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東江
TK

TK Group (Holdings) Limited
東江集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2283)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the "**Board**") of TK Group (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021, as follows:

FINANCIAL HIGHLIGHTS

	2022	2021
Results and financial performances		
Results		
Revenue (HK$'000)	**2,279,321**	2,404,398
Profit for the year (HK$'000)	**226,909**	282,383
Basic earnings per share (HK$)	**0.27**	0.34
Proposed final dividend per share (HK cents)	**8.6**	8.6
Gross profit margin	**23.7%**	23.7%
Net profit margin	**10.0%**	11.7%
Return on equity *(Note 1)*	**14.1%**	17.4%
Return on assets *(Note 2)*	**8.4%**	9.9%
Inventory turnover days *(Note 3)*	**98**	98
Trade receivable turnover days *(Note 4)*	**54**	50
Trade payable turnover days *(Note 5)*	**57**	62
Financial position		
Net current assets (HK$'000)	**1,090,873**	1,162,975
Current ratio *(Note 6)*	**219.1%**	220.7%
Quick ratio *(Note 7)*	**176.3%**	169.2%
Gearing ratio *(Note 8)*	**21.6%**	20.9%
Net gearing ratio *(Note 9)*	**0%**	0%

Notes:

(1) Return on equity ratio is calculated by dividing profit after tax by total equity and multiplying the resulting value by 100%.

(2) Return on assets ratio is calculated by dividing profit after tax by total assets and multiplying the resulting value by 100%.

(3) Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant year multiplied by 365 days.

(4) Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant year multiplied by 365 days.

(5) Trade payable turnover days are calculated based on the average trade payables divided by the cost of sales for the relevant year multiplied by 365 days.

(6) Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.

(7) Quick ratio is calculated by dividing current assets less inventory by current liabilities and multiplying the resulting value by 100%.

(8) Gearing ratio is calculated by dividing total borrowings by total equity and multiplying the resulting value by 100%.

(9) Net gearing ratio is calculated by dividing net borrowings (total borrowings net-off cash and pledged bank deposits) by total equity and multiplying the resulting value by 100%. Net gearing ratio was zero as net cash of the Company as at 31 December 2022 and 31 December 2021 was HK$924,579,000 and HK$864,067,000 respectively.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**2,279,321**	2,404,398
Cost of sales	*5*	**(1,738,046)**	(1,835,231)
Gross profit		**541,275**	569,167
Other income		**44,613**	51,869
Other gains – net		**9,515**	11,076
Selling expenses	*5*	**(67,019)**	(79,252)
Administrative expenses	*5*	**(280,634)**	(247,004)
Operating profit		**247,750**	305,856
Interest income		**23,393**	24,513
Interest expenses		**(10,038)**	(6,376)
Finance income – net		**13,355**	18,137
Share of results of associates		**(2,347)**	527
Profit before income tax		**258,758**	324,520
Income tax expense	*6*	**(31,849)**	(42,137)
Profit for the year		**226,909**	282,383
Other comprehensive income			
Item that may be reclassified to profit and loss:			
Currency translation differences		**(146,325)**	54,627
Total comprehensive income for the year		**80,584**	337,010
Earnings per share			
– Basic and diluted	*7*	**HK$0.27**	HK$0.34

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**485,972**	527,966
Right-of-use assets		**112,316**	101,601
Intangible assets		**19,483**	31,746
Financial assets at fair value through profit or loss		**33,621**	33,621
Investments in associates		**25,368**	16,296
Deferred income tax assets		**1,643**	2,978
Prepayments for property, plant and equipment		**12,437**	10,099
		690,840	724,307
Current assets			
Inventories		**391,862**	495,644
Trade and other receivables	*9*	**343,227**	417,060
Amounts due from a related company		**–**	10,913
Deposits for bank borrowings	*11*	**157,138**	174,437
Restricted cash		**–**	1,231
Cash and cash equivalents		**1,114,456**	1,027,568
		2,006,683	2,126,853
Total assets		**2,697,523**	2,851,160
EQUITY			
Share capital	*12*	**83,326**	83,326
Share premium	*12*	**251,293**	251,293
Shares held for employee share scheme		**(14,401)**	(10,416)
Other reserves		**69,506**	201,232
Retained earnings		**1,215,871**	1,096,484
Total equity		**1,605,595**	1,621,919

		As at 31 December	
		2022	2021
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings	*11*	**60,543**	144,940
Lease liabilities		**40,841**	23,432
Deferred income		**43,412**	61,316
Deferred income tax liabilities		**31,322**	35,675
		176,118	265,363
Current liabilities			
Trade and other payables	*10*	**348,601**	399,202
Contract liabilities		**200,955**	263,518
Income tax liabilities		**4,405**	25,894
Bank borrowings	*11*	**286,472**	194,229
Lease liabilities		**75,377**	81,035
		915,810	963,878
Total liabilities		**1,091,928**	1,229,241
Total equity and liabilities		**2,697,523**	2,851,160

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 March 2013 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company, an investment holding company, and its subsidiaries (collectively the "**Group**") are principally engaged in the manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components in the People's Republic of China (the "**PRC**"). As at 31 December 2022, the ultimate shareholders of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu (collectively the "**Ultimate Shareholders**"), each holding an effective equity interest of 30.01%, 18.67% and 18.01% in the Company, respectively.

On 20 December 2013, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which is carried at fair value.

