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TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED

高科橋光導科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9963)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Transtech Optelecom Science Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 as follows:

Financial Highlights		
	2022	2021
	HK\$'000	HK\$'000
Revenue	232,753	155,945
Gross profit	29,860	19,494
Loss attributable to equity holders of the Company	(70,820)	(87,321)
Basic loss per share (HK cents)	(27.24)	(33.59)

The Board has resolved not to pay final dividend for the year ended 31 December 2022.

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

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	3	232,753	155,945
Cost of sales		<u>(202,893)</u>	<u>(136,451)</u>
Gross profit		29,860	19,494
Other income	4	5,717	2,260
Other gains and losses	4	(5,065)	15,973
Loss allowance for trade and other receivables under expected credit loss model, net of reversal		(70,145)	(114,277)
Selling and distribution expenses		(5,485)	(3,416)
Administrative expenses		(20,666)	(21,787)
Finance costs	5	<u>(2,372)</u>	<u>(2,127)</u>
LOSS BEFORE TAXATION	7	(68,156)	(103,880)
Income tax (expense)/credit	6	<u>(2,664)</u>	<u>16,559</u>
LOSS FOR THE YEAR		<u>(70,820)</u>	<u>(87,321)</u>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(11,628)</u>	<u>(34,259)</u>
Total comprehensive expense for the year		<u>(82,448)</u>	<u>(121,580)</u>
LOSS PER SHARE			
Basic (HK cents)	8	<u>(27.24)</u>	<u>(33.59)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		134,702	149,905
Right-of-use assets		–	5,367
Deposits for acquisition of property, plant and equipment		105,805	109,744
Deposits and prepayments		115,379	101,806
Deferred tax assets		13,511	13,820
		<u>369,397</u>	<u>380,642</u>
Current assets			
Inventories		59,510	70,178
Trade and bill receivables	9	56,463	182,598
Deposits, prepayments and other receivables		65,255	70,933
Tax receivables		1,450	486
Bank balances and cash		58,160	14,000
		<u>240,838</u>	<u>338,195</u>
Assets classified as held for sale		–	355
		<u>240,838</u>	<u>338,550</u>
Current liabilities			
Trade payables	10	22,177	37,472
Other payables and accrued charges		12,678	13,933
Contract liabilities		4,123	2,604
Tax payable		1,787	–
Lease liabilities		–	9,174
Bank and other borrowings		55,800	59,246
		<u>96,565</u>	<u>122,429</u>
Net current assets		<u>144,273</u>	<u>216,121</u>
Total assets less current liabilities		<u>513,670</u>	<u>596,763</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liability		
Provision for long service payments	<u>753</u>	<u>1,398</u>
Net assets	<u><u>512,917</u></u>	<u><u>595,365</u></u>
Capital and reserves		
Issued share capital	2,600	2,600
Reserves	<u>510,317</u>	<u>592,765</u>
Total Equity	<u><u>512,917</u></u>	<u><u>595,365</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

2. APPLICATION OF AMENDMENTS TO HKFRS

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 HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 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 30 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.

3. REVENUE AND SEGMENTAL INFORMATION

Disaggregation of revenue from contracts with customers

Year ended 31 December 2022

Segments	Optical fibres <i>HK\$'000</i>	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods			
Sales of goods — recognised at a point in time			
Optical fibre cables	–	201,330	201,330
Optical fibres	25,933	5,378	31,311
Other related products	–	112	112
	<u>25,933</u>	<u>206,820</u>	<u>232,753</u>
Total	<u>25,933</u>	<u>206,820</u>	<u>232,753</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2022				
	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Optical fibres <i>HK\$'000</i>	Total segment revenue <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Sales of optical fibre cables	201,330	–	201,330	–	201,330
Sales of optical fibres	5,378	59,921	65,299	(33,988)	31,311
Sales of other related products	112	–	112	–	112
	<u>206,820</u>	<u>59,921</u>	<u>266,741</u>	<u>(33,988)</u>	<u>232,753</u>
Segment revenue	<u>206,820</u>	<u>59,921</u>	<u>266,741</u>	<u>(33,988)</u>	<u>232,753</u>

Year ended 31 December 2021

Segments	Optical fibres <i>HK\$'000</i>	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods			
Sales of goods — recognised at a point in time			
Optical fibre cables	–	67,216	67,216
Optical fibres	52,222	2,788	55,010
Optical cable cores	–	33,114	33,114
Other related products	–	605	605
Total	<u>52,222</u>	<u>103,723</u>	<u>155,945</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 December 2021				
	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Optical fibres <i>HK\$'000</i>	Total segment revenue <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Sales of optical fibre cables	67,216	–	67,216	–	67,216
Sales of optical fibres	2,788	75,246	78,034	(23,024)	55,010
Sales of optical cable cores	33,114	–	33,114	–	33,114
Sales of other related products	605	–	605	–	605
Segment revenue	<u>103,723</u>	<u>75,246</u>	<u>178,969</u>	<u>(23,024)</u>	<u>155,945</u>

