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Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of Link-Asia International MedTech Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**Unaudited Annual Results Announcement**”).

As stated in the Unaudited Results Announcement, publication of the audited financial statements for the year ended 31 December 2021 (the “**2021 Annual Financial Statements**”) was delayed due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in certain cities in the PRC. Such arrangements included allowing Shenzhen office staffs, Hong Kong office staffs and auditors to take turns to work from home.

AUDITED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2021 has been completed. The audited consolidated financial results for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Revenue	4	675,523	595,023
Cost of sales		<u>(530,635)</u>	<u>(440,311)</u>
Gross profit		144,888	154,712
Other income		10,827	12,332
Other gains and losses		14,685	(2,690)
Selling and distribution expenses		(29,232)	(56,317)
Administrative expenses		(154,230)	(178,158)
Impairment losses for loans to other parties, net of reversal		(15,378)	(23,471)
Impairment losses for trade receivables, net of reversal		965	(2,083)
Impairment losses for other receivables, net of reversal		1,800	(18,165)
Impairment losses for investments in associates		–	(10,281)
Impairment losses for intangible assets		–	(14,130)
Research and development expenditure		<u>(15,006)</u>	<u>(13,946)</u>
Loss from operations		(40,681)	(152,197)
Share of profits(losses) of associates		1,098	(12,622)
Finance costs		<u>(4,169)</u>	<u>(4,928)</u>
Loss before tax		(43,752)	(169,747)
Income tax expense	5	<u>(3,395)</u>	<u>(3,323)</u>
Loss for the year		<u>(47,147)</u>	<u>(173,070)</u>
Attributable to:			
Owners of the Company		(46,397)	(173,052)
Non-controlling interests		<u>(750)</u>	<u>(18)</u>
		<u>(47,147)</u>	<u>(173,070)</u>
Loss per share	7		
Basic (HK cents per share)		<u>(7.794)</u>	<u>(46.119)</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	<u>(47,147)</u>	<u>(173,070)</u>
Other comprehensive (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value changes of equity investments at fair value through other comprehensive income (“FVTOCI”)	<u>–</u>	<u>(12,212)</u>
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(1,060)</u>	<u>1,200</u>
Other comprehensive expense for the year, net of tax	<u>(1,060)</u>	<u>(11,012)</u>
Total comprehensive expense for the year	<u><u>(48,207)</u></u>	<u><u>(184,082)</u></u>
Attributable to:		
Owners of the Company	(47,458)	(184,064)
Non-controlling interests	<u>(749)</u>	<u>(18)</u>
	<u><u>(48,207)</u></u>	<u><u>(184,082)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		29,636	19,203
Right-of-use assets		54,466	48,904
Investment properties		–	30,000
Investments in associates		–	12,316
Intangible assets		36,835	35,478
Rental deposits		3,215	–
		<hr/>	<hr/>
Total non-current assets		124,152	145,901
Current assets			
Inventories		118,915	92,651
Trade receivables	8	162,232	165,413
Prepayments, deposits and other receivables		106,639	46,556
Loans to other parties		9,388	38,695
Amount due from a director		–	450
Investments at fair value through profit or loss ("FVTPL")		1,229	–
Current tax assets		–	82
Bank and cash balances		145,574	167,657
		<hr/>	<hr/>
		543,977	511,504
Assets classified as held-for-sale		9,849	–
		<hr/>	<hr/>
Total current assets		553,826	511,504
		<hr/>	<hr/>
TOTAL ASSETS		677,978	657,405
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital		18,487	8,559
Reserves		347,390	286,903
		<hr/>	<hr/>
		365,877	295,462
Non-controlling interests		121	472
		<hr/>	<hr/>
Total equity		365,998	295,934
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Lease liabilities		36,514	30,922
Bonds payable		2,000	–
		<hr/>	<hr/>
Total non-current liabilities		38,514	30,922
		<hr/>	<hr/>
Current liabilities			
Trade payables	9	58,694	87,353
Accruals and other payables		175,737	187,266
Lease liabilities		22,075	20,677
Borrowings		614	18,595
License rights payable		7,789	8,099
Product warranty provisions		3,584	4,611
Current tax liabilities		4,973	3,948
		<hr/>	<hr/>
Total current liabilities		273,466	330,549
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		677,978	657,405
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. BASIS OF PREPARATION

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has adopted the following revised standards for the first time for the current year’s consolidated financial statements, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
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In addition, the Group has early applied the Amendments to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021.

