capabilities, strengthening the efforts in exploring major customers in key markets and emerging sectors, seize the market opportunities in new application fields, strengthening the localization service for overseas market. By the integration of upstream and downstream resources as well as the enhancement in its risk resistance capability, the Group will strive to turn risks into opportunities and continuously improve its operating results.

The management of the Group is of the opinion that, following the popularity of "5G" smartphones and the increase in demands of wearable products and new energy vehicle electronic products, despite the continuing threat of the novel coronavirus pandemic, the circuit boards and components business is expected to maintain its growth trend in the foreseeable future. The Group will continue to invest in circuit board business and adhere to the strategy of "developing major customers", uplift the core capabilities of the Company, pay full attention to the market opportunities in new application fields, and strengthen the strategic cooperation with relevant shareholders and AKM Meadville, so as to overcome difficulties and keep on improving its operating results.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations primarily with internally generated funds from operating activities and existing bank facilities. It is anticipated that the Group has sufficient working capital to meet its present funding requirements. As at 31 December 2021, the outstanding loan balance of the Group was approximately HK\$283,105,000 (31 December 2020: HK\$183,215,000), mainly due to the increase in bank loans for the substantial increase in capital expenditure of investing activities such as the purchase of property and plant, which was mainly the investments in civil engineering of the new plant of Suzhou Factory.

## **EMPLOYEES**

As at 31 December 2021, the Group had a total of 1,783 full-time employees based in Hong Kong and China (2020: 1,499 employees). For the year ended 31 December 2021, the total labor costs (including Director's remuneration) for the Group amounted to approximately HK\$266,420,000 (2020: approximately HK\$187,774,000). The Group determines and reviews the remunerations of its Directors and employees based on their respective qualifications, experiences, performances and the market rates, so as to maintain the remuneration of the Directors and employees at a competitive level. The Group participates in various defined contribution retirement plans and insurance schemes in compliance with the statutory obligations under the laws and regulations of China and Hong Kong. The Directors believe that being one of the most important assets of the Group, employees are important contributors to the success of the Group. The Group appreciates the importance of staff training, therefore, regular trainings are provided to the employees to enhance their technical and product knowledge. The majority of the Group's employees are stationed in China.

## **MATERIAL INVESTMENT**

Save as disclosed in this announcement, the Group did not have any material investments during the year ended 31 December 2021.

## **SUBSEQUENT EVENT**

On 14 January 2022, the Joint Offerors and the Company jointly published the Joint Announcement with respect to the Proposal and the Scheme which implementation will be subject to the satisfaction of the Pre-Condition. The Proposal and the Scheme will become effective upon the fulfillment or waiver, as applicable, of the Conditions. Details of the Proposal (including the Pre-Condition and the Conditions) and the latest status of the Proposal and the Scheme were disclosed in the announcements of the Company dated 14 January 2022, 20 January 2022, 26 January 2022, 28 January 2022 and 18 February 2022. An expected timetable for the Proposal will be set out in the Scheme Document and in a joint announcement to be jointly made by the Joint Offerors and the Company upon the despatch of the Scheme Document.

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 December 2021 and up to the date of this announcement.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

## **FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR PURCHASE OF CAPITAL ASSETS**

Save as disclosed in this announcement, the Group did not have any future plans for material investment or purchase of capital asset as at 31 December 2021.

## **PLEDGE OF ASSETS OF THE GROUP**

As at 31 December 2021, bank deposits of approximately HK\$2,367,000 (31 December 2020: approximately HK\$2,368,000) of the Group were pledged as collateral to secure bank facilities granted to the Group.

As at 31 December 2021, buildings with carrying amounts of approximately HK\$50,935,000 (31 December 2020: approximately HK\$47,968,000) were pledged to secure the general bank facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 December 2021.