Segment revenue and results

Year ended 31 December 2022

	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Optical fibres <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	206,820	25,933	232,753	–	232,753
Inter-segment sales	–	33,988	33,988	(33,988)	–
Segment revenue	<u>206,820</u>	<u>59,921</u>	<u>266,741</u>	<u>(33,988)</u>	<u>232,753</u>
Segment loss	<u>(18,118)</u>	<u>(42,910)</u>	<u>(61,028)</u>	<u>(1,035)</u>	<u>(62,063)</u>
Interest income					5
Unallocated corporate expenses					(3,726)
Finance costs					<u>(2,372)</u>
Loss before taxation					<u>(68,156)</u>

Year ended 31 December 2021

	Optical fibre cables, optical cable cores and other related products <i>HK\$'000</i>	Optical fibres <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	103,723	52,222	155,945	–	155,945
Inter-segment sales	–	23,024	23,024	(23,024)	–
Segment revenue	<u>103,723</u>	<u>75,246</u>	<u>178,969</u>	<u>(23,024)</u>	<u>155,945</u>
Segment (loss)/profit	<u>(1,239)</u>	<u>(96,885)</u>	<u>(98,124)</u>	<u>657</u>	<u>(97,467)</u>
Interest income					5
Unallocated corporate expenses					(4,291)
Finance costs					<u>(2,127)</u>
Loss before taxation					<u>(103,880)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain bank interest income, corporate expenses, finance costs and other expenses.

Inter-segment sales are charged at prevailing market rates.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue for the respective year is as follows:

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Customer A	25,513	N/A*
Customer B	N/A*	20,560
Customer C	33,145	N/A*
Customer D	N/A*	33,114
Customer E	N/A*	17,836
Customer F	36,376	N/A*

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year.

Note: Customers B, C, D and F are customers of the segment of optical fibre cables, optical cable cores and other related products. Customers A and E are customers of the segment of optical fibres.

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Other income:		
Income from sales of scrap products	429	174
Bank interest income	28	15
Government grants	1,120	244
Others	4,140	1,827
	<u>5,717</u>	<u>2,260</u>
Other gains and losses:		
Foreign exchange (losses)/gains, net	(7,217)	9,517
Gain on disposal of property, plant and equipment	–	6,456
Gain on disposal of assets classified as held for sale	2,152	–
	<u>(5,065)</u>	<u>15,973</u>

5. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank and other borrowings	2,357	2,073
Interest on lease liabilities	15	54
	<u>2,372</u>	<u>2,127</u>

6. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
Current Tax	-	-
Overprovision in prior years	-	(79)
Thailand Corporate Income Tax		
Current Tax	2,262	496
	<u>2,262</u>	<u>417</u>
Thailand withholding tax	93	255
Deferred tax	309	(17,231)
	<u>2,664</u>	<u>(16,559)</u>

7. LOSS BEFORE TAXATION

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation has been arrived at after charging/(crediting):		
Auditor's remuneration	1,656	1,090
Depreciation of property, plant and equipment	11,535	13,485
Less: amount capitalised in inventories	<u>(10,572)</u>	<u>(12,259)</u>
	963	1,226
Depreciation of right-of-use assets	5,367	7,050
Less: amount capitalised in inventories	<u>(5,367)</u>	<u>(7,050)</u>
	-	-
Directors' remuneration	4,236	4,552
Other staff costs		
Salaries and other benefits	19,058	24,592
Retirement benefits scheme contributions	656	676
Total staff costs	23,950	29,820
Less: amount capitalised in inventories	<u>(14,201)</u>	<u>(15,529)</u>
	9,749	14,291
Cost of inventories recognised as an expense	202,893	136,451
Gain on disposals of property, plant and equipment	-	(6,456)
Gain on disposals of assets classified as held for sale	<u>(2,152)</u>	<u>-</u>

8. LOSS PER SHARE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(70,820)</u>	<u>(87,321)</u>
	2022	2021
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>260,000</u>	<u>260,000</u>

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue for both years.

9. TRADE AND BILL RECEIVABLES

The following is an aged analysis of the trade receivables, net of allowance for credit losses presented based on invoice date at the end of the reporting period.

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
0–180 days	38,428	38,538
181–270 days	4,350	36,239
271–365 days	–	14,765
Over 365 days	11,966	93,056
	<u>54,744</u>	<u>182,598</u>

All bills received by the Group are with a maturity period of less than one year and are aged within one year based on the invoice date.

10. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade payables:		
0–30 days	4,480	11,422
31–60 days	3,976	14,878
61–90 days	5,079	3,261
91–180 days	5,344	4,138
Over 180 days	3,298	3,773
	<u>22,177</u>	<u>37,472</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's total revenue increased from HK\$155.9 million in the year ended 31 December 2021 to HK\$232.8 million in the year ended 31 December 2022. The increase in total revenue of the Group was mainly due to the sales of optical fibre cables in Thailand increased from HK\$58.0 million to HK\$118.5 million and in some European Countries due to the expand of 5G market. Both the selling prices and demand of the Group's products increased as compared with the corresponding period in FY2021, resulting in increase of sales revenue. No sales of optical cable cores during FY2022.

