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China Display Optoelectronics Technology Holdings Limited

華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

Results

	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2021 *RMB'000*	**Change**
CONTINUING OPERATIONS			
Revenue	**4,208,350**	5,840,094	**(27.9%)**
Gross profit	**343,744**	494,632	**(30.5%)**
Profit for the year from continuing operations	**169,025**	166,488	**+1.5%**
Profit attributable to owners of the parent	**169,025**	193,215	**(12.5%)**
Basic earnings per share attributable to owners of the parent			
– For profit for the year	**RMB8.06 cents**	RMB9.22 cents	**(12.6%)**
– For profit from continuing operations	**RMB8.06 cents**	RMB7.94 cents	**+1.5%**

The board ("Board") of directors (each a "Director", together the "Directors") of China Display Optoelectronics Technology Holdings Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 with the corresponding comparative figures for the year ended 31 December 2021 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		For the year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
CONTINUING OPERATIONS			
REVENUE	*5*	**4,208,350**	5,840,094
Cost of sales		**(3,864,606)**	(5,345,462)
Gross profit		**343,744**	494,632
Other income and gains, net	*5*	**70,124**	43,854
Selling and distribution expenses		**(39,824)**	(74,387)
Administrative expenses		**(173,143)**	(239,120)
Reversal of impairment on financial assets		**8**	1,303
Other expenses		**(31,557)**	(3,767)
Finance costs	*7*	**(1,646)**	(2,627)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**167,706**	219,888
Income tax credit/(expense)	*8*	**1,319**	(53,400)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**169,025**	166,488

	Notes	For the year ended 31 December **2022** ***RMB'000***	2021 *RMB'000*
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	33,223
PROFIT FOR THE YEAR		**169,025**	199,711
Attributable to:			
Owners of the parent		**169,025**	193,215
Non-controlling interests		**–**	6,496
		169,025	199,711
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*10*		
Basic			
– For profit for the year		**RMB8.06 cents**	RMB9.22 cents
– For profit from continuing operations		**RMB8.06 cents**	RMB7.94 cents
Diluted			
– For profit for the year		**RMB8.06 cents**	RMB9.22 cents
– For profit from continuing operations		**RMB8.06 cents**	RMB7.94 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**169,025**	199,711
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(357)**	(189)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(357)**	(189)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(357)**	(189)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**168,668**	199,522
Attributable to:		
Owners of the parent	**168,668**	193,026
Non-controlling interests	**–**	6,496
	168,668	199,522

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**582,110**	443,546
Intangible assets		**16,262**	4,515
Goodwill		**3,011**	–
Deposits paid for purchase of items of property, plant and equipment		**12,385**	12,758
Deferred tax assets		**11,767**	21,898
Right-of-use assets		**30,896**	31,552
Time deposits		**19,000**	19,000
Total non-current assets		**675,431**	533,269
CURRENT ASSETS			
Inventories	*11*	**135,129**	405,647
Trade and bills receivables	*12*	**730,865**	824,740
Prepayments and other receivables		**745,551**	64,959
Derivative financial instruments		**14,233**	5,005
Cash and cash equivalents		**278,972**	1,053,445
Total current assets		**1,904,750**	2,353,796
CURRENT LIABILITIES			
Trade payables	*13*	**1,072,636**	1,477,768
Other payables and accruals		**380,273**	420,427
Derivative financial instruments		**5,220**	6,151
Interest-bearing bank and other borrowings	*14*	**2,815**	76,224
Lease liabilities		**532**	2,924
Tax payable		**42,905**	54,637
Total current liabilities		**1,504,381**	2,038,131
NET CURRENT ASSETS		**400,369**	315,665
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,075,800**	848,934

	Notes	**2022** **RMB'000**	2021 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*14*	**59,508**	2,000
Lease liabilities		**562**	215
Deferred income		**13,695**	15,222
Deferred tax liabilities		**1,870**	–
Total non-current liabilities		**75,635**	17,437
Net assets		**1,000,165**	831,497
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**172,134**	172,134
Reserves		**828,031**	659,363
		1,000,165	831,497
Total equity		**1,000,165**	831,497

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")* [2]
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]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

[5] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display product segment which principally engages in the processing, manufacture and sale of LCD module products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2022	2021
	RMB'000	*RMB'000*
Mainland China*	**1,973,836**	3,234,790
Other countries/areas	**2,234,514**	2,605,304
	4,208,350	5,840,094

The revenue information above is based on the locations of the customers.

