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中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

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

FINANCIAL HIGHLIGHTS

	2022	2021	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+ / (-)
Revenue	215,578	239,717	(10.1%)
Gross profit	69,710	71,913	(3.1%)
Profit/(loss) for the year	658	(16,911)	(103.9%)
Loss attributable to equity shareholders	(1,888)	(17,503)	(89.2%)
	As at 31 December		
	2022	2021	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	+ / (-)
Total assets	305,712	275,779	10.9%
Cash and cash equivalents	105,266	59,870	75.8%
Total equity attributable to the equity shareholders	184,913	141,668	30.5%

FINANCIAL RESULTS

The board of directors (the “**Board**”) of China Apex Group Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	5	215,578	239,717
Cost of sales		<u>(145,868)</u>	<u>(167,804)</u>
Gross profit		69,710	71,913
Other revenue and gains/(losses), net	6	14,906	(3,487)
Distribution costs		(13,042)	(17,404)
Administrative expenses		(67,354)	(64,144)
Reversal of impairment losses/(impairment loss) on			
– trade receivables and bills receivable		175	8
– property, plant and equipment		–	(108)
Interests on lease liabilities		<u>(3,851)</u>	<u>(3,720)</u>
Profit/(loss) before taxation	7	544	(16,942)
Income tax credit	8	<u>114</u>	<u>31</u>
Profit/(loss) for the year		<u>658</u>	<u>(16,911)</u>
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		(1,888)	(17,503)
Non-controlling interests		<u>2,546</u>	<u>592</u>
Profit/(loss) for the year		<u>658</u>	<u>(16,911)</u>
Loss per share attributable to the equity shareholders of the Company (HK cents)			
Basic and diluted	9	<u>(0.4)</u>	<u>(3.8)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year	<u>658</u>	<u>(16,911)</u>
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of the financial statements of subsidiaries in the Mainland China	<u>(27,684)</u>	<u>8,636</u>
Total comprehensive income for the year	<u>(27,026)</u>	<u>(8,275)</u>
Attributable to:		
Equity shareholders of the Company	<u>(25,430)</u>	<u>(10,205)</u>
Non-controlling interests	<u>(1,596)</u>	<u>1,930</u>
Total comprehensive income for the year	<u>(27,026)</u>	<u>(8,275)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		73,753	81,931
Right-of-use assets		37,068	43,245
Intangible assets		1,272	349
Prepayments for property, plant and equipment		–	48
Rental deposits		5,382	1,468
Deferred tax assets		5,691	6,068
		<u>123,166</u>	<u>133,109</u>
Current assets			
Inventories	10	33,527	30,827
Trade and other receivables	11	43,753	51,862
Current tax recoverable		–	111
Cash and cash equivalents	12	105,266	59,870
		<u>182,546</u>	<u>142,670</u>
Current liabilities			
Trade and other payables	13	47,577	57,356
Tax payable		115	–
Amount due to a related party		7,393	2,238
Lease liabilities		22,427	16,432
		<u>77,512</u>	<u>76,026</u>
Net current assets		<u>105,034</u>	<u>66,644</u>
Total assets less current liabilities		<u>228,200</u>	<u>199,753</u>

		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities		20,661	33,863
Deferred tax liabilities		1,124	1,124
		<u>21,785</u>	<u>34,987</u>
Net assets		<u>206,415</u>	<u>164,766</u>
Capital and reserves			
Share capital	14	5,578	4,648
Reserves		179,335	137,020
		<u>184,913</u>	<u>141,668</u>
Total equity attributable to the equity shareholders of the Company		<u>184,913</u>	<u>141,668</u>
Non-controlling interests		<u>21,502</u>	<u>23,098</u>
Total equity		<u>206,415</u>	<u>164,766</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL

China Apex Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 July 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Group, comprising the Company and its subsidiaries, continues to operate the zipper business.

The Company was informed by Mr. Chan Ho Yan (also known as Michael Chan) and Mr. Li Kin Long Kenny of D&P China (HK) Limited (trading as Kroll) (the “**Receivers**”) on 7 October 2021 that the Receivers were appointed by Noble Wisdom Ever Limited (the “**Creditor**”), a subsidiary of China Huarong Asset Management Co., Ltd. (Stock code: 2799) (“**Huarong**”) by three Deeds of Appointment of the Receivers dated 7 October 2021 signed by the Creditor as the joint and several receivers of 341,446,600 shares of the Company (the “**Relevant Shares**”), of which 125,397,663 shares are beneficially owned by Central Eagle Limited (“**Central Eagle**”), representing approximately 26.98% of the issued share capital of the Company, 133,706,331 shares are beneficially owned by China Sun Corporation (“**China Sun**”), representing approximately 28.77% of the issued share capital of the Company and 82,342,606 shares are beneficially owned by Golden Diamond Inc. (“**Golden Diamond**”), representing approximately 17.71% of the issued share capital of the Company. As announced by the Company on 9 March 2022 and 23 March 2022, the shareholders of Central Eagle and the Creditor entered into the sale and purchase agreement (the “**SP Agreement**”) on 9 March 2022 and the completion of SP Agreement took place on 23 March 2022 (the “**Completion**”). Upon Completion, the Receivers remain interested in 216,048,937 Shares (the “**Adjusted Relevant Shares**”), representing approximately 46.48% of the total issued share capital of the Company. On 12 July 2022, the Company completed a placing of new shares under general mandate (the “**Placing**”) and 92,960,800 new shares of the Company have been successfully allotted and issued to not less than six Placées at HK\$0.75 per share. For details, please refer to the announcements of the Company dated 27 June 2022 and 12 July 2022. Following the Placing, Adjusted Relevant Shares represent approximately 38.73% of the issued share capital of the Company as at 31 December 2022.

