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LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 255)

Website: <http://www.irasia.com/listco/hk/lkm>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

RESULTS

The directors of Lung Kee (Bermuda) Holdings Limited (the “Company”) (the “Directors”) have pleasure in submitting the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December, 2022, together with comparative figures for the year ended 31st December, 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	1,601,433	2,273,399
Other income, gains and losses	3	11,660	39,748
Increase (decrease) in fair value of investment properties		6,500	(13,000)
Impairment losses reversed under expected credit loss model, net		5,437	179
Changes in inventories of finished goods and work in progress		19,116	(1,874)
Raw materials and consumables used		(657,603)	(819,753)
Employee benefits expenses		(436,242)	(571,062)
Depreciation of property, plant and equipment		(152,796)	(148,189)
Depreciation of right-of-use assets		(5,909)	(7,919)
Other expenses		(369,563)	(435,585)
Interest expense on lease liabilities		(363)	(455)
Profit before taxation		21,670	315,489
Income tax expense	4	(5,856)	(87,648)
Profit for the year		15,814	227,841

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translation of foreign operations		<u>(136,269)</u>	<u>40,659</u>
Other comprehensive (expense) income for the year		<u>(136,269)</u>	<u>40,659</u>
Total comprehensive (expense) income for the year		<u>(120,455)</u>	<u>268,500</u>
		HK cents	HK cents
Basic earnings per share	6	<u>2.50</u>	<u>36.07</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2022

		At 31st December, 2022 <i>HK\$'000</i>	At 31st December, 2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		175,000	168,500
Property, plant and equipment		667,715	668,494
Right-of use assets		73,603	80,510
Deposits paid for acquisition of property, plant and equipment		78,583	95,283
Deferred tax assets		12,508	14,576
		1,007,409	1,027,363
Current assets			
Inventories	7	606,924	604,275
Trade, bills and other receivables	8	150,501	280,508
Bank balances and cash		536,643	833,586
		1,294,068	1,718,369
Current liabilities			
Trade, bills and other payables	9	135,808	249,700
Contract liabilities		21,765	32,143
Lease liabilities		3,574	3,379
Taxation payable		36,264	55,486
Dividend payable		295	270
		197,706	340,978
Net current assets		1,096,362	1,377,391
Total assets less current liabilities		2,103,771	2,404,754

	<i>Note</i>	At 31st December, 2022 <i>HK\$'000</i>	At 31st December, 2021 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		17,903	28,270
Lease liabilities		5,986	5,643
Other payables	9	<u>93,301</u>	<u>99,569</u>
		<u>117,190</u>	<u>133,482</u>
Net assets		<u>1,986,581</u>	<u>2,271,272</u>
CAPITAL AND RESERVES			
Share capital		63,168	63,168
Reserves		<u>1,923,413</u>	<u>2,208,104</u>
Total equity		<u>1,986,581</u>	<u>2,271,272</u>

Notes:

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January, 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021
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 HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has 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.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments in the current year has had no impact on the Group’s financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1st January, 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at

monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and marketing of mould bases and related products. Revenue represents the invoiced value of goods sold to external customers during the year, after allowances for returns and trade discounts. The Group recognised revenue at a point in time.

Revenue from manufacturing and marketing of mould bases and related products

The Group manufactures and sells mould bases and related products directly to the customer, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 30 to 90 days to its trade customers.

The performance obligation of all contracts have an original expected duration of one year or less.

The Group only has one operating segment, based on information reported to the chief operating decision maker (i.e. the Company's executive directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges. As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the consolidated financial statements as a whole. No other discrete financial information is provided. Accordingly, only entity-wide disclosures and geographic information are presented.

The segment revenue and segment result of the Group represents revenue and profit after taxation set out in the consolidated statement of profit or loss and other comprehensive income respectively.

Entity-wide disclosures

As at 31st December, 2022, substantially all of the Group's non-current assets are located in the places of domicile of the relevant group entities, namely the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue based on delivery location of the customers:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	1,390,997	1,981,499
Others	<u>210,436</u>	<u>291,900</u>
	<u><u>1,601,433</u></u>	<u><u>2,273,399</u></u>

The Group has a very wide customer base covering Europe, America and Asia. No single customer contributed more than 10% of the Group's revenue for the year ended 31st December, 2022 and 2021.

