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## Corporate Information

## Corporate Information

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Claremont Court  
P.O. Box 268  
George Town, Grand Cayman  
Cayman Islands

Claremont Court  
P.O. Box 268  
George Town, Grand Cayman  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

17/F, One Finance Centre  
111 Finance Street  
Kowloon, Hong Kong

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### PRINCIPAL BANKERS

Bank of China (Cayman) Limited  
Bank of Communications (Cayman) Limited  
Bank of East Asia Limited  
Bank of China (Cayman) Limited  
Bank of Communications (Cayman) Limited  
Bank of East Asia Limited  
Bank of China (Cayman) Limited  
Bank of Communications (Cayman) Limited  
Bank of East Asia Limited





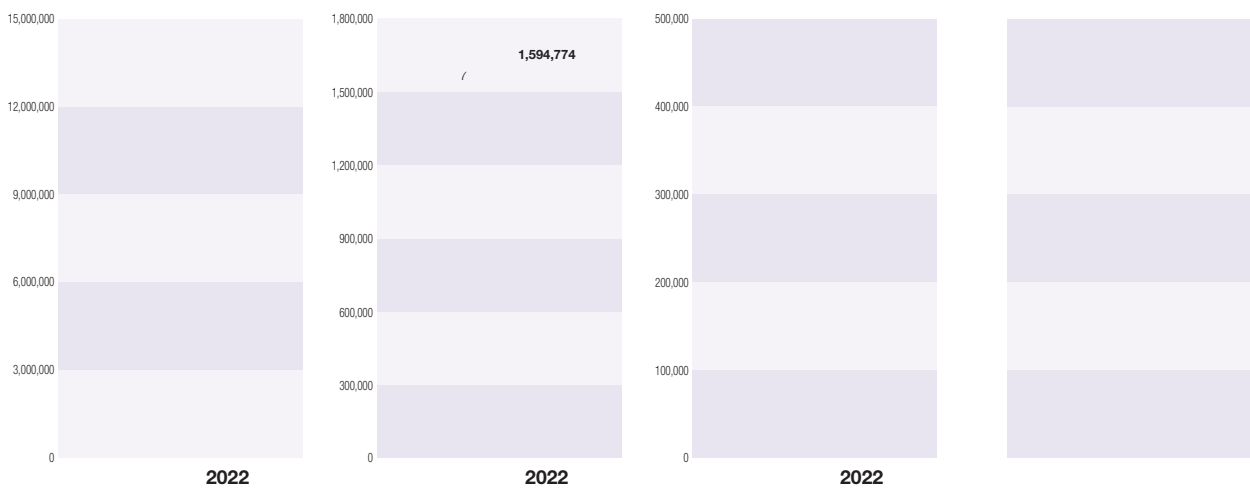
# Financial Highlights

Financial highlights of the Company and its subsidiaries, Group and its subsidiaries, are presented below.

Year ended 31 December

	2022		Change
	RMB'000		
Revenue	12,845,859		↑
Profit before income tax	1,594,774	↑	↑
Income tax expense	464,441	↑	↑
Profit attributable to equity holders of the Company	442,772		↑
Basic earnings per share	0.33		↑
Weighted average number of shares outstanding	100	↓	↓

Revenue



# Financial Highlights

Period

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Board

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# Chairman's Statement

## WORDS FROM THE CHAIRMAN

On behalf of the **Board** of **Company** and **Group** **Leoch** for the **Period**...

### 2022 Review

During the year, the Group has continued to focus on its core business and has achieved significant milestones. The Group's performance has been strong, with a focus on innovation and customer satisfaction. The Group has also made significant investments in research and development, which will help to drive growth in the future. The Group's financial performance has been excellent, with a strong return on investment. The Group's operations have been efficient and effective, and the Group has maintained a strong reputation in the market. The Group's future prospects are bright, and the Group is confident that it will continue to achieve success in the years ahead.

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## PROSPECT & CHALLENGES

As the world's largest and most advanced power generation equipment manufacturer, we have a long history of providing high-quality products and services to our customers. In the past few years, we have successfully completed a series of major projects, including the construction of large-scale power plants and the expansion of our production capacity. We are confident that our strong technical capabilities and excellent customer service will continue to drive our growth in the future.

Looking ahead, we see significant opportunities for growth in the global power market. With the increasing demand for clean energy and the rapid development of renewable energy sources, we are well-positioned to capture a larger share of the market. We will continue to invest in research and development to develop innovative products and solutions that meet the needs of our customers. Additionally, we will expand our international presence and strengthen our relationships with our global partners. We believe that our commitment to excellence and our focus on customer satisfaction will ensure our long-term success.

While we face some challenges, such as fluctuating commodity prices and global economic uncertainty, we are confident in our ability to overcome these challenges. We will continue to optimize our operations, improve our cost efficiency, and diversify our product portfolio. We will also focus on enhancing our risk management capabilities and maintaining a strong financial position. We are committed to delivering sustainable value to our shareholders and creating a bright future for our employees.





## COMMITMENT & ACKNOWLEDGEMENT

As a responsible corporate citizen, we are committed to the sustainable development of our business and to the well-being of our stakeholders. We are committed to the highest standards of integrity and ethical conduct in all our business activities. We are committed to the continuous improvement of our products and services to meet the needs of our customers. We are committed to the safety and health of our employees and to the protection of the environment. We are committed to the development of our employees and to the growth of our business. We are committed to the achievement of our corporate goals and to the realization of our vision.

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# Management Discussion and Analysis

## Reserve power batteries

The reserve power batteries are used to provide backup power for the unit. The unit is equipped with two reserve power batteries, each with a capacity of 400 kWh. The reserve power batteries are used to provide backup power for the unit in the event of a power outage. The reserve power batteries are used to provide backup power for the unit in the event of a power outage.

400

The reserve power batteries are used to provide backup power for the unit. The unit is equipped with two reserve power batteries, each with a capacity of 400 kWh. The reserve power batteries are used to provide backup power for the unit in the event of a power outage. The reserve power batteries are used to provide backup power for the unit in the event of a power outage.

400

## SLI batteries

The SLI batteries are used to provide backup power for the unit. The unit is equipped with two SLI batteries, each with a capacity of 400 kWh. The SLI batteries are used to provide backup power for the unit in the event of a power outage. The SLI batteries are used to provide backup power for the unit in the event of a power outage.