The nature and impact of the amendments are described below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(a) Application of new and revised HKFRSs (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (“**IBOR**”) is replaced with an alternative nearly risk-free interest rate (“**RFR**”). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary reliefs to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

These amendments have no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

In accordance with the transitional requirements, the 2021 amendment should applied retrospectively, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 January 2021. There is no impact on the opening balance of equity at 1 January 2021.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

(b) New and revised HKFRSs in issue 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 and relevant to the Group:

Amendments to HKFRS 3	Business Combination — Reference to the Conceptual Framework ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Group anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

The Group has four (2020: four) operating segments as follows:

EMS	—	Electronic manufacturing services
Distribution of Communications Products	—	Marketing and distribution of communications products
Securities and Other Assets Investment	—	Equity investments, property agency service and other operations
Real Estate Supply Chain Services	—	Real estate advisory service and real estate purchase service

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

3. SEGMENT INFORMATION (CONT'D)

(a) Information about reportable segment profit or loss:

	EMS HK\$'000	Distribution of communications products HK\$'000	Securities and other assets investment HK\$'000	Real estate supply chain services HK\$'000	Total HK\$'000
Year ended 31 December 2021					
Revenue from external customers	<u>629,958</u>	<u>40,274</u>	<u>689</u>	<u>4,602</u>	<u>675,523</u>
	EMS HK\$'000	Distribution of communications products HK\$'000	Securities and other assets investment HK\$'000	Real estate supply chain services HK\$'000	Total HK\$'000
Year ended 31 December 2020					
Revenue from external customers	544,275	35,939	654	14,155	595,023
Intersegment revenue	<u>2,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783</u>

(b) Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location are detailed below:

	2021 HK\$'000	2020 HK\$'000
Revenue		
The People's Republic of China (the "PRC") (including Hong Kong)	78,004	87,597
United States of America ("U.S.A.")	81,807	40,601
Switzerland	177,027	229,847
France	123,202	72,292
Poland	825	2,259
United Kingdom	16	25,709
Belgium	47,772	-
Russia	14,693	11,127
Thailand	18,566	20,201
Malaysia	21,617	17,687
Brazil	15,688	9,322
Others	<u>96,306</u>	<u>78,381</u>
Consolidated total	<u>675,523</u>	<u>595,023</u>

3. SEGMENT INFORMATION (CONT'D)

(b) Geographical information: (Continued)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets		
The PRC (including Hong Kong)	<u>124,152</u>	<u>145,901</u>
Consolidated total	<u><u>124,152</u></u>	<u><u>145,901</u></u>

(c) Revenue from major customers:

An analysis of revenue from major customers which account for 10 percent or more of the Group's revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EMS segment		
Customer A	278,260	216,633
Customer B (<i>Note</i>)	N/A	65,569
Customer C (<i>Note</i>)	N/A	88,606
Customer D	<u>137,821</u>	<u>80,159</u>

Note: Revenue from this customer is less than 10% of the Group's revenue for the year ended 31 December 2021.

4. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of goods	670,232	580,214
— Provision of real estate supply chain service	<u>4,602</u>	<u>14,155</u>
	<u>674,834</u>	<u>594,369</u>
Revenue from other sources		
Rental income	<u>689</u>	<u>654</u>
	<u><u>675,523</u></u>	<u><u>595,023</u></u>

4. REVENUE (CONT'D)

The Group derives revenue from the transfer of goods and services and at a point in time in the following major product lines and geographical regions:

	Electronic manufacturing services		Marketing and distribution of communications products		Securities and other assets investment		Real estate supply chain services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets										
— The PRC	72,713	72,735	—	53	689	654	4,602	14,155	78,004	87,597
— U.S.A.	47,184	11,266	34,623	32,118	—	—	—	—	81,807	43,384
— Switzerland	177,027	229,847	—	—	—	—	—	—	177,027	229,847
— France	123,202	72,292	—	—	—	—	—	—	123,202	72,292
— Poland	825	2,259	—	—	—	—	—	—	825	2,259
— United Kingdom	16	25,709	—	—	—	—	—	—	16	25,709
— Belgium	47,772	—	—	—	—	—	—	—	47,772	—
— Russia	14,693	11,127	—	—	—	—	—	—	14,693	11,127
— Thailand	18,566	20,201	—	—	—	—	—	—	18,566	20,201
— Malaysia	21,617	17,687	—	—	—	—	—	—	21,617	17,687
— Brazil	15,688	9,322	—	—	—	—	—	—	15,688	9,322
— Others	90,655	74,613	5,651	3,768	—	—	—	—	96,306	78,381
Segment revenue	<u>629,958</u>	<u>547,058</u>	<u>40,274</u>	<u>35,939</u>	<u>689</u>	<u>654</u>	<u>4,602</u>	<u>14,155</u>	<u>675,523</u>	<u>597,806</u>
Intersegment revenue										
— U.S.A	—	(2,783)	—	—	—	—	—	—	—	(2,783)
Revenue from external customers	<u>629,958</u>	<u>544,275</u>	<u>40,274</u>	<u>35,939</u>	<u>689</u>	<u>654</u>	<u>4,602</u>	<u>14,155</u>	<u>675,523</u>	<u>595,023</u>
Timing of revenue recognition										
Products transferred at a point in time	629,958	544,275	40,274	35,939	—	—	4,602	14,155	674,834	594,369
Products and services transferred over time	—	—	—	—	689	654	—	—	689	654
Total	<u>629,958</u>	<u>544,275</u>	<u>40,274</u>	<u>35,939</u>	<u>689</u>	<u>654</u>	<u>4,602</u>	<u>14,155</u>	<u>675,523</u>	<u>595,023</u>

5. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	3,855	1,192
(Over)/under-provision in prior years	<u>(460)</u>	<u>191</u>
	<u>3,395</u>	<u>1,383</u>
Current tax — Overseas		
Provision for the year	–	–
Under-provision in prior years	<u>–</u>	<u>2</u>
	<u>–</u>	<u>2</u>
Deferred tax	<u>–</u>	<u>1,938</u>
	<u><u>3,395</u></u>	<u><u>3,323</u></u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25% (2020: 8.25%), and profits above HK\$2,000,000 will continue to be subject to the tax rate of 16.5% (2020: 16.5%). For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profits.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(46,397)</u>	<u>(173,052)</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive loss per share	<u>595,327,745</u>	<u>375,230,709</u>

No diluted loss per share for year ended 31 December 2021 as the outstanding share options do not have any dilutive effect (2020: no potential dilutive shares outstanding).

8. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	162,452	169,224
Allowance for trade receivables	<u>(220)</u>	<u>(3,811)</u>
	<u>162,232</u>	<u>165,413</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	120,666	136,286
91 to 180 days	40,655	27,616
181 to 365 days	353	672
Over 365 days	558	839
	<u>162,232</u>	<u>165,413</u>

9. TRADE PAYABLES

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	56,483	80,690
91 to 180 days	1,866	6,289
181 to 365 days	–	59
Over 365 days	345	315
	<u>58,694</u>	<u>87,353</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The COVID-19 has been ravaging the world over two years, even with the emergence of mutant strains such as Delta and Omicron to exacerbate travel restrictions and instability in social life in the second half of the year in 2021. However, with major economies around the world reopening, launching growth stimulus packages and vaccination rates have increased among different countries, a slow economic recovery, an accelerated inflation, and a decline in the growth rate of unemployment globally.

Regarding to the recovery economy's environment, the EMS and Distribution of Communication Products segments recording a better performance with an increase in revenue of approximately 15.5%.

The Group has embraced a dual approach to drive faster and steadier revenue growth in the future.