Cost of Sales

The key components of the Group's cost of sales comprised principally the (i) raw materials used for production of optical fibres, optical fibre cables, optical cable cores and other related products, (ii) direct and indirect labour costs, (iii) manufacturing overheads such as depreciation for plant and equipment and right-of-use assets, rent, consumables, utilities, and other expenses related to the manufacturing our products and (iv) change in inventories of finished goods and work in progress.

For the year ended 31 December 2022, the cost of sales of the Group increased by about 48.6% to approximately HK\$202.9 million as compared with the corresponding period in FY2021. Such increase was mainly attributable to the net effect of the increase of purchased quantity along with increased sales and the decrease of optical fibre cable cost unit price during the reporting period.

Gross profit and margin

The gross profit of the Group increased from approximately HK\$19.5 million, for the year ended 31 December 2021 to approximately HK\$29.9 million for the year ended 31 December 2022.

The gross profit margin increased from approximately 12.5% for the year ended 31 December 2021 to approximately 12.8% for the year ended 31 December 2022. This is mainly attributable to the net affect of the decrease of the gross profit margin of optical fibres and increase of the gross margin of optical fibre cables for the year ended 31 December 2022 by approximately 10.2% and approximately 15.3% respectively as compared to the year ended 31 December 2021.

Loss allowance for trade and other receivables

Loss allowance for trade and other receivables represented impairment on trade and other receivables, which decreased by approximately HK\$44.2 million, or approximately 38.7% from approximately HK\$114.3 million for the year ended 31 December 2021 to approximately HK\$70.1 million for the year ended 31 December 2022.

Other income, gains, expenses and losses, net

The Group recognised a grant of approximately HK0.1 million in respect of Covid-19 related subsidies which provided by the Government of Thailand for the year ended 31 December 2022 (2021: HK\$0.2 million), while three grants of approximately HK\$1.0 million under the “Employment Support Scheme” (2021: nil) from the Government of Hong Kong were recognised for the year ended 31 December 2022.

The Group recognised foreign exchange losses of approximately HK\$7.2 million for the year ended 31 December 2022 as compared with foreign exchange gains of approximately HK\$9.5 million for the year ended 31 December 2021, mainly due to the fluctuation of exchange rates among Renminbi (“RMB”), Hong Kong Dollar (“HK\$”), Thai Baht (“THB”), and United States dollar (“US\$”) during the year.

Selling and distribution expenses

Selling and distribution expenses comprised mainly staff cost, transportation expense, export cost and other selling and distribution expenses.

The Group’s selling and distribution expenses increased from approximately HK\$3.4 million for the year ended 31 December 2021 to approximately HK\$5.5 million for the year ended 31 December 2022, representing a increase of approximately 61.8%.

The increase in the selling and distribution expenses for the year ended 31 December 2022 was mainly due to the increase in transportation expenses and export cost as there was increase in sales of optical fibre to ASEAN countries.

Administrative expenses

Administrative expenses primarily consist of (i) staff cost, (ii) office expense, which comprises the expense for office supplies, electricity and water expense, rental expense, security fee and repair and maintenance expense, (iii) depreciation, (iv) operation management fee, (v) transportation expense, which comprises travelling expense and motor vehicle expense, (vi) professional fee, which comprises audit fee and legal and professional expense, and (vii) other expense, which comprises bank charges and miscellaneous expense.

The Group's administrative expenses decreased from approximately HK\$21.8 million for the year ended 31 December 2021 to approximately HK\$20.7 million for the year ended 31 December 2022, representing a decrease of approximately 5.1%. The decrease in the administrative expenses for the year ended 31 December 2022 was mainly attributable to the effects of the decrease in staff cost.

Finance costs

Finance costs represent the interest expense on bank borrowings and lease liabilities. The finance costs of the Group increased from approximately HK\$2,127,000 for the year ended 31 December 2021 to approximately HK\$2,372,000 for the year ended 31 December 2022 mainly attributable to the aggregate effects of (i) the increase in interest on bank borrowings and (ii) the decrease in interest on lease liabilities.

Taxation

The Hong Kong profits tax 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.

Futong Thailand has been granted preferential tax treatments by the Board of Investment in Thailand relating to manufacturing of cables by virtue of the provisions of the Industrial Investment Promotion Act B.E.2520 of Thailand. The preferential tax treatments granted include: (i) the full exemption from payment of corporate income tax on net profit of the promoted business of the manufacturing of cables for a period of eight years ended 28 February 2021 ("**Exemption Period**"). No Corporate Income tax has been provided within the Exemption Period; and (ii) the 50% exemption from payment of corporate income tax during the period from 1 March 2021 to 28 February 2025 ("**50% Exemption Period**"), 50% Corporate Income Tax has been provided by the direct application of Corporate Income Tax rate to the profit before tax of management account during the "50% Exemption Period".