The directors of the Company (the “**Directors**”) considered that Huarong is the controlling shareholder of the Company as at 31 December 2022 and as the date of this announcement.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

(a) Adoption of new/revised HKFRSSs – effective 1 January 2022

During the year, the Group has adopted a number of amended standards, interpretation and amendments that are relevant to its operations and effective for the current accounting period.

Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRS 2018–2020
Amendments to HKFRS 3	Reference to Conceptual Framework

None of these revised HKFRSSs has a material impact on the Group’s results and financial position for the current or prior period.

(b) New/revised HKFRSSs that have been issued but are not yet effective

The following new standards, interpretations and amendments potentially relevant to the Company’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

	Effective for accounting periods beginning on or after
HKFRS 17 and amendments to HKFRS 17, Insurance Contracts and the Related Amendments	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8, Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1, Non-current Liabilities with Covenants	1 January 2024
HK Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group does not expect adoption of the above new/revised HKFRSSs will have a material impact on the Company’s consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business line and geography.

Following the changes of the corporate shareholding of the Company with more details set out in note 1 and the composition of the board of directors, in the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segment. Information reported to the Group’s senior executive management, being the chief operating decision maker, for the purposes of resource allocation and assessment, focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented. Prior year segment disclosures have been represented to conform with the current year’s presentation.

Geographic information

The geographical location of customers is based on the location at which the goods were delivered. The revenue of the Group by geographical regions is set out in note 5.

The Group’s non-current assets excluding financial assets (i.e. rental deposits) and deferred tax assets (the “**Specified Non-current Assets**”) comprise property, plant and equipment, right-of-use assets, intangible assets and prepayments for property, plant and equipment. The geographical location of the specified Non-current Assets is based on their physical location. In the case of intangible assets and prepayments for property, plant and equipment, it is based on the location of the operation to which they are allocated. As at 31 December 2022, the Group’s Specified Non-current Assets were located in Mainland China and Hong Kong with carrying amounts of HK\$108,224,000 (2021: HK\$124,640,000) and HK\$3,869,000 (2021: HK\$933,000) respectively.

5. REVENUE

The principal activities of the Group are manufacture and sale of zippers and other related products.

The amount of each significant category of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Sales of goods</i>		
Finished zippers and sliders	206,850	235,065
Others	8,728	4,652
	215,578	239,717

The Group derives revenue from the transfer of goods sold at a point in time in the following geographical regions as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mainland China	188,625	218,271
Overseas	26,953	21,446
	215,578	239,717

No individual customer had transactions exceeding 10% of the Group's revenue.

The above revenue is recognised at a point in time when the control of goods has been passed to customers.

The following table provides information about trade debtors and bills receivables and contract liabilities from contracts with customers:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade debtors and bills receivable (<i>note 11</i>)	36,986	48,907
Contract liabilities (<i>note 13</i>)	1,832	996

The contract liabilities represent advanced considerations received from customers before goods sold to customers. The contract liabilities are expected to be recognised as revenue within one year from date of inception of respective contracts. The movements of the contract liabilities are set out below.

Movements in contract liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance as at 1 January	996	841
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(766)	(737)
Increase in contract liabilities as a result of receipts in advance from customers during the year	1,627	883
Exchange adjustments	(25)	9
	<u>1,832</u>	<u>996</u>
Balance as 31 December	<u>1,832</u>	<u>996</u>

The Group has applied the practical expedient to its contracts with customers and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

6. OTHER REVENUE AND GAINS/(LOSSES), NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from other sources		
Interest income	503	573
Government grants (<i>Note</i>)	985	656
	<u>1,488</u>	<u>1,229</u>
Other gains/(losses), net		
Net foreign exchange gains/(losses)	13,250	(4,397)
Loss on disposal of subsidiaries	–	(1,702)
Loss on disposal of property, plant and equipment	(19)	(130)
Others	187	1,513
	<u>13,418</u>	<u>(4,716)</u>
	<u>14,906</u>	<u>(3,487)</u>

Note: Government grants of HK\$256,000 (2021: HK\$425,000) were granted to certain subsidiaries for their product innovation and development. There were no unfulfilled conditions for these government grants.