3. ACCOUNTING POLICIES

The Group has applied amended standards and annual improvements effective for the financial period beginning on 1 January 2022. The adoption of these amended standards and annual improvements does not have any significant impact on the consolidated financial statements of the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Information of the reportable segments for the year is set out as below:

	Mold fabrication		Plastic components manufacturing		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
Segment revenue	**713,115**	822,364	**1,673,086**	1,698,373	**2,386,201**	2,520,737
Inter-segment revenue elimination	**(106,880)**	(116,339)	**–**	–	**(106,880)**	(116,339)
Revenue from external customers	**606,235**	706,025	**1,673,086**	1,698,373	**2,279,321**	2,404,398
Segment results and gross profit	**160,133**	191,557	**381,142**	377,610	**541,275**	569,167

Refer to consolidated statement of comprehensive income for reconciliation of gross profit to profit for the year.

Information regarding the Group's revenue by nature:

	2022	2021
	HK$'000	*HK$'000*
Sales of goods	**2,188,566**	2,321,883
Modification income	**90,755**	82,515
	2,279,321	2,404,398

The Group's revenue is generated from contracts with customers and recognised at a point in time.

5. EXPENSES BY NATURE

	2022	2021
	HK$'000	*HK$'000*
Changes in finished goods and work in progress	**104,611**	(34,631)
Raw materials and consumables used	**761,527**	912,109
Employee benefit expenses	**634,701**	634,715
Subcontracting expenses	**156,533**	189,391
Depreciation and amortisation	**226,850**	221,292
Transportation and travelling expenses	**49,173**	62,963
Water and electricity expenditures	**59,410**	56,156
Maintenance expenses	**15,817**	17,955
Other taxes and levies	**13,535**	16,189
Operating lease payments	**8,557**	12,332
(Reversal of allowance)/allowance for inventories	**(2,753)**	8,948
Advisory and legal service expenses	**10,327**	7,831
Security and estate management expenses	**9,969**	7,811
Impairment of property, plant and equipment	**–**	7,145
Commission expenses	**7,708**	6,986
Utilities and postage fees	**5,970**	6,142
Advertising and promotion fees	**6,343**	5,351
Auditors' remuneration		
– Audit services	**3,567**	3,611
– Non-audit services	**–**	500
(Reversal of impairment)/impairment loss on financial assets	**(3,316)**	2,941
Custom declaration charges	**1,815**	2,172
Donations	**2,719**	1,531
Other expenses	**12,636**	12,047
Total cost of sales, selling expenses and administrative expenses	**2,085,699**	2,161,487

6. INCOME TAX EXPENSE

	2022 *HK$'000*	2021 *HK$'000*
Current income tax		
– Hong Kong profits tax	**12,523**	18,673
– PRC corporate income tax	**19,898**	32,258
Total current tax expense	**32,421**	50,931
Deferred income tax		
– Hong Kong profits tax	**691**	(109)
– PRC corporate income tax	**(1,263)**	(8,685)
Total deferred tax benefit	**(572)**	(8,794)
Income tax expense	**31,849**	42,137

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and is exempted from Cayman Islands income tax.

No provision for income tax in the British Virgin Islands (the "**BVI**") has been made as the Group has no income assessable for income tax in BVI during the year (2021: Nil).

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK$2,000,000, and 16.5% on any part of assessable profits over HK$2,000,000.

PRC corporate income tax ("**CIT**") is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits. The applicable CIT rate is 25% (2021: 25%). Certain subsidiaries of the Group were recognised as "New and High Technology Enterprise" and enjoy a preferential CIT rate of 15%.

According to the CIT Law, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. The immediate holding companies of certain PRC subsidiaries have obtained Hong Kong tax resident status, and a lower 5% withholding income tax rate is applied.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year excluding shares held for employee share scheme.

	2022	2021
Profit for the year (HK$'000)	**226,909**	282,383
Weighted average number of ordinary shares issued (thousands)	**829,557**	830,328
Basic earnings per share (HK$)	**0.27**	0.34

(b) Diluted

Diluted earnings per share approximates basic earnings per share for the years ended 31 December 2022 and 2021 as the impact of dilutive potential shares is immaterial.

8. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Interim dividend paid of HK2.8 cents (2021 Interim: HK5.4 cents) per ordinary share	**23,331**	44,996
Proposed final dividend of HK8.6 cents (2021 Final: HK8.6 cents) per ordinary share	**71,660**	71,660
	94,991	116,656

The dividends paid in 2022 and 2021 were HK$94,991,000 (HK11.4 cents per share) and HK$111,657,000 (HK13.4 cents per share) respectively. A final dividend in respect of the year ended 31 December 2022 of HK8.6 cents per share, amounting to a total of approximately HK$71,660,000, is to be approved at the forthcoming annual general meeting ("**AGM**").

9. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables *(a)*	**297,701**	373,807
Less: allowance for impairment	**(9,668)**	(14,272)
Trade receivables, net	**288,033**	359,535
Export tax refund receivables	**2,369**	4,608
Prepayments and deposits	**36,643**	42,247
Value-added tax recoverable	**9,822**	5,165
Advances to employees	**3,200**	3,675
Loan to an associate	**2,297**	–
Others	**863**	1,830
	343,227	417,060

(a) Trade receivables

The credit period granted to customers is generally between 30 and 90 days. The ageing analysis of the trade receivables from the date of sales is as follows:

	2022	2021
	HK$'000	*HK$'000*
Less than 3 months	**281,734**	344,310
More than 3 months but not exceeding 1 year	**15,539**	28,132
More than 1 year	**428**	1,365
	297,701	373,807

10. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables *(a)*	**250,007**	288,192
Wages and staff welfare benefits payable	**73,223**	84,813
Accrual for expenses and other payables	**15,620**	15,071
Contingent consideration	**–**	2,373
Other taxes payable	**9,751**	8,753
	348,601	399,202

(a) The ageing analysis of trade payables based on the goods/services receipt date is as follows:

	2022	2021
	HK$'000	*HK$'000*
0–90 days	**194,821**	217,922
91–120 days	**34,080**	40,168
121–365 days	**16,200**	24,486
Over 365 days	**4,906**	5,616
	250,007	288,192

11. BORROWINGS

	2022	2021
	HK$'000	*HK$'000*
Non-current		
Bank borrowings – unsecured	**149,327**	215,829
Less: current portion of non-current borrowings	**(88,784)**	(70,889)
	60,543	144,940
Current		
Bank borrowings – secured *(a)*	**116,060**	123,340
Bank borrowings – unsecured	**81,628**	–
Current portion of non-current borrowings	**88,784**	70,889
	286,472	194,229
Total borrowings	**347,015**	339,169

(a) As at 31 December 2022, bank borrowings amounting to HK$116,060,000 (2021: HK$123,340,000) were secured by the bank deposits of HK$157,138,000 (2021: HK$174,437,000).

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value	Share premium	Total
	thousands	*HK$'000*	*HK$'000*	*HK$'000*
Authorised				
As at 1 January 2021, 31 December 2021 and 31 December 2022	2,000,000	200,000		
Issued and fully paid				
As at 1 January 2021, 31 December 2021 and 31 December 2022	833,260	83,326	251,293	334,619

(a) All shares issued rank pari passu with each other.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2022 was a volatile year full of challenges. Since the outbreak of the COVID-19 epidemic, economies such as in Europe and the United States have adopted highly-relaxed fiscal and monetary policies, and being coupled with the Russia-Ukraine war, which worsened the inflation problem, the price of energy and bulk commodity largely fluctuated during the year, and the cost of living in Europe and the United States kept surging. In addition, under the impact of the new COVID-19 variants and the escalating geopolitical risks, the growth of global economies slowed down, resulting in a fall of consumer demand. The shortage of supply experienced in the semiconductors market remained unresolved in the first half of 2022, and this has caused major automobile manufacturers and consumer electronic product manufacturers to lower their annual production forecasts. All the above macro-economic factors has made the business environment extremely difficult. Nevertheless, the Group, through the edges of maintaining close relationship with customers, business diversification and persistently launching new products, was capable of maintaining stable income. For the year ended 31 December 2022, the Group's total revenue amounted to HK$2,279.3 million (2021: HK$2,404.4 million), representing a year-on-year decrease of 5.2%. In particular, revenue from the mold fabrication business decreased by 14.1% due to the instability of the automobile supply chain. In terms of plastic components manufacturing business, downstream segments of commercial telecommunications equipment and electronic atomizers performed well and the segments such as medical and personal health care and smart home maintained stable growth during the year.

Revenue Analyzed by Downstream Industries

Industry	**2022**		2021		**Change**	
	HK$ million	***%***	*HK$ million*	*%*	*HK$ million*	*%*
Mobile phones and wearable devices	**648.2**	**28.4**	804.0	33.4	–155.8	–19.4
Medical and personal health care	**426.5**	**18.7**	411.5	17.1	15.0	3.6
Smart home	**330.6**	**14.5**	306.9	12.8	23.7	7.7
Automobiles	**300.5**	**13.2**	452.2	18.8	–151.7	–33.5
Commercial telecommunications equipment	**293.1**	**12.9**	170.3	7.1	122.8	72.1
Electronic atomizers	**125.5**	**5.5**	98.8	4.1	26.7	27.0
Others	**154.9**	**6.8**	160.7	6.7	–5.8	–3.6
	2,279.3	**100.0**	2,404.4	100.0	–125.1	–5.2

As the impact of the new variants of COVID-19 on the global supply chain continued in the first half of 2022, customers had to adjust their production plan due to the shortage of semiconductors which made the Group adjust its normal production schedule, impacting its production efficiency and gross profit margin. As a result, the Group's gross profit margin fell to 18.7% for the first half of the year (first half of 2021: 23.7%). For the second half of the year, the issue of semiconductors was gradually resolved and orders resumed to the normal level while the capacity utilization rate improved. With the improvement of gross profit margin driven by the new products launched by new customers, the Group's profitability in the second half of the year rebounded from the first-half year low position and generally resumed to a similar level as recorded in the same period last year. During the year, the Group's gross profit decreased by 4.9% to HK$541.3 million (2021: HK$569.2 million), and the gross profit margin remained at a similar level as that of the last year at 23.7% (2021: 23.7%).

During the year, the Group recorded a profit for the year of HK$226.9 million (2021: HK$282.4 million), decreasing by 19.6% over the same period last year. Net profit margin decreased by 1.7 percentage points to 10.0% (2021: 11.7%). Basic earnings per share was HK$0.27 (2021: HK$0.34), decreasing by 20.6% over the same period last year.

With the gradual easing of congestion-induced problems faced by the global logistics, the Group maintained an inventory turnover day of 98 days in 2022 which was the same compared to 2021, and the trade receivable turnover days increased by 4 days to 54 days as compared to the same period last year. Based on a sound financial policy and in view of reserving funds for future development, the Group remained prudent in capital management which enabled the Group to maintain a high level of net cash of HK$924.6 million (2021: HK$864.1 million), representing an increase of 7.0% as compared with last year. The sound cash position has enabled the Group to flexibly respond to the uncertainties and challenges arising from the external environment. As at 31 December 2022, the Group had orders on hand amounting to HK$814.2 million, which represented a decrease of 11.3% as compared with HK$918.3 million as at 31 December 2021.

