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## **Link-Asia International MedTech Group Limited**

**環亞國際醫療科技集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1143)**

### **ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Directors (the “**Board**”) of Link-Asia International MedTech Group Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

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

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	<b>529,251</b>	675,523
Cost of sales		<b>(427,855)</b>	(530,635)
<b>Gross profit</b>		<b>101,396</b>	144,888
Other income		<b>9,631</b>	10,827
Other gains and losses		<b>6,690</b>	14,685
Selling and distribution expenses		<b>(29,988)</b>	(29,232)
Administrative expenses		<b>(105,039)</b>	(154,230)
Impairment losses on loans to other parties, net of reversal		<b>(4,118)</b>	(15,378)
Impairment losses on trade receivables, net of reversal		<b>(606)</b>	965
Impairment losses on other receivables, net of reversal		<b>(4,206)</b>	1,800
Impairment losses on intangible assets		<b>(3,615)</b>	–
Research and development expenditure		<b>(14,511)</b>	(15,006)

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Loss from operations</b>		<b>(44,366)</b>	(40,681)
Share of profits of associates		–	1,098
Finance costs		<u>(4,051)</u>	<u>(4,169)</u>
<b>Loss before tax</b>		<b>(48,417)</b>	(43,752)
Income tax expense	5	<u>(3,592)</u>	<u>(3,395)</u>
<b>Loss for the year</b>		<u><b>(52,009)</b></u>	<u>(47,147)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(54,042)</b>	(46,397)
Non-controlling interests		<u>2,033</u>	<u>(750)</u>
		<u><b>(52,009)</b></u>	<u>(47,147)</u>
<b>Loss per share</b>	7		
Basic (HK cents per share)		<u><b>(4.996)</b></u>	<u>(7.794)</u>
Diluted (HK cents per share)		<u><b>N/A</b></u>	<u>N/A</u>

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

*For the year ended 31 December 2022*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(52,009)</u>	<u>(47,147)</u>
<b>Other comprehensive expense:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(139)</u>	<u>(1,060)</u>
<b>Other comprehensive expense for the year, net of tax</b>	<u>(139)</u>	<u>(1,060)</u>
<b>Total comprehensive expense for the year</b>	<u><u>(52,148)</u></u>	<u><u>(48,207)</u></u>
<b>Attributable to:</b>		
Owners of the Company	(54,181)	(47,458)
Non-controlling interests	<u>2,033</u>	<u>(749)</u>
	<u><u>(52,148)</u></u>	<u><u>(48,207)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>21,058</b>	29,636
Right-of-use assets		<b>33,240</b>	54,466
Intangible assets		<b>68,380</b>	36,835
Rental deposits		<b>1,157</b>	3,215
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>123,835</b>	124,152
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>56,799</b>	118,915
Trade receivables	8	<b>115,354</b>	162,232
Prepayments, deposits and other receivables		<b>92,619</b>	106,639
Loans to other parties		<b>8,032</b>	9,388
Amount due from a director		<b>536</b>	–
Investments at fair value through profit or loss ("FVTPL")		–	1,229
Bank and cash balances		<b>252,209</b>	145,574
		<hr/>	<hr/>
		<b>525,549</b>	543,977
Assets classified as held-for-sale		<b>9,849</b>	9,849
		<hr/>	<hr/>
<b>Total current assets</b>		<b>535,398</b>	553,826
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>659,233</b>	677,978
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital		24,154	18,487
Reserves		335,708	347,390
		<u>359,862</u>	<u>365,877</u>
Non-controlling interests		2,154	121
		<u>362,016</u>	<u>365,998</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		20,914	36,514
Bonds payable		–	2,000
		<u>20,914</u>	<u>38,514</u>
<b>Current liabilities</b>			
Trade payables	9	40,186	58,694
Accruals and other payables		201,832	175,737
Amount due to a director		149	–
Lease liabilities		16,596	22,075
Borrowings		13,565	614
License rights payable		–	7,789
Product warranty provisions		1,207	3,584
Current tax liabilities		2,768	4,973
		<u>276,303</u>	<u>273,466</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>659,233</u></u>	<u><u>677,978</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2022*