Included in profit or loss is HK\$280,000 (2021: Nil) of government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spending these grants on payroll expenses, and not reducing employee head count below prescribed levels for a specified period of time. The Group did not have other unfulfilled obligations relating to this program.

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Staff costs*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, wages and other benefits	83,066	98,599
Contributions to defined contribution retirement plans	10,224	11,164
	<u>93,290</u>	<u>109,763</u>

(b) Other items

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation and amortisation*		
Property, plant and equipment	14,405	14,333
Intangible assets	171	163
Right-of-use assets	19,000	18,828
	<u>33,576</u>	<u>33,324</u>
Auditors' remuneration		
Audit services	1,033	950
Other services	182	150
	<u>1,215</u>	<u>1,100</u>
Research and development expenses	8,658	9,653
Cost of inventories* (<i>note 10</i>)	145,868	167,804

* Cost of inventories includes HK\$76,955,000 (2021: HK\$82,633,000) relating to staff costs and depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 7(a) for each of these types of expenses.

8. INCOME TAX

Income tax (credit)/expense represents:

	2022 HK\$'000	2021 HK\$'000
Current tax		
PRC corporate income tax		
Under-provision in respect of prior years	12	32
Hong Kong Profits Tax	-	-
Deferred tax		
Origination and reversal of temporary differences	(126)	(63)
	<u>(114)</u>	<u>(31)</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands or the BVI.

Under the two-tiered profit tax rate regime, KEE Zippers Corporation Limited (“KEE Zippers”) is subject to Hong Kong Profits Tax at 8.25% for the first HK\$2 million of profit whilst the remaining profit is taxed at 16.5%.

- (ii) 開易（廣東）服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited*) (“KEE Guangdong”) was recognised as a High and New Technology Enterprise and is entitled to a preferential income tax rate of 15% up to 2025. Except for KEE Guangdong, the statutory income tax rate applicable to the Company’s other subsidiaries in Mainland China is 25%.
- (iii) The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company.
- (iv) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2022, deferred tax liability recognised in this regard was HK\$1,124,000 (2021: HK\$1,124,000).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to the equity shareholders of the Company of HK\$1,888,000 (2021: HK\$17,503,000) and the weighted average number of 508,865,000 ordinary shares (2021: 464,804,000 ordinary shares) in issue during the year ended 31 December 2022.

(b) Diluted loss per share

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during both years ended 31 December 2021 and 2022.

10. INVENTORIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Raw materials	8,282	9,860
Work in progress	21,842	18,260
Finished goods	3,403	2,707
	<u>33,527</u>	<u>30,827</u>

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Carrying amount of inventories sold	145,796	167,860
Write-down of inventories	1,631	1,486
Reversal of write-down of inventories	(1,050)	(1,709)
Exchange adjustments	(509)	167
	<u>145,868</u>	<u>167,804</u>

The write-down of inventories is related to the decrease in the estimated net realisable value of certain slow-moving inventories.

The reversal of write-down of inventories is related to the increase in the estimated net realisable value of certain inventories previously provided for.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade debtors and bills receivable	38,163	50,376
Less: Loss allowance	(1,177)	(1,469)
	<u>36,986</u>	48,907
Rental deposits	–	1,697
Other prepayments	1,233	861
Other tax receivables	5,080	–
Other debtors	454	397
	<u>43,753</u>	<u>51,862</u>

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable based on the invoice date and net of allowance for impairment, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	13,723	18,741
Over 1 month but within 2 months	14,520	17,916
Over 2 months but within 3 months	5,838	6,503
Over 3 months	2,905	5,747
	<u>36,986</u>	<u>48,907</u>

12. CASH AND CASH EQUIVALENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash at banks and in hand	<u>105,266</u>	<u>59,870</u>

As at 31 December 2022, cash and cash equivalents in the amount of HK\$41,766,000 (2021: HK\$55,556,000) were denominated in RMB and were deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade creditors	7,630	10,857
Payroll and staff benefits payable	22,721	31,926
Accrued expenses	6,932	5,301
Payables for purchase of property, plant and equipment	2,274	8,022
Other tax payables	5,588	–
Contract liabilities	1,832	996
Other payables	600	254
	<u>47,577</u>	<u>57,356</u>

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	7,414	10,243
Over 1 month but within 3 months	193	428
Over 3 months but within 6 months	–	5
Over 6 months	23	181
	7,630	10,857

14. SHARE CAPITAL

Authorised and issued share capital

	At 31 December 2022		At 31 December 2021	
	Number of shares '000	Share capital HK\$'000	Number of shares '000	Share capital HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000	20,000	2,000,000	20,000
Ordinary shares, issued and fully paid:				
At 1 January	464,804	4,648	464,804	4,648
Proceeds from placing of new shares, net of expenses	92,961	930	–	–
At 31 December	557,765	5,578	464,804	4,648

On 12 July 2022, the Company completed placement of 92,960,800 new ordinary shares at a subscription price of HK\$0.75 each for providing additional working capital to the Group. It resulted in a total cash of HK\$68,675,000, net of share issue expenses of HK\$1,046,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group continued to operate the zipper business during the year ended 31 December 2022.

