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中国优通控股
China UT Holding

CHINA U-TON FUTURE SPACE INDUSTRIAL GROUP HOLDINGS LTD.
中國優通未來空間產業集團控股有限公司

(In Liquidation)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6168)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of China U-Ton Future Space Industrial Group Holdings Ltd. (in Liquidation) (the “**Company**”) and its subsidiaries (collectively the “**Group**”) is pleased to present the unaudited results of the Group for the year ended 31 December 2022 (the “**Year**”).

HIGHLIGHTS

- For the Year, the Group’s revenue was RMB85,739,000, representing an increase of RMB26,507,000 or 44.8%, compared to RMB59,232,000 of the previous financial year. The increase in revenue is mainly attributable to the increase in the provision of design, deployment and maintenance of optical fibers services as a result of the expansion of its business coverage to Hong Kong and Thailand.
- Net loss attributable to owners of the Company for the Year was RMB248,269,000, representing an increase of loss of approximately 962.5%, as compared to the net loss of RMB23,367,000 of the previous financial year, as a result of impairment of losses on (a) trade and bill receivables; (b) prepayment, deposits and other receivables; and (c) contract assets in relevant to the optical fiber services business of the Group in the PRC; and the finance costs of the Year.
- Basic and diluted loss per share for the Year was RMB8.68 cents, representing an increase of RMB7.86 cents as compared to the basic and diluted loss per share of RMB0.82 cents of the previous financial year.
- The Board does not recommend payment of final dividend for the Year (2021: nil).

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

For the year ended 31 December 2022
(Expressed in Renminbi)

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Revenue	4	85,739	59,232
Cost of sales/services		<u>(67,557)</u>	<u>(41,451)</u>
Gross profit		18,182	17,781
Interest income		65	128
Other income		–	1,277
Other (losses)/gains	5	(142,005)	11,011
Selling expenses		(1,529)	(2,662)
Administrative expenses		(23,775)	(20,087)
Research and development expenses		<u>(1,661)</u>	<u>(1,237)</u>
Operating (loss)/profit		(150,723)	6,211
Share of profit from an associate		–	285
Finance costs	6	<u>(92,435)</u>	<u>(29,904)</u>
Loss before taxation		(243,158)	(23,408)
Income tax expense	7	<u>(404)</u>	–
Loss for the year	8	(243,562)	(23,408)
Other comprehensive loss for the year (after tax):			
Items that will not be reclassified to profit or loss:			
– Share of associates' exchange differences on translating foreign operations		–	11
– Exchange differences on translation of financial statements into presentation currency		<u>(1,462)</u>	<u>(1,077)</u>
Total comprehensive loss for the year		<u><u>(245,024)</u></u>	<u><u>(24,474)</u></u>

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

For the year ended 31 December 2022 (Continued)
(Expressed in Renminbi)

	<i>Notes</i>	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Loss for the year attributable to:			
Owners of the Company		(248,269)	(23,367)
Non-controlling interests		<u>4,707</u>	<u>(41)</u>
		<u>(243,562)</u>	<u>(23,408)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(249,691)	(24,433)
Non-controlling interests		<u>4,667</u>	<u>(41)</u>
		<u>(245,024)</u>	<u>(24,474)</u>
Basic and diluted loss per share (RMB cents)	<i>10</i>	<u>(8.68)</u>	<u>(0.82)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in Renminbi)

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		15,906	9,100
Investment properties		13,886	14,691
Interest in an associate		–	1,279
Equity investments at fair value through other comprehensive income		22,036	22,036
		51,828	47,106
Current assets			
Inventories		254	1,230
Trade and bill receivables	<i>11</i>	51,317	36,307
Contract assets	<i>12</i>	2,279	30,098
Prepayments, deposits and other receivables	<i>13</i>	144,382	177,829
Cash at bank and on hand		19,788	15,645
		218,020	261,109
Current liabilities			
Trade and other payables	<i>14</i>	356,215	257,853
Payables for acquisition of a subsidiary		27,500	27,500
Bank and other borrowings		51,727	51,727
Corporate bonds		372,307	308,294
Guaranteed notes		153,726	127,958
Lease liabilities		412	412
Income tax payable		14,294	21,162
Provision for warranties		785	785
		976,966	795,691

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022 (Continued)

(Expressed in Renminbi)

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Net current liabilities		(758,946)	<u>(534,582)</u>
Total assets less current liabilities		<u>(707,118)</u>	<u>(487,476)</u>
Non-current liabilities			
Lease liabilities		<u>2,167</u>	<u>2,579</u>
		<u>2,167</u>	<u>2,579</u>
NET LIABILITIES		<u>(709,285)</u>	<u>(490,055)</u>
Capital and reserves			
Share capital	15	240,267	240,267
Reserves		<u>(941,802)</u>	<u>(716,533)</u>
Capital deficiency attributable to owners of the Company		(701,535)	(476,266)
Non-controlling interest		<u>(7,750)</u>	<u>(13,789)</u>
CAPITAL DEFICIENCY		<u>(709,285)</u>	<u>(490,055)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the principal place of business is Unit 3209, 32/F, 9 Queen's Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and have been suspended for trading since 5 May 2021.

The Company is an investment holding company. The Group is principally engaged in the provision of design, deployment and maintenance of optical fibers services and the provision of environmentally intelligent technical products.

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

References are made to the Company's announcements dated 5 May 2021 in relation to, among other things, winding up by court and appointment of provisional liquidator.

In view of the above, trading in the Company's shares on the Stock Exchange has been suspended with effect from 3:00 p.m. on 5 May 2021.

Appointment of the Provisional Liquidators

On 4 February 2021, a petition (the "**Petition**") in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) (the "**Ordinance**") was filed by Li Zhong (the "**Petitioner**") in the High Court of The Hong Kong Special Administrative Region (the "**High Court**") against the Company on the principal ground that the Company had failed to settle the sum of HK\$565,000 being the interest and legal costs incurred in relation to the bond for the principal amount of HK\$8,000,000 issued to the Petitioner by the Company. The Petition applied for the winding up of the Company on the ground that the Company was insolvent and unable to pay its debts or alternatively that it was just and equitable for the Company to be wound up. The hearing of the Petition took place on 5 May 2021 at 10:00 a.m. in the High Court and the winding up order was made on the same day. The Official Receiver was appointed as the Provisional Liquidator of the Company.

Under section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), any disposition of the property of the Company, including things in action, and any transfer of shares, or alterations in the status of the members of the Company, made after the commencement of the winding up, shall, unless the Court otherwise orders, be void.

On 18 February 2021, a petition in the matter of the Ordinance was filed by Dan Xiaodong ("**Dan**") in the High Court against the Company on the principal ground that the Company had failed to settle the sum of HK\$8,500,000 being the outstanding balance of judgement debt together with interest thereon under the Judgment dated 25 September 2020 in High Court Action No. 200/2020. Dan applied for the winding up of the Company on the ground that the Company was insolvent and unable to pay its debts. The said petition was dismissed on 31 May 2021.

On 10 March 2021, a petition in the matter of the Ordinance was filed by Zhang Wenkai (“**Zhang**”) in the High Court against the Company in HCCW 105/2021 on the principal ground that the Company had failed to settle the sum of HK\$700,000 being the annual interest incurred in relation to the bond for the principal amount HK\$10,000,000 issued to Zhang by the Company. Zhang applied for the winding up of the Company on the ground that the Company shall be deemed to be unable to pay its debts. The said petition was withdrawn on 24 May 2021.

On 19 April 2021, a petition in the matter of the Ordinance was filed by Yao Hongyi (“**Yao**”) in the High Court against the Company in HCCW 154/2021 on the principal ground that the Company had failed to settle the aggregate sum of HK\$7,800,000 being the principal amount and interest thereon in relation to the bond issued to Yao by the Company. Yao applied for the winding up of the Company on the ground that the Company shall be deemed to be unable to pay its debts. The said petition was withdrawn on 11 June 2021.

On 7 May 2021, the Official Receiver as the Provisional Liquidator of the Company made an application to the High Court for a Regulating Order pursuant to sections 227A and 227B of the Ordinance seeking, inter alia, an order to appoint Mr. Chan Ho Yin Michael and Ms. Chi Lai Man Jocelyn both of Borrelli Walsh Limited as the joint and several liquidators of the Company.

Mr. Ho Man Kit and Ms. Kong Sze Man Simone of Maninvest Asia Limited, have been appointed as joint and several liquidators (the “**Liquidators**”) of the Company pursuant to an order dated 25 June 2021 made by the High Court.

