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中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

(formerly known as Link-Asia International MedTech Group Limited 環亞國際醫療科技集團有限公司)
(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the “**Board**”) of China Energy Storage Technology Development Limited (formerly known as “Link-Asia International MedTech Group Limited”) (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	501,999	529,251
Cost of sales		(365,132)	(427,855)
Gross profit		136,867	101,396
Other income		13,144	9,631
Other gains and losses		8,841	6,690
Selling and distribution expenses		(37,988)	(29,988)
Administrative expenses		(88,776)	(105,039)
Reversal (provision) of impairment losses on loans to other parties, net		4,466	(4,118)
Impairment losses on trade receivables, net of reversal		(179)	(606)
Impairment losses on other receivables, net of reversal		(9,153)	(4,206)
Impairment losses on intangible assets		(2,620)	(3,615)
Research and development expenditure		(13,209)	(14,511)

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Profit (loss) from operations		11,393	(44,366)
Finance costs		<u>(3,065)</u>	<u>(4,051)</u>
Profit (loss) before tax		8,328	(48,417)
Income tax expense	5	<u>(3,163)</u>	<u>(3,592)</u>
Profit (loss) for the year		<u>5,165</u>	<u>(52,009)</u>
Attributable to:			
Owners of the Company		5,257	(54,042)
Non-controlling interests		<u>(92)</u>	<u>2,033</u>
		<u>5,165</u>	<u>(52,009)</u>
			(Restated)
Earnings (loss) per share	7		
Basic (HK cents per share)		<u>3.060</u>	<u>(49.961)</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

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

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit (loss) for the year	<u>5,165</u>	<u>(52,009)</u>
Other comprehensive expense:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(8,150)</u>	<u>(139)</u>
Other comprehensive expense for the year, net of tax	<u>(8,150)</u>	<u>(139)</u>
Total comprehensive expense for the year	<u><u>(2,985)</u></u>	<u><u>(52,148)</u></u>
Attributable to:		
Owners of the Company	(2,893)	(54,181)
Non-controlling interests	<u>(92)</u>	<u>2,033</u>
	<u><u>(2,985)</u></u>	<u><u>(52,148)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,421	21,058
Right-of-use assets		18,674	33,240
Intangible assets		34,113	68,380
Rental deposits		3,279	1,157
		<hr/>	<hr/>
Total non-current assets		70,487	123,835
		<hr/>	<hr/>
Current assets			
Inventories		54,660	56,799
Trade receivables	8	145,309	115,354
Prepayments, deposits and other receivables		223,568	92,619
Loans to other parties		6,949	8,032
Amounts due from directors		3,878	536
Bank and cash balances		271,567	252,209
		<hr/>	<hr/>
		705,931	525,549
Assets classified as held-for-sale		–	9,849
		<hr/>	<hr/>
Total current assets		705,931	535,398
		<hr/>	<hr/>
TOTAL ASSETS		776,418	659,233
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the Company			
Share capital		39,155	24,154
Reserves		447,508	335,708
		<u>486,663</u>	<u>359,862</u>
Non-controlling interests		2,062	2,154
		<u>488,725</u>	<u>362,016</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		15,002	20,914
		<u>15,002</u>	<u>20,914</u>
Current liabilities			
Trade payables	9	76,471	40,186
Accruals and other payables		179,770	201,832
Amount due to a director		–	149
Lease liabilities		6,894	16,596
Borrowings		4,849	13,565
Product warranty provisions		696	1,207
Current tax liabilities		4,011	2,768
		<u>272,691</u>	<u>276,303</u>
Total current liabilities		<u>272,691</u>	<u>276,303</u>
TOTAL EQUITY AND LIABILITIES		<u>776,418</u>	<u>659,233</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. BASIS OF PREPARATION

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

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

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

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government (the “**Government**”) gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory

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

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

provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any material impact on the opening balance of equity at 1 January 2022. It also did not have a material impact on the consolidated statement of financial position as at 31 December 2022 and 31 December 2023.