* *Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan.*

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB1,762,880,000 during the year ended 31 December 2022 (year ended 31 December 2021: RMB2,887,222,000) was derived from sales to related parties of the Company.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,208,350**	5,840,094

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2022

Segments	**LCD modules**
	RMB'000
Types of goods or services	
Sale of industrial products	**4,172,765**
Processing and manufacturing services	**35,585**
Total revenue from contracts with customers	**4,208,350**
Geographical markets	
Mainland China	**1,973,836**
Hong Kong	**2,232,800**
Thailand	**1,714**
Total revenue from contracts with customers	**4,208,350**
Timing of revenue recognition	
Goods and services transferred at a point in time	**4,208,350**

For the year ended 31 December 2021

Segments	LCD modules *RMB'000*
Type of goods or services	
Sale of industrial products	5,794,994
Processing and manufacturing services	45,100
Total revenue from contracts with customers	5,840,094
Geographical markets	
Mainland China	3,234,790
Hong Kong	2,588,660
Vietnam	15,803
Thailand	841
Total revenue from contracts with customers	5,840,094
Timing of revenue recognition	
Goods and services transferred at a point in time	5,840,094

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the LCD module products and the payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Processing and manufacturing services

The performance obligation is satisfied upon delivery of the LCD module products.

An analysis of other income and gains is as follows:

	2022	2021
	RMB'000	*RMB'000*
Other income		
Bank interest income	**20,050**	21,151
Subsidy income*	**13,052**	4,492
Gain on disposal of raw materials, samples and scraps	**–**	9,610
Others	**219**	601
	33,321	35,854
Other net gain		
Exchange gains	**23,732**	–
Fair value gains, net:		
Derivative financial instruments		
– transactions not qualifying as hedges	**9,785**	–
Realised gain on derivative financial instruments	**3,286**	8,000
	36,803	8,000
	70,124	43,854

* *Subsidy income represents various government grants received from the relevant government authorities to support the development of the relevant projects of the Group in Mainland China. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.*

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operation is arrived at after (crediting)/charging:

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold*	**3, 866,531**	5,345,462
Depreciation of property, plant and equipment	**63,850**	77,467
Amortisation of intangible assets	**2,829**	1,908
Depreciation of right-of-use assets	**14,089**	14,223
Auditor's remuneration	**1,233**	1,020
Research and development costs^:		
Current year expenditures	**132,047**	188,857
Lease payments not included in the measurement of lease liabilities	**886**	4,359
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**256,745**	344,498
Equity-settled share option expense	**–**	(714)
Pension scheme contributions	**22,450**	23,423
	279,195	367,207
Exchange (gains)/losses, net	**(23,732)**	1,420
Realised loss on derivative financial instruments***	**28,619**	–
Impairment/(reversal of impairment) of trade and bills receivables	**1**	(110)
Reversal of impairment of other receivables	**–**	(118)
Write-down/(reversal of write-down) of inventories to net realisable value**	**526**	(883)
(Gains)/Loss on disposal of items of property, plant and equipment	**(88)**	501

^ *Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.*

* *The amount included the aggregate of wages and salaries, depreciation, amortisation and lease payments of RMB265,670,000 (31 December 2021: RMB351,598,000) which have been included in the respective expense items disclosed below.*

** *Write-down/(reversal of write-down) of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.*

*** *Realised loss on derivative financial instruments is included in "Other expenses" in the consolidated statement of profit or loss.*