BUSINESS SEGMENT ANALYSIS

Mold Fabrication Business

During the year under review, the revenue of the mold fabrication segment from external customers amounted to approximately HK$606.2 million, representing a decrease of approximately 14.1% as compared with approximately HK$706.0 million in last year, and accounting for approximately 26.6% of the Group's total revenue.

The Group has production lines for ultra-large standard molds and high-precision molds. The major products of the Group's ultra-large standard molds are automobiles components. The clients mainly include first-tier component suppliers who manufacture automobiles components for renowned automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. High-precision molds production lines mainly produce high-precision molds with multi-cavity and efficiency, covering the markets of high-end consumer electronic products and industries such as smart home, medical and personal health care, mobile phones and wearable devices. The Group continues to focus on expert-level molding technology research and is committed to providing customers with high quality and cost-effective design solutions. In addition to developing external customers, the Group also cooperates with the downstream plastic components manufacturing business partners to provide more premium one-stop services for the customers.

Over the past two years, the outbreak of COVID-19 epidemic and the escalation of geopolitical conflicts have interrupted the supply chain, resulting in global crisis of supply shortage in semiconductor chips which significantly impacted the automobiles industry. Automobiles manufacturers lowered their target of production and controlled their spending, and hence the mold orders of the Group were affected, and the increase of machine idle time and cost became obvious in the first half of the year. Through a series of measures in reducing costs and improving efficiency, the Group's mold business achieved significant improvement in efficiency in the second half of the year. Under the pressure of persistent depreciation of Euro currency, the gross profit margin for the mold fabrication segment in 2022 decreased slightly by 0.7 percentage point to 26.4% for the whole year (2021: 27.1%). With the gradual recovery of automobile industry in the second half of the year and the growth in demand for products that satisfy the requirements for reducing the weight of automobiles, the automobile segment has achieved an improvement of 5.8% in terms of orders on hand as at 31 December 2022 when compared as at 31 December 2021.

In response to the increasingly severe market competition, the Group has shifted its focus of development into high-precision molds with multi-cavity and efficiency which have stringent quality requirements, endeavored to improve the precision of its products while committing to exploring new customers and new projects on high-precision mold, acquiring top notch customers in the medical health, consumer electronics and packaging industries and providing high quality and cost effective products that satisfy the market demand. Driven by the internal circular economy policies, the Group is in progress of securing domestic brand customers with international stronghold. At present, the domestic market has highly recognized and commended the quality and technological capability of the Group's products. The Group will continue to offer high-quality mold products and design solutions to help customers improve their product quality and production efficiency, so as to maintain its leading position in the industry.

Plastic Components Manufacturing Business

Against the backdrop that the global economy was greatly impacted by the COVID-19 epidemic and Russia-Ukraine war, and affected by high inflation and the monetary policy adjustment adopted by various countries, overall consumption demand was weak and customers kept adjusting their production and delivery schedule as well as the progress of new product development with reference to market changes. In addition, with the continuation of trade frictions between the United States and China and for the sake of minimizing the uncertainties arising from geopolitics, the trend of relocating the supply chain to Southeast Asian countries has become more obvious. All of these factors have affected the orders of the Group's downstream consumer electronics customers. During the year, the Group took the initiatives in exploring new products and new customers, offsetting the negative impact resulting from the shrinkage of the consumer market. Revenue from the plastic components manufacturing segment amounted to approximately HK$1,673.1 million (2021: HK$1,698.4 million), representing a slight decrease of 1.5% as compared with last year, accounting for approximately 73.4% of the total revenue of the Group.

The mobile phones and wearable devices segment recorded a year-on-year decrease of 19.4% in revenue, which was mainly due to the weak demand for personal consumer electronics in Europe and in the United States under high inflation and tight monetary policies. Some customers' orders decreased significantly as compared to the high base in the second half of last year. The Group endeavored to develop new products made with silicon, offering innovative product solutions for various wearable personal products customers, further diversifying the customers portfolio.

The smart home segment and the medical and personal health care segment achieved stable revenue growth, recording a year-on-year increase of 7.7% and 3.6% respectively. In line with the transformational changes to home living brought by Internet of Things and the persistent rise in consumers' requirements on standard of living, the demand for smart home appliances from the European and the American markets kept rising. The Group has been focusing on serving two customers of global leading brands in the industry and has achieved stable growth in the customers' orders during the year. In addition, the COVID-19 epidemic has made concepts such as molecular diagnosis and home tests popular in the market, and the Group had successfully acquired customers of renowned brands from domestic and overseas medical segment, covering consumables such as in vitro diagnostic devices and glucose watchers. Such products were gradually produced on mass basis during the year. In the long run, there will be a continuous rise in the demand for health management from domestic consumers, and the Group will put further effort in securing customers from the industry, with a view to grasping the opportunities of development from the medical and healthcare market.

The commercial telecommunications equipment segment recorded a significant year-on-year increase of 72.1% in revenue, which was due to the successful business transformation of customers and the constant release of new supporting products, as well as the market success of new series of products. Benefitting from the established long-term cooperation relationship with customers, the Group remained as the main supplier of its customers' new products and the business prospect is promising. In addition, rapid growth was witnessed in the development of overseas e-cigarette market and steady increase in demand was achieved. The Group's technique on electronic atomizers was well-recognized by customers of overseas brands, and the electronic atomizers segment achieved a year-on-year growth of 27.0% in revenue.