In view of the China's liberalization of fertility policies and the large market of assisted reproductive health services, the Group explores the assisted reproductive market through mergers and acquisitions, investment and joint venture cooperation during the year ended 31 December 2021. At the same time, the Group will focus on the implementation of projects that highly integrate electronic business and medical business and strive to coordinate the resources of various sectors of the Company. As part of this strategy, the Group changed its name officially from "Link-Asia International Co. Ltd" to "Link-Asia International MedTech Group Limited" in early 2021.

Currently, the Group has stepped into the lucrative real-estate market in South-east Asia with its enormous housing needs. To this end, the Group has leveraged on its business network to source high-quality real estate projects in the region since the second half of 2019. These efforts will intensify when the current pandemic, which restricts air travel and upends supply chains, shows signs of easing in 2022.

As a result, the Group generated total revenue of approximately HK\$675.5 million, increased approximately HK\$80.5 million for the year ended 31 December 2021 (2020: HK\$595.0 million).

As at 31 December 2021, the Group had bank and cash balances totalling approximately HK\$145.6 million (2020: HK\$167.7 million) with efforts made to maintain a healthy financial position.

REVIEW OF OPERATIONS

The EMS and Distribution of Communications Products Businesses

The EMS and Distribution of Communication Products businesses contributed revenue of approximately HK\$630.0 million (2020: HK\$544.3 million) and HK\$40.3 million (2020: HK\$35.9 million), respectively, to the Group for the year ended 31 December 2021. The performance of these segments had been recovered in 2021 after the economic hit following the outbreak of the pandemic in the early part of 2020. Overall, these segments generated an increase in turnover of approximately 15.5% in 2021.

Real Estate Supply Chain Services

Real Estate Supply Chain Services business started its contribution to the Group's revenue in 2020. Revenue from the Real Estate Supply Chain Services operation provides two types of services, comprising the real estate advisory service and real estate purchase service related to investment opportunities in Southeast Asia and Pan Asia markets on behalf of customers. Revenue is recognised at a point in time upon completion of each service. This segment has contributed approximately HK\$4.6 million (2020: HK\$14.2 million) for the year ended 31 December 2021.

The Real Estate Supply Chain Services business is heavily and adversely affected by the border control and quarantine measures due to COVID-19. Normal business travelling is suspended between the PRC and Southeast Asian and Pan Asian countries. The Board expected that this business sector will improve with the coming break-through in vaccine and medication of COVID-19.

Securities and Other Assets Investment

The Securities and Other Assets Investment business contributed revenue of approximately HK\$0.7 million (2020: HK\$0.7 million) to the Group during the year ended 31 December 2021.

Geographical Analysis

Revenue from the major European countries (the United Kingdom, Switzerland, Poland, Belgium and France) totalled approximately HK\$348.8 million (2020: HK\$330.1 million), and accounted for approximately 51.6% (2020: 55.5%) of the Group's revenue for the year ended 31 December 2021. The U.S.A. market contributed approximately HK\$81.8 million (2020: HK\$40.6 million) in revenue and accounted for approximately 12.1% (2020: 6.8%) of the Group's revenue. The PRC (including Hong Kong) and other countries accounted for approximately HK\$78.0 million (2020: HK\$87.6 million) and HK\$166.9 million (2020: HK\$136.7 million), respectively, representing approximately 11.6% (2020: 14.7%) and 24.7% (2020: 23.0%) of the Group's revenue.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group recorded total revenue of approximately HK\$675.5 million (2020: HK\$595.0 million). The increases of the revenue was mainly contributed by EMS and Distribution of Communication Products segments.

Cost of Sales

Cost of sales increased by approximately 20.5% from approximately HK\$440.3 million for the year ended 31 December 2020 to approximately HK\$530.6 million for the year ended 31 December 2021 which was in line with the increase of the revenue.

Gross Profit

Gross profit decreased by approximately 6.3% from approximately HK\$154.7 million for the year ended 31 December 2020 to approximately HK\$144.9 million for the year ended 31 December 2021, as a result of a gross profit contribution from EMS and Distribution of Communication Products segments, with a lower gross profit margin.