## **GEARING RATIO**

As at 31 December 2021, the net cash and cash equivalents of the Group amounted to approximately HK\$119,908,000. As at 31 December 2021, the gearing ratio of the Group was approximately 44.20% (31 December 2020: approximately 39.28%), which was calculated based on the Group's total liabilities of approximately HK\$1,316,053,000 (31 December 2020: HK\$964,414,000) and the Group's total assets of approximately HK\$2,977,587,000 (31 December 2020: HK\$2,455,203,000).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The income and expenditure of the Group are mainly denominated in US dollars and RMB, while the assets and liabilities of the Group are denominated in HK dollars and RMB. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to US dollars and RMB. The operating results and the financial position of the Group may be affected by any changes in the exchange rates, the Group has not taken any hedging measures in this regard. Furthermore, the conversion of RMB denominated balances into foreign currencies is subject to the foreign exchange control rules and regulations promulgated by the Chinese government. However, taking into account the Group's current operation and capital requirements, the Directors do not consider the Group is subject to any material foreign exchange risk.

## **DIVIDEND**

The Directors recommend the payment of final dividend of HK1.45 cent per share for the year ended 31 December 2021 (2020: HK1.45 cent per share) to the shareholders whose names appear on the register of members of the Company on Thursday, 2 June 2022. Subject to the approval by the shareholders at the forthcoming annual general meeting (the "AGM"), the proposed final dividend is expected to be paid on or around Friday, 17 June 2022.



The register of members of the Company will be closed from Tuesday, 31 May 2022 to Thursday, 2 June 2022 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 30 May 2022.

## **CLOSURE OF SHARE REGISTER FOR ANNUAL GENERAL MEETING**

The register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive) for the purposes of determining shareholder's eligibility to attend and vote at the AGM and during which no transfer of shares will be effected. To be qualified to attend the AGM, which is to be held on Friday, 20 May 2022, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 16 May 2022.

## **CORPORATE GOVERNANCE**

During the year under view, the Company had complied with all the code provisions set out in the Corporate Governance Code (collectively the "Code") contained in Appendix 14 of the Listing Rules and has established formal and transparent procedures to protect and maximize the interests of shareholders.

## **AUDIT COMMITTEE**

The Company established the audit committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the terms of reference was amended on 31 December 2018. The primary duties of the audit committee are to review and supervise the financial reporting process, risk management and internal control system and assess the financial and accounting policies and practices of the Company and its subsidiaries of the Group and provide advice and comments on the Company's draft of annual reports and accounts and half-year reports. During the year under review, the audit committee comprised of three members, namely Mr. Hung Chi Yuen Andrew, Mr. Cui Zheng and Mr. Zhang Guo Qi. All of them were independent non-executive directors. The chairman of the audit committee was Mr. Hung Chi Yuen Andrew.

The Group's audited annual results for the year ended 31 December 2021 had been reviewed by the audit committee.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 31 December 2021, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules:

### (a) The Company

#### *Interest in shares of the Company*

Name of Director	Name of the Company in which interest is held	Class and number of securities of which interested (other than under equity derivatives)	Capacity	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2021
Mr. Xiong Zheng Feng ( <i>Note</i> )	the Company	9,400,000 ordinary shares	Beneficial owner	Long	0.61

#### *Note:*

On 27 March 2019, 1,320,000 restricted stocks had been granted to Mr. Xiong Zheng Feng at the grant price of HK\$0.77 per share in accordance with the restricted stock incentive scheme adopted by the Company on 13 December 2018. Since the performance appraisal targets of the first, second and third unlocking period had not been satisfied, none of the restricted stocks granted to Mr. Xiong Zheng Feng had been unlocked and all such restricted stocks granted had lapsed.

### (b) The associated corporation

As at 31 December 2020, to the best knowledge of the Directors, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of any associated corporations of the Company (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the year under review or at the end of the year under review.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, to the best knowledge of the Directors and chief executive of the Company, shareholders (other than Directors) who had any interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of all issued shares to vote in all circumstances at general meetings of any members of the Group are set out as below:

Name of substantial shareholder	Capacity	Class and number of securities in which interested (other than under equity derivatives) <i>(Note 7)</i>	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2021
Alpha Luck <i>(Note 1)</i>	Beneficial owner	553,900,000 ordinary shares	Long	36.01
China North Industries Corporation ("CNIC") <i>(Notes 1 and 2)</i>	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Class and number of securities in which interested (other than under equity derivatives) (Note 7)</b>	<b>Long/short position</b>	<b>Approximate percentage of total number of issued shares in the Company as at 31 December 2021</b>
China North Industries Group Corporation (“CNIGC”) (Note 2)	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01
China South Industries Group Corporation (“CSIGC”) (Note 2)	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01
Goertek (HongKong) Co., Limited (“HK Goertek”) (Note 3)	Beneficial owner	363,650,000 ordinary shares	Long	23.64
Weifang Goertek Trading Co., Limited (“Weifang Goertek”) (Note 3)	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
GoerTek (Note 3)	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
Jiang Bin (Note 4)	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
Hu Shuangmei (Note 4)	Interest of spouse	363,650,000 ordinary shares	Long	23.64
Anjie Technology (Hong Kong) Company Limited (“HK Anjie”) (Note 5)	Beneficial owner	200,000,000 ordinary shares	Long	13.00
Anjie Technology (Note 5)	Interest in controlled corporation	200,000,000 ordinary shares	Long	13.00
Wang Chunsheng (Note 6)	Interest in controlled corporation	200,000,000 ordinary shares	Long	13.00

Name of substantial shareholder	Capacity	Class and number of securities in which interested (other than under equity derivatives) (Note 7)	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2021
Lu Li (Note 6)	Interest of spouse	200,000,000 ordinary shares	Long	13.00

*Notes:*

1. As Alpha Luck is wholly and beneficially owned by CNIC, CNIC is deemed to be interested in the same number of shares of the Company held by Alpha Luck under Part XV of the SFO.
2. As the equity interest of CNIC was owned as to 56.7% by CNIGC and as to 37.54% by CSIGC, both of CNIGC and CSIGC are deemed to be interested in the same number of shares of the Company held by CNIC under Part XV of the SFO.
3. As HK Goertek is wholly and beneficially owned by Weifang Goertek, which in turn is wholly and beneficially owned by GoerTek, both Weifang Goertek and GoerTek are deemed to be interested in the same number of shares of the Company held by HK Goertek under Part XV of the SFO.
4. As at 31 December 2021, GoerTek was owned as to 14.86% by GoerTek Group Co., Ltd., which in turn is owned as to 92.59% by Mr. Jiang Bin. Mr. Jiang Bin also owned 8.41% of the issued shares in GoerTek. Ms. Hu Shuangmei, the spouse of Mr. Jiang Bin, owned 0.47% of the issued shares in GoerTek. Each of Mr. Jiang Bin and Ms. Hu Shuangmei is deemed to be interested in the same number of shares of the Company in which GoerTek is interested under Part XV of the SFO.
5. As HK Anjie is wholly and beneficially owned by Anjie Technology, Anjie Technology is deemed to be interested in the same number of shares of the Company held by HK Anjie under Part XV of the SFO.
6. As at 31 December 2021, Mr. Wang Chunsheng owned 21.51% of the issued shares in Anjie Technology. Ms. Lu Li, the spouse of Mr. Wang Chunsheng, owned 29.87% of the issued shares in Anjie Technology. Each of Mr. Wang Chunsheng and Ms. Lu Li is deemed to be interested in the same number of shares of the Company in which Anjie Technology is interested under Part XV of the SFO.
7. None of Alpha Luck, CNIC, CNIGC, CSIGC, HK Goertek, Weifang Goertek, GoerTek, Mr. Jiang Bin, Ms. Hu Shuangmei, HK Anjie, Anjie Technology, Mr. Wang Chunsheng or Ms. Lu Li was interested in any securities of the Company under equity derivatives.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2021.

## **COMPETING INTERESTS**

None of the Directors or their respective associates (as defined under the Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

By order of the Board  
**AKM Industrial Company Limited**  
**Xiong Zheng Feng**  
*Chairman*

Hong Kong, 14 March 2021

*As at the date of this announcement, the executive Director of the Company is Xiong Zheng Feng; the non-executive Directors of the Company are Gao Xiaoguang, Jia Junan, Wang Chunsheng, Zhang Xiaoming and Liu Jianzhe; and the independent non-executive Directors of the Company are Hung Chi Yuen Andrew, Cui Zheng and Zhang Guo Qi.*