The tax credit of approximately HK\$16.6 million for the year ended 31 December 2021 decreased to a tax expense of approximately HK\$2.7 million for the year ended 31 December 2022. Such decrease was mainly caused by the decrease of loss before taxation from HK\$103.9 million for the year ended 31 December 2021 to HK\$68.2 million for the year ended 31 December 2022 and a tax exemption HK\$1.8 million granted in FY2022.

Loss for the year

Loss attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately HK\$70.8 million (2021: loss approximately HK\$87.3 million).

The decrease of loss attributable to owners of the Company for the year ended 31 December 2022 was mainly attributable to the effect of the following factors: (i) significant less amount of loss allowance for trade receivables provided; and (ii) more revenue made given that the selling price and volume generally increased because of the initial recovery of COVID-19.

Liquidity, financial resources and capital structure

Cash position

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and bank borrowings. The Group had cash and cash equivalents of approximately HK\$58.2 million as at 31 December 2022 (31 December 2021: approximately HK\$14.0 million).

Bank and other borrowings on the Group

As at 31 December 2022, the Group had total bank borrowings of approximately HK\$55.8 million (31 December 2021: approximately HK\$59.2 million).

Gearing ratio

Gearing ratio is calculated as total borrowings (including payables not incurred in the ordinary course of business of the Group) divided by the total equity as at the respective reporting dates.

Gearing ratio increased from approximately 10.0% as at 31 December 2021 to approximately 10.9% as at 31 December 2022. Such increase was primarily resulted from the decrease in bank borrowings and total equity reduced mainly due to the net effect decrease of loss allowance for trade and other receivables and increase in foreign exchange reserve.

Foreign currency risk

Our Group's foreign currency exposures arise mainly from the exchange rate movements of the US\$ and RMB against THB and RMB against HK\$. Any depreciation of THB will reduce the amount of revenue we generate in Thailand in terms of our reporting currency and adversely impact our results of operations. Similarly, Transtech might also suffer exchange loss if RMB depreciates against HK\$ because some of the sales revenue are fixed in the currency of RMB. However, our Group has established a foreign currency risk management policy to monitor and manage foreign currency risks.

Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed rate bank deposits, lease liabilities and variable interest rate bank borrowings. The Group is also exposed to cash flow interest rate risk through the impact of rate changes on variable interest bearing financial assets, mainly bank balances which carried at prevailing market interest rates. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. The management of the Group maintains a balanced portfolio of fixed rate and variable rate borrowings.

Credit risk

As at 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to trade receivables arising from contracts with customers. In order to minimise the credit risk, the Directors have delegated the senior management to be responsible for determination of credit limits and monitoring procedures to ensure that follow-up action is taken to recover overdue debtors. The management of the Group performs impairment assessment on individual debtor basis to estimate the amount of expected credit loss ("ECL") of trade receivables based on internal credit ratings, ageing, collateral, repayment history and/or past due status of respective debtors and adjusted for forward-looking information. For bank deposits and balances, the management of the Group placed it in reputable banks with higher internal credit ratings with reference to either international or local credit-rating agencies, and ECL is insignificant. The Directors have the opinion that the Group have taken appropriate action to manage the credit risk.

Liquidity risk

The Group's management monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Capital commitments

As at 31 December 2022, the Group has capital commitments of approximately HK\$9.8 million (31 December 2021: approximately HK\$11.1 million).

Future plans for material investments

Save as disclosed in the "Future Plans and Use of Proceeds" section of the Prospectus, the Group did not have other plans for material investments and capital assets.

Employee and emolument policies

As at 31 December 2022, the employee headcount (including Directors) of the Group was 177 (31 December 2021: 172) and the total staff costs, including directors' emoluments, amounted to approximately HK\$24.0 million during the year ended 31 December 2022 (year ended 31 December 2021: approximately HK\$29.8 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed and approved by the Board of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Contingent liabilities and litigation

As at 31 December 2022, the Group had no material contingent liabilities and litigation (31 December 2021: nil).

Capital structure

As at 31 December 2022, the Company's authorized and issued share capital were HK\$10,000,000 and HK\$2,600,000 respectively. The number of its issued ordinary shares was 260,000,000 of HK\$0.01 each.

There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report. The capital of the Company only comprises of ordinary shares.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintain sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Charge of assets

As at 31 December 2022, the Group had not pledged its land, buildings and machinery to secure the banking facilities granted to the Group (31 December 2021: nil).

Charge of register

As at 31 December 2022, the Group had no charge of register.

Production Capacity Utilization

For the year ended 31 December 2022, the Group sold approximately 1.8 million fkm of optical fibre and approximately 2.3 million fkm of optical fibre cable. The production capacity of optical fibre, optical fibre cable and optical cable cores were approximately 9.6 million and 9.6 million fkm in FY2021 and FY2022 respectively.