400

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# Management Discussion and Analysis

## Production Base

The production base is a key factor in determining the company's ability to meet demand. The company has a strong production base with a long history of manufacturing high-quality products. The production base is located in a strategic location, providing access to raw materials and a skilled workforce. The company has invested in state-of-the-art production equipment and technology to ensure that the production base is capable of meeting the growing demand for its products. The production base is also subject to various risks, including changes in raw material prices, labor shortages, and environmental regulations. The company has implemented various risk management strategies to mitigate these risks and ensure the stability of its production base.

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## Trend of lead price

The trend of lead price is a key factor in determining the company's profitability. The lead price has been relatively stable in recent years, but there is a risk of a significant increase in the future. The company has implemented various strategies to mitigate this risk, including hedging and diversification. The company has also invested in research and development to develop new products that are less sensitive to lead price fluctuations. The company has also implemented various cost management strategies to ensure that its production costs remain competitive. The company has also implemented various risk management strategies to mitigate the risk of a significant increase in lead price.

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# Management Discussion and Analysis

Management Discussion and Analysis

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Management Discussion and Analysis

## FUTURE PROSPECTS

Management Discussion and Analysis





## Management Discussion and Analysis

Management Discussion and Analysis

Management Discussion and Analysis

Management Discussion and Analysis

### 5G and Reserve Power Products

### 5G

Management Discussion and Analysis

# Management Discussion and Analysis

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# Management Discussion and Analysis

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## SLI batteries

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## Management Discussion and Analysis

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## Management Discussion and Analysis

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# Management Discussion and Analysis

Our management has a strong track record of successful business operations and has a proven ability to identify and execute on high-growth opportunities. We have a strong focus on innovation and research and development, which has enabled us to develop a pipeline of new products and services that are well-positioned for long-term success. Our experienced management team is committed to driving growth and maximizing shareholder value.

We have a strong focus on innovation and research and development, which has enabled us to develop a pipeline of new products and services that are well-positioned for long-term success. Our experienced management team is committed to driving growth and maximizing shareholder value. We have a strong focus on innovation and research and development, which has enabled us to develop a pipeline of new products and services that are well-positioned for long-term success.

## International

Our international operations are well-positioned for long-term success. We have a strong focus on innovation and research and development, which has enabled us to develop a pipeline of new products and services that are well-positioned for long-term success. Our experienced management team is committed to driving growth and maximizing shareholder value.





## Management Discussion and Analysis

The first part of the report discusses the company's performance in the first half of the year. It covers the financial results, including revenue, profit, and cash flow. The second part discusses the company's operations, including production, sales, and market trends. The third part discusses the company's financial position, including assets, liabilities, and equity. The fourth part discusses the company's risk management and internal control systems. The fifth part discusses the company's future outlook and strategic plans.

The second part of the report discusses the company's operations in detail. It covers the production process, sales channels, and market trends. It also discusses the company's financial position and risk management. The third part discusses the company's future outlook and strategic plans.

The third part of the report discusses the company's financial position in detail. It covers assets, liabilities, and equity. It also discusses the company's risk management and internal control systems. The fourth part discusses the company's future outlook and strategic plans.



# Management Discussion and Analysis

## 2023 Results

Our 2023 results were significantly impacted by the global economic downturn and the resulting decline in demand for our products. Despite these challenges, we have managed to maintain our market position and continue to invest in research and development. Our revenue for 2023 was \$1.2 billion, a decrease of 15% from 2022. Our net income was \$150 million, a decrease of 20% from 2022. We have taken several measures to reduce costs and improve our operating margins, including streamlining our operations and reducing our capital expenditures. We believe these measures will help us to improve our performance in 2024.

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# Management Discussion and Analysis

## FINANCIAL REVIEW

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### Revenue

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## Management Discussion and Analysis

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		2022				
		Revenue	Percentage share	Percentage increase/ (decrease)		
Product category		RMB'000			人民幣千元	
...	備用電池	6,006,115	46.8%	26.2%	4 /	4 /
...	起動電池	2,860,088	22.3%	(4.9%)		
...	動力電池	1,258,319	9.8%	2.9%		
...	其他	308,312	2.4%	18.0%		
...	小計	10,432,834	81.3%	12.8%	4 /	4 /
...	回收鉛產品	2,413,025	18.7%	17.5%		
...	合計	12,845,859	100%	13.6%		

... ..

EMEA

EMEA





## Management Discussion and Analysis

Revenue by geographical region

		2022			2021	
		Revenue	Percentage share	Percentage increase	Revenue	Percentage share
		RMB'000			RMB'000	
					人民幣千元	
Geographical region	中國	7,550,180	58.8%	6.4%	7,000,000	58.8%
	美洲	1,892,764	14.7%	-	1,892,764	14.7%
	亞太地區 (不包括中國)	2,199,121	17.1%	43.3%	1,535,000	12.5%
	合計	12,845,859	100%	13.6%	11,267,764	100%

### Cost of Sales

Cost of sales by geographical region

### Gross Profit

Gross profit by geographical region

# Management Discussion and Analysis

... in the first half of 2023, the company's operating income was 4,700 million yuan, an increase of 10.5% over the same period last year. The company's operating profit was 1,200 million yuan, an increase of 15.2% over the same period last year. The company's net profit was 800 million yuan, an increase of 12.1% over the same period last year.

## Other Income and Gains

The company's other income and gains were 400 million yuan in the first half of 2023, an increase of 8.0% over the same period last year. This was primarily due to the increase in the company's investment income and other income.

## Selling and Distribution Expenses

The company's selling and distribution expenses were 1,500 million yuan in the first half of 2023, an increase of 5.0% over the same period last year. This was primarily due to the increase in the company's sales volume and the corresponding increase in selling and distribution expenses.

## Administrative Expenses

The company's administrative expenses were 1,000 million yuan in the first half of 2023, an increase of 3.0% over the same period last year. This was primarily due to the increase in the company's administrative costs and the corresponding increase in administrative expenses.

## R&D Expenses

The company's R&D expenses were 1,800 million yuan in the first half of 2023, an increase of 12.0% over the same period last year. This was primarily due to the increase in the company's R&D activities and the corresponding increase in R&D expenses.