Listing status of the Company

On 7 July 2021 and 22 September 2022, the Company received letters from the Stock Exchange, in which the Stock Exchange set out the following Resumption Guidance (“**RG**”) for the Company:

- (1) publish all outstanding financial results required under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and address any audit modifications (“**RG1**”);
- (2) have the Winding-up Order against the Company withdrawn or dismissed and liquidators (provisional or not) discharged (“**RG2**”);
- (3) conduct an independent forensic investigation into the suspected unauthorised subscription ^(note 1), announce the findings and take appropriate remedial action (“**RG3**”);
- (4) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules (“**RG4**”);
- (5) demonstrate its compliance with Rules 13.24, 3.10, 3.10A, 3.21 and 3.28 of the Listing Rules (“**RG5**”); and
- (6) inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position (“**RG6**”).

The Stock Exchange indicated that if the Company fails to fulfill the above Resumption Guidance by 4 November 2022 or a later date fixed by the Stock Exchange, the Listing Division of the Stock Exchange may recommend the Listing Committee to proceed with the cancellation of the Company’s listing status.

Note 1: Shareholders are invited to review the announcements of the Company dated 16 September 2022, 4 November 2022, 31 January 2023 and 8 February 2023 for more information in relation to the Suspected Unauthorized Subscription.

Despite the Company's application to the Stock Exchange on 4 November 2022 for the extension of the said resumption deadline to 30 April 2023, the Company received a letter on 23 December 2022 (the "**Letter**") from the Stock Exchange stating that the Listing Committee of the Stock Exchange (the "**Listing Committee**") has decided to cancel the Company's listing under Rule 6.01A(1) of the Listing Rules (the "**Delisting Decision**").

Under Chapter 2B of the Listing Rules, the Company has the right to have the Delisting Decision referred to the Listing Review Committee of the Stock Exchange (the "**Listing Review Committee**") for review within seven business days from the date of receipt of the Decision (i.e. on or before 6 January 2023) (the "**LRC Review**"). It is indicated in the Letter that, if the Company decides not to request to have the LRC Review, the last day of listing of the Company's shares will be on 11 January 2023 and the listing of its shares will be cancelled with effect from 9:00 a.m. on 12 January 2023.

On 5 January 2023, the Company lodged a written request to the Stock Exchange for the Delisting Decision to be referred to the Listing Review Committee for review. The review hearing with the Listing Review Committee (the "**Review Hearing**") is scheduled on 31 March 2023 and the Company has submitted its written submissions to the Listing Review Committee on 2 February 2023 and 27 February 2023, respectively.

As at the date of this announcement, the Company has substantially implemented the steps in fulfilling the Resumption Guidance which include the followings:

- (i) On 11 November 2022, the Company has published all outstanding annual and interim financial reports during the period of trading suspension. Referring to the below section headed "Response from the Directors regarding the disclaimer of opinion set out in the independent auditor's report for the year ended 31 December 2021" of this announcement, the Company has addressed all of the audit modifications leading to the disclaimers of opinion of the Auditors (the "**Disclaimer of Opinion**") for the year ended 31 December 2021. As confirmed by the Auditors, such Disclaimer of Opinion will not be carried in the audited financial statements of the Group for the financial year of 2025.

It is expected that no other additional disclaimer of opinion would be issued by the Auditors for the Year.

The Company believes that RG1 has been substantially fulfilled as the audit issue in relation to the Share Capital Disclaimer Opinion has been resolved satisfactorily and the other audit modifications will be resolved satisfactorily upon Resumption, thereby fulfilling RG1;

- (ii) Following the First Hearing at the Hong Kong Court held on 8 February 2023, the Hong Kong Court has made an order that, amongst other things, the Company may convene the Scheme Meeting on 15 March 2023 in accordance with the terms thereof and the date of the Second Hearing at the Hong Kong Court for hearing of the prospective applications of the Company for sanctioning the Hong Kong Scheme, the permanent stay of the Winding Up Order, and the discharge of the Liquidators has tentatively been fixed on 23 May 2023, which is currently the first available date based on the Hong Kong Court's diary. Since the creditors have approved the Hong Kong Scheme in the Scheme Meeting on 15 March 2023, subject to the outcome of the Review Hearing on 31 March 2023, the Company will be entitled to apply to formally fix the date of Second Hearing on 23 May 2023 and the grant of permanent stay of the winding-up order and discharge of the Liquidators is expected to be effective on 29 May 2023.

Therefore, the fulfillment of RG2 is a procedural matter only and there is a high degree of certainty of fulfilling it;

- (iii) The Company has already conducted an independent forensic investigation into the Suspected Unauthorised Subscription and announced the findings. The Board has taken appropriate remedial action in response thereto. The Company has also conducted an independent internal control review and demonstrated that the Company has in place adequate internal control and procedures to comply with the Listing Rules.

Therefore, RG3 and RG4 have been fulfilled;

- (iv) As at the date of this announcement, the Company has demonstrated its compliance with Rules 13.24, 3.10, 3.10A, 3.21 and 3.28 of the Listing Rules. As a result, the Company is of the view that RG5 has been fulfilled; and
- (v) The Company has continued to provide updates and disclose the latest position of the Company in respect of material information on its business, financial performance, the key findings of the Independent Forensic Investigation, the resignation of Directors, the appointment of Directors and the status in fulfilling the Resumption Guidance in the announcements published in accordance with the requirements of the Listing Rules in a timely manner. Since all Resumption Guidance has been substantially fulfilled with the Court Procedures being the procedural matters outstanding to be accomplished which would lead to Resumption, the Company is of the view that RG6 would be fulfilled entirely upon Resumption.

References are made to the statement of disciplinary action dated 9 December 2021 in relation to, among other things, the Stock Exchange's Disciplinary Action against the Company.

The Listing Committee found that the Company breached:

- (1) Rule 13.25(1)(b) by failing to inform the Exchange and to publish an announcement upon the presentation of winding-up petitions. The obligation to disclose arises immediately after an issuer becomes aware of a winding-up petition, and is not dependent on the outcome of the petition or whether the petition may be settled before the hearing date.
- (2) Rules 13.49(1) and 13.46(2)(a) by failing to publish its annual results for the financial year ended 31 December 2020 and despatch its annual report for the financial year ended 31 December 2020 within the prescribed time.

The restructuring process of the Group

On 29 March 2022, the Company, GSC Limited (formerly known as Harrod Invest Limited) (“**Potential Investor**”) and Mr. Jiang Changqing (“**Mr. Jiang**”) entered into the Framework Agreement, in relation to, among others, the Potential Investor's interest to invest a total amount of HK\$100,000,000 into the Company involving (i) the possible subscription; (ii) schemes of arrangement in Hong Kong and Cayman Islands or an alternative creditors' arrangement to be entered into between the Company and its creditors to settle all outstanding amounts which are due by the Company to such creditors; and (iii) the Capital Reorganization, for the purpose of and in connection with the implementation of the Restructuring.

Further, under the Framework Agreement, the Company and the Potential Investor agreed that the Potential Investor shall initially provide a loan to the Company in the amount of HK\$10,000,000 payable in two installments, the loan proceeds of which shall be placed in a trust bank account controlled by the Liquidators on behalf of the Company (“**Trust Bank Account**”) for the settlement of partial professional fees in relation to the Restructuring. An additional loan of HK\$3,200,000 was also granted to the Company on 4 January 2023. As at the date of this announcement, the whole HK\$13,200,000 has already been advanced by the Potential Investor into the Trust Bank Account.

The Potential Investor also agreed to provide the interim financing in cash to the Group (the “**Interim Financing**”) so as to fully support the working capital requirement of the business operation of the Group in Hong Kong. The Company agreed to grant in favor of the Potential Investor a fixed charge over the entire share capital of the Group’s operating company which receives the Interim Financing from the Potential Investor as a security.

On 29 September 2022, the Company and the Liquidators entered into a restructuring agreement (the “**Restructuring Agreement**”) with the Potential Investor and its sole director and sole beneficial owner, Dr. Chuang Tsz Cheung, Christopher (together, the “**Investors**”), pursuant to which the Company will implement the Restructuring which involves (i) the reorganization of the share capital of the Company by way of the Capital Reduction and the Sub-division; (ii) the subscription of new Shares by the Investors (the “**Subscription**”); (iii) the reorganization of the Group; (iv) the placing of new Shares by a placing agent; (v) the Creditors’ Schemes; (vi) the proposed repayment of onshore loans (the “**PRC Debt Arrangement**”) due to a bank in the PRC (the “**PRC Bank**”); and (vii) the resumption of trading of the Shares on the Stock Exchange.