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

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

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 January 2023. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKFRS 16 — Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025

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

3. SEGMENT INFORMATION

The Group has five (2022: five) operating segments as follows:

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

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

3. SEGMENT INFORMATION (CONT'D)

(a) Information about reportable segment profit or loss:

	EMS HK\$'000	Distribution of communications products HK\$'000	Securities and other assets investment and others HK\$'000	Real estate supply chain and energy storage products HK\$'000	Money lending HK\$'000	Total HK\$'000
Year ended 31 December 2023						
Revenue from external customers	<u>444,171</u>	<u>10,402</u>	<u>27,333</u>	<u>19,846</u>	<u>247</u>	<u>501,999</u>
	EMS HK\$'000	Distribution of communications products HK\$'000	Securities and other assets investment and others HK\$'000	Real estate supply chain services HK\$'000	Money lending HK\$'000	Total HK\$'000
Year ended 31 December 2022						
Revenue from external customers	<u>502,606</u>	<u>18,489</u>	<u>679</u>	<u>7,388</u>	<u>89</u>	<u>529,251</u>

(b) Geographical information:

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

	2023 HK\$'000	2022 HK\$'000
Revenue		
The People's Republic of China (the "PRC") (including Hong Kong)	84,928	57,186
United States of America ("U.S.A.")	122,685	102,579
Switzerland	55,882	94,436
France	72,272	78,898
Belgium	46,462	54,978
Thailand	13,034	15,946
Malaysia	22,167	22,773
Brazil	7,742	10,826
Others	76,827	91,629
Consolidated total	<u>501,999</u>	<u>529,251</u>

3. SEGMENT INFORMATION (CONT'D)

(b) Geographical information: (Continued)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets		
The PRC (including Hong Kong)	<u>70,487</u>	<u>123,835</u>
Consolidated total	<u><u>70,487</u></u>	<u><u>123,835</u></u>

(c) Revenue from major customers:

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EMS segment		
Customer A	235,380	234,176
Customer B	68,880	85,418
Customer C (<i>Note</i>)	<u>–</u>	<u>55,114</u>

Note: Revenue from this customer is less than 10% of the Group's revenue for the year ended 31 December 2023.

4. REVENUE

Disaggregation of revenue

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of goods	493,602	521,750
— Provision of real estate supply chain service	<u>8,150</u>	<u>7,388</u>
	<u>501,752</u>	<u>529,138</u>
Revenue from other sources		
Rental income	8	24
Loan interest income	<u>239</u>	<u>89</u>
	<u><u>501,999</u></u>	<u><u>529,251</u></u>

4. REVENUE (CONT'D)

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

	Electronic manufacturing services		Marketing and distribution of communications products		Securities and other assets investment and others		Real estate supply chain services and energy storage product		Money lending		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Primary geographical markets												
— The PRC	37,502	49,030	-	-	27,333	679	19,846	7,388	247	89	84,928	57,186
— U.S.A.	112,458	84,588	10,227	17,991	-	-	-	-	-	-	122,685	102,579
— Switzerland	55,882	94,436	-	-	-	-	-	-	-	-	55,882	94,436
— France	72,272	78,898	-	-	-	-	-	-	-	-	72,272	78,898
— Belgium	46,462	54,978	-	-	-	-	-	-	-	-	46,462	54,978
— Thailand	13,034	15,946	-	-	-	-	-	-	-	-	13,034	15,946
— Malaysia	22,167	22,773	-	-	-	-	-	-	-	-	22,167	22,773
— Brazil	7,742	10,826	-	-	-	-	-	-	-	-	7,742	10,826
— Others	76,652	91,131	175	498	-	-	-	-	-	-	76,827	91,629
Segment revenue	<u>444,171</u>	<u>502,606</u>	<u>10,402</u>	<u>18,489</u>	<u>27,333</u>	<u>679</u>	<u>19,846</u>	<u>7,388</u>	<u>247</u>	<u>89</u>	<u>501,999</u>	<u>529,251</u>
Revenue from external customers	<u>444,171</u>	<u>502,606</u>	<u>10,402</u>	<u>18,489</u>	<u>27,333</u>	<u>679</u>	<u>19,846</u>	<u>7,388</u>	<u>247</u>	<u>89</u>	<u>501,999</u>	<u>529,251</u>
Timing of revenue recognition												
Products transferred at a point in time	444,171	502,606	10,402	18,489	27,333	655	19,846	7,388	-	-	501,752	529,138
Products and services transferred over time	-	-	-	-	-	24	-	-	247	89	247	113
Total	<u>444,171</u>	<u>502,606</u>	<u>10,402</u>	<u>18,489</u>	<u>27,333</u>	<u>679</u>	<u>19,846</u>	<u>7,388</u>	<u>247</u>	<u>89</u>	<u>501,999</u>	<u>529,251</u>