The utilization rate of optical fibre decreased from 51.6% to 31.8% from FY2021 to FY2022 and that of optical fibre cable and optical cable cores increased from 27.3% to 49.9% from FY2021 to FY2022. Both Transtech and Futong Thailand have adjusted their production volume based on the sales order.

Return on Assets (Revenue/Total Asset)

The Group's revenue amounted to HK\$155.9 million in FY2021 and HK\$232.8 million in FY2022 while the Group's total assets amounted to HK\$719.2 million and HK\$610.2 million as of 31 December 2021 and 2022 respectively.

Hence, the Group's return on assets increased from approximately 21.7% in FY2021 to approximately 38.1% in FY2022. This was mainly because of the degree of sales revenue risen 49.3% and total asset reduction 15.2% mainly due to the decrease of approximately 38.6% loss allowance for trade and other receivables in FY2022.

Future plans for material investments and capital assets

Save as the construction of the new factory in Thailand, the Group did not have other plans for material investments and capital assets.

Material acquisition and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2022, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Performance guarantees

During the year ended 31 December 2022, the Group did not have any performance guarantee given to or received from a connected person or an independent third party.

Post balance sheet events

Saved for the amendment of the Company's Memorandum of Articles of Association as disclosed in the section of "Events After the Reporting Period" in the "Report of Directors" in this report, the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of approval of this result announcement.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to reduce its impacts to the environment from its factories and offices through mitigating the environmental pollutions and utilising resource efficiently. The Group strives to comply with related environmental laws and legislations, and continual improvement on its performance. The Company will attach the Environmental, Social and Governance Report in this report in compliance with the Appendix 27 of the Listing Rules.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group aims to maintain a good relationship with its employees, customers and suppliers. For more details on how it creates a motivated workplace for its employees, produce quality products to satisfy its customers' expectations and, establish long-term relationships with its suppliers, please refer details to the Environmental, Social and Governance Report in the Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain continuing connected transactions (“**Continuing Connected Transactions**”) with the connected persons (as defined in the Listing Rules) of the Company. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Details of the Non-exempt Continuing Connected Transaction and the Non-fully Exempt Continuing Connected Transaction are shown as follows:

(1) **Non-Exempt Continuing Connected Transaction and Non-fully Exempt Continuing Connected Transaction**

Sales of Optical Fibres to Futong China Group

During the six years ended 31 December 2022, Transtech sold optical fibres to Futong China Group. Futong China is one of the controlling shareholders of the Company and Futong China Group means Futong China and its subsidiaries from time to time. Futong China Group mainly procured optical fibres from the Group for on-selling, with or without further processing, to customers in the PRC. The actual sales amount during the six years ended 31 December 2022 and the annual cap for each of FY2017 and FY2018 as set out in the written agreements entered into between Transtech and Futong China on 16 June 2017 (the “**2017 Optical Fibre Framework Sales Agreement**”), the annual cap for FY2019 as set out in the Optical Fibre Framework Sales Agreement dated 18 March 2019 (the “**2019 Optical Fibre Framework Sales Agreement**”), the annual cap for FY2020 as set out in the Framework Sales Agreement dated 30 March 2020 (the “**2020 Optical Fibre Framework Sales Agreement**”), the annual cap for FY2021 as set out in the Framework Sales Agreement dated 22 January 2021 (the “**2021 Optical Fibre Framework Sales Agreement**”) and the annual cap for FY2022 as set out in the Framework Sales Agreement dated 28 July 2022 (the “**2022 Optical Fibre Framework Sales Agreement**”) in relation to the sales of optical fibres to Futong China Group are set out below.

	Actual Sales Amount					
	FY2017 (HK\$ million)	FY2018 (HK\$ million)	FY2019 (HK\$ million)	FY2020 (HK\$ million)	FY2021 (HK\$ million)	FY2022 (HK\$ million)
Optical fibre	36.6	37.4	17.9	11.2	17.8	0

	Annual Caps For the year ending 31 December					
	2017 (HK\$ million)	2018 (HK\$ million)	2019 (HK\$ million)	2020 (HK\$ million)	2021 (HK\$ million)	2022 (HK\$ million)
Optical fibre	40.0	38.0	18.0	12.5	18.0	7.0

The actual sales amount for FY2017, FY2018, FY2019, FY2020, FY2021 and FY2022 did not exceed the annual cap. Indeed, the sales amount in FY2022 is nil.

Listing Rules Implications

Given that the highest applicable percentage ratios in respect of the FY2022 annual cap for purpose of the Latest Optical Fibre Framework Sales Agreement dated 28 July 2022 is more than 0.1% and less than 5%, the transactions contemplated thereunder shall constitute partially-exempt continuing connected transactions under Rule 14A.76(2) of the Listing Rules and are subject to the annual review and disclosure requirements but are exempt from circular and Shareholders' approval requirement under Chapter 14A of the Listing Rules. Reference could be made to the announcement published on 28 July 2022.