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**725**	928
Interest on lease liabilities	**432**	362
Interest on discounted bills	**489**	1,337
	1,646	2,627

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022	2021
	RMB'000	*RMB'000*
Current		
Charge for the year	**28,633**	56,766
Adjustment in respect of current tax of previous periods*	**(39,940)**	(3,333)
Deferred	**9,988**	(33)
Total tax (credit)/charge for the year from continuing operations	**(1,319)**	53,400
Total tax charge for the year from a discontinued operation	**–**	7,495
	(1,319)	60,895

* During the second quarter of 2022, the Group obtained confirmation from the relevant tax bureau as to its eligibility to the preferential tax rate applicable to the 2021 annual income tax filing. Thus, the provisional income tax previously paid for 2021 was refunded accordingly and corresponding adjustment to the current income tax expense of such prior year was made.

9. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Dividends recognised as distribution	**–**	–

The Board does not recommend to declare any final dividend for the year ended 31 December 2022.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share amount for the year ended 31 December 2022 is based on the profit for the year attributable to owners of the parent of RMB169,025,000 (2021: RMB193,215,000), and the weighted average number of ordinary shares of the Company in issue less shares held for the Share Award Scheme during the year of 2,096,908,406 (2021: 2,096,800,418).

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022.

	2022	2021
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent, used in the basic earnings per share calculation		
From continuing operations	**169,025**	166,488
From a discontinued operation	**–**	26,727
	169,025	193,215

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the year used in the basic earnings per share calculation	**2,096,908,406**	2,096,800,418

11. INVENTORIES

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**42,417**	263,606
Work in progress	**13,217**	41,150
Finished goods	**79,495**	100,891
	135,129	405,647

12. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**729,085**	799,745
Bills receivable	**2,857**	26,071
Impairment	**(1,077)**	(1,076)
	730,865	824,740

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

Included in the Group's trade and bills receivables are amounts due from the Group's related parties of RMB310,307,000 (31 December 2021: RMB444,405,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**121,806**	444,913
1 to 2 months	**120,335**	199,350
2 to 3 months	**104,284**	125,715
Over 3 months	**384,440**	54,762
	730,865	824,740

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**1,076**	1,186
Impairment/(reversal of impairment) losses, net	**1**	(110)
At end of year	**1,077**	1,076

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Past due		
	Less than 6 months	**Over 6 months**	**Total**
Expected credit loss rate	**0.15%**	**–**	**0.15%**
Gross carrying amount *(RMB'000)*	**728,913**	**172**	**729,085**
Expected credit losses *(RMB'000)*	**1,077**	**–**	**1,077**

As at 31 December 2021

	Past due		
	Less than 6 months	Over 6 months	Total
Expected credit loss rate	0.13%	1.50%	0.13%
Gross carrying amount *(RMB'000)*	799,478	267	799,745
Expected credit losses *(RMB'000)*	1,072	4	1,076

The Group's bills receivable have been accepted by notable banks with high credit ratings. As at 31 December 2022 and 31 December 2021, the probability of default and the loss given default were estimated to be minimal.

13. TRADE PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**1,072,636**	1,477,768

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**591,248**	733,229
31 to 60 days	**83,654**	431,890
61 to 90 days	**124,277**	283,365
Over 90 days	**273,457**	29,284
	1,072,636	1,477,768

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 150 days.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2022			31 December 2021		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	0.461	2022	52,224
Other borrowings	**1.025**	**2023**	**2,815**	1.1	2022	24,000
			2,815			76,224
Non-current						
Bank loans – secured	**3.85-4.15**	**2024-2029**	**59,508**	4.15	2024-2029	2,000
			59,508			2,000
			62,323			78,224
Analysed into:						
Bank loans repayable						
Within one year			**2,815**			52,224
In the second year			**2,975**			–
In the third to fifth years, inclusive			**25,291**			2,000
Beyond five years			**31,242**			–
			62,323			54,224
Other borrowings repayable						
Within one year			**–**			24,000
			–			24,000
			62,323			78,224

Notes:

(a) The Group had banking facilities of RMB1,250,000,000 (31 December 2021: RMB1,510,000,000), of which RMB764,195,000 (31 December 2021: RMB737,607,000) had been utilised as at the end of the reporting period.