5. INCOME TAX EXPENSE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	3,410	3,474
(Over) under-provision in prior years	<u>(288)</u>	<u>133</u>
	<u>3,122</u>	<u>3,607</u>
Current tax — Overseas		
Provision for the year	35	–
Under (over)-provision in prior years	<u>6</u>	<u>(15)</u>
	<u>41</u>	<u>(15)</u>
	<u><u>3,163</u></u>	<u><u>3,592</u></u>

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be taxed at 8.25% (2022: 8.25%), and profits above HK\$2,000,000 will continue to be subject to the tax rate of 16.5% (2022: 16.5%). For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate of 16.5% (2022: 16.5%) on the estimated assessable profits.

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

6. DIVIDENDS

No dividends have been paid or proposed during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

7. EARNINGS (LOSS) PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings (loss)		
Earnings (loss) attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>5,257</u>	<u>(54,042)</u>
	2023	2022 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive earnings (loss) per share	<u>171,818,161</u>	<u>108,168,155</u>

No diluted earnings per share for years ended 31 December 2023 and 31 December 2022 as the exercise price of those options was higher than the average market price of shares.

For the purpose of calculation of basic and diluted earnings (loss) per share for the years ended 31 December 2023 and 2022, the share consolidation being effective on 30 March 2023 was deemed to be effective throughout the period from 1 January 2022 to 31 December 2023.

8. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	146,314	116,180
Allowance for trade receivables	<u>(1,005)</u>	<u>(826)</u>
	<u>145,309</u>	<u>115,354</u>

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

8. TRADE RECEIVABLES (CONT'D)

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	125,406	96,702
91 to 180 days	18,436	17,704
181 to 365 days	946	217
Over 365 days	521	731
	<u>145,309</u>	<u>115,354</u>

9. TRADE PAYABLES

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	60,096	35,777
91 to 180 days	1,436	1,955
181 to 365 days	14,925	2,415
Over 365 days	14	39
	<u>76,471</u>	<u>40,186</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the year 2023, in the face of the complex and uncertain macro-environment and changes in the industry ecology, the Group maintained strategic focus and promoted the operational integration and efficiency enhancement of its business divisions, which has contributed to the steady growth of its operating results.

During the epidemic, the working environment changed to more full-time employees work from home or choosing hybrid work model and online meeting become more popular which lessen the use of communication product in office. At the same time, the War reaches stalemate in 2023 and affect the business of European market. As a result the revenue of the EMS and Distribution of Communications Products Businesses continuous decrease from approximately HK\$521.1 million for the year ended 31 December 2022 to approximately HK\$454.6 million for the year ended 31 December 2023.

The Group commenced a Money Lending business in 2022 which generated approximately HK\$0.2 million for the year ended 31 December 2023.

During the year 2023, the Group commenced an energy storage products business. The revenue of Real Estate Supply Chain Services and Energy Storage Products generated approximately HK\$19.8 million (2022: HK\$7.4 million).

Combined the aforesaid reasons, the Group generates total revenue of approximately HK\$502.0 million, decreased by approximately HK\$27.3 million for the year ended 31 December 2023.

As at 31 December 2023, the Group had bank and cash balances totaling approximately HK\$271.6 million (2022: HK\$252.2 million) with efforts made to maintain a healthy financial position.

REVIEW OF OPERATIONS

The EMS and Distribution of Communications Products Businesses

The EMS and Distribution of Communication Products businesses contributed revenue of approximately HK\$444.2 million (2022: HK\$502.6 million) and HK\$10.4 million (2022: HK\$18.5 million), respectively, to the Group for the year ended 31 December 2023.