On 7 December 2022, the Executive Director (the “**Executive**”) of Securities and Futures Commission of Hong Kong (“**SFC**”) has (i) conditionally granted the Whitewash Waiver to the Investors; and (ii) conditionally consented to the Special Deal. The sole condition to the Executive’s consent to the Special Deal has been fulfilled on 30 December 2022. Please refer to the announcement of the Company dated 30 December 2022 for details.

On 30 December 2022, the EGM was convened and all the relevant resolutions in relation to (i) the Restructuring Agreement and the transactions contemplated thereunder; (ii) the Specific Mandates; (iii) the Whitewash Waiver; (iv) the Special Deal; (v) the appointment of Directors; and (vi) any other matters as required by law, the Listing Rules, the Takeovers Code, the Stock Exchange and/or the SFC, which are necessary to give effect to any transactions contemplated under the Restructuring Agreement were approved by the Independent Shareholders with 100% of the votes casted in favour of all the relevant resolutions. Please refer to the announcement of the Company dated 30 December 2022 for details.

On 15 March 2023, the creditors have approved the Hong Kong Scheme in the Scheme Meeting. Subject to the outcome of the Review Hearing on 31 March 2023, the Company will be entitled to apply to the Court to formally fix the date of Second Hearing on 23 May 2023. It is expected that the permanent stay of the winding-up order and the discharge of the Liquidators will take effect on 29 May 2023. Please refer to the announcement of the Company dated 15 March 2023 for details.

On 30 March 2023, the legal adviser of the PRC Bank has notified the Company in writing that the PRC Bank has in principle agreed to enter into a settlement agreement (the “**Settlement Agreement**”) with the Company in respect of the PRC Debt Arrangement after the completion of the PRC Bank’s internal procedures which is expected to take 7 to 14 days. Pursuant to the Settlement Agreement, the PRC Bank will fully and finally discharge the guarantee liability of the Company upon completion of the Restructuring.

Going concern basis

The Group incurred a loss of RMB243,562,000 for the Year and as at 31 December 2022 the Group had net current liabilities and net liabilities of RMB874,403,000 and RMB824,742,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are the provision of design, deployment and maintenance of optical fibers services and environmentally intelligent technical products and services.

Revenue mainly represents contract revenue from the design, deployment and maintenance of optical fibers services and environmentally intelligent technical products and services.

The amount of each significant category of revenue recognised during the year is as follows:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Revenue from the provision of design, deployment and maintenance of optical fibers services	70,370	34,733
Revenue from environmentally intelligent technical products and services	<u>15,369</u>	<u>24,499</u>
	<u>85,739</u>	<u>59,232</u>

For the Year, revenue from transactions with four (2021: four) customers have exceeded 10% of the Group's revenue and revenue from these customers amounted to RMB56,537,000 (2021: RMB34,466,000).

Segment revenue and results

For the year ended 31 December 2022

	Optical fibers PRC <i>RMB'000</i> (Unaudited)	Optical fibers Hong Kong <i>RMB'000</i> (Unaudited)	Optical fibers Thailand <i>RMB'000</i> (Unaudited)	Environmentally intelligent technical products and services <i>RMB'000</i> (Unaudited)	Unallocated <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Revenue	16,571	38,263	15,536	15,369		85,739
Cost of sales/services	(12,032)	(33,651)	(13,205)	(8,669)		(67,557)
Gross profit	4,539	4,612	2,331	6,700		18,182
Segment results before the following items	(5,027)	2,539	1,099	1,525		136
Impairment losses on trade and bill receivables	(30,138)	-	-	-		(30,138)
Impairment losses on prepayment, deposits and other receivables	(81,769)	-	-	-		(81,769)
Impairment losses on contract assets	(30,098)	-	-	-		(30,098)
Restructure cost	-	-	-	-	(8,854)	(8,854)
Operating (loss)/profit	(147,032)	2,539	1,099	1,525		(150,723)
Finance costs	-	-	-	(377)	(92,058)	(92,435)
(Loss)/profit before tax	(147,032)	2,539	1,099	1,148		(243,158)
Tax expenses	-	(419)	-	15		(404)
(Loss)/profit for the year	(147,032)	2,120	1,099	1,163	(100,912)	(243,562)

For the year ended 31 December 2021

	Optical fibers PRC <i>RMB'000</i> (Audited)	Environmentally intelligent technical products and services <i>RMB'000</i> (Audited)	Unallocated <i>RMB'000</i> (Audited)	Consolidated <i>RMB'000</i> (Audited)
Revenue	34,733	24,499		59,232
Cost of sales/services	<u>(20,660)</u>	<u>(20,791)</u>		<u>(41,451)</u>
Gross profit	<u>14,073</u>	<u>3,708</u>		<u>17,781</u>
Segment results before the following items	(6,615)	1,815		(4,800)
Fair value change on investment at fair value through profit or loss	-	-	8,555	8,555
Other	<u>-</u>	<u>-</u>	2,456	<u>2,456</u>
Operating (loss)/profit	(6,615)	1,815		6,211
Share of profit from an associate	-	-	285	285
Finance costs	<u>-</u>	<u>-</u>	(29,904)	<u>(29,904)</u>
(Loss)/profit before tax	(6,615)	1,815		(23,408)
Tax expenses	<u>-</u>	<u>-</u>		<u>-</u>
(Loss)/profit for the year	<u><u>(6,615)</u></u>	<u><u>1,815</u></u>	<u><u>(18,608)</u></u>	<u><u>(23,408)</u></u>

Geographic information and timing of revenue recognition

At 31 December 2022 and 2021, substantially all of the Group's non-current assets are physically located or allocated to operations in the People's Republic of China (the "PRC"). The following table sets out information about the geographic location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services provide or the goods delivered.

Segments	Optical fibers <i>RMB'000</i> (Unaudited)	2022 Environmentally intelligent technical products and services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Geographical markets			
PRC			
Mainland China	16,571	15,369	31,940
Hong Kong	38,263	–	38,263
	54,834	15,369	70,203
Thailand (<i>Note 1</i>)	15,536	–	15,536
Total	<u>70,370</u>	<u>15,369</u>	<u>85,739</u>
Timing of revenue recognition			
At a point in time	–	15,369	15,369
Over time	70,370	–	70,370
Total	<u>70,370</u>	<u>15,369</u>	<u>85,739</u>

Note 1: Subsidiary in Thailand was considered as associated company in 2021.

Segments	Optical fibers <i>RMB'000</i> (Audited)	2021 Environmentally intelligent technical products and services <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Geographical markets			
PRC (<i>Note 2</i>)	34,733	24,499	59,232
Timing of revenue recognition			
At a point in time	–	9,154	9,154
Over time	34,733	15,345	50,078
Total	<u>34,733</u>	<u>24,499</u>	<u>59,232</u>

Note 2: As the subsidiary in Hong Kong commenced operation in 2022, revenue in 2021 only included revenue generated from the subsidiaries in Mainland China.

5. OTHER (LOSSES)/GAINS

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Impairment losses on trade and bill receivables (<i>Note</i>)	(30,138)	–
Impairment losses on prepayment, deposits and other receivables (<i>Note</i>)	(81,769)	–
Impairment losses on contract assets (<i>Note</i>)	(30,098)	–
Fair value change on investment at fair value through profit or loss	–	8,555
Others	–	2,456
	<u>(142,005)</u>	<u>11,011</u>

Note: The impairment losses for the year ended 31 December 2022 related to the optical fibres operation in the PRC.

6. FINANCE COSTS

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Interest on bank and other borrowings	2,126	3,525
Interest on lease liabilities	528	528
Finance charges on corporate bonds	37,311	18,290
Finance charges on guaranteed notes	14,685	19,232
	<u>54,650</u>	<u>41,575</u>
Total borrowing costs*	54,650	41,575
Net foreign exchange loss/(gain)	37,785	(11,671)
	<u>92,435</u>	<u>29,904</u>

* No borrowing costs have been capitalised for the Year (2021: RMBNil).

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Current tax	<u>404</u>	<u>–</u>

The Company and the subsidiaries of the Group incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations in their respective jurisdictions of incorporation.

The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2022 (2021: 16.5%).

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2022 (2021: 25%).

One of the subsidiaries of the Group established in the PRC have obtained approvals from the tax bureaux to be taxed as enterprises with advanced and new technologies. As a result, the subsidiary enjoyed a preferential PRC Corporate Income Tax rate of 15% for the three years ended 31 December 2021.

One of the subsidiaries of the Group established in the PRC have obtained approvals from the tax bureau to be taxed as enterprises registered in Khorgos of Xinjiang province. As a result, the subsidiary is exempted from enterprise income tax for the five years ended 31 December 2022.