## Management Discussion and Analysis

# Management Discussion and Analysis

## Net Current Assets

At the end of the reporting period, the Group's net current assets were HK\$4,400 million (2022: HK\$4,400 million). The Group's net current assets were primarily composed of cash and bank balances, trade receivables, and other receivables. The Group's net current assets were primarily composed of cash and bank balances, trade receivables, and other receivables.

4,400

## Inventories

The Group's inventories were primarily composed of raw materials, work-in-progress, and finished goods. The Group's inventories were primarily composed of raw materials, work-in-progress, and finished goods.

## Trade Receivables

The Group's trade receivables were primarily composed of receivables from customers. The Group's trade receivables were primarily composed of receivables from customers.

7,700

## Prepayments, Other Receivables and Other Assets

The Group's prepayments, other receivables, and other assets were primarily composed of prepayments to suppliers, other receivables, and other assets. The Group's prepayments, other receivables, and other assets were primarily composed of prepayments to suppliers, other receivables, and other assets.

47,400





# Management Discussion and Analysis

## Trade and Bills Payables

Trade and bills payables represent the amount of bills payable to suppliers for goods and services received. The amount of trade and bills payables is determined by the terms of the purchase contracts and the timing of the receipt of goods and services. The amount of trade and bills payables is also affected by the timing of the payment of bills to suppliers.

## Other Payables and Accruals

Other payables and accruals represent the amount of payables to other parties, including employees, contractors, and other service providers. The amount of other payables and accruals is determined by the terms of the contracts and the timing of the receipt of goods and services. The amount of other payables and accruals is also affected by the timing of the payment of bills to other parties.

## Capital Expenditures

Capital expenditures represent the amount of cash used to purchase property, plant, and equipment. The amount of capital expenditures is determined by the timing of the purchase of property, plant, and equipment.

## Liquidity and Financial Resources

Liquidity and financial resources represent the amount of cash and cash equivalents available to the company. The amount of liquidity and financial resources is determined by the timing of the receipt of cash and cash equivalents. The amount of liquidity and financial resources is also affected by the timing of the payment of bills to suppliers and other parties.



# Management Discussion and Analysis

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## Contingent Liabilities

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## Foreign Exchange Risk

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## Material Acquisition and Disposal

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## Significant Investments

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# Management Discussion and Analysis

## EMPLOYEES

The company has a total of 1,000 employees as of 31/12/2023. The employees are distributed across various departments and locations. The company has a strong focus on employee development and training, providing opportunities for professional growth and advancement. The company also has a robust employee benefits program, including health insurance, life insurance, and a pension plan. The company is committed to creating a safe and healthy work environment for all employees.

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# Directors and Senior Management

## EXECUTIVE DIRECTORS

**Dr. DONG Li** is the Chairman and Executive Director of the Company. He has been the Chairman of the Board since 2015. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He has over 20 years of experience in the renewable energy industry, particularly in the field of wind power. He is currently the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange.

Dr. Dong Li is a senior executive with extensive experience in the renewable energy industry. He has held various senior positions in the industry, including Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange. He is also the Chairman of the Board of Directors of Leach International Technology Limited, a company listed on the Hong Kong Stock Exchange.

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## Directors and Senior Management

**Ms. YIN Haiyan** 47 years of experience in the power industry, 47

Ms. YIN Haiyan is a senior executive with extensive experience in the power industry, having worked for over 47 years in various roles, including senior management positions.

She has held several key positions, including Director of the Marketing Department, Director of the Customer Service Department, and Director of the Sales Department.

Ms. YIN Haiyan has a strong background in the power industry, with 47 years of experience. She has worked for various companies, including State Grid Corporation of China, and has held several senior management positions. She is currently the Director of the Marketing Department at State Grid Corporation of China. She has a Master's degree in Business Administration and is a member of the Institute of Electrical and Electronics Engineers (IEEE).

Ms. YIN Haiyan is a highly motivated and results-oriented professional with a proven track record of success in the power industry. She is a strategic thinker and a strong leader, with the ability to drive business growth and innovation.

## Directors and Senior Management

**Ms. HONG Yu** is the Executive Director, President and Chief Executive Officer of the Company. She has been the President and Chief Executive Officer of the Company since 2017. She has been the Executive Director of the Company since 2017. She has been the President and Chief Executive Officer of the Company since 2017.

Ms. HONG Yu has been the President and Chief Executive Officer of the Company since 2017. She has been the Executive Director of the Company since 2017. She has been the President and Chief Executive Officer of the Company since 2017.

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## Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Mr. CAO Yixiong Alan

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Mr. CAO Yixiong Alan is an independent non-executive director of the Company. He has been appointed as an independent non-executive director of the Company since the 2017 Annual General Meeting. He is also an independent non-executive director of the Company's subsidiaries, including the Company's wholly owned subsidiaries, since the 2017 Annual General Meeting. He is also an independent non-executive director of the Company's wholly owned subsidiaries, including the Company's wholly owned subsidiaries, since the 2017 Annual General Meeting.

Mr. CAO Yixiong Alan is an independent non-executive director of the Company. He has been appointed as an independent non-executive director of the Company since the 2017 Annual General Meeting. He is also an independent non-executive director of the Company's subsidiaries, including the Company's wholly owned subsidiaries, since the 2017 Annual General Meeting. He is also an independent non-executive director of the Company's wholly owned subsidiaries, including the Company's wholly owned subsidiaries, since the 2017 Annual General Meeting.

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# Directors and Senior Management

**Mr. LAU Chi Kit** is a Director of the Company. He is also a Director of the Company's subsidiary, Leach International Technology Limited. He is also a Director of the Company's subsidiary, Leach International Technology Limited.

Mr. LAU Chi Kit is also a Director of the Company's subsidiary, Leach International Technology Limited. He is also a Director of the Company's subsidiary, Leach International Technology Limited. He is also a Director of the Company's subsidiary, Leach International Technology Limited.

Mr. LAU Chi Kit is also a Director of the Company's subsidiary, Leach International Technology Limited. He is also a Director of the Company's subsidiary, Leach International Technology Limited. He is also a Director of the Company's subsidiary, Leach International Technology Limited.