The decrease in the revenue of the EMS Businesses was resulting mainly from the decrease in the business of European market. The continuous decrease in the revenue of and Distribution of Communications Products was mainly caused by decreasing in the demand of the communication product in North America. More full-time employees work from home or choosing hybrid work model and online meeting become more popular which lessen the use of communication product in office.

Real Estate Supply Chain Services and Energy Storage Products (the “RES and ESP”)

Revenue from the Real Estate Supply Chain Services operation provides two types of services, comprising the real estate advisory service and real estate purchase service related to investment opportunities in Southeast Asia and Pan Asia markets on behalf of customers. In 2023, the Company changed the Company name to China Energy Storage Technology Development Limited in order to develop the energy storage business. Revenue of Real Estate Supply Chain Services is recognised at a point in time upon completion of each service. The RES and ESP segment has contributed approximately HK\$19.8 million (2022: HK\$7.4 million) for the year ended 31 December 2023. The RES and ESP’s revenue increased due to the ESP business commenced in 2023.

Securities and Other Assets Investment and Others

The Securities and Other Assets Investment and Others business contributed revenue of approximately HK\$27.3 million (2022: HK\$0.7 million) to the Group during the year ended 31 December 2023.

Money Lending

The money lending operations of the Group was commenced in 2022, and are managed through our wholly-owned subsidiary — Be Smart Finance Limited with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. During the year ended 31 December 2023, the Group's money lending business was focused on unsecured loans. The Group plans to explore further potential money lending business opportunities and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the year ended 31 December 2023 were mainly through the referrals of past and existing customers of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group.

During the year ended 31 December 2023, the Group's money lending segment generated revenue of approximately HK\$0.2 million, accounting for approximately 0.04% of overall revenue. Money lending business is a newly commenced segment of the Group. Operating loss from this business segment amounted to approximately HK\$1.1 million. As at 31 December 2023, we had 4 active loan accounts, all of them are individual customers. As at 31 December 2023, the percentage of the amount of loans and interest receivables from these four customers to the total loans and interest receivables are ranging approximately 5.1% to 8.3%.

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

Internal Control

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

Interest rates and loan impairment

For the Group's existing loan portfolio as at 31 December 2023, the effective interest rates were matched and charged to customers of differing risk levels, at 10% per annum. The major terms of loans granted include loans receivable, interest rate and maturity date. For the year ended 31 December 2023, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$0.7 million. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Geographical Analysis

Revenue from the major European countries (Switzerland, Belgium and France) totalled approximately HK\$174.6 million (2022: HK\$228.3 million), and accounted for approximately 34.8% (2022: 43.1%) of the Group's revenue for the year ended 31 December 2023. The U.S.A. market contributed approximately HK\$122.7 million (2022: HK\$102.6 million) in revenue and accounted for approximately 24.4% (2022: 19.4%) of the Group's revenue. The PRC (including Hong Kong) and other countries accounted for approximately HK\$84.9 million (2022: HK\$57.2 million) and HK\$119.8 million (2022: HK\$141.2 million), respectively, representing approximately 16.9% (2022: 10.8%) and 23.9% (2022: 26.7%) of the Group's revenue.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded total revenue of HK\$502.0 million (2022: HK\$529.3 million).

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

For the year ended 31 December 2023, the revenue from EMS decreased by 11.6% to HK\$444.2 million (2022: HK\$502.6 million), whereas the revenue from Distribution segment decreased by 43.7% to HK\$10.4 million (2022: HK\$18.5 million).

The decrease in the revenue of the EMS Businesses was resulting mainly from the decrease in the business of European market. The continuous decrease in the revenue of and Distribution of Communications Products was mainly caused by decreasing in the demand of the communication product in North America. More full-time employees work from home or choosing hybrid work model and online meeting become more popular which lessen the use of communication product in office.

Cost of Sales

Cost of sales decreased by 14.7% from HK\$427.9 million in 2022 to HK\$365.1 million in 2023 is mainly caused by the decrease in the level of sales for the year 2023 and the decrease in material cost due to recovery from Covid pandemic.

Gross Profit

Gross profit increased by 35.0% from HK\$101.4 million to HK\$136.9 million, while the gross profit margin increased by 8.1% which was mainly affected by the cost saving arising from automation of the production and the drop in material cost upon the resumption of supply chain from the lapse of the Covid-19 pandemic crisis.