(b) In addition, the Company's ultimate holding company has provided a guarantee of up to RMB59,508,000 (31 December 2021: RMB54,224,000) to secure certain of the Group's interest-bearing bank borrowings as at the end of the reporting period.

(c) The other borrowings amounting to RMB24,000,000 are with a tenure of 5 years starting from 2017. Interest is chargeable at 1.1% per annum and have been repaid on 22 February 2022.

(d) Other borrowings included discounted notes receivable of RMB2,815,000 as at 31 December 2022 (2021:Nil).

(e) As at 31 December 2022, all borrowings are denominated in RMB.

15. SHARE CAPITAL

	2022	2021
Authorised:		
4,000,000,000 (31 December 2021: 4,000,000,000) ordinary shares of HK$0.10 each *(HK$'000)*	**400,000**	400,000
Issued and fully paid:		
2,114,307,929 (31 December 2021: 2,114,307,929) ordinary shares *(HK$'000)*	**211,431**	211,431
Equivalent to RMB'000	**172,134**	172,134

As at 31 December 2022, the total number of issued ordinary shares of the Company was 2,114,307,929 (2021: 2,114,307,929) of which 17,399,523 (2021: 17,399,523) shares were held by the trustee appointed for the Share Award Scheme adopted by the Company.

INDUSTRY REVIEW

For the year ended 31 December 2022 (the "Review Period"), due to uncertainties including high global inflation, ongoing geopolitical tensions and the recurrence of the coronavirus disease 2019 ("COVID-19") pandemic, the demand in the smartphone market has been under pressure, and brand customers were under increasing strain to clear their inventories as consumers' replacement cycles were prolonged. Facing the continued downturn in the mobile phone market, brand customers have become more cautious in their inventory control. According to the report from International Data Corporation, an international research institute, global smartphone shipments declined by 9.7% and 18.3% year-on-year in the third quarter and fourth quarter of 2022, respectively. The annual smartphone shipments hit a record low since 2013, decreasing by 11.3% year-on-year to 1,210 million units. The overall mobile phone market in Mainland China has been also relatively sluggish, according to the data issued by the China Academy of Information and Communications Technology, the shipment volume of mobile phones in Mainland China in 2022 reached 272 million units, representing a decrease of 22.6% year-on-year, recording the largest decline ever.

In the upstream panel market, demand for panels was dragged down by the decline in global smartphones demand, which in turn caused a steady decrease in the costs of other raw materials. According to the data from CINNO Research, an international research institute, the global panel shipments in 2022 dropped by more than 8% year-on-year. With the slowdown of demand growth for panels, there have been an oversupply in active-matrix organic light-emitting diode ("AMOLED") display modules and low temperature poly-silicon ("LTPS") display modules, while the supply and demand for amorphous silicon ("A-Si") display modules which has a good value for money remained balanced. At the same time, benefitting from the expansion of application scenarios, the industrial personal computer market ("IPC market"), which includes both industrial and public display panels, continued to grow steadily. According to the report from OMDIA, a global technology market research institute, the market share of industrial and public displays panels in the panel market has grown from 7.6% in 2020 to 8.7% in 2022. Market research institute MarketsandMarkets Research also pointed out that the market size of IPC market is valued at approximately USD5,000 million in 2023, and is expected to reach approximately USD6,600 million in 2028 with a composite annual growth rate of 5.5%. The Group expects that the growing demand in the IPC market will further drive up the sales of A-Si display modules.