One of the subsidiaries of the Group established in the PRC have obtained approvals from the tax bureau to be taxed as Small Low-Profit Enterprises. As a result, the subsidiary enjoyed a preferential PRC Corporate Income Tax rate of 20% for the three years ended 31 December 2021.

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Cost of inventories	650	3,511
Depreciation of property, plant and equipment	2,983	926
Depreciation of investment properties	237	804
Auditor's remuneration	1,161	1,125
Staff costs including directors' emoluments		
Salaries, bonus and allowances	10,000	11,175
Retirement benefits scheme contributions	1,710	1,127
	11,710	12,302

9. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the Year (2021: Nil).

10. LOSS PER SHARE

Basic loss per share

The basic loss per share for the year ended 31 December 2022 and 2021 is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the years, calculated as follows:

Loss attributable to owners of the Company:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Loss for the year attributable to owners of the Company	(248,269)	(23,367)

Weighted average number of ordinary shares:

	2022 <i>'000</i> (Unaudited)	2021 <i>'000</i> (Audited)
Issued ordinary shares at 1 January	<u>2,859,943</u>	<u>2,859,943</u>
Weighted average number of ordinary shares for the year ended 31 December	<u><u>2,859,943</u></u>	<u><u>2,859,943</u></u>

Diluted loss per share

There were no dilutive potential shares outstanding during the year ended 31 December 2021. The Group's share options could potentially dilute basic loss per share in the future, but were not included in the calculation of diluted loss per share because they are anti-dilutive during the years ended 31 December 2021.

There was no option outstanding as at 31 December 2022 and thus, there was no dilution effect.

11. TRADE AND BILL RECEIVABLES

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Trade and bill receivables	310,203	265,055
Less: allowance for doubtful debts	<u>(258,886)</u>	<u>(228,748)</u>
	<u><u>51,317</u></u>	<u><u>36,307</u></u>

(a) Ageing analysis

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Within 90 days	25,556	10,672
91 to 180 days	12,982	3,641
181 to 365 days	4,352	4,596
Over 1 year	<u>8,427</u>	<u>17,398</u>
	<u><u>51,317</u></u>	<u><u>36,307</u></u>

The credit period of individual customer is considered on a case-by-case basis.

(b) Impairment of trade and bill receivables

Impairment losses in respect of trade and bill receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bill receivables directly.

The movements in the allowance for doubtful debts during the year are as follows:

	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Audited)
At 1 January	228,748	228,748
Impairment losses recognised	30,138	–
At 31 December	258,886	228,748

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade and bill receivables. To measure the expected credit losses, trade and bill receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	91 days to 180 days past due	181 days to 365 days past due	Over 1 year past due	Total
At 31 December 2022 (Unaudited)					
Weighted average expected loss rate	0%	0%	0%	97%	83%
Receivable amount (RMB'000)	25,556	12,982	4,352	267,313	310,203
Loss allowance (RMB'000)	–	–	–	258,886	258,886
At 31 December 2021 (Audited)					
Weighted average expected loss rate	0%	0%	0%	93%	86%
Receivable amount (RMB'000)	10,672	3,641	4,596	246,146	265,055
Loss allowance (RMB'000)	–	–	–	228,748	228,748

12. CONTRACT ASSETS

Disclosures of revenue-related items:

	As at 31 December 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 1 January 2021 RMB'000 (Audited)
Contract assets – construction	<u>2,279</u>	<u>30,098</u>	<u>–</u>
Analysed as:			
Current assets	2,279	30,098	–
Contract receivables (included in trade and bill receivables)	<u>–</u>	<u>36,307</u>	<u>18,294</u>

Significant changes in contract assets during the year:

	2022 Contract assets RMB'000 (Unaudited)	2021 Contract assets RMB'000 (Audited)
Increase due to operations in the year	2,279	34,733
Transfer of contract assets to receivables	–	(4,635)
Impairment loss on contract assets	<u>30,098</u>	<u>–</u>

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Other receivables for shares subscription	115,457	115,457
Funds advance to third parties	28,925	44,559
Prepayments for inventories	–	17,813
	<u>144,382</u>	<u>177,829</u>

14. TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Trade payables due to third parties	141,089	144,967
Other payables and accrued expenses:		
– Accrued expenses	19,365	16,247
– payables for staff related costs	16,658	19,277
– other taxes payables	5,573	2,156
– payables for interest expenses	22,020	19,894
– others	151,510	55,312
	<u>215,126</u>	<u>112,886</u>
Total	<u>356,215</u>	<u>257,853</u>

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Audited)
Within 90 days	25,565	24,148
91 to 180 days	12,154	12,361
181 to 365 days	26,789	3,590
Over 1 year	76,581	104,868
	<u>141,089</u>	<u>144,967</u>

15. SHARE CAPITAL

Movements of the share capital of the Company are as follows:

	No. of shares <i>'000</i>	<i>HKD'000</i>
Authorised:		
Ordinary shares of HK\$0.10 each	<u>4,000,000</u>	<u>400,000</u>
Ordinary shares, issued and fully paid:		
	No. of shares <i>'000</i>	<i>RMB'000</i>
At 31 December 2021 (Audited) and 31 December 2022 (Unaudited)	<u>2,859,943</u>	<u>240,267</u>

On 21 August 2020, a total of 417,269,000 Subscription Shares of the Company were allotted and issued by the Company to the Subscriber at the Subscription Price of HK\$0.31 per Subscription Share. HK\$41,727,000 (equivalent to approximately RMB37,244,000) was credited to share capital and HK\$87,626,000 (equivalent to approximately RMB78,213,000) was credited to the share premium account.

On 5 July 2022, the Group's Litigation Lawyer received an electronic copy of a letter issued by the Subscriber dated 4 July 2022, claiming that all signatures of the representatives of the Subscriber and the seals of the Subscriber affixed in the documents in relation to the Potential Cooperation and the Subscription, including but not limited to, the memorandum of understanding, the Authorisation Letter, the Subscription Agreement and the Delegation, were forged and all the documents, hence the Subscription, were unauthorized.

The Company has not been able to retrieve the Subscription Amount; and the relevant share certificates of the Company have been issued but have not been delivered to the Subscriber because the Company was still waiting for further instruction and confirmation from the Subscriber for the delivery of the relevant share certificates.

On 31 January 2023, the Board has resolved to (i) terminate the subscription agreement purported to have been entered between the Company and Xin Jiang Bo Run Investment Holdings Limited (*新疆博潤投資控股有限公司)(the "**Purported Subscriber**"), pursuant to which the Purported Subscriber would subscribe 417,269,077 new shares of the Company and (ii) cancel the said 417,269,077 shares of the Company purported to be issued to the Purported Subscriber (the "**Board Resolution**").The Board Resolution was reached against the fact that the relevant police and judicial authorities in the PRC did not proceed with the investigation in relation to the Suspected Unauthorized Subscription and the Purported Subscriber further confirmed in writing on 18 January 2023 that all documents purportedly sealed and/or signed by or on its behalf in relation to the Suspected Unauthorized Subscription were forged and unauthorized.

On 8 February 2023, the Board announced that the cancellation of shares as resolved by the Board on 31 January 2023 has taken effect and 417,269,077 Shares were cancelled on the same day. On 30 March 2023, the Board has resolved to affirm the Cancellation of Shares and forfeit the relevant Shares pursuant to the articles of associations of the Company with effect from 8 February 2023.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations.

RESPONSE FROM THE DIRECTORS REGARDING THE DISCLAIMER OF OPINION SET OUT IN THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

ZHONGHUI ANDA CPA Limited (the “**Auditor**”), the independent auditor of the Company, stated in the Independent Auditor’s Report (the “**Independent Auditor’s Report**”) set out in the 2021 annual report that they are unable to form an opinion as to those Disclaimer of Opinion listed in the extract of the Independent Auditor’s Report.

Set out below the actions taken/to be taken by the Company to address each of the basis for the disclaimers of opinion:

Basis for Disclaimer of Opinion

1. *Loss per share, Other receivables, Share capital and Share premium*

Actions taken/to be taken by the Company

Based on the discussion with the Auditor, following the taking effect of the forfeiture of shares on 8 February 2023, the disclaimer of opinion in respect of “Loss per share, Other receivables, Share capital and Share premium” will not be contained in the audited consolidated financial statements of the Group for the year ended 31 December 2022.

2. *Property, plant and equipment*

Actions taken/to be taken by the Company

Assuming the lawsuit is won during year 2023, it is expected that:

- (1) The loss will be recovered.
- (2) The relevant corresponding figures in the Group’s consolidated financial statements for the years ending 31 December 2022 and 31 December 2023, similar disclaimer of opinion is expected to recur in the auditor’s report for the years ending 31 December 2022 and 31 December 2023 (corresponding figures only).
- (3) The consolidated financial statements of the Group for the year ending 31 December 2024 will not carry any audit modifications.