Impairment losses

The Group made overall impairment losses of approximately HK\$7.5 million on certain assets for the year ended 31 December 2023, representing a decrease by approximately HK\$5.0 million (2022: HK\$12.5 million). It was mainly comprised of impairment losses on intangible assets of approximately HK\$2.6 million, impairment losses on other receivables (net of reversal) of approximately HK\$9.2 million and impairment losses on trade receivables of approximately HK\$0.2 million, which offset by reversal of impairment losses on loan to other parties (net of reversal) of approximately HK\$4.5 million.

Other Income

The other income is increased from approximately HK\$9.6 million for the year ended 31 December 2022 to approximately HK\$13.1 million for the year ended 31 December 2023. The increase was mainly due to interest income on bank fixed deposit and bank deposit increased from approximately HK\$2.7 million to approximately HK\$8.9 million.

Selling and distribution expenses

Selling and distribution expenses of HK\$38.0 million (2022: HK\$30.0 million) accounted for approximately 7.6% in 2023 and 5.7% in 2022 of the Group's revenue respectively. The increase are mainly caused by the increase in the staff cost of approximately HK\$8.3 million.

Administration expenses

Administration expenses of HK\$88.8 million (2022: HK\$105.0 million) accounted for approximately 17.7% in 2023 and 19.8% in 2022 of the Group's revenue respectively. The decreases are mainly caused by decreased in the staff cost of approximately HK\$8.2 million.

Research and development expenditure

Research and development expenditure slightly decreased by approximately HK\$1.3 million from approximately HK\$14.5 million for the year ended 31 December 2022 to approximately HK\$13.2 million for the year ended 31 December 2023.

Finance costs

The Group's finance costs were approximately HK\$3.1 million for the year ended 31 December 2023 and HK\$4.1 million for the year ended 31 December 2022, represented approximately 0.6% and 0.8% of the Group's revenue for the year ended 31 December 2023 and 2022, respectively. The finance costs decreased was mainly due to the decreases of finance lease liabilities during the year ended 31 December 2023.

Income tax expense

Income tax expense during the year ended 31 December 2023 included approximately HK\$3.2 million of current tax charge (2022: HK\$3.6 million). The tax charges mainly represented the income tax provision at the applicable tax rate in accordance with the relevant laws and regulations in Hong Kong, the PRC and the U.S.A..

Profit (loss) attributable to owners of the Company

The profit attributed to owners of the Company was approximately HK\$5.3 million for the year ended 31 December 2023 (2022: loss of approximately HK\$54.0 million). The Group's net profit margin attributable to owners of the Company for the year ended 31 December 2023 was approximately 1.0% (2022: loss margin 10.2%).

(Loss) profit for the year attributable to non-controlling interests

Loss for the year attributable to non-controlling interests amounted to approximately HK\$92,000 for the year ended 31 December 2023 (2022: profit of approximately HK\$2.0 million).

LIQUIDITY AND CAPITAL RESOURCES

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

As at 31 December 2023, the bank and cash balances amounted to approximately HK\$271.6 million (2022: HK\$252.2 million), representing an increase of approximately HK\$19.4 million from 2022. Respective sum of approximately 25.9%, 68.1% and 6.0% of the bank and cash balances was denominated in RMB, USD and HKD, respectively.

As at 31 December 2023, the Group's current ratio remains in a healthy position at 2.6 times (2022: 1.9 times).

As at 31 December 2023, the carrying amounts of the borrowings was approximately HK\$4.8 million. The borrowings represented the loans from financial institutions and loan from an independent third party of approximately HK\$4.3 million (2022: HK\$13.0 million) and HK\$0.5 million (2022: HK\$0.6 million), respectively.

Exchange risk exposure

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and USD, respectively. As at 31 December 2023, the Group had minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and USD, used by the respective group entities, or in USD for the respective group entities with HKD being the functional currency. As HKD is pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant for transactions denominated in USD. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2023, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Capital commitments

Capital commitments as at 31 December 2023 amounted to approximately HK\$0.3 million (2022: HK\$0.6 million).

Pledge of assets

As at 31 December 2023 and 2022, the Group had no pledged assets.