During the year under review, customers' orders in the second half of the year were more stable as compared to the first half of the year. Coupled with the fact that the Group adopted stringent strategies in improving its internal production efficiency, the Group's plastic components manufacturing business achieved an increase of 0.6 percentage point in gross profit margin to 22.8% (2021: 22.2%). The Group expected that the recovery of global economy driven by the relaxation of measures on epidemic prevention in the PRC, the higher volume of orders placed and the increase in the number of new projects would help improve the capacity utilization rate, allowing further growth in gross profit margin.

CUSTOMERS OF THE GROUP

As of 31 December 2022, sales of the Group were mainly export sales and our customers were mainly prestigious corporations and brands in Europe and America. Customers of the Group cover a wide range of industries, from automobile to household electrical appliances to mobile phones and wearable devices, smart home as well as medical and personal health care. As a key supplier of molds and plastics of high-end electronic products, the Group's orders are widely impacted by the launch time, popularity and life cycle of products of its downstream industry customers. However, being engaged in the molds and plastic injection industry for nearly 40 years, the Group always sticks to the strategy of client diversity in order to manage and minimize risks efficiently. Currently, the Group has been widely recognized as a trustworthy business partner of various internationally known brands of consumer goods, including numbers of leading brands in many fast-growing industries such as smartphones, personal health care and smart home brand.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2022 was approximately HK$2,279.3 million, representing a decrease of approximately HK$125.1 million or 5.2% when compared with the revenue of approximately HK$2,404.4 million in 2021.

In 2022, the revenue from external customers of the mold fabrication segment was approximately HK$606.2 million, representing a decrease of approximately HK$99.8 million or 14.1% when compared with revenue of approximately HK$706.0 million in 2021. In the past two years, the outbreak of the epidemic and the escalation of geopolitics have resulted in interruption to the supply chain, leading to the global shortage of semiconductors. This has severely impacted the automobiles industry and automobiles manufacturers have adjusted their production target downward and controlled their spending, and hence the Group's orders of related molds were affected.

In 2022, the revenue from external customers of the plastic components manufacturing segment was approximately HK$1,673.1 million, representing a decrease of approximately HK$25.3 million or 1.5% when compared with the revenue of approximately HK$1,698.4 million in 2021. The COVID-19 epidemic and the Russia-Ukraine war have impacted the global economy while the high inflation and the adjustment of monetary policies adopted by various countries in the world have resulted in weak consumption demand in general. Customers kept adjusting their respective production and delivery schedules and the pace of new product development on the basis of market changes. In addition, the continuation of Sino-US trade frictions has made the trend of relocating the supply chain to Southeast Asia regions as a measure of minimizing the uncertainties arising from geopolitics more obvious and all of such factors have affected the orders placed by the Group's downstream customers of consumer electronics.

Gross Profit

Gross profit for the year ended 31 December 2022 was approximately HK$541.3 million, representing a decrease of approximately HK$27.9 million or 4.9% as compared with the gross profit of approximately HK$569.2 million in 2021. Gross profit margin was 23.7% (2021: 23.7%), which was the same as compared to 2021.

The gross profit margin for the mold fabrication segment slightly dropped 0.7 percentage point to 26.4% (2021: 27.1%). The Group's orders of molds were affected by the global shortage of semiconductors and the idle time of production equipment and expenses in the first half year increased. Through a series of measures in reducing costs, the Group has achieved significant improvement in the efficiency of mold fabrication segment in the second half of the year. Under the pressure of persistent depreciation of Euro currency, the gross profit margin for the mold fabrication segment slightly reduced 0.7 percentage point as compared with the same period last year.

The gross profit margin for the plastic components manufacturing segment increased 0.6 percentage points to 22.8% (2021: 22.2%), which was mainly attributable to improvement in the stability of orders in the second half of the year as compared with the first half of the year. The slight improvement in the gross profit margin for the plastic components manufacturing segment was also attributable to the Group's stringent policy on improving the internal production efficiency.

Other Income

Other income for the year ended 31 December 2022 was approximately HK$44.6 million, representing a decrease of approximately HK$7.3 million or 14.0% when compared with that of approximately HK$51.9 million in 2021, which was mainly due to the decrease in sales amounts of scrap and surplus materials by the Group during the year.

Other gains – net

Other gains (net) for the year ended 31 December 2022 were approximately HK$9.5 million, representing a decrease of approximately HK$1.6 million or 14.1% when compared to the other gain (net) of approximately HK$11.1 million in 2021. The decrease was attributable to the mixed result of: (1) the lack of COVID-19-related rental concessions during the year (2021: HK$9.2 million); (2) the reduction of lease modification gains of approximately HK$1.3 million; (3) the impairment loss of goodwill of approximately HK$6.7 million (2021: nil); and (4) the exchange gains of approximately HK$14.0 million during the year as compared to the exchange losses of approximately HK$1.6 million for the corresponding period in last year.

Selling Expenses

Selling expenses for the year ended 31 December 2022 were approximately HK$67.0 million (2021: HK$79.3 million), accounting for approximately 2.9% (2021: 3.3%) of the total revenue of the Group, representing a decrease of approximately HK$12.3 million or 15.4% as compared with 2021, and a decrease of 0.4 percentage point in terms of the percentage to total revenue and this was mainly attributable to the decrease in transportation expenses resulting from the decrease in sales.