3. *Equity investments at fair value through other comprehensive income*

Actions taken/to be taken by the Company

Matters relating to the disclaimer of opinion in relation to unavailability of accounting records of the PRC Optical Fibers Group will be addressed by deconsolidation of the financial results and position of the PRC Optical Fibers Group by disposal to the Listco Scheme Company upon resumption.

Based on the discussion with the Auditor, in view of the above deconsolidation recognized in the year ending 31 December 2023, it is expected that:

- (1) Disclaimer of opinion relating to the accounting treatment in relation to the deconsolidation will be issued on the consolidated income statement of the Group for the year ending 31 December 2023.
- (2) As the loss/gain from deconsolidation will be shown as corresponding figures in the Group's consolidated financial statements for the year ending 31 December 2023, similar disclaimer of opinion is expected to recur in the auditor's report for the year ending 31 December 2024.
- (3) The consolidated financial statements of the Group for the year ending 31 December 2025 will not carry any audit modifications.

4. *Material uncertainty relating to the going concern basis*

Actions taken/to be taken by the Company

Matters relating to uncertainties relating to going concern will be resolved upon the absence of events or conditions which may cast significant doubt about the going concern assumption of the Group and the occurrence of the following events, including but not limited to

- (1) the Group's maintenance of a net asset and net current asset position and sufficient working capital; and
- (2) the withdrawal of the Petition.

(1) Net Assets Position

The Company will restructure its debt by way of the Listco Scheme. The Group will deconsolidate of the financial results and position of the loss-making PRC Optical Fibers Group with net liability position by disposal to the Listco Scheme Company upon resumption. All claims against the Company as at the date on which the Listco Scheme becoming effective (i.e. upon Closing), will be fully and finally discharged by virtue of the implementation of the Listco Scheme. Thereafter, the Remaining Group will remain in a net current asset and net assets position. The Retained Group will have sufficient working capital for its requirement for at least the next 12 months from the date of completion of the Restructuring.

(2) Withdrawal of the Petition

Upon the Listco Scheme becoming effective, the order to withdraw the petition and to discharge the liquidators to be granted by the Hong Kong Court will take effect.

Removal of the Disclaimer of Opinion

The Board will take into consideration the Disclaimer of Opinion when preparing the consolidated financial statements for the year ending 31 December 2023. The Board will be responsible for assessing the Company's ability to continue as a going concern based on the conditions and circumstances as at 31 December 2023.

Assuming (i) all of the above action plans can be implemented as intended; (ii) that there are no other material adverse changes to the business, operation and financial conditions of the Group; (iii) the supporting evidence in proving the Group's ability to continue as a going concern can be provided to the Company's auditor to its satisfaction; and (iv) the supporting evidence to substantiate the validity and completeness of the deconsolidation of the financial results and position of the PRC Optical Fibers Group by disposal to the Listco Scheme Company upon resumption can be provided to the Company's auditor to its satisfaction, the Company believes that its auditor will be able to remove the respective Disclaimer of Opinion by the time of issuing the audit opinion for the consolidated financial statements of the Group for the year ending 31 December 2024. The Group will work closely with its auditor with the view to making timely reporting of the consolidated financial statements of the Group for the year ending 31 December 2023 in accordance with the Listing Rules and relevant regulatory requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

The Group is principally engaged in the provision of design, deployment and maintenance of optical fibers services and environmentally intelligent technical products.

Design, deployment and maintenance services of optical fibers

The Group's competitive strengths on design, deployment and maintenance services of optical fibers include the provision of flexible solutions to clients with traditional deployment methods and micro-ducts and mini-cable system integration methods. The business niche of the Group is the value-added design and deployment services provided by a design team of well experienced consultants and project managers who are specialized in devising flexible optical fibers solutions with viable direct burial and pipe jacking designs. The planning team provide optimal routing for clients to shorten the working period as a result to save cost and time for clients. The project managers then execute the optical fibers solutions for the clients by mobilizing telecommunication infrastructure contractors with costs and resources planning and monitor the progress of the project.

Environmentally intelligent technical products and services

The environmentally intelligent technical products and services business provides clients with environmental protection related services and solutions based on big data analysis which covers environmental management projects, environmental surveillance and data analysis, environmental early warning and emergency command system construction, as well as related products procurements and promotions.

OVERVIEW

For the Year, the Group's revenue was RMB85,739,000, representing an increase of RMB26,507,000 or 44.8%, compared to RMB59,232,000 of the previous financial year. The increase in revenue is mainly attributable to the increase in the provision of design, deployment and maintenance of optical fibers services as a result of the expansion of its business coverage to Hong Kong and Thailand.

Net loss attributable to owners of the Company of for the Year was RMB248,269,000, representing an increase of loss of approximately 962.5%, as compared to the net loss of RMB23,367,000 of the previous financial year.

BUSINESS REVIEW

The PRC Division

(i) Optical fibers services

Since September 2018, the Group's overall optical fibers services business segment has seriously deteriorated in China following a legal arbitration dispute between Hebei Changtong Communication Engineering Co., Ltd. (河北昌通通信工程有限公司 “**Hebei Changtong**”), a wholly-owned subsidiary of the Group, and China Mobile Hebei Co., Ltd. (中國移動通信集團河北有限公司 “**China Mobile Hebei**”) over the repayment of long-outstanding service fees and interest.

The application of wireless technology by the market and the promotion of cloud computing, big data and data centers, together with upgrades in systems and skills and application of 4G and 5G, is expected to lead to a multi-fold increase in the global demand for bandwidth in the next few years. Optical fiber broadband network construction is the forerunner of all infrastructure, and the most important ring for the economic development of countries in the surrounding areas under the One Belt One Road initiative. Upgrade of existing networks and laying of new networks are required to cope with the local needs for future development. The Group is proactively looking for business opportunities to expand its existing business to other regions of China and overseas. The Group had set up new optical fibers services operation centers in Thailand and Hong Kong to serve customers located in Thailand in late 2021 and in Hong Kong in early 2022, respectively. Recently, the Hong Kong Subsidiary has set up a wholly owned subsidiary in Shenzhen, the PRC, in November 2022 for the provision of business and technical support functions of the optical fibers service segment.

As at 31 December 2022, there were 55 employees in the PRC optical fibers service segment. The core members included general manager, senior project technical consultant, project leader with project manager, and financial officer.

(ii) Environmentally intelligent technical products and services

As at 31 December 2022, the environmentally intelligent business segment has signed 10 services or product agreements to be completed after 2022 with 6 customers. The current business strategy of the environmentally intelligent business is to conduct business jointly with well-known environmental protection enterprises in China, or participate as supplier in large-scale PPP (Public-Private-Partnership) projects or EPC (Engineering Procurement Construction) projects to end customers. The core customers are mainly obtained through the business promotion and business network of Beijing Yourui through its management team.

Due to the repeated outbreak of the novel coronavirus in 2022, the epidemic prevention measures remained strictly implemented for most of the Year, especially in the fourth quarter. All major engineering projects could not be carried out. Recently, through the efforts of the management, it plans to participate more environmental management projects, particularly in relation to the novel interior heating systems. In addition, due to the novel coronavirus epidemic in 2022, the environmental protection renovation project of the large shopping mall and office building of Beijing Henderson Center (with contract sum of approximately RMB20 million) and the environmental management project in relation to design, procurement and installation of interior heating system (with contract sum of approximately RMB16 million) have also been postponed to 2023.

As at 31 December 2022, the environmental intelligence business segment had a total of 22 employees. The core members included general manager, senior technical consultant, project leader, project manager, and financial officer.

Thailand Division

The management of the Group understands that the Thailand government, including the Electricity Authority and the Water Conservancy Authority, has been promoting the conversion of the installation of urban power lines and communication lines in large cities from aerial installation to underground installation, which is consistent with the Group's areas of expertise. As a result, in the first half of 2020, the Group put in more than 5 experienced engineering management and technical personnel, all of whom had served the Group's optical fibers service business in the PRC for more than 10 years. Subsequently, the Group established a Thai joint venture company in Thailand (i.e. U-Ton Telecom System Integration Services (Thailand) Co., Ltd., a joint venture with 49% equity interest by the Group) ("**Thailand Subsidiary**"), in collaboration with two independent third parties, and commenced optical fibers services in Thailand in 2021 ("**Thailand business**") to serve Chinese and local customers in Thailand. According to the company law of Thailand, a foreign owned enterprise cannot hold more than half of the equity interest of a company incorporated in Thailand, so the Group can only hold 49% of the equity interest of the Thailand Subsidiary. Although it cannot control more than half of its shareholding legitimately, the day-to-day management and operation of the Thailand Subsidiary are actually controlled by the Group, and therefore, the Thailand Subsidiary is treated as the subsidiary of the Group.