Impairment losses

The Group made overall impairment losses of approximately HK\$12.6 million on certain assets for the year ended 31 December 2021, representing a decrease by approximately HK\$55.5 million (2020: HK\$68.1 million). It was mainly comprised of impairment losses for loans to other parties (net of reversal) of approximately HK\$15.4 million, and offsetting by reversal of impairment losses for other receivables of approximately HK\$1.8 million and reversal of impairment losses for trade receivables of approximately HK\$1.0 million.

Selling and distribution expenses

Selling and distribution expenses of approximately HK\$29.2 million (2020: HK\$56.3 million) accounted for approximately 4.3% for the year ended 31 December 2021 and 9.5% for the year ended 31 December 2020 of the Group's revenue, respectively. The decrease was mainly due to decrease in marketing consultancy fee and royalty fee.

Administrative expenses

Administrative expenses of approximately HK\$154.2 million (2020: HK\$178.2 million) accounted for approximately 22.8% for the year ended 31 December 2021 and approximately 29.9% for the year ended 31 December 2020 of the Group's revenue respectively. The decrease was mainly due to decrease in staff cost and depreciation expenses on property, plant and equipment.

Research and development expenditure

Research and development expenditure slightly increased by approximately HK\$1.1 million from approximately HK\$13.9 million for the year ended 31 December 2020 to approximately HK\$15.0 million for the year ended 31 December 2021.

Finance costs

The Group's finance costs were approximately HK\$4.2 million for the year ended 31 December 2021 and HK\$4.9 million for the year ended 31 December 2020, represented approximately 0.6% and 0.8% of the Group's revenue for the year ended 31 December 2021 and 2020, respectively. The finance costs was remained stable during the year ended 31 December 2021.

Income tax expense

Income tax expense during the year ended 31 December 2021 included approximately HK\$3.4 million of current tax charge (2020: HK\$3.3 million). The tax charges mainly represented the income tax provision at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and the U.S.A..

Loss attributable to owners of the Company

The loss attributed to owners of the Company was approximately HK\$46.4 million for the year ended 31 December 2021 (2020: HK\$173.1 million). The Group's net loss margin attributable to owners of the Company for the year ended 31 December 2021 was approximately 6.9% (2020: 29.1%).

Loss for the year attributable to non-controlling interests

Loss for the year attributable to non-controlling interests amounted to approximately HK\$0.8 million for the year ended 31 December 2021 (2020: HK\$18,000).

LIQUIDITY AND CAPITAL RESOURCES

The Group generally finances its operations and capital expenditure by internally generated cashflows.

As at 31 December 2021, the bank and cash balances amounted to approximately HK\$145.6 million (2020: HK\$167.7 million), representing a decrease of approximately HK\$22.1 million from 2020. Respective sum of approximately 32.3%, 41.2% and 26.5% of the bank and cash balances was denominated in RMB, USD and HKD, respectively.

As at 31 December 2021, the Group's current ratio remains in a healthy position at 2.0 times (2020: 1.5 times).

As at 31 December 2021, the carrying amounts of the bonds payable and loan from an independent third party were approximately HK\$2.0 million and HK\$0.6 million, respectively. As at 31 December 2020, the borrowings represented the bank loan and loan from an independent third party of approximately HK\$18.0 million and HK\$0.6 million, respectively.

Exchange risk exposure

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD, respectively. As at 31 December 2021, the Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in USD for the respective group entities with HKD being the functional currency. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2021, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Capital commitments

Capital commitments as at 31 December 2021 amounted to approximately HK\$0.4 million (2020: HK\$0.9 million).

Pledge of assets

As at 31 December 2020, an investment property of approximately HK\$30.0 million was pledged to an independent third party to secure a loan facility available to the Group. The pledged investment property was disposed through a disposal of a subsidiary in 2021. As at 31 December 2021, the Group had no pledged assets.

Financial guarantee contract

As at 31 December 2020 and 2021, the Group had an outstanding guarantee (the “**Guarantee**”) to one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of US\$2.6 million (equivalent to approximately HK\$20.3 million), representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary had agreed with the third party for a final settlement by instalment of US\$650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 31 December 2020 and 2021, the Group had an outstanding guarantee of the sum limited to US\$650,000, subject to the full payment of the final settlement effected by the Disposed Subsidiary.