(2) Non-fully Exempt Continuing Connected Transaction

Licensing of Premises from Futong Group International Limited (“Futong Group International”)

During the six years ended 31 December 2022, Transtech operated from the premises located at 3 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong (the “**Premises**”) which was leased by Futong Group International from Hong Kong Science and Technology Parks Corporation (“**HKSTP**”). Futong Group International was owned by Mr. Wang, the Controlling Shareholder, and Mr. He Xingfu (“**Mr. He**”), one of the executive Directors, as to 90% and 10%, respectively as at the Listing date. On 9 March 2018, Mr. He transferred all his shares to Mr. Wang, and Mr. Wang became the sole shareholder of Futong Group International at the same date. Therefore, Futong Group International is a connected person of the Group.

On 20 October 2016, a licence agreement was entered into between Transtech and Futong Group International in relation to the Premises (“**Licence Agreement**”). The term of the licence is five years, from 1 July 2016 to 30 June 2021.

On 7 July 2021, the Licence Agreement was renewed for a term of one year commencing on 1 July 2021 and terminating on 30 June 2022 (both days inclusive) (“FY2021 Licence Period”). On 4 July 2022, the Licence Agreement was renewed for a term of one year commencing on 1 July 2022 and terminating on 30 June 2023 (both days inclusive) (“FY2022 Licence Period”). During both the FY2021 Licence Period and FY2022 Licence Period, the licence fee payable by Transtech to Futong Group International is HK\$900,000.00 per month. Management Fee and maintenance charge (if any) payable under the lease in respect of the said premises will be paid by Futong Group International. On the other hand, Government Rent, Government Rates and other outgoings in respect of the said premises will be paid by Transtech. According to the two Licence Agreements, the licence fees are set out in the paragraph headed “Annual Caps” below.

Actual Transaction Value

For FY2017, FY2018, FY2019, FY2020, FY2021 and FY2022, Transtech has paid a sum of approximately HK\$10.8 million, HK\$11.9 million, HK\$11.9 million, HK\$8.9 million, HK\$9.2 million and HK\$10.8 million respectively to Futong Group International, for its use of the Premises. For FY2020 and FY2021, Futong Group International waived three months rent in amount of HK\$2,970,000 and HK\$2,700,000 respectively to relieve the adverse impact from COVID-19.

Annual Caps

The Group intends to continue to use the premises after the Listing. The Group will pay licence fee (inclusive of the management and maintenance charge (if any) payable under the head lease between HKSTP and Futong Group International (the “**Head Lease**”) but exclusive of the government rent, government rates and other outgoings) in relation to the Premises (“**Licence Fee**”) to Futong Group International for licensing the Premises. The annual cap of the Licence Fee for each of the six years ending 31 December 2022 in relation to the licensing of the Premises are set out below.

	Annual Caps for the year ended 31 December					
	2017	2018	2019	2020	2021	2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Licence Fee	10.8	11.9	11.9	11.9*	11.9*	10.8

* Futong Group International Limited waived licence fee from January to March in 2020 and October to December in 2021 to relieve the impact of COVID-19

Listing Rules Implications

As certain applicable percentage ratios (other than profits ratio) in respect of the transaction under the Licence Agreement is, on an annual basis, expected to be less than 5% and the annual consideration is more than HK\$3 million, the transaction contemplated under the Licence Agreement dated 4 July 2022 constitutes a Non-fully Exempt Continuing Connected Transaction of the Company subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements, pursuant to Rule 14A.76(2) of the Listing Rules.

Application for Waivers

Pursuant to Rule 20.103 of the GEM Listing Rules, our Directors have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules (i.e. Rule 14A.35 of the Main Board Listing Rules) in respect of such Non-fully Exempt Continuing Connected Transaction, subject to the aggregate amount of each of the Non-fully Exempt Continuing Connected Transaction for each financial year not exceeding the relevant annual caps as stated above.

Annual Review

The independent non-executive Directors have reviewed the Continuing Connected Transactions conducted for the year ended 31 December 2022 and confirmed that such Continuing Connected Transactions were carried out in the ordinary and usual course of business of the Group, were on normal commercial terms and were in accordance with the relevant agreement on terms that are fair and reasonable and in the interests of the shareholders as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the results of the work performed, the auditor will issue a letter containing an unmodified conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules in confirming that:

- a. Nothing has come to their attention that causes them to believe that the Continuing Connected Transactions have not been approved by the Board;

- b. Nothing has come to their attention that causes them to believe that the Non-exempt Continuing Connected Transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. Nothing has come to their attention that causes them to believe that the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
- d. Nothing has come to their attention that causes them to believe that the aggregate amount of each of the Continuing Connected Transaction has exceeded the relevant annual cap disclosed in the Prospectus in respect of the Continuing Connected Transactions.

A letter of Independent Assurance Report from auditor on Continuing Connected Transactions was provided to the Stock Exchange on 4 April 2023.