The competitive edges of the Thailand Subsidiary include: (1) the PRC optical fibers service business team has served in the optical fibers service segment in the PRC for more than 10 years, and is familiar with cable and pipeline deployment projects in different terrains, and such knowledge can be widely applied to projects in Thailand with different terrains; (2) the PRC optical fibers service business team has rich experience in different cable and pipeline deployment engineering techniques, especially in pipe jacking and direct burial techniques, which can meet the requirements of local customers in Thailand; and (3) through the Group's business network in China, the Thailand Subsidiary can source better quality second-hand construction machines to reduce the cost of customers' engineering projects.

As at 31 December 2022, the Thailand Subsidiary had a total of 19 employees, including its own engineering team and financial personnel. Among them, over 40% are seconded from the Group's PRC optical fibers service team, who have served the Group's optical fibers service business in the PRC for more than 10 years. Subject to the recent business development, it will take up senior employees of the PRC optical fibers service business to retain relevant construction talents.

Thanks to the Group's expertise in the optical fiber services, as well as its long-term relationship with some Chinese background companies with business network in Thailand, the Thailand Subsidiary has been able to conduct business by obtaining service contracts from both local companies and companies with Chinese background. The overall operation of the Thailand business is the extension of the operation of the optical fibers service in the PRC.

During the preparation of the proposal/planning of new projects, the Thailand Subsidiary experienced management team, with its extensive network of telecommunications infrastructure contraction, will negotiate with local engineering subcontractors to assess labor costs and material costs to estimate costs and profitability, and develop feasible optical fibers solutions for customers on a project-by-project basis. In order to monitor the progress of the project and maintain effective cost control, the project supervisor of the Thailand business will communicate with his engineering subcontractors from time to time to obtain the latest information on the costs incurred and the progress of the project. The project supervisor in Thailand will also conduct on-site inspections and communicate with the engineering subcontractors from time to time to ensure quality and compliance with the specifications stated in the tender.

Hong Kong Division

In 2022, riding on the success of the Thailand Operation, the management of the Group continued seeking geographical expansion opportunities of its optical fibers services business.

In the Chief Executive's 2021 Policy Address, the Hong Kong Government proposed a plan to develop a core commercial district in the metropolis, the "Northern Metropolis", which will leverage the unique advantages of the national development strategy by strengthening the co-operation between Shenzhen and Hong Kong. In the Chief Executive's 2022 Policy Address, the Hong Kong Government once again addressed that it will facilitate large-scale projects in Kwu Tung North, Fanling North, Hung Shui Kiu, Ha Tsuen and Yuen Long South. The goal is utilise the land resources of the "Northern Metropolis", which will be the most active area for urban development and population growth in Hong Kong in the next two decades.

Both the Hong Kong Government and local privately-owned enterprises are proactively engaged in the extension of optical fibers networks to remote areas in Hong Kong. According to the official website of Office of Communications Authority (OFCA), the Hong Kong government adopts a policy initiative to provide telecommunications companies with financial incentives in the form of subsidies to encourage the extension of fibre-based networks to villages in remote areas, such as the area of North Metropolis. The OFCA supports the Hong Kong government in implementing the policy initiative through administering a subsidy scheme to select fixed network operators to be granted with subsidies and monitor their implementation work to expand their network coverage to the villages concerned. The Subsidy Scheme covers 235 villages across nine districts in the New Territories and outlying islands.

Leveraging on the Group's business network and its matured optical fibers deployments techniques, the Group was able to recruit local veteran optical fibers service industry personnel in Hong Kong to tap into the local market in Hong Kong, and established U-Ton Hong Kong Limited (the "**Hong Kong Subsidiary**") in April 2022. Leveraging on the established long term relationships with rural villages and residents in the New Territories in the early years by the local management of Hong Kong Subsidiary, Hong Kong Subsidiary entered into 7 long term contracts with 5 customers which focuses on optical fiber services in rural areas of Hong Kong. As such, the Hong Kong Subsidiary has further expanded the existing optical fibers services business of the Group which tied in with the Hong Kong Government's Northern Metropolis development plan. The Group applies the same optical fibers construction solutions involving direct burial, aerial access, conduit installation and pipe jacking in the projects in the Hong Kong operations as those projects managed in the PRC optical fibers services.

The business niche of the Hong Kong Subsidiary is the value-added design and deployment services provided by a design team of well experienced consultants and project managers who are specialized in devising flexible optical fiber solutions with viable direct burial and pipe jacking designs. The planning team provide optimal routing for clients to shorten the working period as a result to save cost and time for clients. The project managers then execute the optical fiber solutions for the clients by mobilizing telecommunication infrastructure contractors with costs and resources planning and monitor the progress of the project. In view of the high labour costs in Hong Kong and the Hong Kong Subsidiary is still in the early start-up stage, in order to save costs, Hong Kong Subsidiary entered into service agreements with four local engineering companies in Hong Kong to carry out the installation of optical fiber networks. This also ensures that sufficient engineering teams can be deployed to accommodate the work schedule of the infrastructure works for its clients.

As at 31 December 2022, the Hong Kong Subsidiary had a total of 6 employees. The core members included senior project technical consultant, project supervisors and project managers.

For the Year, revenue from transactions with four (2021: four) customers have exceeded 10% of the Group's revenue. The aggregate revenue from these customers amounted to RMB56,537,000 (2021: RMB34,466,000). The Group's five largest customers accounted for approximately 65.9% of the total revenue (2021: 67.5%). Revenue from transactions with our largest customer accounted for approximately 15.9% (2021: 19.7%), which amounted to RMB13,656,000 (2021: RMB11,671,000). Purchases from the Group's five largest suppliers accounted for approximately 52.8% of the total purchases (2021: 35.4%). Purchased from the largest supplier accounted for approximately 29.7% of the total purchases (2021: 11.9%).

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders who owned more than 5% of the number of the Company's issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

Revenue

For the Year, the Group's revenue was RMB85,739,000, representing an increase of RMB26,507,000 or 44.8%, as compared with the revenue of RMB59,232,000 for the previous financial year. The increase in revenue is mainly attributable to the increase in the provision of design, deployment and maintenance of optical fiber services as a result of the expansion of its business coverage to Hong Kong and Thailand.

Gross profit

The Group reported a gross profit of RMB18,182,000 for the Year representing an increase of RMB401,000 or 2.3%, as compared with the gross profit of RMB17,781,000 for the previous financial year. The gross margin was decreased from 30.0% to 21.2% for the Year. This was primarily due to the higher material cost in both the provision of design, deployment and maintenance of optical fibers services and the provision of environmentally intelligent technical products and services.

Other (losses)/gains

The increase in other (losses)/gains was mainly caused by the following reasons: 1) increase of impairment losses on trade and bill receivables of HK\$30,138,000 (2021: Nil), 2) increase of impairment losses on prepayment, deposits and other receivables of HK\$81,769,000 (2021: Nil) and 3) increase of impairment losses on contract assets of HK\$30,098,000 (2021: Nil). All the above impairment losses were related to the optical fibers services in the PRC.

Finance cost

Finance cost mainly included interest charged from bank and other borrowings, corporate bonds and guaranteed notes and net foreign exchange differences on debts. The increase in finance cost was mainly due to the increase in the loss in foreign exchange to convert HK dollar into RMB as the RMB had depreciated for approximately 8.7% from approximately 1.22 for the previous financial year to approximately 1.13 for the Year. As most of the Group's finance costs are carried in HK dollar, the translation of amount denominated in HK dollar into RMB will lead to foreign exchange fluctuation.

Loss attributable to owners of the Company

As a result of the above factors, the Group recorded net loss attributable to owners of the Company of RMB248,269,000 for the Year compared to RMB23,367,000 for the previous financial year, representing an increase of loss of approximately 962.5%, as a result of (i) the impairment losses of RMB142,005,000 in aggregate on (a) trade and bill receivables; (b) prepayment, deposits and other receivables; (c) contract assets in relation to the optical fiber services business of the Group in the PRC; and (ii) the increase of finance costs from RMB29,904,000 for the previous financial year to RMB92,435,000 for the Year which is mainly attributable to the net foreign exchanges loss of RMB37,785,000 for the year in comparison to the net foreign exchanges gain of RMB11,671,000 for the previous financial year.

Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income included investment of RMB22,036,000, representing approximately 1.76% of equity interest of Sino Partner. Sino Partner principally engaged in the design, development, manufacturing and sales of high performance supercars under the brand “**Apollo**”.

Corporate bonds

On 27 June 2017, the Company issued convertible bonds with a nominal value of USD4,000,000 (equivalent to HK\$31,200,000) to Donghai Investment Fund Series SPC to raise capital for the Group. All these convertible bonds have a maturity period of 2 years from their respective dates of issuance, bear interest at 8% per annum payable semi-annually. These convertible bonds are guaranteed by Mr. Jiang. In addition, the occurrence of any of the following events, among others, shall constitute an event of default under the corresponding convertible bond instrument: (i) Mr. Jiang ceases to be the chairman of the Board; (ii) Mr. Jiang, in his personal capacity or through any entity controlled by him, ceases to, in aggregate own and control more than 30% of the issued shares of the Company; and (iii) all or any substantial part of the assets of the Mr. Jiang is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government. For details, please refer to the Company’s announcements dated 15 June 2017 and 27 June 2017.

These convertible bonds had matured on 27 June 2019. The Company will repay all of the outstanding amount of the convertible bond in accordance with a new repayment schedule agreed by the bondholders. As the conversion rights had already expired, the outstanding amount of convertible bonds was transferred to corporate bonds. For further details, please refer the announcements of the Company dated 17 July 2019 and 18 July 2019.

Guaranteed notes

In January 2017 and June 2017, the Company issued guaranteed notes with a nominal value of USD10,000,000 (equivalent to approximately HK\$78,000,000) and USD4,000,000 (equivalent to approximately HK\$31,200,000), respectively. These guaranteed notes are guaranteed by Mr. Jiang. In addition, the occurrence of any of the following events, among others, shall constitute an event of default under the corresponding note instrument: (i) Mr. Jiang ceases to be the chairman of the Board; (ii) Mr. Jiang, in his personal capacity or through any entity controlled by him, ceases to, in aggregate own and control more than 30% of the issued shares of the Company; and (iii) all or any substantial part of the assets of the Mr. Jiang is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government. For details, please refer to Company's announcements dated 18 January 2017, 10 February 2017, 15 June 2017, 27 June 2017 and 17 January 2019.

All guaranteed notes have a maturity period of 2 years, with interest bearing at 11% per annum and are repayable semi-annually. The US\$4,000,000 guaranteed note and US\$10,000,000 guaranteed note had matured on 27 June 2019 and 17 July 2019, respectively. The Company will repay all of the outstanding amount of the guaranteed notes in accordance with a new repayment schedule agreed by the subscribers. For further details, please refer to the announcements of the Company dated 17 July 2019 and 18 July 2019.

Liquidity and financial resources

As at 31 December 2022, the Group had current assets of approximately RMB218,020,000 (31 December 2021: RMB261,109,000) which comprised cash at bank and on hand amounted to approximately RMB19,788,000 (31 December 2021: RMB15,645,000). The Group had non-current liabilities and current liabilities amounted to approximately RMB2,167,000 and RMB976,966,000 (31 December 2021: RMB2,579,000 and RMB795,691,000) respectively, consisting mainly of payables, corporate bonds, guaranteed notes, bank and other borrowings arising in the normal course of operation. Accordingly, the current ratio, being the ratio of current assets to current liabilities, was around 0.22 as at 31 December 2022 (31 December 2021: 0.33).

The Group finances its operation primarily with the use of internal generated cashflows and banking facilities and issuance of bonds.

Gearing ratio

The gearing ratio of the Group is calculated on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank and other borrowings, corporate bonds, convertible bonds and guaranteed notes less cash at bank and on hand and restricted bank deposits. Capital comprises all components of equity. The gearing ratio was approximately (78.7)% as at 31 December 2022 (31 December 2021: approximately (96.4)%).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

For the Year, the Group's bank loans were made in Renminbi carried at fixed rates.

Foreign exchange exposure

For the Year, the Group had corporate bonds and guaranteed notes which are denominated in foreign currencies and consequently we have foreign exchange risk exposure from translation of amount denominated in foreign currencies as at the report date. During the Year, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign exchange risk.

Capital structure

The shares of the Company were listed on the Main Board of The Stock Exchange. The capital of the Company mainly comprises ordinary shares and capital reserves.

Capital commitments

Capital commitments contracted but not provided for in the financial statements as at 31 December 2022 are nil (31 December 2021: Nil).

Dividend

The Board does not recommend the payment of final dividend for the Year (2021: Nil).

Information on employees

As at 31 December 2022, the Group had 102 employees (31 December 2021: 162), including the executive directors. Total staff costs (including directors' emoluments) were approximately RMB11,710,000 for the Year as compared to approximately RMB12,302,000 for the year ended 31 December 2021. Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of basic salaries, bonus may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund scheme in Hong Kong and various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the existing policy requirements of the local PRC authorities as well as share options.

Charges on assets

As at 31 December 2022, the Group did not have pledged bank deposit to secure the bank and other borrowings (31 December 2021: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2022 (31 December 2021: Nil).

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

Cancellation of Shares

References are made to the announcements of the Company dated 16 September 2022, 4 November 2022, 31 January 2023 and 8 February 2023 in relation to the Suspected Unauthorised Subscription.

On 31 January 2023, the Board has resolved to (i) terminate the subscription agreement purported to have been entered between the Company and Xin Jiang Bo Run Investment Holdings Limited (*新疆博潤投資控股有限公司)(the “**Purported Subscriber**”), pursuant to which the Purported Subscriber would subscribe 417,269,077 new shares of the Company and (ii) cancel the said 417,269,077 shares of the Company purported to be issued to the Purported Subscriber (the “**Board Resolution**”). The Board Resolution was reached against the fact that the relevant police and judicial authorities in the PRC did not proceed with the investigation in relation to the Suspected Unauthorized Subscription and the Purported Subscriber further confirmed in writing on 18 January 2023 that all documents purportedly sealed and/or signed by or on its behalf in relation to the Suspected Unauthorized Subscription were forged and unauthorized.

On 8 February 2023, the Board announced that the cancellation of shares as resolved by the Board on 31 January 2023 has taken effect and 417,269,077 Shares were cancelled on the same day.

On 30 March 2023, the Board has resolved to affirm the Cancellation of Shares and forfeit the relevant Shares pursuant to the articles of associations of the Company with effect from 8 February 2023.

Appointment of Directors

On 31 January 2023, the Board has announced that Mr. Jiang Changqing, Mr. Zhao Feng, Ms. Liu Jianzhou, Mr. Chen Qizheng and Mr. Liu Zhen have tendered their resignation as the executive directors of the Company; Mr. Wang Haiyu has also tendered his resignation as the independent non-executive Director of the Company. The Board has also announced that Dr. Yu Chin Pang and Mr. Chan Justin Sano have been appointed as an executive Director and an independent non-executive Director. Mr. Mok Kwan Leong has been elected as the chairman of the Board on the same date.

On 6 February 2023, the Board has announced that Mr. Mok Hon Kwong, Thomas has resigned as an independent non-executive Director of the Company and Ms. Wong Cheuk Wai, Helena has been appointed as an independent non-executive Director of the Company.

Following the change in the directorship of the Company on 31 January 2023 and 6 February 2023, the members of the Board, as of the date of this announcement, are as follows:

Executive Directors

Mr. Mok, Kwan Leong
Dr. Yu Chin Pang

Independent non-executive Directors

Mr. Ma Yu-heng
Mr. Chan Justin Sano
Ms. Wong Cheuk Wai, Helena

The membership information of each of the committees of the Board, as of the date of this announcement, is set out as follows:

Board Committee/ Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Ma Yu-heng	C	M	C
Mr. Chan Justin Sano	M	C	M
Ms. Wong Cheuk Wai, Helena	M	M	M

Note:

C: Chairman of the relevant Board committee
M: Member of the relevant Board committee

COMPETING INTERESTS

Save and except for interests in the Group, none of the directors nor their respective associates (as defined under the Listing Rules) had any interest in any other companies as at 31 December 2022 which may, directly or indirectly, compete with the Group's business.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") for the period where the Company's shares were listed on GEM. Since the Company's shares were successfully listed on Main Board of the Stock Exchange on 1 August 2014, the Group continues and will continue to ensure compliance with the corresponding provisions set out in Appendix 10 of the Listing Rules. Having made specific enquiries to all the directors, the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the year ended 31 December 2022.