The Disposed Subsidiary had issued counter guarantee to the Company to indemnify the Company for any loss in relation to the Guarantee.

Contingent liabilities

The Group and the Company did not have any significant contingent liabilities.

Significant investments

As at 31 December 2021, the Group held listed equity investments of approximately HK\$1.2 million (2020: Nil). No dividend income was received during the years ended 31 December 2020 and 2021 in respect of these investments.

Apart from the aforesaid transactions, there were no other material investment by the Group that should be notified to the Shareholders of the Company.

Human resources

As at 31 December 2021, the Group had approximately 1,103 employees in various operating units located in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, it offers competitive remuneration packages, with reference to market conditions, individual qualifications and experience.

Share option scheme

On 17 February 2020, the Company proposed to the shareholders of the Company at the extraordinary general meeting to be held on 10 March 2020 (the “**EGM**”) to terminate the share option scheme adopted by the Company on 31 December 2010 (the “**2010 Share Option Scheme**”) and to approve and adopt a new share option scheme (the “**New Share Option Scheme**”). Details of the New Share Option Scheme are set out in the circular of the Company dated 17 February 2020.

On 10 March 2020, at the EGM, the proposed adoption of the New Share Option Scheme and the termination of the 2010 Share Option Scheme were duly passed by the Shareholders by way of poll.

On 28 January 2021, 35,671,850 share options to subscribe for the ordinary shares of HK\$0.02 each in the share capital of the Company were granted to certain Directors and employees of the Group (the “**Grantees**”), subject to acceptance of the Grantees, under the share option scheme adopted by the Company on 10 March 2020. The share options granted shall vest in the Grantees in accordance with their respective the timetable.

Details of the grant of share options are set out in the announcement of the Company dated 28 January 2021.

Details of the share option movements during the period from 1 January 2021 to 31 December 2021 under the New Share Option Scheme are as follows:

Holder of share options	Date of grant	Exercise period	Exercise price per share (note 2) (HK\$)	Number of share options					
				Outstanding as at 1 January 2021	Grant during the year ended 31 December 2021	Adjustment in relation to the rights issue	Exercised during the year ended 31 December 2021	Lapsed/ cancelled during the year ended 31 December 2021	Outstanding as at 31 December 2021
Executive Directors									
Lin Dailian	28-Jan-21	2021.7.28–2026.1.27	0.359	–	5,135,380	197,712	–	–	5,333,092
Xia Xiaobing	28-Jan-21	2021.7.28–2026.1.27	0.359	–	5,135,380	197,712	–	–	5,333,092
Wang Guozhen	28-Jan-21	2021.7.28–2026.1.27	0.359	–	5,135,380	197,712	–	–	5,333,092
Employees	28-Jan-21	2022.1.28–2026.1.27	0.359	–	20,265,710	764,704	–	(713,807)	20,316,607
				–	35,671,850	1,357,840	–	(713,807)	36,315,883

Notes:

- (1) The closing price of the Company’s share immediately before the date (28 January 2021) on which the share options were granted was HK\$0.35.
- (2) The exercise price per share of share options has reflected the adjustment in relation to the Right Issues which completed on 23 November 2021.

SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2021

Change of Company Name

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 2 December 2020, it is approved that the english name of the Company be changed from “Link-Asia International Co. Ltd.” to “Link-Asia International MedTech Group Limited” and its dual foreign name in chinese be changed from “環亞國際實業有限公司” to “環亞國際醫療科技集團有限公司”. For details, please refer to the announcement of the Company dated 2 November 2020 and the circular of the Company dated 10 November 2020.

The Company name, stock short name and company logo have been changed. For details, please refer to the announcement of the Company dated 8 January 2021.

Placing of new shares

On 11 January 2021, an aggregate of 85,580,000 shares of the Company with a nominal value of HK\$0.02 each has been successfully placed at HK\$0.35 per share. The net proceeds from the placing shares (after deduction of commission and other expenses of said placing of new shares) amounted to approximately HK\$29.2 million.