3. OTHER INCOME, GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income:		
Interest income	12,300	16,193
Rental income, net of direct outgoings of HK\$526,000 (2021: HK\$521,000)	5,524	4,602
Government grants		
- Covid-19-related subsidies (Note i)	3,188	–
- Others (Note ii)	352	2,670
Sundry income	1,840	2,936
	<u>23,204</u>	<u>26,401</u>
Other gains and losses:		
Gain on disposal of property, plant and equipment	9,822	8,108
Net foreign exchange (loss) gain	(21,366)	5,239
	<u>(11,544)</u>	<u>13,347</u>
	<u>11,660</u>	<u>39,748</u>

Notes:

- i) During the current year, the Group recognised government grants of HK\$3,188,000 (2021: nil) in respect of Covid-19-related subsidies for support of employment.
- ii) The government grants without any unfulfilled condition attached amounting to HK\$352,000 (2021: HK\$2,670,000) is the awards for the advancement of production facilities and technology of a subsidiary in the PRC.

4. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The charge (credit) comprises:		
Hong Kong Profits Tax		
- current year	676	1,747
- overprovision in prior years	<u>(16)</u>	<u>(36)</u>
	<u>660</u>	<u>1,711</u>
Taxation in jurisdictions outside Hong Kong		
- current year	6,908	76,050
- PRC withholding tax	<u>5,761</u>	<u>12,001</u>
	<u>12,669</u>	<u>88,051</u>
Deferred taxation		
- Credit for the year	<u>(7,473)</u>	<u>(2,114)</u>
	<u>5,856</u>	<u>87,648</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Dividend distribution out of the retained profits of foreign-invested enterprises in the PRC earned after 1st January, 2008 is subject to withholding income tax at a tax rate of 10% unless reduced by treaty. Under the tax treaty between Hong Kong and the Mainland China, the withholding income tax rate applicable to the Group is 5%.

Taxation arising in jurisdictions outside Hong Kong and the PRC is calculated based on the applicable rates in those jurisdictions.

5. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2022 Interim – HK6 cents (2021: 2021 interim dividend of HK15 cents) per share	37,901	94,752
2021 Final – HK20 cents (2021: 2020 final dividend of HK18 cents) per share	126,335	113,702
2021 Final special – NIL (2021: 2020 final special dividend of HK10 cents) per share	–	63,168
	<u>164,236</u>	<u>271,622</u>

The board of directors have determined that a final dividend of HK6 cents (2021: final dividend of HK20 cents) per share amounting to HK\$37,901,000 (2021: final dividend of HK\$126,335,000) should be paid to the shareholders of the Company whose names appear in the register of members on 7th June, 2023.

6. BASIC EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	<u>15,814</u>	<u>227,841</u>
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	<u>631,677,303</u>	<u>631,677,303</u>

No diluted earnings per share is presented for both years as there is no potential ordinary shares outstanding during the year or at the end of the reporting period.

7. INVENTORIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Raw materials	514,061	530,528
Work in progress	81,284	67,213
Finished goods	11,579	6,534
	<u>606,924</u>	<u>604,275</u>

The cost of inventories recognised as an expense by the Group during the year amounted to HK\$1,346,819,000 (2021: HK\$1,656,164,000).

8. TRADE, BILLS AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	91,702	152,642
Bills receivables	13,241	22,421
Less: allowance for credit losses	(8,921)	(15,407)
	<u>96,022</u>	<u>159,656</u>
Other receivables	3,110	2,931
Prepayments for materials	46,858	110,780
Deposits and other prepayments	4,511	7,141
	<u>150,501</u>	<u>280,508</u>

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables presented based on the invoice dates at the end of the reporting year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 60 days	86,508	136,833
61 to 90 days	12,187	26,443
Over 90 days	6,248	11,787
	<u>104,943</u>	<u>175,063</u>

9. TRADE, BILLS AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	30,535	43,792
Bills payables	847	13,757
VAT payables	11,035	28,862
Provision of employee benefits	102,847	129,194
Payables for salaries and bonuses	36,031	78,886
Deposits and accruals	24,742	27,028
Other payables	<u>23,072</u>	<u>27,750</u>
Total	229,109	349,269
Less: Amount due within one year shown under current liabilities	<u>(135,808)</u>	<u>(249,700)</u>
Amount due after one year	<u>93,301</u>	<u>99,569</u>

The following is an aged analysis of trade and bills payables presented based on the invoice dates at the end of the reporting year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 60 days	23,494	46,009
61 to 90 days	4,334	7,166
Over 90 days	<u>3,554</u>	<u>4,374</u>
	<u>31,382</u>	<u>57,549</u>

In general, the credit period on the purchases of goods ranges from 30 days to 150 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31st December, 2022, the Group continued to focus on the manufacturing and marketing of mould bases and related products.