BUSINESS REVIEW

Due to the weak demand in mobile phone market, brand customers have been prudent in setting their business strategies and reduced their orders to destock, which affected the Group's sales performance for the year 2022. During the Review Period, the Group achieved a total sales volume of 54.2 million units, representing a year-on-year decrease of 18.7%, while the Group's total revenue decreased by 27.9% year-on-year to RMB4,208.4 million accordingly.

During the Review Period, the sales business was the principal continuing operation of the Group. The Group's sales volume of modules for sale amounted to 52.5 million units, accounting for 96.9% of the Group's total sales volume, the corresponding revenue was RMB4,172.8 million. Meanwhile, due to the decreasing demand in smartphone market, the profit margin of upstream supply chain has diminished, with the overall average selling price of the Group declining by 12.7% year-on-year to RMB79.4 during the Review Period (excluding processing modules).

The Group's sales performance was affected by factors such as the downturn in the phone market and high global inflation. However, the Group is committed to minimising the impact of external factors through stringent production cost control, and recorded a gross profit of RMB343.7 million during the Review Period, with a gross profit margin of 8.2%. During the Review Period, profit from continuing operations was RMB169.0 million, representing a year-on-year increase of 1.5%, which was mainly attributable to the following reasons:

(i) An increase in subsidies in the form of tax deduction as the Group was entitled to preferential tax treatment applicable to high and new technology enterprises; and

(ii) Implementation of various budget and cost-control policies which enhanced the operational efficiency of the Group by maintaining the administrative and operating expenditures at a relatively low level.

- **Revenue by product segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2022		2021		Change
	RMB million	*%*	*RMB million*	*%*	*%*
Sale of TFT LCD module					
Non-laminated modules	**145.6**	**3.4**	151.6	2.6	-4.0
Laminated modules	**4,027.2**	**95.7**	5,643.4	96.6	-28.6
Processing TFT LCD module					
Non-laminated modules	**2.4**	**0.1**	–	–	–
Laminated modules	**33.2**	**0.8**	45.1	0.8	-26.4
Total	**4,208.4**	**100.0**	5,840.1	100.0	-27.9

- **Sales volume by product segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2022		2021		Change
	million units	*%*	*million units*	*%*	*%*
Sale of TFT LCD module					
Non-laminated modules	**3.7**	**6.9**	2.4	3.6	+57.0
Laminated modules	**48.8**	**90.0**	61.3	91.9	-20.4
Processing TFT LCD module					
Non-laminated modules	**0.2**	**0.3**	–	–	–
Laminated modules	**1.5**	**2.8**	3.0	4.5	-49.4
Total	**54.2**	**100.0**	66.7	100.0	-18.7

During the Review Period, China remained the main market for the Group. The revenue from Hong Kong and Mainland China were RMB2,232.8 million and RMB1,973.9 million, respectively, which together accounted for 99.96% of the Group's total revenue.

- **Revenue by geographical segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2022		2021		Change
	RMB million	***%***	*RMB million*	*%*	*%*
Hong Kong	**2,232.8**	**53.06**	2,588.7	44.33	-13.7
Mainland China	**1,973.9**	**46.90**	3,234.8	55.39	-39.0
Others	**1.7**	**0.04**	16.6	0.28	-89.7
Total	**4,208.4**	**100.00**	5,840.1	100.0	-27.9

Create synergies through acquisition to prepare for development in the field of IoT

With the increasing popularity of technologies such as 5G, big data and IoT (Internet of Things), the demand for information technology ("IT") display application products surged. The Group is committed to developing its medium-sized display module and smart home device segments to capitalise on the opportunities brought about by market trends and is constantly striving to expand its product range and technology platform to enhance its competitiveness. During the Review Period, the Group has completed the acquisition of 100% equity interest of Huizhou Kedate Zhixian Technology Company Limited*（惠州科達特智顯科技有限公司, "Kedate Zhixian") (formerly known as Huizhou Gaoshengda Zhixian Technology Company Limited*（惠州高盛達智顯科技有限公司)) at a consideration of RMB51.0 million ("the Acquisition"). Please refer to the Company's announcements dated 1 August 2022 and 11 August 2022 for further details.