The Company confirmed that the disclosure requirements for the Continuing Connected Transactions have been complied with in accordance with Chapter 14A of the Listing Rules.

The Audit Committee has reviewed the Continuing Connected Transactions conducted for the year ended 31 December 2022 and the letter from the auditor with conclusions in respect of the Continuing Connected Transactions set out above. On such basis, the Audit Committee was of the view that the Continuing Connected Transactions were carried out in compliance with Chapter 14A of the Listing Rules.

USE OF PROCEEDS

As the GEM Listing took place on 20 July 2017, part of the net proceeds from the Global Offering has been utilised by the Company during the six years ended 31 December 2022. The Company intends to utilise such net proceeds as disclosed in the “Future Plans and Use of Proceeds” section of the Prospectus.

Progress on achievement of business objective and Use of Proceeds

Business Strategies as Stated in the Prospectus	Proposed amount to be used (HK\$million)	Actual amount utilized up to 31 December 2022 (HK\$million)	Unused amount as at 31 December 2022 (HK\$million)	Explanation
Approximately 80% of the net proceeds will be used for implementing the expansion plan of new production facility in Thailand, including the construction of a factory in Thailand.	73.4	71.1	2.3	The expansion plan for Futong Thailand's factory commenced in the second-half of 2018, however, it remained in the contract negotiation stage during most of the time in FY2018. The contract negotiation process was completed in January 2019 and the construction of the factory was commenced in first half of 2019. Based on the latest construction and implementation plan and barring unforeseeable circumstances, the construction of the Group's Thailand factory is scheduled to extend its production at the factory in June FY2024 due to the outbreak of COVID-19 globally.
Approximately 5% of the net proceeds will be used for strengthening the research and development capabilities and expanding the range of products.	4.6	0.3	4.3	The main reason for the delay in the use of proceeds for the research and development expenditure is that it depends on the change of market demand. For the period from the Listing Date to 31 December 2021, there are little change of customers' demand for new type of products. It is expected to utilize this proceeds by the end of FY2023.
Approximately 5% of the net proceeds will be used for enhancing the relationship with existing customers and exploring new customers in Hong Kong and the ASEAN.	4.6	3.1	1.5	In line of the business development in the ASEAN countries, it is estimated that most of the unused amount will be used in FY2023.
Approximately 10% of the net proceeds will be used as the general working capital and for general corporate purposes.	9.2	9.2	0	Fully utilized for factory rent and electricity fee in Hong Kong for the period from the Listing Date to 31 December 2017
Total	91.8	83.7	8.1	

As at 31 December 2022, HK\$9.2 million of the net proceeds from the Global offering has been utilised for settlement of payable for factory rent and utility fee in Hong Kong, HK\$3.1 million for developing customers relationship, HK\$0.3 million for research and development and HK\$71.1 million for the new factory construction in Thailand.

BUSINESS REVIEW

The year 2022 was continuing to be a challenging year to the Group. The Group was exposed under several market challenges and uncertainties, such as continuous impact of COVID-19 pandemic on unstable material supplies and port congestion, ongoing international trade dispute, and geopolitical tension that led to pessimistic economy sentiment all over the world.

The above-mentioned factors posed challenges to majority sectors in PRC, Hong Kong and the ASEAN countries by undermining investment and business environment. Furthermore, the outbreak of the COVID-19 aggravated global economy around the world and its continuity in the third year. Remote communication has become a new, long-lasting trend in the sectors of education, industry and healthcare, which has brought infinite possibility to the development of 5G. As of December 2022, millions of families were covered by Gigabit Optical Network (“GPON”) in China. More 5G base stations were constructed and put into use in China achieved “Full Coverage of Broadband in Villages”. 5G application has been applied to sectors among the primary industry, secondary industry and tertiary industry with potential constantly released to empower the digital transformation of the economy and society by 5G.

Almost half of the 5G applications have been implemented to business and stepped into new stage of innovation application from network construction. In 2022, 5G development strived to satisfy the needs arising from the digital transformation of the economy and society, and China will systematically plan the new infrastructure construction and stably promote 5G construction. The Company will seize the opportunities from development of 5G’s industry and actively follow up relevant projects.

The subsidiary company in Thailand continued the construction of the new factory building for business expansion but its commencement dated of production is estimated to be postponed to June 2024.

During the year ended 31 December 2022, the Group recorded:

- revenue increased by 49.3% to approximately HK\$232.8 million (2021: approximately HK\$155.9 million);
- gross profit increased by 53.3% to approximately HK\$29.9 million (2021: approximately HK\$19.5 million);

- total comprehensive expenses for the year attributable to owners of the Company decreased by approximately 32.1% to an expense of approximately HK\$82.5 million (2021: an expense of approximately HK\$121.6 million); and
- the Company's basic loss per share to be approximately HK\$0.27 (2021: loss approximately HK\$0.34).