The customers in zipper business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2022, representing the revenue from zipper business, decreased to approximately HK\$215.58 million as compared with approximately HK\$239.72 million for the year ended 31 December 2021.

Profit before taxation for the year ended 31 December 2022 was approximately HK\$544,000 (2021: loss before taxation of approximately HK\$16.94 million), representing a reverse change of approximately HK\$17.48 million as compared to prior year. The turn-around was mainly due to the combined effect of: (i) an increase in selling price of zipper products which led to an increase in gross profit margin by approximately 2.3% as compared to that for the year ended 31 December 2021, and (ii) recognition of net foreign exchange gain of approximately HK\$13.3 million instead of net foreign exchange loss of approximately HK\$4.4 million in the corresponding period in 2021.

REVENUE

The Group's revenue for the year ended 31 December 2022 amounted to approximately HK\$215.58 million, representing a decrease of approximately 10.1% as compared to the previous year.

Revenue analysis by product category:

	2022		2021	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
<i>Sales of goods</i>				
Finished zippers and sliders	206.85	96.0	235.07	98.1
Others	8.73	4.0	4.65	1.9
Total revenue	215.58	100.0	239.72	100.0

Revenue analysis by geographic location:

	2022		2021	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Mainland China	188.63	87.5	218.27	91.1
Overseas	26.95	12.5	21.45	8.9
Total revenue	215.58	100.0	239.72	100.0

Finished Zippers and Sliders

Revenue from sales of finished zippers and sliders decreased by approximately HK\$28.22 million or 12.0% to approximately HK\$206.85 million for the year ended 31 December 2022 (2021: approximately HK\$235.07 million). The decrease was primarily due to decline in consumer demand.

The Group's revenue was mainly derived from sales in Mainland China. Other countries or regions to which the Group sold its products for the year ended 31 December 2022 include but not limited to Hong Kong, Switzerland, Italy, India, Indonesia, Bangladesh, Germany, Korea, Vietnam, Tunisia and Jordan.

Others

Others represent items such as scrap material and zipper components. Revenue of other items increased by approximately HK\$4.08 million to approximately HK\$8.73 million for the year ended 31 December 2022 (2021: approximately HK\$4.65 million).

COST OF SALES AND GROSS PROFIT

In 2022, the overall cost of sales for the zipper business amounted to approximately HK\$145.87 million (2021: approximately HK\$167.80 million), representing a decrease of approximately 13.1%. The overall gross profit of the Group decreased by approximately 3.1% from approximately HK\$71.91 million for the year ended 31 December 2021 to approximately HK\$69.71 million for the year ended 31 December 2022. In 2022, the overall gross profit margin increased from approximately 30.0% for 2021 to 32.3% for 2022. The increase in gross profit was primarily due to the increase in unit price of zipper products.

Gross profit analysis by product category:

	2022		2021	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Finished zippers and sliders	67.42	96.7	69.96	97.3
Others	2.29	3.3	1.95	2.7
Total gross profit	69.71	100	71.91	100.0

Finished Zippers and Sliders

Gross profit for finished zippers and sliders slightly decreased by approximately 3.6% from approximately HK\$69.96 million for the year ended 31 December 2021 to approximately HK\$67.42 million for the year ended 31 December 2022 which was primarily due to the combined effect in revenue as discussed above.

Others

Gross profit of other items increased by approximately HK\$0.34 million from approximately HK\$1.95 million for the year ended 31 December 2021 to approximately HK\$2.29 million for the year ended 31 December 2022, which was mainly due to the increase in sale volume of other items.

DISTRIBUTION COSTS

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) transportation costs for delivery of the Group's products; and (iii) advertising and marketing expenses. For the year ended 31 December 2022, the Group's distribution costs amounted to approximately HK\$13.04 million (2021: approximately HK\$17.40 million), accounting for approximately 6.0% of the Group's revenue (2021: approximately 7.3%). The decrease in distribution costs was mainly due to the decrease in overall costs which is in line with sales decline.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) professional fees and auditors' remuneration; and (iii) other administrative expenses including depreciation and amortisation. In 2022, the Group's administrative expenses amounted to approximately HK\$67.35 million (2021: approximately HK\$64.14 million), which accounted for approximately 31.2% of the Group's revenue (2021: approximately 26.8%). The increase in administrative expenses was mainly due to the increase in professional fees and overall cost following the recovery of operations from the pandemic.