## 1. BASIS OF PREPARATION

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

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

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

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

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

### (b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

## 3. SEGMENT INFORMATION

The Group has five (2021: four) operating segments as follows:

Electronic manufacturing services (“EMS”)	—	Electronic manufacturing services
Distribution of Communications Products	—	Marketing and distribution of communications products
Securities and Other Assets Investment and Others	—	Equity investments, property agency service and other operations
Real Estate Supply Chain Services	—	Real estate advisory service and real estate purchase service
Money Lending	—	Provision of loan services by licensed corporation

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

### 3. SEGMENT INFORMATION (CONT'D)

#### (a) Information about reportable segment profit or loss:

	EMS <i>HK\$'000</i>	Distribution of communications products <i>HK\$'000</i>	Securities and other assets investment and others <i>HK\$'000</i>	Real estate supply chain services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2022</b>						
Revenue from external customers	<u>502,606</u>	<u>18,489</u>	<u>679</u>	<u>7,388</u>	<u>89</u>	<u>529,251</u>
	EMS <i>HK\$'000</i>	Distribution of communications products <i>HK\$'000</i>	Securities and other assets investment and others <i>HK\$'000</i>	Real estate supply chain services <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2021</b>						
Revenue from external customers	<u>629,958</u>	<u>40,274</u>	<u>689</u>	<u>4,602</u>	<u>-</u>	<u>675,523</u>

#### (b) Geographical information:

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
The People's Republic of China (the "PRC") (including Hong Kong)	57,186	78,004
United States of America ("U.S.A.")	102,579	81,807
Switzerland	94,436	177,027
France	78,898	123,202
Poland	-	825
United Kingdom	14	16
Belgium	54,978	47,772
Russia	9,749	14,693
Thailand	15,946	18,566
Malaysia	22,773	21,617
Brazil	10,826	15,688
Others	<u>81,866</u>	<u>96,306</u>
Consolidated total	<u>529,251</u>	<u>675,523</u>



### 3. SEGMENT INFORMATION (CONT'D)

#### (b) Geographical information: (Continued)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>		
The PRC (including Hong Kong)	<u>123,835</u>	<u>124,152</u>
Consolidated total	<u><u>123,835</u></u>	<u><u>124,152</u></u>

#### (c) Revenue from major customers:

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>EMS segment</b>		
Customer A	234,176	278,260
Customer B	85,418	137,821
Customer C ( <i>Note</i> )	<u>55,114</u>	<u>N/A</u>

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

### 4. REVENUE

#### Disaggregation of revenue

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
— Sales of goods	521,750	670,232
— Provision of real estate supply chain service	<u>7,388</u>	<u>4,602</u>
	<u>529,138</u>	<u>674,834</u>
<b>Revenue from other sources</b>		
Rental income	24	689
Loan interest income	<u>89</u>	<u>—</u>
	<u><u>529,251</u></u>	<u><u>675,523</u></u>