The Group's revenue for the year ended 31st December, 2022 was HK\$1,601,433,000 (2021: HK\$2,273,399,000). Profit attributable to owners of the Company for the year ended 31st December, 2022 was HK\$15,814,000 (2021: HK\$227,841,000). Basic earnings per share for the year ended 31st December, 2022 was HK2.50 cents (2021: HK36.07 cents).

In the year under review, due to the outbreak of the Coronavirus Disease 2019 ("COVID-19") in certain regions of China repeatedly, pandemic prevention measures further tightened in addition to unfavorable global economic factors, the aggregate purchase orders in the market reduced significantly. The overall market situation for the second half year of 2022 was worse than that in the first half year. Coupled with the increase of raw materials costs and the relatively fixed operating costs, all these resulted in a substantial decrease in the Group's gross and net profit. Consequently, the net profit recorded by the Group had dropped significantly as compared with the year of 2021. Therefore, the Group had issued a profit warning to shareholders and potential investors on 6th January, 2023 pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As influenced by new variant of coronavirus, the COVID-19 pandemic broke out again in multiple regions of China last year. Thus, the pandemic control measures had been tightened again, seriously affecting economic activities and public consumption confidence. Besides household necessities and medical and pandemic prevention products still maintained stable growth, overall demand for consumption and retail goods in China slowed down. Due to the weak performance of the property market, demand for consumption goods such as household appliances and furniture products dropped sharply. Furthermore, as restricted by pandemic prevention and blocking measures, the flow of people, logistics transportation across provinces and regions and supply chain flow had been severely hindered, business, trade and production activities seriously suppressed. With the gradual relaxation of pandemic control restrictions in European countries and the United States as well as most of Southeast Asia regions and their promotion of production and market recovery, the export advantage of China to overseas markets as substitution had also declined, and China's export business continued to be restrained. Facing the overall market contraction of China, the aggregate order volume of the Group's customers diminished sharply, resulting in a corresponding decrease in the Group's revenue.

On the other hand, geopolitical situation remained tense, the war between Russia and Ukraine had not yet ended and global economic and financial system still exposed to high risks. Global consumption approach tended to be more conservative and some potential new projects had been postponed continuously. The slowdown of global economic development had directly reduced the Group's export orders from overseas and China customers. Moreover, international shipping operations had not yet fully recovered resulting in high freight costs; the global supply chain industry had not yet restored to normal leading to shortage supply of global goods. In consequence, raw materials prices rose and global inflationary pressures intensified. All these unfavorable external economic factors further slowed down the pace of global economic recovery, and the performance of the Group inevitably affected.

As for the price of mould steel, owing to market and inflationary pressures, short-term fluctuations enlarged. In the reviewed year, as suffered from the initial high purchase price of mould steel stock with slow turnover, raw materials and operation costs of the Group thus increased significantly. Although the Group strived to control its operating expenses, the surge of costs still could not be offset as the Group failed to adjust its product prices. As a result, the gross profit of the product relatively reduced.

FINANCIAL REVIEW

The Group's revenue for the year ended 31st December, 2022 decreased by 29.6% from previous year. The decrease of revenue is mainly due to the significant reduction of aggregate purchase orders in the market caused by the COVID-19 pandemic in China with tightened pandemic prevention measures and the unfavorable global economic factors. During the year under review, the relevant costs of raw materials and consumables used (including the changes in inventories of finished goods and work in progress) for generating the revenue decreased by 22.3% and raw materials and consumables used as percentage of revenue increased to 39.9% (2021: 36.1%). The employee benefit expenses and other expenses decreased by 23.6% and 15.2% respectively while the depreciation of property, plant and equipment increased by 3.1%.

During the year under review, the change in fair value of investment properties increased by HK\$19,500,000 compared with the same period of last year. The impairment losses reversed under expected credit loss model, net increased by HK\$5,258,000. Other income decreased by HK\$28,088,000 mainly due to the increase of the net foreign exchange loss amounting to HK\$26,605,000. Income tax expenses decreased by 93.3% and the effective tax rate decreased to 27.0% (2021: 27.8%).

As a result of the foregoing, profit for the year ended 31st December, 2022 decreased by 93.1% to HK\$15,814,000 (2021: HK\$227,841,000).