Financial guarantee contract

As at 31 December 2023 and 2022, the Group had an outstanding guarantee (the “**Guarantee**”) to one of the suppliers of an overseas subsidiary (the “**Disposed Subsidiary**”), which was disposed on 7 October 2015, for payment in relation to a sum of US\$2.6 million (equivalent to approximately HK\$20.3 million), representing a trade balance under dispute between the Disposed Subsidiary and the supplier. The supplier subsequently sold the trade balance to a third party.

During 2017, the Disposed Subsidiary had agreed with the third party for a final settlement by instalment of US\$650,000 (equivalent to approximately HK\$5.1 million). In this regards, as at 31 December 2023 and 2022, the Group had an outstanding guarantee of the sum limited to US\$650,000, subject to the full payment of the final settlement effected by the Disposed Subsidiary.

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

Contingent liabilities

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

Significant investments

As at 31 December 2023, the Group held listed equity investments of approximately HK\$Nil (2022: HK\$nil). No dividend income was received during the years ended 31 December 2023 and 2022 in respect of these investments.

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2023, the Group had approximately 930 employees in various operating units located in Hong Kong, U.S.A. and the PRC. In order to attract and retain high quality talents to ensure smooth operation and cater for the Group's constant expansion, it offers competitive remuneration packages, with reference to market conditions, individual qualifications and experience.

The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

SHARE OPTION SCHEME

Details of the share option movements during the period from 1 January 2023 to 31 December 2023 under the Share Option Schemes are as follows:

Holder of share options	Date of grant	Exercise period	Exercise price per Share (note 2) (HK\$)	Outstanding as at 1 January 2023	Effect of the share consolidation as at 30 March 2023	Number of share options				Outstanding as at 31 December 2023
						Reallocation during the year ended 31 December 2023 (note 3)	Grant during the year ended 31 December 2023	Exercised during the year ended 31 December 2023	Lapsed/ cancelled during 2023	
Executive Directors										
Lin Dailian	28-Jan-21	2021.7.28 — 2026.1.27	3.46	5,333,092	(4,799,783)	—	—	—	—	533,309
	3-Nov-23	2024.11.3 — 2026.11.2	2.5	0	—	—	1,725,291	—	—	1,725,291
Bian Sulan	3-Nov-23	2024.11.3 — 2026.11.2	2.5	0	—	—	1,725,291	—	—	1,725,291
Wang Guozhen	28-Jan-21	2021.7.28 — 2026.1.27	3.46	5,333,092	(4,799,783)	(533,309)	—	—	—	—
Employees	28-Jan-21	2022.1.28 — 2026.1.27	3.46	20,316,607	(18,284,946)	533,309	—	—	(476,983)	2,087,987
Employees	3-Nov-23	2024.11.3 — 2026.11.2	2.5	—	—	—	12,244,500	—	—	12,244,500
Total				<u>30,982,791</u>	<u>(27,884,512)</u>	<u>—</u>	<u>15,695,082</u>	<u>—</u>	<u>(476,983)</u>	<u>18,316,378</u>

Notes:

- (1) The closing price of the Company's share immediately before the date (28 January 2021) on which the share options were granted was HK\$0.35.
- (2) The exercise price per share of share options has reflected the adjustment in relation to the share consolidation which completed on 30 March 2023.
- (3) Mr. Wang Guozhen resigned as executive director and appointed as vice president on 4 April 2023. On 12 June 2023, Mr Wang resigned as vice president and appointed as senior operation manager.
- (4) The closing price of the Company's share immediately before the date (2 November 2023) on which the share options were granted was HK\$1.9.
- (5) The number of share option available grant as at 31 December 2023 was 1,557,836.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 22 September 2023, it is approved that the english name of the Company be changed from “Link-Asia International MedTech Group Limited.” to “China Energy Storage Technology Development Limited” and its dual foreign name in chinese be changed from “環亞國際醫療科技集團有限公司” to “中國儲能科技發展有限公司”, both with effect from 31 October 2023.

The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 13 October 2023 certifying the registration of the new English and Chinese names of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The new english and chinese names of the Company were registered in the Cayman Islands on 27 September 2023.