INCOME TAX CREDIT

Income tax credit for the year ended 31 December 2021 and 2022 mainly represents deferred tax assets arising from depreciation and impairment loss.

PROFITABILITY

In 2022, the Group's loss attributable to equity shareholders of the Company amounted to approximately HK\$1.89 million (2021: approximately HK\$17.50 million), representing an decrease of loss of approximately 89.2% as compared to 2021. The reduction of loss was mainly due to the combined effect of the above. The margin of loss attributable to the equity shareholders of the Company for the year was approximately 0.9% (2021: approximately 7.3%).

During the year ended 31 December 2022, the Group's return on equity attributable to the equity shareholders of the Company was approximately -1.0% (2021: approximately -12.4%).

INVENTORIES

Inventories are one of the principal components of the Group's current assets of zipper business. The carrying value of inventories accounted for approximately 21.6% and 18.4% of the Group's total current assets as at 31 December 2021 and 2022 respectively.

Inventories increased by approximately 8.8% from approximately HK\$30.83 million as at 31 December 2021 to approximately HK\$33.53 million as at 31 December 2022. The increase in inventories was mainly affected by the Group's inventories policy to enhance level of materials held to save cost of turnover.

The average inventory turnover days for 2022 and 2021 were approximately 81 days and 62 days respectively.

The write-down on inventories for the year ended 31 December 2022 was approximately HK\$0.58 million (2021: net reversal of write-down of approximately HK\$0.22 million) which was related to the decrease in the estimated net realisable value of inventories.

TRADE DEBTORS

As at 31 December 2022, the allowance for impairment was approximately HK\$1.18 million (31 December 2021: approximately HK\$1.47 million), accounting for approximately 3.1% of the Group's total trade debtors (2021: approximately 2.9%).

The Group's trade debtors (net) decreased by around 24.4% from approximately HK\$48.91 million of last year to approximately HK\$36.99 million as at 31 December 2022.

The average trade debtors turnover days for 2022 and 2021 were approximately 73 days and 70 days respectively.

OTHER RECEIVABLES

Other receivables mainly represent rental deposits of certain factories and office premises with remaining lease terms of less than one year. The increase in balance of other receivables by approximately HK\$3.81 million, representing an increase in 129.0% from approximately HK\$2.96 million, which was mainly due to increase in other tax recoverable.

TRADE CREDITORS

The Group's trade creditors primarily relate to suppliers of the Group's purchases of raw materials with main credit terms of approximately 7 to 60 days.

The Group's trade creditors decreased by 29.7% from approximately HK\$10.9 million as at 31 December 2021 to approximately HK\$7.6 million as at 31 December 2022. The average trade creditors turnover days for 2022 and 2021 were approximately 23 days and 22 days respectively.

OTHER PAYABLES

Other payables mainly represent (i) payroll and staff benefits payable; (ii) payables for purchase of property, plant and equipment; and (iii) accrued expenses. The balance of other payables decreased by approximately 14.1% to approximately HK\$39.95 million as at 31 December 2022 (2021: approximately HK\$46.50 million).

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 December 2022, the lease liabilities and right-of-use assets amounted to approximately HK\$43.09 million (2021: approximately HK\$50.29 million) and approximately HK\$37.07 million (2021: approximately HK\$43.24 million) respectively.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of cash flow data for the two years ended 31 December 2021 and 2022:

	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net cash generated from operating activities	15.65	35.59
Net cash used in investing activities	(13.65)	(18.25)
Net cash generated from/(used in) financing activities	50.53	(20.81)
Net increase/(decrease) in cash and cash equivalents	52.53	(3.47)
Cash and cash equivalents at 1 January	59.87	60.93
Effect of foreign exchange rate changes	(7.13)	2.41
Cash and cash equivalents at 31 December	105.27	59.87

The Group's net cash inflow from operating activities for the year 2022 amounted to approximately HK\$15.65 million (2021: HK\$35.59 million). As at 31 December 2022, cash and cash equivalents amounted to approximately HK\$105.27 million, representing an increase of approximately HK\$45.40 million as compared with the position as at 31 December 2021, which was mainly due to the combined effect of the cash flows for the year ended 31 December 2022 as shown in the above table.

As at 31 December 2022, the cash and cash equivalents of approximately HK\$41.77 million, HK\$53.0 million and HK\$10.49 million are denominated in RMB, HK\$ and USD, respectively. As at 31 December 2021, the cash and cash equivalents of approximately HK\$55.56 million, HK\$0.27 million and HK\$3.62 million are denominated in RMB, HK\$ and USD, respectively.