Administrative Expenses

Administrative expenses for the year ended 31 December 2022 were approximately HK$280.6 million (2021: HK$247.0 million), accounting for approximately 12.3% (2021: 10.3%) of the total revenue of the Group, representing an increase of approximately HK$33.6 million or 13.6% as compared with 2021, and an increase of 2.0 percentage points in terms of the percentage to total revenue. The increase in administrative expenses was mainly attributable to the increase in employee expenses resulting from the annual salary adjustment and the increase in standard wages in Shenzhen.

Finance Income – Net

Net finance income for the year ended 31 December 2022 was approximately HK$13.4 million, representing a decrease of approximately HK$4.7 million or 26.4% from that of approximately HK$18.1 million in 2021. The decrease was mainly due to the increase in interest expenses.

Share of Results of Associates

Share of net loss of associates for the year ended 31 December 2022 was approximately HK$2.3 million, as compared with share of profit of an associate of approximately HK$0.5 million for 2021.

Income Tax Expense

Income tax expense for the year ended 31 December 2022 was approximately HK$31.8 million (2021: HK$42.1 million) and the effective tax rate was 12.3% (2021: 13.0%).

Profit for the Year

Profit for the year ended 31 December 2022 was approximately HK$226.9 million, representing a decrease of approximately HK$55.5 million or 19.6% when compared with approximately HK$282.4 million in 2021.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS

The Group maintained a sound financial position during the year. As at 31 December 2022, the Group had net current assets of approximately HK$1,090.9 million (31 December 2021: HK$1,163.0 million). The Group had total cash and bank balances of approximately HK$1,271.6 million (31 December 2021: HK$1,203.2 million), including cash and cash equivalents of approximately HK$1,114.5 million (31 December 2021: HK$1,027.6 million) and restricted cash and deposits of approximately HK$157.1 million (31 December 2021: HK$175.6 million). The current ratio of the Group as at 31 December 2022 was approximately 219.1% (31 December 2021: 220.7%).

Total equity of the Group as at 31 December 2022 was approximately HK$1,605.6 million (31 December 2021: HK$1,621.9 million). The gearing ratio as at 31 December 2022 was approximately 21.6% (31 December 2021: 20.9%).

DEBT MATURITY PROFILE

The maturity profile of the Group's borrowings is set out below:

	2022	2021
	HK$'000	*HK$'000*
Within 1 year	**286,472**	194,229
Between 1 and 2 years	**60,543**	85,889
Between 2 and 5 years	**–**	59,051
	347,015	339,169

An analysis of the Group's key liquidity ratios as at 31 December 2022 is as follows:

	2022	2021
Inventory turnover days *(Note 1)*	**98**	98
Trade receivable turnover days *(Note 2)*	**54**	50
Trade payable turnover days *(Note 3)*	**57**	62
Current ratio *(Note 4)*	**219.1%**	220.7%

Notes:

1. Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant year multiplied by 365 days.

2. Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant year multiplied by 365 days.

3. Trade payable turnover days are calculated based on the average trade payables divided by the cost of sales for the relevant year multiplied by 365 days.

4. Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.

INVENTORY TURNOVER DAYS

During the year, the Group's inventory turnover days were 98 days, which was the same as compared to 2021.

TRADE RECEIVABLE TURNOVER DAYS

During the year, the Group's trade receivable turnover days were 54 days, representing an increase of 4 days compared to that of 2021, which was mainly attributable to the increased sales to domestic customers of the Group with credit period ranging from 60 to 90 days. Such trade receivables are still within the normal credit period.

TRADE PAYABLE TURNOVER DAYS

During the year, the Group's trade payable turnover days were 57 days, representing a decrease of 5 days when compared with that of 2021, which was mainly attributable to the decrease in the Group's procurement as a result of the decrease in the orders in hand and thus a decrease in the balance of trade payables.

CURRENT RATIO

As at 31 December 2022, the Group's current ratio was 219.1%, representing a decrease of 1.6 percentage points when compared to that of 2021.

ASSETS PLEDGED

Details of the assets pledged as at 31 December 2022 are set out in note 11(a) to the financial information.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operated in the PRC and was exposed to foreign currency risks arising from various currency exposures, mainly with respect to US dollar, Euro and HK dollar. Exchange rate fluctuations and market trends have always been a main concern of the Group. Foreign currency hedging of the Group has been managed by the Group's financial controller, and overseen by the Group's chief executive officer. In accordance with the Group's hedging needs and the then foreign exchange situation, the Group's financial controller would collect and analyze information regarding various hedging instruments and determine hedging ratio, and the Group's chief executive officer would then evaluate and make a decision as to whether to enter into the relevant hedging agreement. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Group's cash and bank balances were primarily denominated in RMB, US dollar, Euro and HK dollar. Its operating cash inflows and outflows were primarily denominated in RMB, US dollar, Euro and HK dollar. The Group is closely monitoring the exchange rate movements and regularly reviewing its gearing structure so as to mitigate the expected exchange rate risk.

RMB EXCHANGE RATE RISK

The Group's major revenue is principally denominated in US dollar, Euro, RMB and HK dollar, and the Group's major expenses are principally denominated in RMB. The Group has not entered into any agreement for RMB hedging purpose.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the year, and the Company's capital included ordinary shares and other reserves.

PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Group will invest in capacity expansion and investment projects to capitalize the potential growth of the Group's business in the coming years in the manner set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company. Future funding source is mainly from internal resources.

STAFF POLICY

As at 31 December 2022, the Group had 3,313 full-time employees (31 December 2021: 3,641) and 321 workers dispatched to us from third party staffing companies (31 December 2021: 543).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share option scheme and a share award scheme for its directors and employees in a bid to provide a competitive remuneration packages for the Group's long term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's work ability and personal performance.