The Acquisition was completed on 31 August 2022. Kedate Zhixian, as a supplier of IoT related products for the Group, is expected to create synergies with the Group's existing display module business to establish a solid foundation for the Group's future development in the field of IoT. The Group's long-term planning of Kedate Zhixian's production chain will further develop its production technology and make full use of its production capacity, allowing it to capture potential business opportunities arising in the future.

Deepen cooperation with TCL CSOT to optimise customer and product mix

As a qualified supplier for the world's top mobile phone brands, the Group consistently provides customers with high-quality and customised services to consolidate the relationship with brand customers. The Group has been deepening its cooperation with TCL China Star Optoelectronics Technology Company Limited ("TCL CSOT"), working together to tap into the medium-sized professional display market. With the commissioning of TCL CSOT's liquid-crystal display ("LCD") panel production line "t9" during the Review Period, which targets medium size IT and professional display market, the Group has been able to form an integrated panel module business model with TCL CSOT to provide customised services to multiple first-tier brand customers, capturing the huge opportunities in the medium size display module market to acquire more customer sources. The Group has also built long-term and stable relationships with its customers by optimising its customer mix to further enhance the Group's competitive edge and profitability.

OUTLOOK

In the first quarter of 2023, which is the traditional off-season for smartphone, brand customers have continued to digest their inventories and, as a result, panel prices are in a downward cycle. According to CINNO Research, a research institute, A-Si panel price is expected to remain low. At the same time, due to geopolitical and global economic uncertainties, the demand for mobile phones may not recover in the short term and the forecast for the overall shipment of mobile phones in the first half of 2023 is not optimistic. According to the forecast of DIGITIMES Research, a research institute, the smartphones shipment in Mainland China is expected to record a slight year-on-year increase of 1.9% in 2023. The Group expects orders from first-tier brand customers to decrease in line with market demand.

Going forward, the Group will closely monitor the market trend. On the one hand, the Group will consolidate its customer base by leveraging its existing partnerships and actively reduce costs and increase efficiency to maximise industrial efficiency and effectiveness; on the other hand, the Group will continue to actively expand its presence in the medical, smart home and medium-sized industrial display markets, constantly explore and monitor the market development, seize the huge opportunities and improve its product mix, so as to expand its business horizontally.

In addition, the Group's production lines have relocated to the new display module smart factory in Chenjiang, Huizhou, which have officially commenced operation. Factory audits conducted by brand customers are expected to complete in the first quarter of 2023. The intelligent production equipment and fully automated production lines in the factory can provide automated data to improve the accuracy of production forecasts and effectively further reduce production costs, so as to maximise production efficiency. With the completion and utilisation of the new factory, the Group hopes to capture business opportunities from future global economic market upturn through the advantages of enhanced production technology and economies of scale, and to lay the foundation for the Group's long-term development.

In the long run, the Group remains cautiously optimistic about the development of the display module business. It is confident that its competitiveness will be enhanced by improving the planning of production chain and amplifying its technological and scale advantages. While responding to the challenges, it will maintain a balance between sales growth and robust development, and strive to create better value for the Group and its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's principal financial instruments comprise cash and cash equivalents, time deposits and interest-bearing bank loans.

The Group's cash and cash equivalents and time deposits balance as at 31 December 2022 amounted to RMB298.0 million, of which 87.4% was in US dollar, 12.0% was in RMB and 0.6% was in HK dollar.

As at 31 December 2022, the Group's interest-bearing bank loans were RMB62.3 million. Please refer to note 14 to the financial statements for further details in respect of the maturity profile and interest rate structure of borrowings of the Group.

As at 31 December 2022, total equity attributable to owners of the parent was RMB1,000.2 million (31 December 2021: RMB831.5 million), and the gearing ratio was 2.4% (31 December 2021: 2.7%). The gearing ratio is calculated based on the Group's total interest-bearing loans (including bank and other borrowings) divided by its total assets.