For details, please refer to the announcements of the Company dated 30 December 2020 and 11 January 2021.

On 15 June 2021, an aggregate of 102,704,000 shares of the Company with a nominal value of HK\$0.02 each has been successfully placed at HK\$0.224 per share. The net proceeds from the placing shares (after deduction of commission and other expenses of said placing of new shares) amounted to approximately HK\$22.2 million.

For details, please refer to the announcements of the Company dated 15 June 2021 and 30 June 2021.

Potential acquisition of controlling interest in the Target Company

On 4 March 2021, Link-Asia International Assisted Reproductive Technology Group Limited, being a wholly owned subsidiary of the Group (the “**Link-Asia International**”), I.Baby Technology Investments Limited (the “**Potential Vendor**”) and I.Baby Technology Holdings Limited (the “**Target Company**”) have entered into a Memorandum of Understanding, pursuant to which the Potential Vendor intends to dispose a certain number of issued shares of the Target Company that constitute a controlling interest of the Target Company, to the Company including its designated party(ies).

On 20 May 2021, Link-Asia International, the Potential Vendor and the Target Company has been continuing to discuss the Potential Acquisition and entered into a term sheet (the “**Term Sheet**”) on key issues in relation the Potential Acquisition.

For details of the potential acquisition of controlling interest in the Target Company, please refer to the Company’s announcement dated 4 March 2021 and 20 May 2021.

Saved as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place during the year ended 31 December 2021.

Rights Issue

On 23 November 2021, the Company issued 308,121,285 rights shares, on the basis of one (1) rights share for every two (2) then existing shares, at a price of HK\$0.2 per rights share (the “**Rights Issue**”). Upon completion of the Rights Issue, the Company received net cash proceeds of approximately HK\$58.7 million (the “**Net Proceeds**”). The Company intended to apply the Net Proceeds as to: (i) approximately HK\$34.2 million for the expansion of the Group’s product range under the EMS and Distribution Products Businesses; (ii) approximately HK\$17.1 million for the funding of potential merger and acquisition opportunities of ARS-licensed providers; and (iii) approximately HK\$7.4 million for general corporate and working capital purposes.

As of 31 December 2021, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom are as follows:

	Intended use of proceeds from the Rights Issue HK\$’ million	Actual use of Net Proceeds as at 31 December 2021 HK\$’ million	Unutilized Net Proceeds as at 31 December 2021 HK\$’ million
Expansion on EMS and Distribution Products Businesses	34.2	21.4	12.8
Potential merger and acquisition opportunities of ARS-licensed providers	17.1	–	17.1
General corporate and working capital	7.4	7.4	–
Total	58.7	28.8	29.9

The unutilised Net Proceeds from the Rights Issue was used according to the intended use as disclosed in the prospectus of the Company dated 1 November 2021.

The remaining unutilised Net Proceeds of approximately HK\$29.9 million is estimated to be fully utilised before 31 December 2022.

For details, please refer to the announcement and prospectus of the Company dated 15 October 2021 and 1 November 2021.

PROSPECTS

The ongoing COVID-19 pandemic is a major global public health crisis of a kind unseen in a century. It will likely affect people's lives for a long time to come. The global impact of COVID-19 will trigger profound changes in the international landscape, world order, global supply chains and China's economic, trade and industrial layout. When the pandemic is over, countries around the world will make adjustments to their global supply chains with long-term, strategic implications.

With the China's liberalization of fertility policies, encourage people to have three children. The Group remains a positive attitude towards the high-end medical and health service business in the coming years. However, in view of the uncertainty economic environment affected by mutant strains such as Delta and Omicron in these few months, the Group will develop the assisted reproductive industry prudently and will continue to pay attention to new medical business development opportunities in 2022.

Following the implementation of the vaccination programmes, most countries are expected to experience a relatively strong recovery in 2022. In this best-case scenario, the Group will resume its plans of setting foot in the Real Estate Supply Chain Services business, in order to capture the strong housing demand of young homebuyers in Southeast Asia.