Performance Analysis

For the year ended 31 December 2022, the Group reported its revenue of approximately HK\$232.8 million (year ended 31 December 2021: approximately HK\$155.9 million), representing an increase of approximately 49.3% as compared to that of the same period in 2021. The gross profit margin of the Group increased by approximately 0.3% to approximately 12.8% for the year ended 31 December 2022 as compared to a gross profit margin of 12.5% for the year ended 31 December 2021.

During the year ended 31 December 2022, the Group recorded a loss attributable to the owners of the Company of approximately HK\$70.8 million (year ended 31 December 2021: loss approximately HK\$87.3 million) representing decrease of loss approximately 18.9%.

(i) Futong Thailand

The economies in the ASEAN countries were still hit by the sustained COVID-19 pandemic in 2022 but slightly improved in sales activities. As a result of the continued recovery in the market, the selling price is slightly increased due to increased demand but more expected credit allowance for trade and other receivable were made. The sales increased 116.4% and net loss increased 581.0% as compared to that of the same period in 2021.

(ii) Transtech

Transtech has reported its revenue and net loss in amount of approximately HK\$59.9 million and HK\$48.1 million respectively for the year ended 31 December 2022 (for the year ended 31 December 2021: revenue approximately HK\$75.2 million and net loss HK\$80.7 million respectively), representing decrease of revenue approximately 20.3% and decrease of loss 40.4% due to the weak demand in PRC and less expected credit allowance were made respectively.

OUTLOOK

Looking forward to the Year 2023, the market will still be full of challenges and uncertainties, disregarding the slightly improved aggregate sales result we achieved in the Year 2022. Under the ongoing threat from COVID-19 pandemic and geopolitical international tension, worldwide economy is expected to be volatile. The Group will continue to maintain its stringent cost control measures, enhance the Group's overall production efficiency and maintain its competitiveness in the market.

As various regions begin to recover from the ravages of the COVID-19 Pandemic, the continued increase in 5G penetration will become a key growth driver for the global economy. The Group will continue to actively participate in sales activities to secure a significant share of the 5G construction boom. The Ministry of Industry and Information Technology ("MIIT") published the "14th Five-Year Information and Communication Industry Development Plan" to state comprehensively deploying new digital infrastructure, including 5G, GPON, IPv6, mobile Internet of Things network, satellite communication network and other new generation communication network infrastructure. In the "14th Five-Year Plan" period, China will strive to build the world's largest 5G independent network, and strive to have 26 5G base stations per 10,000 people by 2025, to achieve full coverage in cities and towns, basic coverage in administrative villages with expected 80% coverage of 5G, and deep coverage in key application scenes. The demand for optical fibre cables, as the basic components of the physical layer of optical networks, is further enhanced by operators, which is beneficial to the Group's product mix. The demand for the optical fiber cables is expected to be further released.

Due to the recovery of COVID-19, the economic activities in the ASEAN countries such as Indonesia, Malaysia, Thailand and Philippine have already resumed to normal and brought increased consumption demand in the communities. On the other hand, there are much room for network development in these ASEAN countries because it is their common aim to reach full 5G coverage since their 5G penetration rates are still much lower than that in the developed countries.

In addition, the Group will further devote resources and manpower to boost internal operation effectiveness, and will grasp opportunities arising from potential new market in some ASEAN countries other than Thailand and some European countries for sustainable growth.

DIVIDENDS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Directors confirm that during the period from the Listing Date to 31 December 2022, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase, cancel or sell any of such listed securities.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has complied with the code provisions as set out in the CG Code during the year ended 31 December 2022. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code. The Company is committed to maintaining a high standard of corporate governance and believes that a good corporate governance can (i) enhance management effectiveness and efficiency; (ii) increase the transparency of the Company; (iii) enhance risk management and internal control of the Company; and (iv) safeguard the interests of the shareholders of the Company and the Company as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code for the year ended 31 December 2022.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board comprises three independent non-executive Directors. The audit committee of the Board has reviewed with the management of the Group the accounting policies, discussed with the Board the auditing, internal control, risk management and financial reporting matters and reviewed the final results and the audited consolidated financial statements of the Group for the Year.

At the Board meeting held on 31 March 2023, the Board reviewed and approved, among other things, the publication of the 2022 Audited Annual Results of the Group for the year ended 31 December 2022.

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 31 December 2022 as set out in this 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 31 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 this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's 2022 annual report will be despatched to the Company's shareholders on or before 28 April 2023 and will be available at the website of each of the Stock Exchange (www.hkexnews.hk) and the Company (www.transtechoptel.com).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 30 May 2023 to 2 June 2023, both days inclusive, during which period no transfer of Shares will be registered.

By order of the Board
Transtech Optelecom Science Holdings Limited
Hu Guoqiang
Chairman and Executive Director

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Hu Guoqiang, Mr. He Xingfu, Mr. Xu Jinjie, Mr. Yin Zhou and Mr. Ren Guodong and the independent non-executive Directors of the Company are Mr. Li Wei, Mr. Leong Chew Kuan, and Mr. Lau Siu Hang.