Liquidity and Capital Resources

The total equity of the Group as at 31st December, 2022 was HK\$1,986,581,000 (as at 31st December, 2021: 2,271,272,000). As at 31st December, 2022, the Group had bank balances and cash of HK\$536,643,000 (as at 31st December, 2021: HK\$833,586,000) and did not have any borrowings (2021: Nil).

The bank balances and cash were placed in short term deposits with major banks in Hong Kong and the PRC.

The Group had sufficient cash to meet its operations and capital commitments and the COVID-19 pandemic did not affect the financial position of the Group.

Employees and Remuneration Policies

As at 31st December, 2022, the Group employed a total of approximately 2,900 employees. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to employees with reference to the individual's performance.

PROSPECTS

With the gradual opening of international route and ports as well as the re-opening of borders between mainland China and Hong Kong at the beginning of February 2023, logistics transport will tend to be stable, and the pressure on the global supply chain will be eased. The Group expects the worldwide economy and market activities will resume normal in an orderly manner. However, in view of the unstable situation in Europe and the war between Russia and Ukraine is still locked in stalemate; in addition to the uncertainty of the new coronavirus pandemic, the global economic recovery will face great variations and the market outlook is still full of hidden worries. Nevertheless, the Group will cautiously face the continuous challenges brought about by the unclear economic environment.

The Group presumes that the global economy will hardly recover in the short term. As Europe is plagued by geopolitical conflicts and energy shortages, the increasing trade frictions between China and the United States, coupled with unfavorable factors such as high inflation and interest rate hikes, countries will still maintain a cautious wait-and-see attitude towards new investment projects, consequently the aggregate demand in overseas markets continues weakening and China's export oriented business will face persistent pressure.

The Group expects that as the pandemic is brought under control and recedes, the consumption desire of Chinese residents will gradually increase and the domestic consumption market in China will further promote economic growth yet the growth rate is uncertain at this stage. As clouded by the unclear macro-economic outlook, it is difficult for the property market in China to resume booming in a short period, thus, demand for household appliances and furniture products continues to decline. Demand for medical and healthcare products will also shrink as the pandemic subsides; whereas the demand for new high-tech electronics products will improve. With the rising general public's awareness of environmental protection, the consumption of new energy vehicles has been stimulated, hoping it can promote further development of automotive mould business. The Group will keep abreast of market trends in order to secure more business opportunities and strengthen its market competitiveness, so as to achieve stable income for the Group under the challenging business operating environment.

The prices of raw materials and mould steel will continue to fluctuate in response to inflationary pressures. Apart from controlling operating costs, the Group will further enhance its management system and improve its automated production process in order to reinforce its production effectiveness and reduce its potential risks and pressures imposed by rising costs.

Looking ahead, despite the COVID-19 pandemic is under control, the business environment in the year of 2023 is still unpredictable and full of challenges. The Group will respond to market changes with a prudent and rigorous attitude, while striving to achieve sustainable business development.

The Board of Directors would like to thank all staff for their hard work and contribution rendered to the Group in the past year and sincere gratitude is expressed to our shareholders and business partners for their continuous support to the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the consolidated financial statements.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 31st December, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24th March, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

FINAL DIVIDEND

The Directors have resolved to recommend to shareholders at the annual general meeting of the Company to be held on 29th May, 2023 (the "AGM") the payment of a final dividend of HK6 cents (2021: a final dividend of HK20 cents) per share for the year ended 31st December, 2022 to shareholders whose names appear on the Register of Members on 7th June, 2023. Subject to the approval by the shareholders at the AGM, the proposed final dividend will be despatched to shareholders on or about 19th June, 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23rd May, 2023 to 29th May, 2023, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the AGM, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 22nd May, 2023.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 22nd May, 2023 will be entitled for attending and voting at the AGM.

The register of members of the Company will also be closed from 6th June, 2023 to 7th June, 2023, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5th June, 2023.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 5th June, 2023 will be entitled for the proposed final dividend.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the year ended 31st December, 2022.

CORPORATE GOVERNANCE

During the year ended 31st December, 2022, the Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Siu Tit Lung
Chairman

Hong Kong, China, 24th March, 2023

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Wai Lung Shing, Mr. Ting Chung Ho, Mr. Siu Yuk Tung, Ivan and Mr. Siu Yu Hang, Leo; and the independent non-executive directors of the Company are Dr. Lee Tat Yee, Mr. Lee Joo Hai, Mr. Wong Hak Kun and Ms. He Lamei.