The Group did not have borrowings other than lease liabilities and amount due to a related party as at 31 December 2021 and 2022.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which includes interest-bearing loans and borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group's strategy is to maintain the adjusted net debt-to-capital ratio (i.e. total lease liabilities and amount due to a related party less cash and cash equivalents over total equity) below 20%. As at 31 December 2021 and 2022, as the total debt is less than cash and cash equivalent, no adjusted debt-to-capital ratio is calculated. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

NET CURRENT ASSETS

As at 31 December 2022, the Group had net current assets of approximately HK\$105.03 million. The key components of current assets as at 31 December 2022 included cash and cash equivalents of approximately HK\$105.27 million, trade and other receivables of approximately HK\$43.75 million, and inventories of approximately HK\$33.53 million. The current liabilities mainly represented trade and other payables of approximately HK\$47.58 million, amount due to a related party of approximately HK\$7.39 million and current portion of lease liabilities of approximately HK\$22.43 million.

The net current assets increased from approximately HK\$66.64 million as at 31 December 2021 to approximately HK\$105.03 million as at 31 December 2022.

PLEDGE OF ASSETS

The Group did not have any assets pledged for borrowings.

CAPITAL COMMITMENTS

The capital commitments in respect of property, plant and equipment as at 31 December 2021 and 2022 not provided for in the consolidated financial statements were approximately HK\$0.52 and approximately HK\$0.31 million respectively.

FOREIGN CURRENCY RISK

The Group is exposed to currency risk primarily through sales and bank deposits which give rise to receivables and cash balances that are denominated in USD under KEE Zippers Corporation Limited (“**KEE Zippers**”).

As HK\$ is pegged to USD, the Group considers the risk of movements in exchange rates between USD and HK\$ to be insignificant.

The Group had RMB denominated bank deposits amounting to approximately HK\$0.18 million (2021: approximately HK\$0.31 million) that was held by KEE Zippers and the Company for which HK\$ is their functional currency.

In addition, the Group had HK\$ denominated inter-company other receivables amounting to approximately HK\$149.25 million (2021: approximately HK\$153.84 million) that were held by 開易（廣東）服裝配件有限公司 (KEE (Guangdong) Garment Accessories Limited*) (“**KEE Guangdong**”), 開易（湖北）拉鏈製造有限公司 (KEE (Hubei) Zippers Manufacturing Limited*) (“**KEE Hubei**”) and 開易（浙江）服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited*) (“**KEE Zhejiang**”) for which RMB is their functional currency.

Assuming that a general appreciation/depreciation of 0.5% in HK\$ against RMB at 31 December 2022, with all other variables held constant, there would be a increase/decrease of the Group’s net profit for the year and decrease/increase of accumulated losses by approximately HK\$0.75 million (2021: decreased/increased net loss and accumulated losses by approximately HK\$0.77 million).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits and the inter-company other receivables which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group’s presentation currency. The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

As at 31 December 2022, the Group had 637 full-time employees (2021: 690). The Group reviews the remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the year 2022 were approximately HK\$93.29 million (2021: approximately HK\$109.80 million). The decrease in staff costs is mainly due to the reason that the full-time employees decreased.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2021 and 2022.

CONNECTED TRANSACTIONS

Connected Transactions in Relation to the Lease in Respect of Certain Land and Buildings

- (i) On 14 January 2022, Classic Winner Limited (“**Classic Winner**”), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the “**Third HK Lease Renewal Agreement**”) pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK\$54,000 (exclusive of Government rates, Government rent, management fees and all other outgoings) payable in advance in cash without any deduction on the 16th day of each month for a term of two years commencing from 16 January 2022 to 15 January 2024. As Classic Winner is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Classic Winner is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of HK\$54,000 is fair and reasonable with reference to the market value.

- (ii) On 14 January 2022, 佛山市南海今和明投資有限公司 (Foshan City Nanhai Jinheming Investment Company Limited*), (“**Nanhai Jinheming**”), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into a lease renewal agreement (the “**Third PRC Lease Renewal Agreement**”) pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the land and the PRC buildings in Zhejiang Province at a monthly rental of RMB625,958 payable in cash within the first 10 working days of each month commencing from 16 January 2022 for a term of two years commencing on 16 January 2022 to 15 January 2024 with three months’ rent of RMB1,877,874 as deposit. As Nanhai Jinheming is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of certain subsidiaries of the Company, Nanhai Jinheming is therefore a connected person of the Company at the subsidiary level.

An independent property valuer advised that the monthly rental of RMB625,958 is fair and reasonable with reference to the market value.

- (iii) On 30 December 2022, Mr. Xu Xipeng and Mr. Xu Xinan, connected persons at the subsidiary level of the Company, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the “**Guangdong Lease Renewal Agreement 2022**”) to renew the lease of a plant in Guangdong for a further term of two years commencing from 1 January 2023 to 31 December 2025 for a monthly rental of RMB428,980 payable within the first 10 working days of each month commencing from 1 January 2023.

An independent property valuer advised that the monthly rental of RMB428,980 is fair and reasonable with reference to the market value.