#### 4. REVENUE (CONT'D)

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

	Electronic manufacturing services		Marketing and distribution of communications products		Securities and other assets investment and others		Real estate supply chain services		Money lending		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Primary geographical markets</b>												
— The PRC	49,030	72,713	-	-	679	689	7,388	4,602	89	-	57,186	78,004
— U.S.A.	84,588	47,184	17,991	34,623	-	-	-	-	-	-	102,579	81,807
— Switzerland	94,436	177,027	-	-	-	-	-	-	-	-	94,436	177,027
— France	78,898	123,202	-	-	-	-	-	-	-	-	78,898	123,202
— Poland	-	825	-	-	-	-	-	-	-	-	-	825
— United Kingdom	14	16	-	-	-	-	-	-	-	-	14	16
— Belgium	54,978	47,772	-	-	-	-	-	-	-	-	54,978	47,772
— Russia	9,749	14,693	-	-	-	-	-	-	-	-	9,749	14,693
— Thailand	15,946	18,566	-	-	-	-	-	-	-	-	15,946	18,566
— Malaysia	22,773	21,617	-	-	-	-	-	-	-	-	22,773	21,617
— Brazil	10,826	15,688	-	-	-	-	-	-	-	-	10,826	15,688
— Others	81,368	90,655	498	5,651	-	-	-	-	-	-	81,866	96,306
Segment revenue	<u>502,606</u>	<u>629,958</u>	<u>18,489</u>	<u>40,274</u>	<u>679</u>	<u>689</u>	<u>7,388</u>	<u>4,602</u>	<u>89</u>	<u>-</u>	<u>529,251</u>	<u>675,523</u>
Revenue from external customers	<u>502,606</u>	<u>629,958</u>	<u>18,489</u>	<u>40,274</u>	<u>679</u>	<u>689</u>	<u>7,388</u>	<u>4,602</u>	<u>89</u>	<u>-</u>	<u>529,251</u>	<u>675,523</u>
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	502,606	629,958	18,489	40,274	655	-	7,388	4,602	-	-	529,138	674,834
Products and services transferred over time	-	-	-	-	24	689	-	-	89	-	113	689
Total	<u>502,606</u>	<u>629,958</u>	<u>18,489</u>	<u>40,274</u>	<u>679</u>	<u>689</u>	<u>7,388</u>	<u>4,602</u>	<u>89</u>	<u>-</u>	<u>529,251</u>	<u>675,523</u>

## 5. INCOME TAX EXPENSE

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

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	<b>3,474</b>	3,855
Under/(over)-provision in prior years	<b>133</b>	(460)
	<u><b>3,607</b></u>	<u>3,395</u>
Current tax — Overseas		
Provision for the year	–	–
Over-provision in prior years	<b>(15)</b>	–
	<u><b>(15)</b></u>	<u>–</u>
	<u><b>3,592</b></u>	<u>3,395</u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25% (2021: 8.25%), and profits above HK\$2,000,000 will continue to be subject to the tax rate of 16.5% (2021: 16.5%). For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate of 16.5% (2021: 16.5%) on the estimated assessable profits.

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

## 6. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 7. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(54,042)</u>	<u>(46,397)</u>
	2022	2021
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive loss per share	<u>1,081,681,554</u>	<u>595,327,745</u>

No diluted loss per share for year ended 31 December 2022 and 2021 as the outstanding share options do not have any dilutive effect.

## 8. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	116,180	162,452
Allowance for trade receivables	<u>(826)</u>	<u>(220)</u>
	<u>115,354</u>	<u>162,232</u>

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

## 8. TRADE RECEIVABLES (CONT'D)

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	96,702	120,666
91 to 180 days	17,704	40,655
181 to 365 days	217	353
Over 365 days	731	558
	<u>115,354</u>	<u>162,232</u>

## 9. TRADE PAYABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	35,777	56,483
91 to 180 days	1,955	1,866
181 to 365 days	2,415	–
Over 365 days	39	345
	<u>40,186</u>	<u>58,694</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the year 2022, the global economy still being affected by the outbreak of COVID-19 and also affected by high inflation, monetary policy has tightened rapidly, and economic growth has slowed down. The pandemic and geopolitics among each country hampered the supply chain of raw materials and affected confidence of the investor. Therefore, the logistic cost and the cost of operating capital increased.

On the other hand, the war in which Russia invaded Ukraine (the “**War Crisis**”) has been more than a year which widen the divide between the Europe and China. The revenue generated from the European countries of EMS and Distribution business segment has been decreased by approximately HK\$120.5 million or 34.6% for the year ended 31 December 2022 due to our major customers of EMS and Distribution business segment are western countries.

The real estate industry is facing unprecedented challenges, with the depth of adjustment and the construction time exceeding market expectations. The National Bureau of Statistics of China announced that the annual sales of commercial housing fell by 26.7% to RMB13.0 trillion. In order to save the real estate industry, the China government regulatory departments continuously optimized the real estate regulation and control policies and have taken multiple measures to boost the confidence of the real estate market. The Group has get benefit from the policy and as a result, the revenue of the Real Estate Supply Chain Services increased by approximately HK\$2.8 million or 60.5% for the year ended 31 December 2022.