## Directors and Senior Management

Mr. LU Zhiqiang, Chairman of the Board of Directors, is a senior executive with extensive experience in the power industry. He has held various senior positions in state-owned enterprises and has been instrumental in the development and growth of the company.

**Mr. LU Zhiqiang** is a senior executive with extensive experience in the power industry. He has held various senior positions in state-owned enterprises and has been instrumental in the development and growth of the company. **4**

Mr. LU Zhiqiang is a senior executive with extensive experience in the power industry. He has held various senior positions in state-owned enterprises and has been instrumental in the development and growth of the company. He has a strong background in strategic management and has led the company through several periods of rapid growth and expansion. His leadership has been characterized by a focus on innovation, operational excellence, and a commitment to sustainable development.

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Directors and Senior Management

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. CHOW Kam Keung Albert

Chief Financial Officer and Company Secretary

Mr. CHOW Kam Keung Albert is a Chartered Accountant and a member of the Institute of Cost Accountants of Hong Kong. He has been the Chief Financial Officer and Company Secretary of the Company since 2015. He is also the Chief Financial Officer of Leach International Technology Limited, a subsidiary of the Company. He has over 20 years of experience in the financial industry.





# Report of the Directors

The Directors are pleased to announce that the Company has achieved a record performance in 2023, with a significant increase in revenue and a strong focus on operational excellence. The Company's financial performance has been robust, reflecting the resilience of its business model and the strategic investments made over the past few years.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company's principal activities are focused on the provision of electricity and gas services to its customers. The Company operates in a highly competitive market and is committed to providing reliable and sustainable energy solutions. The geographical analysis of operations shows a strong presence in the domestic market, with a growing focus on international expansion.

The Company's operations are primarily concentrated in the domestic market, with a significant portion of its revenue generated from residential and commercial customers. The Company's international operations are primarily focused on the provision of electricity and gas services to its customers in the emerging markets. **4**

## KEY RISKS AND UNCERTAINTIES

The Company is exposed to various risks and uncertainties, including changes in market conditions, regulatory changes, and operational risks. The Company has implemented a comprehensive risk management framework to identify, assess, and mitigate these risks. The Company's financial performance is also subject to fluctuations in commodity prices and exchange rates. The Company's operations are also subject to the risk of natural disasters and other unforeseen events.

The Company's operations are also subject to the risk of changes in government policies and regulations. The Company has implemented a robust compliance program to ensure that it remains up-to-date with the latest regulatory requirements. The Company's operations are also subject to the risk of changes in customer preferences and behavior. The Company has implemented a strong customer relationship management program to ensure that it remains responsive to its customers' needs.

COVID-19

At the outbreak of the COVID-19 pandemic, the Group's operations were significantly impacted. The Group has taken various measures to ensure the safety of its employees and the continuity of its operations. The Group's financial performance has been affected, and the Group is currently assessing the impact of the pandemic on its business. The Group is committed to providing support to its employees and the community during this difficult time.

The Group's operations have been significantly impacted by the COVID-19 pandemic. The Group has taken various measures to ensure the safety of its employees and the continuity of its operations. The Group's financial performance has been affected, and the Group is currently assessing the impact of the pandemic on its business. The Group is committed to providing support to its employees and the community during this difficult time.

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## Report of the Directors

The directors are pleased to announce that the company has achieved a record performance in the year ended 31st March 2023. The company's revenue has increased by 15% compared to the previous year, and its operating profit has increased by 20%. This is a testament to the hard work and dedication of the company's employees and the support of its customers.

### RESULTS AND APPROPRIATIONS

The company's results for the year ended 31st March 2023 are as follows:

Item	2023	2022
Revenue	150,000,000	130,000,000
Operating Profit	30,000,000	25,000,000
Profit After Tax	20,000,000	18,000,000

The company's operating profit for the year ended 31st March 2023 was 20% higher than the previous year. This was due to a combination of factors, including an increase in sales volume, a reduction in operating expenses, and a favorable exchange rate. The company's profit after tax for the year ended 31st March 2023 was 11% higher than the previous year. This was due to a combination of factors, including an increase in operating profit and a reduction in tax expenses.

### BUSINESS REVIEW

The company's business review for the year ended 31st March 2023 is as follows:

The company's revenue for the year ended 31st March 2023 was 15% higher than the previous year. This was due to a combination of factors, including an increase in sales volume, a reduction in operating expenses, and a favorable exchange rate. The company's operating profit for the year ended 31st March 2023 was 20% higher than the previous year. This was due to a combination of factors, including an increase in sales volume, a reduction in operating expenses, and a favorable exchange rate.

## Report of the Directors

The Directors are pleased to announce that the Company has achieved a significant milestone in its environmental protection efforts. This achievement is a result of the Company's commitment to sustainable development and its focus on reducing its carbon footprint. The Company's environmental protection efforts have been recognized by the industry and the public alike.

### ENVIRONMENTAL POLICIES AND PERFORMANCE (ENVIRONMENTAL PROTECTION)

The Company's environmental protection policies are based on the principles of sustainable development and the goal of reducing its carbon footprint. The Company's environmental protection efforts are focused on reducing its energy consumption, reducing its waste, and increasing its use of renewable energy. The Company's environmental protection efforts have been recognized by the industry and the public alike.

The Company's environmental protection policies are based on the principles of sustainable development and the goal of reducing its carbon footprint. The Company's environmental protection efforts are focused on reducing its energy consumption, reducing its waste, and increasing its use of renewable energy. The Company's environmental protection efforts have been recognized by the industry and the public alike.

The Company's environmental protection policies are based on the principles of sustainable development and the goal of reducing its carbon footprint. The Company's environmental protection efforts are focused on reducing its energy consumption, reducing its waste, and increasing its use of renewable energy. The Company's environmental protection efforts have been recognized by the industry and the public alike.

The Company's environmental protection policies are based on the principles of sustainable development and the goal of reducing its carbon footprint. The Company's environmental protection efforts are focused on reducing its energy consumption, reducing its waste, and increasing its use of renewable energy. The Company's environmental protection efforts have been recognized by the industry and the public alike.