- (iv) On 27 August 2021, KEE Jingmen a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively and KEE Guangdong an indirect 85%-owned subsidiary of the Company entered into a two years lease renewal agreement (the “**Jingmen Lease Renewal Agreement 2021**”) pursuant to which KEE Jingmen has agreed to lease the Jingmen property at a monthly rental of RMB533,000 payable before the fifth day of each month commencing from 1 September 2021 to 31 August 2023, with three months’ rent of RMB1,599,000 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, KEE Jingmen is a connected person at the subsidiary level of the Company as of the date of the Jingmen Lease Renewal Agreement 2021. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

On 29 April 2022, 開易（湖北）拉鍊製造有限公司 (KEE (Hubei) Zippers Manufacturing Company Limited*) (“**KEE Hubei**”) replaced KEE Guangdong as a new lessee to the Jingmen Lease Renewal Agreement 2021. KEE Jingmen as lessor, KEE Guangdong as the original lessee, and KEE Hubei as the new lessee entered into a novation agreement pursuant to which KEE Hubei shall assume all the rights and obligations of KEE Guangdong under the Jingmen Lease Renewal Agreement 2021 with effect from 1 May 2022. An independent property valuer advised that the monthly rental of RMB533,000 is fair and reasonable with reference to the market rate.

- (v) On 31 May 2022, KEE Jingmen and KEE Hubei entered into a lease agreement for a PRC property (the “**PRC Property Phase II**”) for a term from 1 June 2022 to 31 August 2023 (the “**Phase II Lease Agreement**”) pursuant to which KEE Jingmen agreed to lease to KEE Hubei the production base in Zhejiang Province at a monthly rental of RMB245,658 payable in cash before the fifteen day of each month commencing from 1 September 2022 with three months’ rent of RMB736,974 as deposit. As KEE Jingmen is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively therefore a connected person of the Company at the subsidiary level. An independent property valuer advised that the monthly rental of RMB245,658 is fair and reasonable with reference to the market rate.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Third HK Lease Renewal Agreement, Third PRC Lease Renewal Agreement, Guangdong Lease Renewal Agreement 2022, Jingmen Lease Renewal Agreement 2021 and Phase II Lease Agreement, the Group recognized an additional asset representing its right to use the property under the relevant lease agreements of a total of approximately HK\$2 million for the Third HK Lease Renewal Agreement and Third PRC Lease Renewal Agreement, approximately HK\$0.2 million for the Guangdong Lease Renewal Agreement 2022, approximately HK\$8.58 million for the Jingmen Lease Renewal Agreement 2021 and approximately HK\$8.34 million for the Phase II Lease Agreement, respectively. As such, the transactions under the above lease agreements were recognised as acquisitions of right-of-use assets which constituted one-off connected transactions of the Company under Chapter 14A of the Listing Rules. Details of which had been disclosed in the Company’s relevant announcements dated 14 January 2022, 30 December 2022, 27 August 2021, 29 April 2022 and 31 May 2022.

BUSINESS UPDATE IN RELATION TO RELOCATION OF ZHEJIANG PRODUCTION BASE

KEE Zhejiang, a 85%-owned subsidiary of the Company, has been informed by the management committee of Jiashan Economic and Technology Development Zone (“**JETDZ Management Committee**”) that, the production base located at 116 Jinjia Avenue, Economic Development Zone, Jiashan County, Zhejiang Province, China is included in the implementation area of the organic renewal project of the Economic Development Zone and required to be vacated.

KEE Zhejiang has yet to receive the timeline of the relocation of Zhejiang Production Base from the JETDZ Management Committee and will discuss with the JETDZ Management Committee regarding the relocation plan.

BUSINESS UPDATE IN RELATION TO CONTINUOUS RECOGNITION AS AN ENTERPRISE OF NEW AND HIGH TECHNOLOGY AND PROFIT TAX CONCESSION

KEE (Guangdong), a 85%-owned subsidiary of the Company, has been continuously recognised as an enterprise of new and high technology according to the recognition certificate jointly issued by the Science and Technology Department of Guangdong (廣東省科學技術廳), the Finance Department of Guangdong (廣東省財政廳), the State Tax Bureau of Guangdong (廣東省國家稅務局) and the Provincial Tax Bureau of Guangdong (廣東省地方稅務局).

According to the relevant regulations, being recognised as an enterprise of new and high technology, KEE Guangdong would be entitled to enjoy a preferential tax concession in the People's Republic of China and its applicable profit tax rate up to 2025 is expected to be 15%. Without this preferential tax concession, normal profit tax rate of KEE Guangdong would be 25%.

PROSPECTS

In 2022, the ever-changing global environment has had an impact on businesses worldwide. The Russian-Ukraine conflict, the impact from the pandemic, and the competition between major powers has led to global inflation. With the costs of raw materials and energy remaining high, there has been an increase in labor costs across the industrial chain which has led to a decline in consumer confidence. Various unfavorable factors have also brought considerable pressure to various industries.