Pledge of Assets

As at 31 December 2022, no asset of the Group was pledged (31 December 2021: Nil).

Capital Commitments and Contingent Liabilities

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**133,618**	114,315

As at 31 December 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

Pending Litigation

The Group had not been involved in any material litigation for the year ended 31 December 2022.

Foreign Exchange Risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risks arising from foreign exchange transactions and conversion.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group also used forward currency contracts to reduce the foreign currency exposures. In addition, pursuant to the principle of prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions during the Review Period.

Significant Investments Held

There was no significant investment held by the Group as at 31 December 2022.

Material Acquisitions and Disposals

On 1 August 2022, Huizhou Gaoshengda Technology Co., Ltd.* (惠州高盛達科技有限公司), Huizhou Zhicheng Investment Management Partnership (Limited Partnership)* (惠州市智誠投資管理合夥企業(有限合夥)), Huizhou Zhihe Investment Management Partnership (Limited Partnership)* (惠州市智合投資管理合夥企業(有限合夥))(together, the "Vendors"), China Display Optoelectronics Technology (Huizhou) Company Limited* (華顯光電技術(惠州)有限公司, an indirect wholly-owned subsidiary of the Group, hereinafter "CDOT Huizhou"), and Kedate Zhixian entered into the equity transfer agreement, pursuant to which the Vendors had conditionally agreed to sell, and CDOT Huizhou had conditionally agreed to acquire 100% of the equity interest in and of Kedate Zhixian for a cash consideration of RMB51 million. The aforesaid transaction was completed on 31 August 2022. Upon completion, Kedate Zhixian has become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of Kedate Zhixian would be consolidated into the accounts of the Group. For details, please refer to the Company's announcements dated 1 August and 11 August 2022.

Save as disclosed above, the Group did not undertake any other material acquisition or disposal of subsidiaries, associates or joint ventures during the Review Period.

Future Plans for Material Investments or Capital Assets

As at 31 December 2022, the Group did not have any concrete plans for material investments or capital assets for the year ending 31 December 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had a total of 2,061 employees. During the Review Period, the total staff costs amounted to RMB279.2 million. The Group aims to provide employees with reasonable, legal and competitive compensation and welfare by offering remuneration packages which are regularly updated based on local gross domestic production (GDP) growth and the latest laws and regulations. Training and development programmes are also provided on an on-going basis to employees of the Group. During the Review Period, the Company has also reviewed the remuneration policy by reference to the existing legislations, market conditions, as well as the performances of employees and the Company. In order to align the interests of staff with those of shareholders, the Company may grant share options and share awards to relevant grantees, including employees of the Group, under the Company's share option scheme and share award scheme respectively.

ENVIRONMENTAL POLICY AND COMPLIANCE

The Group is devoted to achieve environmental sustainability and incorporates its philosophy of corporate social responsibility into daily operations. The Group operates its manufacturing facilities in compliance with all applicable local environmental regulations.

The Group also encourages its employees to protect the environment. To promote environmental awareness among employees, new staff shall attend induction training on energy saving. During the Review Period, the Group improved its management efficiency and implemented various energy saving measures, which effectively reduced the use of resources and further created a safe and healthy workplace and living environment for its staff.

The Group continues to optimise its strategy to shoulder its corporate environmental, social and ethical responsibility and improve corporate governance, in an effort to create greater value for all of the Group's stakeholders including shareholders, customers and employees as well as the communities where it operates.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2022 prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") will be published separately pursuant to the requirements under Appendix 27 to the Listing Rules.