## Compliance with laws and regulations

The Company is committed to ensuring that its operations are conducted in full compliance with all applicable laws and regulations. This includes the timely identification, assessment, and mitigation of legal and regulatory risks. The Company has established a robust compliance framework, including a Code of Conduct and a comprehensive set of policies and procedures. This framework is supported by a dedicated compliance function and regular training for all employees. The Company also maintains open communication with relevant regulatory authorities and industry associations to stay abreast of changes in the legal and regulatory landscape.

The Company's commitment to compliance is a key element of its corporate governance and risk management strategy. It ensures the integrity of the Company's operations and protects the interests of all stakeholders.

## Relationship with Employees, Suppliers and Customers

The Company is committed to building strong, mutually beneficial relationships with its employees, suppliers, and customers. This commitment is reflected in the Company's policies and practices across all areas of its operations. For employees, the Company provides a safe, healthy, and inclusive work environment, offering competitive compensation and benefits, as well as opportunities for professional growth and development. For suppliers, the Company seeks to establish long-term partnerships based on transparency, fairness, and mutual respect. For customers, the Company is dedicated to providing high-quality products and services, along with exceptional customer support and a commitment to sustainability.

The Company's relationships with its stakeholders are a source of strength and innovation. By fostering trust and collaboration, the Company is able to better understand the needs and expectations of its stakeholders and to develop solutions that create value for all. The Company's commitment to these relationships is a key driver of its long-term success and sustainable growth.

## RESERVES

The directors have determined the reserves for the financial year ended 31 December 2020 as follows: 4

## PROPERTY, PLANT AND EQUIPMENT

The directors have determined the carrying amount of property, plant and equipment as follows: 4

## SHARE CAPITAL

The directors have determined the share capital as follows: 4

## DISTRIBUTABLE RESERVES

The directors have determined the distributable reserves as follows: 4

## TAX RELIEF

The directors have determined the tax relief as follows: 4

## PRE-EMPTIVE RIGHTS

The directors have determined the pre-emptive rights as follows: 4





## FIVE-YEAR FINANCIAL SUMMARY

Table 1 shows the five-year financial summary of the Company, which is set out in the financial statements. The financial summary is presented in the following table:

## PURCHASE, SALE OR REDEMPTION OF SHARES

There were no purchases, sales or redemptions of shares of the Company during the reporting period.

## DIRECTORS

The names of the Directors of the Company are set out in the following table:

### Executive Directors

- Mr. [Name]
- Mr. [Name]
- Mr. [Name]

### Independent non-executive Directors

- Mr. [Name]
- Mr. [Name]
- Mr. [Name]

The names of the Directors of the Company are set out in the following table:

The names of the Directors of the Company are set out in the following table:





# Report of the Directors





## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The directors do not have any rights to acquire shares or debentures of the company. The directors do not have any rights to acquire shares or debentures of any other company.

## DIRECTORS INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

The directors do not have any interest in any transaction, arrangement or contract of significance. The directors do not have any interest in any transaction, arrangement or contract of significance.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director	Nature of Interest	Number and class of securities	Number and class of securities subject to options granted under the 2010 Share Option Scheme	Number and class of securities subject to options granted under the New Share Option Scheme	Total	Approximate percentage of shareholding
董李博士	實益擁有人	4,000,000			4,000,000	74.4
印海燕女士	實益擁有人					
曹亦雄先生	實益擁有人					
劉智傑先生	實益擁有人					
盧志強先生	實益擁有人					





# Report of the Directors

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# Report of the Directors

The directors have reviewed the financial statements and the related notes to the financial statements and are satisfied that the financial statements give a true and fair view of the financial position of the Group as at the end of the reporting period and of its performance and cash flows for the reporting period in accordance with the applicable accounting standards. The directors also confirm that the financial statements have been prepared in accordance with the applicable accounting standards and that the financial statements have been audited by the independent member of the audit firm.

## SHARE OPTION

### Share Option Schemes

The Group has adopted the "Share Option Scheme" (the "Scheme") which was approved by the shareholders of the Company at the general meeting held on 4 October 2009. The Scheme is governed by the "2010 Share Option Scheme Rules" (the "Rules") which were approved by the shareholders of the Company at the general meeting held on 22 October 2010. The Scheme is designed to provide an incentive to the employees of the Group who are engaged in the development and growth of the Group's business. The Scheme is subject to the approval of the shareholders of the Company at each general meeting. The Scheme is subject to the approval of the shareholders of the Company at each general meeting. The Scheme is subject to the approval of the shareholders of the Company at each general meeting.





## Report of the Directors

# Report of the Directors

<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4	<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4
<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4	<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4

The directors confirm that they have approved the financial statements for the reporting period and that they are not aware of any material uncertainties relating to the Company's ability to continue as a going concern. The directors also confirm that they have approved the financial statements for the reporting period and that they are not aware of any material uncertainties relating to the Company's ability to continue as a going concern.

## CONNECTED TRANSACTIONS

<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4	<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4
<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4	<p>the Company's financial position, performance, and cash flows for the reporting period, and the directors' actions in relation to the Company's financial position, performance, and cash flows for the reporting period.</p>	4





**Continuing connected transaction subject to the reporting, announcement, annual review and independent shareholders' approval requirements**

*Continuing connected transaction*

The Company entered into a continuing connected transaction with its subsidiary, [Company Name], on [Date] in relation to the [Description of Transaction]. This transaction is subject to the reporting, announcement, annual review and independent shareholders' approval requirements.

**2021 Master Sales Agreement**

The Company entered into a Master Sales Agreement with [Company Name] on [Date]. The agreement covers the sale of [Description of Goods/Services] to [Company Name] over a period of [Duration]. The agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements.

The agreement contains the following key terms:

- 4. [Term]
- 4. [Term]
- 4. [Term]

[Additional details of the agreement]



# Report of the Directors

## 2021 Master Purchase Agreement

The Company has entered into a 2021 Master Purchase Agreement with the relevant parties. This agreement outlines the terms and conditions for the purchase of goods and services for the year 2021. The agreement is subject to the approval of the Board of Directors and the shareholders of the Company.

The 2021 Master Purchase Agreement is a key document for the Company's operations in 2021. It sets out the framework for the Company's procurement activities and ensures that all purchases are made in accordance with the agreed terms and conditions. The agreement is designed to provide clarity and certainty for all parties involved in the procurement process.