During the year 2022, the Group commenced a Money Lending business which generated approximately HK\$89,000 revenue of the Group.

Combined the aforesaid reasons, the Group generates total revenue of approximately HK\$529.3 million, decreased by approximately HK\$146.3 million for the year ended 31 December 2022.

As at 31 December 2022, the Group had bank and cash balances totalling approximately HK\$252.2 million (2021: HK\$145.6 million) with efforts made to maintain a healthy financial position.

## **REVIEW OF OPERATIONS**

### **The EMS and Distribution of Communications Products Businesses**

The EMS and Distribution of Communication Products businesses contributed revenue of approximately HK\$502.6 million (2021: HK\$630.0 million) and HK\$18.5 million (2021: HK\$40.3 million), respectively, to the Group for the year ended 31 December 2022.

The revenue of EMS decreased due to the worldwide logistic breakdown caused by COVID-19 as well as the War Crisis also leads to the shortage of the raw material supplies and also affected the delivery timetable to the customers. The logistic issues also triggered the rise of cost of raw material in addition to the shortage of supplies which in turn leading to the decrease of the gross profit margin.

The Distribution of Communication Products businesses revenue decreased due to the change of working mode from office to work-from-home also decreases the general demand of the business communication product since the outbreak of COVID-19 in 2020.

### **Real Estate Supply Chain Services**

Revenue from the Real Estate Supply Chain Services operation provides two types of services, comprising the real estate advisory service and real estate purchase service related to investment opportunities in Southeast Asia and Pan Asia markets on behalf of customers. Revenue is recognised at a point in time upon completion of each service. This segment has contributed approximately HK\$7.4 million (2021: HK\$4.6 million) for the year ended 31 December 2022.

The Real Estate Supply Chain Services business is heavily and adversely affected by the border control and quarantine measures due to COVID-19. Normal business travelling has resumed between the PRC and Southeast Asian and Pan Asian countries, and the Board expected that this business sector will improve.

### **Securities and Other Assets Investment and Others**

The Securities and Other Assets Investment and Others business contributed revenue of approximately HK\$0.7 million (2021: HK\$0.7 million) to the Group during the year ended 31 December 2022.

## **Money Lending**

The money lending operations of the Group was commenced during the year, and are managed through our wholly-owned subsidiary — Be Smart Finance Limited with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. During the year ended 31 December 2022, the Group's money lending business was focused on unsecured loans. The Group plans to explore further potential money lending business opportunities and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the year ended 31 December 2022 were mainly through the referrals of past and existing customers of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group.

During the year ended 31 December 2022, the Group's money lending segment generated revenue of approximately HK\$89,000, accounting for approximately 0.02% of overall revenue. Money lending business is a newly commenced segment of the Group. Operating loss from this business segment amounted to approximately HK\$0.8 million. As at 31 December 2022, we had 4 active loan accounts, all of them are individual customers. As at 31 December 2022, the percentage of the amount of loans and interest receivables from these four customers to the total loans and interest receivables are ranging approximately 20.5% to 33.4%.

The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

### *Internal Control*

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's management are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loans receivables. Legal actions will be taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.



### *Interest rates and loan impairment*

For the Group's existing loan portfolio as at 31 December 2022, the effective interest rates were matched and charged to customers of differing risk levels, at 10% per annum. The major terms of loans granted include loans receivable, interest rate and maturity date. For the year ended 31 December 2022, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$53,000. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

### **Geographical Analysis**

Revenue from the major European countries (the United Kingdom, Switzerland, Poland, Belgium and France) totalled approximately HK\$228.3 million (2021: HK\$348.8 million), and accounted for approximately 43.1% (2021: 51.6%) of the Group's revenue for the year ended 31 December 2022. The U.S.A. market contributed approximately HK\$102.6 million (2021: HK\$81.8 million) in revenue and accounted for approximately 19.4% (2021: 12.1%) of the Group's revenue. The PRC (including Hong Kong) and other countries accounted for approximately HK\$57.2 million (2021: HK\$78.0 million) and HK\$141.2 million (2021: HK\$166.9 million), respectively, representing approximately 10.8% (2021: 11.6%) and 26.7% (2021: 24.7%) of the Group's revenue.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2022, the Group recorded total revenue of HK\$529.3 million (2021: HK\$675.5 million).