Moving forward to 2023, though there has been a decline of impact from the pandemic, inflation remains a significant challenge. The Company will seize the opportunity of a recovering market and take the following measures to cope with challenges encountered in the socio-economic environment:

1. Increase market development efforts, strengthen cooperation with existing customers, expand the zipper business beyond the clothing industry, and develop in overseas markets;
2. Increase R&D investment, improve R&D capabilities, closely follow market trends and customer demands, strengthen the development of new products, new categories, and new processes, and create industry-leading products;
3. Integrate existing production capacity, further improve automation levels, improve production processes, improve product quality, control costs, and enhance the Company's competitiveness;

4. Accelerate the transformation of digitalization and informatization to “data intelligence”, further improving operational efficiency and management levels;
5. Strengthen capital management and control operational risks;
6. Enhance talent management and improve organizational operational capabilities.

We will continue to review business strategies and operations of the Group to formulate long-term corporate strategies and development plans. We will also explore other business or investment opportunities to promote the future development of the Group.

CORPORATE GOVERNANCE

Good corporate governance is conducive to enhancing the Group’s overall performance and accountability is essential in modern corporate administration. The Board, which includes four independent non-executive Directors out of a total of nine Directors, is responsible for setting strategic, management and financial objectives, continuously observing the principles of good corporate governance and devoting considerable effort to identifying and formalising best practices to ensure that the interests of Shareholders, including those of minority Shareholders, are protected.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code.

During the year ended 31 December 2022, the Company has complied with all the code provisions as set out in the Corporate Governance Code except the following deviations.

(i) Chairman and chief executive officer

The position of Chairman was held by Mr. Zhuang Weidong from 1 January 2022 to 4 March 2022. On 4 March 2022, Mr. Zhuang Weidong resigned as a Chairman and Executive Director. Since 23 March 2022 and until as at 31 December 2022, the role of the Chairman had been performed by Mr. Yip Siu Lun Dave and the duties of the chief executive officer is performed by the existing management of the Group. This constitutes a deviation from the Code Provision A.2.1 but the Board is of the view that given the small size of the existing management team, Mr. Yip Siu Lun Dave has considerable experience in business development and the Board believes that the current structure will enable the Company to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

(ii) Internal control and risk management

Under Code Provision C.2.5, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the Audit Committee members. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed they have complied with the Model Code throughout the year ended 31 December 2022.

AUDIT COMMITTEE

An Audit Committee has been established with written terms of reference in compliance with the Corporate Governance Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting system, internal control system and risk management, the effectiveness of the Company's internal audit function and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Liew Fui Kiang. Mr. Cheng Hong Kei, an independent non-executive Director, is the chairman of the Audit Committee.

The Audit Committee held three meetings to review interim and annual financial results and reports during the year ended 31 December 2022 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the Company's internal audit function scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. The consolidated results of the Group for the year ended 31 December 2022 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 27 June 2022, the Company and KGI Asia Limited (the "**Placing Agent**") entered into a placing agreement. Pursuant to the placing agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 92,960,800 new shares of the Company at HK\$0.75 per share to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (the "**Placees**"). The new shares were allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders of the Company passed at the annual general meeting of the Company held on 26 May 2021. On 12 July 2022, 92,960,800 new shares of the Company have been successfully allotted and issued to not less than six Placees at HK\$0.75 per share. The net proceeds from the placing of approximately HK\$68.6 million are intended to be used as general working capital and future business opportunities and investments of the Group. For details, please refer to the announcements of the Company dated 27 June 2022 and 12 July 2022.

As at 31 December 2022 and date of this announcement, approximately HK\$15.8 million and HK\$16.2 million, out of the net proceeds of approximately HK\$68.6 million has been utilised as general working capital and business opportunities and investments respectively. It is expected that the remaining portion of the net proceeds amounting to approximately HK\$52.4 million will be utilised by 30 June 2024.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

The Directors confirm that no significant event that affected the Group has occurred after 31 December 2022 and up to the date of this announcement.

DIVIDENDS

The Board does not recommend any payment of a final dividend (2021: Nil) in respect of the year 2022 to the Shareholders.

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and the 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 the results announcement have been compared by the Group’s auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by BDO Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.irasia.com/listco/hk/chinaapex/index.htm>). The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and available on the same websites by no later than 30 April 2023.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the Board of Directors
“CG Code”	code on corporate governance practices as set out in Appendix 14 to the Listing Rules
“Company”	China Apex Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the Director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“OEM”	original equipment manufacturer or manufacturing
“PRC” or “China” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *for identification purpose only*

By Order of the Board
China Apex Group Limited
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei, Mr. Liew Fui Kiang and Mr. Ko Kwok Shu.