CUSTOMERS AND SUPPLIERS

The Group recognises that maintaining good and stable relationship with customers and business partners is the key for the sustainable development of the Group. Therefore, the Group keeps good partnership with its major customers and suppliers. During the Review Period, the Group's largest customer and the top five largest customers contributed approximately 46% and 92% (for the year ended 31 December 2021: 36% and 90%) to the revenue of the Group, respectively. Those customers have business relationship with the Group ranging from 1 to 19 years. The Group's largest supplier and the top five largest suppliers accounted for approximately 18% and 54% (for the year ended 31 December 2021: 20% and 57%) of the purchases of the Group, respectively. Those suppliers have been cooperating with the Group ranging from 1 to 9 years.

Major customers

The Group's major customers are all from consumer mobile device industry, including a number of world-renowned brands. As the mobile device industry is characterised by its cycles of integration and emergence of new brands, any loss or changes in market position of any of these customers may materially and adversely affect the business, financial conditions and operating results of the Group. In light of this, the Group has adopted the following strategies to reduce the risk of over-reliance on a single customer base. Firstly, the Group has strengthened the relationship with its existing customers, one of them is a subsidiary of TCL Industries Holdings Company Limited*（TCL實業控股股份有限公司）, which has established a solid partnership with the Group over the years. The other major customers have also maintained long-term cooperation with the Group, keeping the number of orders at a relatively stable level. Secondly, the Group endeavours to expand its business horizontally and attract new customers in different markets by developing a diverse range of product categories.

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period generally ranges from 30 to 90 days, depending on the size and credibility of the customers. Each customer has its own specific credit limit. The Group also maintains credit insurance for trade receivables from customers.

Suppliers

There are numerous suppliers providing materials required for the Group's production and other business operations. However, for certain materials produced by specific suppliers, the Group can only rely on a limited number of suppliers. If the suppliers fail to timely deliver adequate production materials, the Group's production process may be disrupted. Therefore, the Group periodically reviews the market environment and new trends, adopts multiple sourcing policy and strategic inventory management to ensure sufficient supply of materials for production.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend by the Company for the year ended 31 December 2022 (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the forthcoming annual general meeting of the Company ("AGM"), the register of members of the Company will be closed from 29 May 2023, Monday to 1 June 2023, Thursday (both dates inclusive). No transfer of the Shares may be registered during the said period. The record date for determining the entitlements of the shareholders of the Company to attend and vote at the AGM is 1 June 2023, Thursday. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 25 May 2023, Thursday.

ANNUAL GENERAL MEETING

The AGM will be held on 1 June 2023, Thursday. The notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

During the Review Period, the Company has complied with the code provisions (the "Code Provision(s)") set out in Part 2 of the Corporate Governance Code ("CG Code") under Appendix 14 to the Listing Rules except for the following deviations:

Under Code Provision C.6.1, the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.

The company secretary of the Company, Ms. CHEUNG Bo Man ("Ms. CHEUNG"), being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, is not an employee of the Company.

During the year ended 31 December 2022, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations Department of the Company as the contact person with Ms. CHEUNG to ensure that information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. CHEUNG through the contact person assigned, to enable the company secretary to get hold of the Group's development promptly without material delay. With her expertise and experience, the Company is confident that having Ms. CHEUNG as its company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2022, fully complied with the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Board has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2022.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has reviewed the annual results of the Group for the year ended 31 December 2022, including the accounting principles adopted by the Group, with the Company's management. As at the date of this announcement, the Audit Committee comprises three members, namely Ms. HSU Wai Man, Helen (chairperson), Mr. XU Yan and Mr. LI Yang, all being independent non-executive Directors.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors 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 the Company's auditors on this preliminary announcement.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 30 March 2023

The English translation of Chinese name(s) or word(s) in this announcement, where indicated by "", is included for information purpose only, and should not be regarded as the official English translation of such Chinese name(s) or word(s).*

As at the date of this announcement, the Board comprises Mr. LIAO Qian as Chairman and non-executive Director; Mr. OUYANG Hongping, Mr. WEN Xianzhen and Mr. ZHANG Feng as executive Directors; and Ms. HSU Wai Man Helen, Mr. XU Yan and Mr. LI Yang as independent non-executive Directors.