The Group has implemented training programmes for the employees to meet different job requirements. The Group believes that these initiatives have contributed to increasing employees' productivity.

As required by the PRC regulations, the Group makes contributions to mandatory social security funds for the benefits of its PRC employees which provide pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2022, the Group has made no material acquisitions or disposals of subsidiaries (2021: Nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: Nil).

PROSPECTS

The prospect of economic growth was overshadowed by the continuation of Russia-Ukraine war and escalation of geopolitical risks. Nevertheless, the pace of recovery of global economy is expected to accelerate and the economic activities will resume to normal following the effects yielded from the measures adopted by various countries to contain inflation and the relaxation of stringent epidemic control measures adopted by the Chinese government over the past three years. It is reported in World Economic Outlook of International Monetary Fund (IMF), as updated in early 2023, that the growth rate of global economy is revised upward to 2.9% while the economic growth of China is expected to raise to 5.2% from 4.4% in 2023. Facing the uncertainties of business environment, the Group has benefitted from unique advantages brought by its diversified development strategy. The Group also implemented the business strategy of seeking progress while maintaining stability, and continued planning new growth businesses despite economic fluctuations. In the past few years, the Group kept exploring new direction of business development and consolidating its edges in the industry. The Group remains optimistic to the five-year development plan to double the sales of the injection molding business on the basis of 2020.

The Group's operations in Suzhou and Huizhou have grown to varying degrees, and the Group managed to have its plan on relocating some production base to overseas progress as scheduled. The first phase of injection molding plant in Vietnam has successfully commenced operation by the end of 2021, and the construction of the second phase has been progressing and the production capacity will continue to expand. The Vietnam plant mainly serves electronics customers, and this helps the Group explore new customers from Southeast Asia as well as from Europe and the United States, and also provides supply solutions outside of the PRC for its existing customers. The Group continues to develop new products that integrate silicon and traditional plastic injection technologies, offering diversified product solutions and a rich portfolio of products to customers. In 2022, the Group has completed the development of molds of new products for various customers, and mass production had been made. The Group's new plant in Huizhou has enhanced its production capacity of silicon products to satisfy the growing demand of customers. Liquid silicone is highly abrasion resistant, light-transmitted, highly temperature resistant and highly elastic, and such outstanding features allow it to be used in the application of various optical products, medical supplies and consumer electronics and in different settings. The Group's newly developed technology has allowed it to strengthen its unique competitive edges and consolidate its position as the world's leading one-stop supplier of integrated injection solutions. Liquid silicone rubber (LSR) injection molding has greatly increased the room for future business growth.

The Group will vigorously develop the precision mold business. The Group is capable of fabricating MT1 molds of the highest precision as defined in the National Standard GB/T14486-2008 – Dimensional Tolerances for Moulded Plastic Parts of the People's Republic of China, which renders the Group's competitiveness in expanding the Mainland market. At present, consumers have higher requirements on product appearance, and the application of dual-colours or multi-colours mold injection technologies to products has been the trend of industry development. The Group's expertise in the application of multi-colours materials and its portfolio of high-precision molds with multi-cavity have allowed it to produce custom-made and cost-effective products as required by customers. With the continuous growth of China's economy and consumption upgrades, the demand for high-quality and high-efficiency molds with multi-cavity has ushered in an inflection point, and the multi-cavity precision mold business will drive the continuous growth of the mold business. The development focus of automobile industry has turned to new energy vehicles which have rigorous requirements on rationalized structure and light-weight design. The Group's all-in-one injection technologies, together with customers' design on rationalized settings, have made light-weight components possible and effectively reduced the production time and saved production costs, thus realizing benefits to customers. The Group will continue to pursue excellence through demonstrating the edges of precision molds, proactively riding on the trend for acquiring business opportunities, exploring potential customer base, and promoting long-term business development.

Benefitting from the cancellation of epidemic control measures in the PRC and the relaxation of related policies, the economic development has gradually resumed while the Chinese central government has asked the community to consolidate and further propel the rising momentum of economic development under concerted efforts. The state's strategy of enlarging domestic demand will create huge potential for market development. In line with the state's policies, the Group focused on the development of medical and health care, smart home and Metaverse in its domestic expansion. As stated in the "Outline of the Strategic Planning in Expanding Domestic Demand 2022-2023" (擴大內需戰略規劃綱要(2022-2023)), China will expedite its pace of cultivating the new mode of consumption and research and development of smart products, including smart home. The Outline advocates the promotion of service consumption and the provision of different levels of medical and health care services. Driven by the favorable policy and demand, the Group will actively tap into the market opportunities of smart home and medical and health care. The emergence of the concept of Metaverse, and the integration of a new generation of technologies, such as 5G, artificial intelligence, Internet of Things, and virtual reality, on consumer electronic products, shall expedite the replacement of wearable devices. The Group is currently discussing the development of Metaverse-related products with certain leading enterprises for laying a strong foundation for mid-to-long term development. In addition, the Group's electronic atomizers mainly offered to overseas customers of leading brands and the business will achieve rapid growth after making efforts in establishing its presence over the past two years. For the domestic market, the policy of regulating e-cigarettes has been promulgated in 2022 and the market will enter into a stage of steady development with the legalization of the industry. The Group will be more active in exploring the domestic market.