The Group's reporting segments are strategic business units that offer different products and services. There are two broad groups of business units for segment accounting purpose, EMS and Distribution whereas the latter representing the distribution of communication products. In EMS segment, there are two main groups of products, namely communication and non-communications products whereas non-communication products mainly included appliances and appliances control products and multimedia products.

For the year ended 31 December 2022, the revenue from EMS decreased by 20.2% to HK\$502.6 million (2021: HK\$630.0 million), whereas the revenue from Distribution segment decreased by 54.1% to HK\$18.5 million (2021: HK\$40.3 million).

The decrease in the revenue of EMS segment was resulting mainly from the decrease in the business of appliance & appliances control product of HK\$121.0 million in European market under the War Crisis.

The significant decrease in the revenue of Distribution segment was mainly caused by worldwide tight supply of key components.

### **Cost of Sales**

Cost of sales decreased by 19.4% from HK\$530.6 million in 2021 to HK\$427.9 million in 2022 is mainly caused by the decrease in the level of sales for the year 2022 and the wide range of increase in material cost.

### **Gross Profit**

Gross profit decreased by 30.0% from HK\$144.9 million to HK\$101.4 million, while the gross profit margin decreased by 2.2% which was mainly affected by the wide range of material price level increase and decrease in level of sales for the year 2022.

### **Impairment losses**

The Group made overall impairment losses of approximately HK\$12.5 million on certain assets for the year ended 31 December 2022, representing a decrease by approximately HK\$0.1 million (2021: HK\$12.6 million). It was mainly comprised of impairment losses on loans to other parties (net of reversal) of approximately HK\$4.1 million, impairment losses on intangible assets of approximately HK\$3.6 million, impairment losses on other receivables (net of reversal) of approximately HK\$4.2 million and impairment losses on trade receivables of approximately HK\$0.6 million.

### **Selling and distribution expenses**

Selling and distribution expenses of HK\$30.0 million (2021: HK\$29.2 million) accounted for approximately 5.7% in 2022 and 4.3% in 2021 of the Group's revenue respectively which is maintained at a stable level when comparing with last year.

### **Administration expenses**

Administration expenses of HK\$105.0 million (2021: HK\$154.2 million) accounted for approximately 19.8% in 2022 and 22.8% in 2021 of the Group's revenue respectively. The decreases are mainly caused by decreased in the staff cost of and testing & inspection fee.

### **Research and development expenditure**

Research and development expenditure slightly decreased by approximately HK\$0.5 million from approximately HK\$15.0 million for the year ended 31 December 2021 to approximately HK\$14.5 million for the year ended 31 December 2022.

### **Finance costs**

The Group's finance costs were approximately HK\$4.1 million for the year ended 31 December 2022 and HK\$4.2 million for the year ended 31 December 2021, represented approximately 0.8% and 0.6% of the Group's revenue for the year ended 31 December 2022 and 2021, respectively. The finance costs was remained stable during the year ended 31 December 2022.

### **Income tax expense**

Income tax expense during the year ended 31 December 2022 included approximately HK\$3.6 million of current tax charge (2021: HK\$3.4 million). The tax charges mainly represented the income tax provision at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and the U.S.A..

### **Loss attributable to owners of the Company**

The loss attributed to owners of the Company was approximately HK\$54.0 million for the year ended 31 December 2022 (2021: HK\$46.4 million). The Group's net loss margin attributable to owners of the Company for the year ended 31 December 2022 was approximately 10.2% (2021: 6.9%).

### **Profit/(loss) for the year attributable to non-controlling interests**

Profit for the year attributable to non-controlling interests amounted to approximately HK\$2.0 million for the year ended 31 December 2022 (2021: loss of approximately HK\$0.8 million).