The agreement covers a wide range of goods and services, including raw materials, components, and finished goods. It also includes provisions for pricing, delivery, and quality control. The Company's management team has carefully reviewed the agreement and believes that it represents a fair and reasonable arrangement for the Company's needs in 2021.

The agreement is subject to the approval of the Board of Directors and the shareholders of the Company. The Board of Directors has approved the agreement, and the shareholders have agreed to the terms and conditions of the agreement. This approval is a testament to the confidence of the Company's leadership and investors in the agreement.

The 2021 Master Purchase Agreement is a key document for the Company's operations in 2021. It sets out the framework for the Company's procurement activities and ensures that all purchases are made in accordance with the agreed terms and conditions. The agreement is designed to provide clarity and certainty for all parties involved in the procurement process.

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The agreement is subject to the approval of the Board of Directors and the shareholders of the Company. The Board of Directors has approved the agreement, and the shareholders have agreed to the terms and conditions of the agreement. This approval is a testament to the confidence of the Company's leadership and investors in the agreement.





## Report of the Directors

The Directors have pleasure in presenting to you the Report and Accounts of the Company for the financial year ended 31st March 2014.

The Report is divided into two parts, the first of which contains the Report of the Directors and the second part contains the Financial Statements of the Company.

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The Report is divided into two parts, the first of which contains the Report of the Directors and the second part contains the Financial Statements of the Company.

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DISCLOSURE UNDER RULE 13.21  
OF THE LISTING RULES

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Facility Agreement

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## Report of the Directors

## Report of the Directors

The Board of Directors is pleased to present to you the annual report and financial statements of the Company for the year ended 31 December 2023. The financial statements have been audited by the independent auditors, PricewaterhouseCoopers, who have issued their audit report on 28 February 2024.

### MANAGEMENT CONTRACTS

The Company has entered into management contracts with the following persons who have been appointed as directors of the Company for the year ended 31 December 2023:

### MAJOR SUPPLIERS AND CUSTOMERS

The Company's major suppliers and customers for the year ended 31 December 2023 are as follows:

Supplier	4	4
Customer		

The Company's major suppliers and customers for the year ended 31 December 2022 are as follows:

Supplier		
Customer		

The Company's major suppliers and customers for the year ended 31 December 2021 are as follows:





## CLOSURE OF REGISTER OF MEMBERS

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## EQUITY FUND RAISING ACTIVITIES

On 15 October 2020, the Company issued 10,000,000 convertible bonds at a price of HK\$1.00 per bond, which is equal to the nominal value of the bonds. The bonds are convertible into ordinary shares of the Company at the option of the bondholders. The bonds are convertible into ordinary shares of the Company at the option of the bondholders. The bonds are convertible into ordinary shares of the Company at the option of the bondholders.

**Conversion Shares**

The conversion of the convertible bonds into ordinary shares of the Company is subject to the approval of the Board of Directors. The conversion of the convertible bonds into ordinary shares of the Company is subject to the approval of the Board of Directors. The conversion of the convertible bonds into ordinary shares of the Company is subject to the approval of the Board of Directors.

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## Report of the Directors

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### SUFFICIENCY OF PUBLIC FLOAT

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### AUDITOR

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# Corporate Governance Report

Our Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner, and that we are fully compliant with all applicable laws and regulations.

We are committed to maintaining the highest standards of corporate governance, and to ensuring that our actions are in line with the interests of all our stakeholders.

## CORPORATE PURPOSE, STRATEGY AND CORPORATE CULTURE

Our corporate purpose is to create long-term value for our shareholders, while also contributing to the well-being of our employees, customers, and the environment. Our strategy is to focus on innovation and operational excellence, and to maintain a strong and ethical corporate culture.

## ESG-RELATED MATTERS

Our ESG-related matters include environmental, social, and governance issues. We are committed to reducing our carbon footprint, promoting diversity and inclusion, and ensuring the highest standards of corporate governance.

## ESG





## COMPLIANCE STATEMENTS

The Board of Directors has reviewed the Corporate Governance Report and the CG Code and confirms that the Company has complied with the CG Code throughout the reporting period.

The Board of Directors has reviewed the Corporate Governance Report and the CG Code and confirms that the Company has complied with the CG Code throughout the reporting period.

## MANDATORY DISCLOSURE REQUIREMENTS

### Corporate Governance Practices

The Board of Directors has reviewed the Corporate Governance Report and the CG Code and confirms that the Company has complied with the CG Code throughout the reporting period.

The Board of Directors has reviewed the Corporate Governance Report and the CG Code and confirms that the Company has complied with the CG Code throughout the reporting period.

# Corporate Governance Report

## Directors' Securities Transactions

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## Board of Directors

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# Corporate Governance Report

The Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner. The Board has established a set of corporate governance principles and policies that guide the company's decision-making process. These principles and policies are designed to protect the interests of all stakeholders and to ensure the long-term success of the company.

The Board has also established a number of committees, including the Audit Committee, the Nomination Committee, and the Remuneration Committee. These committees are responsible for monitoring and reporting on the company's performance and for making recommendations to the Board on various matters.

The Board has also established a number of committees, including the Audit Committee, the Nomination Committee, and the Remuneration Committee. These committees are responsible for monitoring and reporting on the company's performance and for making recommendations to the Board on various matters.

Name of Director	Attendance/ Number of Board Meetings	Attendance/ Number of Audit Committee Meetings	Attendance/ Number of Nomination Committee Meetings	Attendance/ Number of Remuneration Committee Meetings	Attendance/ Number of General Meetings
<b>Executive Directors</b>					
董李博士	4/4		/	4/4	/
印海燕女士	4/4				/
<b>Independent Non-executive Directors</b>					
曹亦雄先生	4/4	/		4/4	/
劉智傑先生	4/4	/	/	4/4	/
盧志強先生	4/4	/	/		/

# Corporate Governance Report

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The Board is committed to ensuring that the company's operations are conducted in a transparent and ethical manner.

## Environmental, Social and Governance ("ESG")

The company is committed to sustainable development and has implemented various measures to reduce its carbon footprint and improve its social and governance performance. This includes investing in renewable energy, promoting diversity and inclusion, and maintaining high standards of corporate governance.