Looking forward to 2023, there are risks of recession in the economies in Europe and the United States; nevertheless, it is expected that mild growth will be achieved in the global economy due to the full resumption of normalcy and the multiple measures taken in revitalizing domestic demand in the PRC. The Group will maintain its strategy of diversification, strengthen the development of its business segments with edges, proactively explore new directions for engaging in new and promising businesses with a view to maintaining mid-to-long term growth of its business. Meanwhile, the Group will ensure its technological lead and keep pursuing the integrated enhancement of its operation capacity, from mold technique, product innovation, production efficiency to internal management, to upgrade its overall competitiveness and consolidate and expand its stronghold. The management will keep identifying appropriate targets for acquisition or investment to accelerate its pace in the establishment of the Group's business presence while optimizing the diversified business layout for the purpose of laying a solid foundation for long-term business development and persistently creating values for customers and shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Save for the purchase of 1,646,000 shares of the Company through its trustee on the open market for the purposes of the share award scheme of the Company adopted by the Board on 25 February 2019, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance is very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets and implements appropriate corporate governance policies for the business operation and growth of the Group. The Board is committed to strengthening the Group's corporate governance measures to ensure transparency and accountability of the Company's operations.

The Company has applied the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

In the opinion of the directors, the Company had complied with all the code provisions as set out in the CG Code during the year ended 31 December 2022.

AUDIT COMMITTEE

The Audit Committee comprises 3 members, namely, Mr. Tsang Wah Kwong (Chairman), Dr. Chung Chi Ping Roy and Ms. Christine Wan Chong Leung. All are independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and risk management and internal control systems.

As part of the process of the annual review, the Audit Committee and the Board have performed evaluation of the Group's accounting, internal audit and financial reporting functions, to ensure the adequacy of resources, qualifications and experience of staff for the functions, and the training programmes and budget.

The Audit Committee has reviewed with the management the annual results, the accounting principles and practices adopted by the Group for the year ended 31 December 2022 and discussed the Group's auditing, risk management and internal control and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities.

All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2022 save for a single one-off non-compliance incident to acquire 100,000 shares of the Company (the "**Shares**") conducted by Mr. Li Pui Leung through Eastern Mix Company Limited by inadvertent mistake on 25 January 2022 (i.e. the commencement date of the blackout period for the publication of annual results announcement for the year ended 31 December 2021). In order to avoid similar non-compliance incident in the future, the Company has reminded all directors of the Company the dealing restriction during the blackout period and the importance of complying with the Model Code and the Listing Rules in their dealings of the Shares. Further, subsequent to the non-compliance incident, Mr. Li has undergone training on directors' duties, the Model Code and the CG Code as contained in Appendix 14 to the Listing Rules provided by the external legal counsel.

PUBLIC FLOAT

Reference is made to the announcement of the Company dated 14 October 2022. As disclosed in the announcement, the public float of the Company had fallen below the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) of the Listing Rules as each of FIL Limited, Pandanus Partners L.P. and Pandanus Associates Inc. (the "**FIL Group Companies**") filed a disclosure of interest form on 2 September 2022, pursuant to which the controlled corporation(s) of the FIL Group Companies purchased 2,911,000 shares of the Company (the "**Shares**") on 30 August 2022 (the "**Purchase**"), after which FIL Group Companies became interested in 83,698,000 Shares and the FIL Group Companies' shareholding in the Company increased from approximately 9.70% to approximately 10.04% of the total issued share capital of the Company. As a result of the Purchase, the FIL Group Companies became substantial shareholders and core connected persons of the Company under the Listing Rules and the Shares held by the FIL Group Companies should no longer be counted towards the public float of the Company. Taking into account of the Shares held by the FIL Group Companies and other core connected persons of the Company, the public float of the Company was approximately 23.76% as at the date of such announcement, which has fallen below the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) of the Listing Rules.

Reference is also made to the announcement of the Company dated 22 November 2022. As disclosed in the announcement, the Company was informed by FIL Limited on 16 November 2022 that following an on-exchange disposal of an aggregate of 1,362,000 Shares, representing approximately 0.16% of the total issued share capital of the Company, on 16 November 2022, the FIL Group Companies became interested in 83,242,000 Shares and the FIL Group Companies' shareholding in the Company decreased from approximately 10.15% to 9.99% of the total issued share capital of the Company (the "**Disposal**"). Accordingly, upon the completion of the Disposal, (i) the FIL Group Companies have ceased to be substantial shareholders and a core connected persons of the Company under the Listing Rules and the Shares held by the FIL Group Companies can be counted towards the public float of the Company; and (ii) the public float of the Company has been restored from approximately 23.76% to approximately 33.80%, which exceeds the minimum prescribed percentage of 25% and the public float requirement under Rule 8.08(1)(a) of the Listing Rules has been restored and complied with.

DIVIDEND

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's Articles of Association. The Board will continually review the said dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

After considering the above-mentioned factors, the Board has recommended the payment of a final dividend of HK8.6 cents per share for the year ended 31 December 2022 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 8 June 2023, amounting to a total of approximately HK$71,660,000. The proposed final dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend, if approved, is expected to be paid on Friday, 23 June 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 31 May 2023, the register of members of the Company will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered shareholders of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 May 2023.

For determining the entitlement to the aforesaid proposed final dividend, the register of members of the Company will be closed from Tuesday, 6 June 2023 to Thursday, 8 June 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on Monday, 5 June 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the year ended 31 December 2022 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.tkmold.com.

An annual report for the year ended 31 December 2022, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
TK Group (Holdings) Limited
Li Pui Leung
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the executive directors of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael, Mr. Lee Leung Yiu and Mr. Cheung Fong Wa; and the independent non-executive directors of the Company are Dr. Chung Chi Ping Roy, Ms. Christine Wan Chong Leung and Mr. Tsang Wah Kwong.