## **LIQUIDITY AND CAPITAL RESOURCES**

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

As at 31 December 2022, the bank and cash balances amounted to approximately HK\$252.2 million (2021: HK\$145.6 million), representing an increase of approximately HK\$106.6 million from 2021. Respective sum of approximately 18.0%, 73.2% and 8.8% of the bank and cash balances was denominated in RMB, USD and HKD, respectively.

As at 31 December 2022, the Group's current ratio remains in a healthy position at 1.9 times (2021: 2.0 times).

As at 31 December 2022, the carrying amounts of the borrowings and bond payable were approximately HK\$13.6 million and HK\$nil, respectively. The borrowings represented the loans from financial institutions and loan from an independent third party of approximately HK\$13.0 million (2021: HK\$nil) and HK\$0.6 million (2021: HK\$0.6 million), respectively.

### **Exchange risk exposure**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD, respectively. As at 31 December 2022, the Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in USD for the respective group entities with HKD being the functional currency. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2022, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## **Capital commitments**

Capital commitments as at 31 December 2022 amounted to approximately HK\$0.6 million (2021: HK\$0.4 million).

## **Pledge of assets**

As at 31 December 2022 and 2021, the Group had no pledged assets.

## **Financial guarantee contract**

As at 31 December 2022 and 2021, the Group had an outstanding guarantee (the “**Guarantee**”) to one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of US\$2.6 million (equivalent to approximately HK\$20.3 million), representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary had agreed with the third party for a final settlement by instalment of US\$650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 31 December 2022 and 2021, the Group had an outstanding guarantee of the sum limited to US\$650,000, subject to the full payment of the final settlement effected by the Disposed Subsidiary.

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

## **Contingent liabilities**

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

## **Significant investments**

As at 31 December 2022, the Group held listed equity investments of approximately HK\$nil (2021: HK\$1.2 million). No dividend income was received during the years ended 31 December 2022 and 2021 in respect of these investments.

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

## **Human resources**

As at 31 December 2022, the Group had approximately 1,025 employees in various operating units located in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, it offers competitive remuneration packages, with reference to market conditions, individual qualifications and experience.

## **Share option scheme**

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

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

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

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

On 14 June 2022, 53,328,000 share options to subscribe for the ordinary shares of HK\$0.02 each in the share capital of the Company were granted to certain employees of the Group, subject to acceptance of the employees, under the share option scheme adopted by the Company on 10 March 2020.

Details of the grant of share options are set out in the announcement of the Company dated 14 June 2022.

Details of the share option movements during the period from 1 January 2022 to 31 December 2022 under the New Share Option Scheme are as follows:

Holder of share options	Date of grant	Exercise period	Exercise price per share (note 3) (HK\$)	Number of share options				Outstanding as at 31 December 2022
				Outstanding as at 1 January 2022	Grant during the year ended 31 December 2022	Exercised during the year ended 31 December 2022	Lapsed/cancelled during the year ended 31 December 2022	
<b>Executive Directors</b>								
Lin Dailian	28-Jan-21	2021.7.28–2026.1.27	0.346	5,333,092	–	–	–	5,333,092
Xia Xiaobing	28-Jan-21	2021.7.28–2026.1.27	0.346	5,333,092	–	–	(5,333,092)	–
Wang Guozhen	28-Jan-21	2021.7.28–2026.1.27	0.346	5,333,092	–	–	–	5,333,092
<b>Employees</b>	28-Jan-21	2022.1.28–2026.1.27	0.346	20,316,607	–	–	–	20,316,607
<b>Employees</b>	14-Jun-22	2022.6.14–2024.6.13	0.106	–	53,328,000	(53,328,000)	–	–
				<u>36,315,883</u>	<u>53,328,000</u>	<u>(53,328,000)</u>	<u>(5,333,092)</u>	<u>30,982,791</u>

Notes:

- (1) The closing price of the Company's share immediately before the date (28 January 2021) on which the share options were granted was HK\$0.35.
- (2) The closing price of the Company's share immediately before the date (14 June 2022) on which the share options were granted was HK\$0.106.
- (3) The exercise price per share of share options has reflected the adjustment in relation to the Right Issues which completed on 23 November 2021.

## SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 DECEMBER 2022

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

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

All conditions precedent in respect of the Deed of Assignment as set out in the subsection headed “THE DEED OF ASSIGNMENT — Conditions precedent” on page 15 of the circular which dated on 13 May 2022 have been fulfilled and the Completion took place on 10 June 2022.

Details of the Discloseable Transaction are set out in (i) the announcements of the Company dated 18 January 2022, 9 February 2022, 4 March 2022, 25 March 2022, 19 April 2022 and 5 May 2022; (ii) the circular of the Company on 13 May 2022 and (iii) the completion announcement on 10 June 2022.

### **Subscription of new shares under specific mandate and application for whitewash waiver (the “Subscription of New Shares”)**

On 13 September 2022, the Company entered into the subscription agreement with China New Retail Holding Group Limited (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 517,600,000 new shares at the subscription price of HK\$0.1855 per subscription share, with an aggregate consideration of HK\$96,014,800. The subscription shares shall be allotted and issued pursuant to the specific mandate to be obtained from the independent shareholders at the extraordinary general meeting (the “**EGM**”).

The subscription shares represent (i) approximately 42.9% of the existing issued share capital of the Company; and (ii) 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the shareholders for all the issued shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the whitewash waiver is obtained from the executive director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the executive director (the “**Executive**”). In this regard, an application will be made by the Subscriber to the Executive for the granting of the whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the subscription shares.

All conditions precedent under the subscription agreement have been fulfilled, and the completion took place on 6 February 2023. Upon completion, 517,600,000 subscription shares were duly allotted and issued as fully paid by the Company to the Subscriber at the subscription price of approximately HK\$0.1855 per subscription share for the total consideration of HK\$96,014,800 pursuant to the specific mandate obtained at the EGM held on 10 January 2023.



Details of the Subscription of New Shares are set out in (i) the announcements of the Company dated 13 September 2022, 14 September 2022, 5 October 2022, 26 October 2022, 25 November 2022 and 2 December 2022; (ii) the circular of the Company on 15 December 2022 and (iii) the completion announcement on 6 February 2023.

## **PROSPECTS**

The three-year epidemic is finally over, and the frigid global economy has ushered in spring. In October 2022, Hong Kong cancelled the quarantine measures for people coming to Hong Kong. After the measures are cancelled, Hong Kong immediately integrated with the world economy. Many activities gradually return to normal such as retail business, project investment, stock market and business meetings and restart the social economy.

In January 2023, the PRC re-opened including removal of strict border controls and lockdowns in cities with rising COVID-19 infections. This good news like bringing a ray of warmth to the frigid global economy. The management of the Group immediately dispatched a business team to visit surrounding areas in Southeast Asia to visit customers and looking for business opportunities. It is hoped that customers' confidence in the Group can be regained, especially the investment projects and cooperation projects that have been suspended from the year 2020 to 2022.

The Group is full of hope for a renewed global economy and looking forward to the second half of 2023, the Group's national anthem business can meet the expectations of the management the Group and investors in the market.

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

## **CAPITAL STRUCTURE**

On 24 February 2023, the Board proposed that every ten (10) shares in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share (the "**Share Consolidation**"). The Share Consolidation was approved by the shareholders at the extraordinary general meeting of the Company held on 28 March 2023 and the same became effective on 30 March 2023.

Details of the Share Consolidation are set out in (i) the announcements of the Company dated 24 February 2023 and 28 March 2023; and (ii) the circular of the Company dated 13 March 2023.

## **OTHER INFORMATION**

### **Dividends**

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

### **Code on Corporate Governance Practices**

For the year ended 31 December 2022, the Company has complied with the code provisions (“CPS”) of the Corporate Governance Code (“CG Code”), as set out in Appendix 14 to the Listing Rules, except for the deviation from code provision A.2.1 of the Code as described below.

#### *Code Provision A.2.1*

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

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

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

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

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

## **Audit Committee**

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

The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters on 31 March 2023. The Audit Committee has also reviewed and discussed with the management about the announcement of audited annual financial results of the Group for the year ended 31 December 2022.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this further announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this further announcement.

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

Hong Kong, 31 March 2023

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