The company's ESG strategy is focused on three key areas: environmental impact, social responsibility, and governance. We aim to create long-term value for our stakeholders while contributing to a sustainable future.

We have established a robust framework for monitoring and reporting on our ESG performance. This includes regular internal audits and external certifications to ensure the accuracy and reliability of our data.





# Corporate Governance Report

## Independent Non-executive Directors

The Independent Non-executive Directors (INEDs) are appointed to the Board to provide independent judgement and to ensure that the Board acts in the best interests of the Company. The INEDs are responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects. The INEDs are also responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects.

The INEDs are appointed to the Board to provide independent judgement and to ensure that the Board acts in the best interests of the Company. The INEDs are responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects. The INEDs are also responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects.

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The INEDs are appointed to the Board to provide independent judgement and to ensure that the Board acts in the best interests of the Company. The INEDs are responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects. The INEDs are also responsible for monitoring and evaluating the performance of the Executive Directors and the Board, and for providing independent views on the Company's performance and prospects.

## Directors' Continuous Training and Professional Development

The Board is committed to ensuring that all Directors have the necessary skills, knowledge and experience to discharge their duties. The Board has adopted a policy of continuous training and professional development for all Directors. The Board has established a process for identifying the training and professional development needs of all Directors and for ensuring that these needs are met. The Board has also established a process for monitoring and evaluating the effectiveness of the training and professional development programs.

The Board has established a process for identifying the training and professional development needs of all Directors and for ensuring that these needs are met. The Board has also established a process for monitoring and evaluating the effectiveness of the training and professional development programs.

The Board has established a process for identifying the training and professional development needs of all Directors and for ensuring that these needs are met. The Board has also established a process for monitoring and evaluating the effectiveness of the training and professional development programs.

The Board has established a process for identifying the training and professional development needs of all Directors and for ensuring that these needs are met. The Board has also established a process for monitoring and evaluating the effectiveness of the training and professional development programs.





# Corporate Governance Report

## Chairman and Chief Executive

The Chairman and Chief Executive are responsible for the overall management of the Company and for the success of the Company in achieving its strategic objectives. They are also responsible for the Company's performance in terms of financial results, operational performance and compliance with applicable laws and regulations.

The Chairman and Chief Executive are also responsible for the Company's reputation and for ensuring that the Company's activities are conducted in a transparent and ethical manner. They are also responsible for the Company's relationship with its stakeholders and for ensuring that the Company's interests are protected.

## Independent Non-executive Directors

The Independent Non-executive Directors are responsible for providing independent advice and guidance to the Board of Directors. They are also responsible for monitoring the performance of the Company and for ensuring that the Company's activities are conducted in a transparent and ethical manner.

The Independent Non-executive Directors are also responsible for monitoring the performance of the Company's management and for ensuring that the Company's interests are protected. They are also responsible for the Company's relationship with its stakeholders and for ensuring that the Company's interests are protected.

## Board Committees

The Board Committees are responsible for providing independent advice and guidance to the Board of Directors. They are also responsible for monitoring the performance of the Company and for ensuring that the Company's activities are conducted in a transparent and ethical manner. The Board Committees are also responsible for monitoring the performance of the Company's management and for ensuring that the Company's interests are protected.

The Board Committees are also responsible for the Company's relationship with its stakeholders and for ensuring that the Company's interests are protected. They are also responsible for the Company's reputation and for ensuring that the Company's activities are conducted in a transparent and ethical manner.



# Corporate Governance Report





## Corporate Governance Report

The Board of Directors is responsible for the overall management and supervision of the company's business and affairs. The Board meets regularly to discuss and decide on matters of importance to the company. The Board's composition and structure are designed to ensure that it is able to exercise its functions effectively and in the best interests of the company and its shareholders.

Name of Director	Attendance/ Number of Meetings	
Mr. [Name]	4/4	4/4
Ms. [Name]	4/4	4/4
Mr. [Name]	4/4	4/4

The Board has also established a **Board Diversity Policy** to ensure that the Board is composed of members with diverse backgrounds, skills, and experiences. This policy is designed to enhance the Board's ability to make decisions and to oversee the company's performance.

### **Board Diversity Policy**

The Board Diversity Policy is designed to ensure that the Board is composed of members with diverse backgrounds, skills, and experiences. This policy is designed to enhance the Board's ability to make decisions and to oversee the company's performance. The policy includes provisions for the recruitment and selection of Board members, as well as for the ongoing monitoring and evaluation of the Board's diversity. The Board is committed to maintaining a diverse and effective Board of Directors.

# Corporate Governance Report

The Board of Directors is responsible for the overall management and supervision of the Company's business and operations. The Board has established a clear vision and strategy for the Company and is committed to ensuring the Company's long-term sustainable development.

The Board has established a clear vision and strategy for the Company and is committed to ensuring the Company's long-term sustainable development. The Board has also established a clear governance structure and is committed to ensuring the Company's high level of transparency and accountability.

**Attendance/ Number of Meetings**

Name of Director	Attendance/ Number of Meetings
Mr. [Name]	1 / 1
Mr. [Name]	1 / 1
Mr. [Name]	1 / 1

The Board has established a clear governance structure and is committed to ensuring the Company's high level of transparency and accountability. The Board has also established a clear risk management framework and is committed to ensuring the Company's long-term sustainable development.

The Board has established a clear governance structure and is committed to ensuring the Company's high level of transparency and accountability. The Board has also established a clear risk management framework and is committed to ensuring the Company's long-term sustainable development.





## Corporate Governance Report

It is the policy of the Company to ensure that the interests of all stakeholders are taken into account in the Company's business operations. The Company is committed to the highest standards of corporate governance and to the promotion of a culture of integrity and ethical behaviour.

The Company's corporate governance framework is based on the principles of transparency, accountability and fairness. The Company's Board of Directors is responsible for the overall management of the Company and for ensuring that the Company's interests are protected. The Company's management is responsible for the day-to-day operations of the Company and for ensuring that the Company's policies and procedures are followed.

### Board of Directors

The Board of Directors is the highest authority in the Company and is responsible for the overall management of the Company. The Board consists of seven members, including three independent non-executive directors. The Board's primary responsibility is to ensure that the Company is managed in the best interests of its shareholders. The Board also oversees the Company's financial performance, risk management and corporate governance. The Board meets regularly to discuss the Company's operations and to make decisions on behalf of the shareholders.