In the future, the Group will continuously focus on the business of EMS and Distribution of Communication Products segment to get steady cash flow. The Group will adopt a sound business strategy that combines a diversified approach to business to drive the growth in profits.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 December 2021 (2020: nil).

Purchase, Sale or Redemption of Listed Securities of the Company

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the year ended 31 December 2021.

Significant Events After the Year Ended 31 December 2021

Discloseable transaction in relation to the assignment of agency agreement involving the issue of consideration shares under specific mandate (the “Discloseable Transaction”)

On 18 January 2022, the Link-Asia International Assisted Reproductive Technology Group Limited, an indirect wholly owned subsidiary of the Company (the “Assignee”), the Company and the Mr. Sy Ming Yiu (the “Assignor”) entered into a deed of assignment dated 18 January 2022 (the “Deed of Assignment”), pursuant to which the Assignee agreed to accept and the Assignor agreed to assign all its rights, obligations, title, interest, and benefit in and to the agency distribution agreement entered into between Shanghai Metash Instruments Co., Ltd. (上海元析儀器有限公司), a corporation established under the laws of the PRC (the “Metash”) and the Assignor (the “Agency Agreement”) to the Assignee at the consideration of HK\$37,800,000, which will be settled by the allotment and issue of 230,000,000 consideration shares by the Company to the Assignor (or its nominee) upon completion.

The consideration shares shall be allotted and issued pursuant to the specific mandate to be obtained from the shareholders at the extraordinary general meeting. An application will be made by the Company to the listing committee of The Stock Exchange of Hong Kong Limited for the listing of, and permission to deal in, the consideration shares.

Details of the Discloseable Transaction are set out in the announcements of the Company dated 18 January 2022, 9 February 2022, 4 March 2022, 25 March 2022 and 19 April 2022.

Code on Corporate Governance Practices

The corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 to the Listing Rules. The new Corporate Governance Code (the “New CG Code”) as set out in existing Appendix 14 to the Listing Rules has come into effect on 1 January 2022, their requirements are applicable to the financial year commencing on 1 January 2022. Currently, the Company has adopted the code provisions on Corporate Governance Code and Corporate Governance Report (the “Previous CG Code”) as set out in the previous Appendix 14 to the Listing Rules before the New CG Code came into effect.

Throughout the year ended 31 December 2021, the Company has applied the principles and complied with all the applicable code provisions set out in the Code, except for the deviation from code provision A.2.1 of the Code as described below.

Code Provision A.2.1

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of “chief executive officer” and this is deviated from the code provision A.2.1 of the Code.

Mr. Lin Dailian, who acts as the chairman and an executive Director of the Company, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

On 19 April 2021, Dr. Sun Xiaohu (the “**Dr. Sun**”) was resigned as an independent non-executive Director and ceased to be a member of the audit committee of the Company (the “**Audit Committee**”) with effective 19 April 2021 because he will involve in the medical business of the joint venture to be set up by the Company and take the role of its general manager.

Upon the resignation of Dr. Sun, the number of independent non-executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10 and 3.21 of the Listing Rules.

According to Rule 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rule 3.10 and 3.21 of the Listing Rules within three months after failing to meet the requirements.

Following the appointment of Mr. Chak Chi Shing on 7 June 2021 as an independent non-executive Director and the chairman of the Audit Committee, the Company has complied with Rules 3.10 of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the year.

Audit Committee

The Audit Committee currently has three members comprising Mr. Chak Chi Shing (chairman), Mr. Yang Weidong and Mr. Li Huiwu, all being independent non-executive Directors. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters on 29 April 2022. The Audit Committee has also reviewed and discussed with the management about the announcement of audited annual financial results of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this further announcement have been agreed by the Group’s auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this further announcement.

By Order of the Board
Link-Asia International MedTech Group Limited
Lin Dailian
Chairman and Executive Director

Hong Kong, 29 April 2022

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Wang Guozhen, Mr. Duan Chuanhong and Ms. Lin Xiaoshan as executive Directors; Mr. Li Huiwu, Mr. Yang Weidong and Mr. Chak Chi Shing as independent non-executive Directors.