The stock short name of the Company for trading in the Shares on the Stock Exchange changed from “LINKASIA MEDTEC” to “CN ENGY STORAGE” in English and from “環亞國際醫療集團” to “中國儲能科技發展” in Chinese with effect from 9:00 a.m. on 31 October 2023. The logo of the Company changed to “” with effect from 31 October 2023.

For details, please refer to the announcement of the Company dated 10 August 2023 and 24 October 2023 and the circular of the Company dated 7 September 2023.

PROSPECTS

The PRC government remains determined to make progress on green and low-carbon development, continuously optimizing policies to achieve carbon peaking and carbon neutrality goals under the new development philosophy. In order to catch up with the policies, the Company changed the Company's name to China Energy Storage Technology Development Limited in 2023. The Company will vigorously expand the production and sales of new energy storage equipment and supply chain services, energy storage system integration, new energy storage technology and supporting services businesses in the future. It can seek to improve the profitability of the Company's energy storage business under the dual benefits of policies and market demand and also provide a broader market space for the Company's development.

The global economy will continue to be challenging in year of 2024 of the impacts of high interests rates, geopolitical tension and ongoing military confrontation in East Europe and Middle East regions. The Group considers the future of the market is challenging. The Group will continue to closely monitor the market conditions and take necessary measures to adjust the business development strategy.

CAPITAL STRUCTURE

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

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

PURCHASE, SALES AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31 December 2023 (2022: nil).

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed above, these were no other material events after balance sheet date up to the date of this announcement.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

For the year ended 31 December 2023, the Company has complied with the code provisions (“**CPs**”) of the Corporate Governance Code (“**CG Code**”), as set out in Appendix C1 to the Listing Rules, except for the deviation from code provision C.2.1 and C.1.6 of the Code as described below.

Code Provision C.2.1

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

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

Code Provision C.1.6

Under the code provision C.1.6, independent non-executive directors should generally attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments, Mr. Yang Weidong and Mr. Li Huiwu were not able to attend the annual general meeting of the Company held on 8 June 2023.

The Company understands the importance to comply with the code provision C.2.1 and C.1.6 and will continue to consider the feasibility to comply with the said code provision. If compliance with the said provision is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive officer.

On 12 June 2023, Mr. Yang Weidong (“**Mr. Yang**”) was resigned as an independent non-executive Director and cease to be the member of the audit committee and nomination committee and the Chairman of the remuneration committee of the Company with effect from 12 June 2023 due to his own business commitment.

Upon the resignation of Mr. Yang, the number of independent non executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10 and 3.21 of the Listing Rules.

According to Rules 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rules 3.10 and 3.21 of the Listing Rules within three months after failing to meet the requirements.

Following the appointment of Mr. Wu Chi King on 6 September 2023 as an independent non-executive Director and the member of the audit committee and the chairman of remuneration committee (and the member of nomination committee of the Company, the Company has complied with Rule 3.10 of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

On 23 September 2023, Mr. Chak Chi Shing (“**Mr. Chak**”) has resigned as an independent non-executive Director and the chairman of the audit committee of the Company with effect from 23 September 2023 due to his own business commitment.

Upon the resignation of Mr. Chak, the number of independent non executive Directors and members of the Audit Committee fell below the requirements under Rules 3.10 and 3.21 of the Listing Rules.

According to Rules 3.11 and 3.23 of the Listing Rules, the Company is required to meet the requirements set out in Rules 3.10 and 3.21 of the Listing Rules within three months after failing to meet the requirements.

Following the appointment of Ms. Zhang Xiulin on 20 December 2023 as an independent non-executive Director and the member of the audit committee, the Company has complied with Rule 3.10 of the Listing Rules in relation to the composition of the Board and Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions carried out by the directors. All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code throughout the year.

Audit Committee

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

The Audit Committee has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters on 28 March 2024. The Audit Committee has also reviewed and discussed with the management about the announcement of audited annual financial results of the Group for the year ended 31 December 2023.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this further announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by McMillan Woods (Hong Kong) CPA Limited on this further announcement.

By order of the Board
China Energy Storage Technology Development Limited
Lin Dailian
Chairman and executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Liu Zhiwei, Ms. Bian Sulan and Ms. Lin Xiaoshan as executive Directors; Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin as independent non-executive Directors.