CORPORATE GOVERNANCE CODE

After reviewing the Company's corporate governance practices and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("**CG Code**"), the Board was satisfied that the Company had complied with the CG Code provision for the Year, except the followings:

Delay in Publication of the 2022 Interim Results and Delay in Dispatch of the 2022 Interim Report

Pursuant to Rule 13.49(6) and Rule 13.48 of the Listing Rules, the Company is required to publish its interim results for the six months ended 30 June not later than two months after the end of the six months ended 30 June (i.e., on or before 31 August) and dispatch its interim report for the reporting period to the Shareholders not later than three months after the end of the reporting period (i.e., on or before 30 September).

The Company had delayed the publication of the 2022 Interim Results and the dispatch of the 2022 Interim Report as additional time was required to complete the consolidated financial statements of the Group for the period ended 30 June 2022.

The 2022 Interim Results was announced on 4 November 2022 and the 2022 Interim Report was dispatch on 11 November 2022.

Non-Compliance with Rules 3.10, 3.10A, 3.21 and 3.28 of the Listing Rules and Non-Compliance with Code Provision A.5.1 of the CG Code

With effect from 5 May 2021, Ms. Chan Oi Chong ("**Ms. Chan**") resigned as the company secretary of the Company.

With effect from 5 May 2021, Mr. Meng Fanlin ("**Mr. Meng**") resigned as an independent non-executive director ("**INED**"), the member of the audit committee (the "**Audit Committee**"), the member of the remuneration committee (the "**Remuneration Committee**") and the Chairman of the nomination committee (the "**Nomination Committee**") of the Company.

With effect from 6 May 2021, Ms. Teng Xun ("**Ms. Teng**") resigned as an INED, the Chairlady of the Audit Committee, the member of the Remuneration Committee and the member of the Nomination Committee of the Company.

Following the resignation of Ms. Chan, Mr. Meng and Ms. Teng, the Company failed to comply with the following requirements under the Listing Rules:

- I. Rule 3.28 of the Listing Rules requires that the Company must appoint an individual as its company secretary;
- II. Rule 3.10 and 3.10A of the Listing Rules require that the independent non-executive directors shall represent at least one-third of the Board and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise;
- III. Rule 3.21 of the Listing Rules requires that the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2); and
- IV. Code provision A.5.1 of the CG Code requires that the nomination committee shall be chaired by the chairman of the Board or an INED.

Compliance with the Rules 3.10, 3.10A, 3.21 and 3.28 of the Listing Rules and Code Provision A.5.1 of the CG Code

Appointment of Executive Directors and Independent Non-Executive Director

The Company has adopted the board diversity policy and will strive to select the most appropriate candidate to be appointed as a member of the Board.

Mr. Mok Kwan Leong was appointed as an executive Director and Chairman of the Board with effect from 29 March 2022 and 31 January 2023, respectively.

Ms. Wu Hanpu resigned as an INED on 6 June 2022.

Mr. Thomas Mok was appointed and resigned as an INED, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 25 May 2022 and on 6 February 2023, respectively.

Mr. Ma Yu-heng (“**Mr. Ma**”) was appointed as an INED and the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee with effect from 25 May 2022 and Mr. Ma was appointed as the Chairman of the Audit Committee with effect from 6 February 2023.

Mr. Ge Lingyue resigned as a non-executive Director on 6 June 2022.

Mr. Cheung Kwok Wo was appointed as the company secretary to the Company with effect from 26 October 2022.

Dr. Yu Chin Pang was appointed as an executive Director with effect from 31 January 2023.

Mr. Jiang Changqing (“**Mr. Jiang**”) resigned as the Chairman of the Board, an executive Director and director of all members of the Group on 31 January 2023. Upon the resignation of Mr. Jiang, he was also cease to act as an authorised representative of the Company (the “**Authorised Representative**”).

Mr. Zhao Feng (“**Mr. Zhao**”) resigned as an executive Director and director of all members of the Group on 31 January 2023. Upon the resignation of Mr. Zhao, he was also cease to act as the Authorised Representative.

Ms. Liu Jianzhou, Mr. Chen Qizheng and Mr. Liu Zhen resigned as an executive Director on 31 January 2023.

Mr. Wang Haiyu resigned as an INED, the Chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee respectively on 31 January 2023.

Mr. Chan Justin Sano was appointed as an INED, the Chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee with effect from 31 January 2023.

Ms. Wong Cheuk Wai, Helena was appointed as an INED and a member of each of the Remuneration Committee, the Audit Committee and the Nomination Committee with effect from 6 February 2023.

Following the above, the members of the Board, as of the date of this announcement, are as follows:

Executive Directors

Mr. Mok, Kwan Leong
Dr. Yu Chin Pang

Independent non-executive Directors

Mr. Ma Yu-heng
Mr. Chan Justin Sano
Ms. Wong Cheuk Wai, Helena

The membership information of each of the committees of the Board, as of the date of this announcement, is set out as follows:

Board Committee/ Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Ma Yu-heng	C	M	C
Mr. Chan Justin Sano	M	C	M
Ms. Wong Cheuk Wai, Helena	M	M	M

Note:

C: Chairman of the relevant Board committee

M: Member of the relevant Board committee

Following the above, as of the date of this announcement, the Company has been in compliance with Rules 3.10, 3.10A and 3.21 of the Listing Rules and Code Provision A.5.1 of the CG Code.

Following the appointment of Mr. Cheung Kwok Wo as the company secretary to the Company, the Company has been in compliance with Rule 3.28 of the Listing Rules from 26 October 2022.

Review of Unaudited Financial Statements

The unaudited annual results contained in this announcement have not been agreed with the Company's auditor as more time is required to complete the audit of the annual results for the year ended 31 December 2022. This is due to the prevailing COVID-19 pandemic in the PRC (particularly in Beijing and Hebei) in late 2022 and early 2023, which resulted in a delay in the completion of the audit process. In particular, a large portion of the employees in the finance and accounting departments in the PRC who are heavily involved in the Group's financial reporting processes and communications with the Company's auditor as well as the audit team members of the Company's auditor themselves, were either infected with COVID-19 and forced to suspend from their duties or were subject to mandatory quarantine for being in close contact during the audit preparation period. Moreover, with the implementation of remote working requirements and local quarantine policies due to COVID-19, additional time was required for the Company to provide the requested information to the Company's auditor which greatly decrease the efficiency of the audit work in terms of collecting and providing various information. The Company also observed a slowdown in third parties' responses, especially banks in the PRC, to audit enquiries amid the COVID-19 situation in the PRC during the audit preparation period. Save for the above, there are not any significant outstanding matters in the audit process.

AUDIT COMMITTEE

The audit committee has reviewed and discussed with the management of the Company the accounting principles and practices, risk management and internal control systems adopted by the Group. The audit committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2022 and this unaudited annual results announcement. The audit committee comprises three independent non-executive Directors and none of them is employed by or otherwise affiliated with former or existing auditors of the Company.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT, AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinauton.com.hk.

The Company expects to publish its audited annual results announcement for the year ended 31 December 2022 as agreed by the Company's auditors, including disclosures on any material differences as compared with the unaudited annual results contained herein, by 28 April 2023 on the aforesaid websites.

Having discussed with the Company's auditors, it is expected that following the taking effect of the forfeiture of shares on 8 February 2023, the disclaimer of opinion in respect of "Loss per share, Other receivables, Share capital and Share premium" will not be contained in the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the "**Share Capital Disclaimer**").

The Company also expects that other than the disclaimers of opinion (save for the abovementioned Share Capital Disclaimer) that were included in the auditors' report for the year ended 31 December 2021, no other disclaimers of opinion would be issued by the Company's auditor in respect of its annual results for the year ended 31 December 2022. In addition, the Company will issue further announcement(s) where there is any material development as to the auditing process.

The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules, is expected to be published on the aforesaid websites and dispatched to the Shareholders on or before 28 April 2023.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the entire workforce for their dedication and commitment.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on The Stock Exchange has been suspended with effect from 3:00 p.m. on Wednesday, 5 May 2021 and will remain suspended pending fulfilment of the resumption guidance and any supplement or modification thereto. Further announcements will be made to provide further updates to the shareholders and potential investors of the Company as and when appropriate.

Mr. Ho Man Kit
Joint and Several Liquidator of
CHINA U-TON FUTURE SPACE
INDUSTRIAL GROUP HOLDINGS LTD.
(In Liquidation)

Hong Kong, 30 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Mok Kwan Leong and Dr. Yu Chin Pang; the independent non-executive directors are Mr. Ma Yuheng, Mr. Chan Justin Sano and Ms. Wong Cheuk Wai, Helena.

The affairs, business and property of the Company in Hong Kong are being managed by Mr. Ho Man Kit and Ms. Kong Sze Man Simone, the joint and several liquidators, who act as the agent of the Company only and without personal liability.

The Directors and the Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.