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# Corporate Governance Report

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Name of Director	Attendance/ Number of Meetings	
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... will be able to ...





# Corporate Governance Report

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## MECHANISM TO ENSURE INDEPENDENT VIEWS FROM DIRECTORS

The Board is committed to ensuring that it receives independent views from its members. The Board has established a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors.

### 1. Independence Assessment

1.

The Board has established a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors.

### 2. Composition of Board

2.

The Board has established a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors. The Board also has a process for the nomination and election of independent non-executive directors.





# Corporate Governance Report

## 3. Board Proceedings and Decision Making

3.

The Board of Directors is responsible for the overall management and performance of the Company. It is composed of independent non-executive directors, executive directors, and a chairman. The Board meets regularly to discuss and decide on the Company's strategy, operations, and financial performance. The Board also oversees the Company's risk management and compliance with applicable laws and regulations.

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The Board also oversees the Company's risk management and compliance with applicable laws and regulations. It is responsible for ensuring that the Company has adequate risk management systems in place and that it complies with all applicable laws and regulations. The Board also oversees the Company's financial performance and ensures that it is in a position to meet its financial obligations.

The Board also oversees the Company's financial performance and ensures that it is in a position to meet its financial obligations. It is responsible for ensuring that the Company has adequate financial resources to meet its obligations and that it is in a position to meet its financial obligations. The Board also oversees the Company's financial performance and ensures that it is in a position to meet its financial obligations.

## 4. Remuneration of Independent Non-executive Directors

4.

The remuneration of independent non-executive directors is determined by the Board of Directors. It is based on the Company's financial performance and the market rates for independent non-executive directors. The Board also oversees the Company's financial performance and ensures that it is in a position to meet its financial obligations.



## 5. Access to Professional Advice and Up-to-date Information

The Board is committed to ensuring that all shareholders have access to the information they need to make informed decisions about the Company. The Company's website provides a comprehensive range of information, including financial reports, annual general meeting notices, and other key documents. The Board also maintains a robust communication strategy, ensuring that all shareholders are kept up-to-date on the Company's performance and strategic direction.

The Board is committed to ensuring that all shareholders have access to the information they need to make informed decisions about the Company. The Company's website provides a comprehensive range of information, including financial reports, annual general meeting notices, and other key documents. The Board also maintains a robust communication strategy, ensuring that all shareholders are kept up-to-date on the Company's performance and strategic direction.

## 6. Independent Views and Inputs Treasured and Valued

The Board values the independent views and inputs of all its members, including independent non-executive directors. The Board's composition is designed to ensure a diverse range of perspectives and expertise, which is essential for the Company's long-term success. The Board also encourages all shareholders to provide their views and inputs, and to engage with the Company's management and the Board.

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## Corporate Governance Report

The Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of corporate governance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to transparency and ethical conduct is a key element of its corporate strategy and is integral to its long-term success.

The Board of Directors is also committed to ensuring that the company's operations are conducted in a sustainable manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of corporate governance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to sustainable operations is a key element of its corporate strategy and is integral to its long-term success.

### Directors' and Officers' Insurance

The Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of corporate governance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to transparency and ethical conduct is a key element of its corporate strategy and is integral to its long-term success.

### Anti-corruption

The Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of corporate governance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to transparency and ethical conduct is a key element of its corporate strategy and is integral to its long-term success.

Whistleblowing Policy

Our Whistleblowing Policy is available on our website at www.leochinternational.com. It sets out the procedures for reporting concerns about the company's activities and the protection of whistleblowers.

The Whistleblowing Policy applies to all employees, contractors, and suppliers of the company. It covers a wide range of potential concerns, including financial reporting, internal controls, and compliance with laws and regulations.

Directors' Responsibilities for Financial Reporting in Respect of the Financial Statements





# Corporate Governance Report

## Internal Control and Risk Management

The Board of Directors is responsible for the overall internal control and risk management system of the Company. The Board has established the Internal Control and Risk Management Committee, which is responsible for the design, implementation, and improvement of the internal control and risk management system. The Committee has conducted regular reviews and assessments of the internal control and risk management system, and has identified areas for improvement. The Company has implemented a comprehensive internal control and risk management system, which covers all aspects of the Company's operations. The system is designed to ensure the integrity of financial reporting, the reliability of financial statements, and the effectiveness of internal control. The Company has also established a risk management framework, which identifies and assesses the Company's risks, and implements measures to mitigate those risks. The Company's internal control and risk management system is designed to ensure the Company's long-term sustainable development.

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## External Auditor and Auditor's Remuneration

The Company has engaged the external auditor to audit the Company's financial statements. The external auditor is independent of the Company and is responsible for providing an objective and unbiased opinion on the Company's financial statements. The external auditor has conducted a thorough audit of the Company's financial statements, and has issued an unqualified opinion. The Company's external auditor is responsible for the audit of the Company's financial statements, and for providing an objective and unbiased opinion on the Company's financial statements. The external auditor has conducted a thorough audit of the Company's financial statements, and has issued an unqualified opinion.

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## Dividend Policy

**Dividend Policy**

The Board will recommend a dividend for each financial year, subject to the following policy:

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## Shareholders' Rights

### Annual General Meeting (AGM)

The Board will recommend a dividend for each financial year, subject to the following policy:

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# Corporate Governance Report

## Introduction

The Board of Directors is pleased to present the Corporate Governance Report for the year 2023. This report provides an overview of the company's commitment to high standards of corporate governance and transparency.

The Board is committed to ensuring the company's long-term success and the interests of all stakeholders. We have implemented robust governance frameworks and processes to support our strategic objectives.

We are proud of the progress we have made in enhancing our corporate governance practices and look forward to continuing our efforts in the future.

## Board of Directors

The Board of Directors is responsible for the overall management and supervision of the company. It consists of independent non-executive directors and executive directors.

The Board has a diverse mix of skills and experiences, which enables it to provide effective leadership and oversight. We are committed to maintaining a high level of independence and integrity within the Board.

## Changes to Constitutional Documents

The Board has reviewed the company's constitutional documents, including the Memorandum and Articles of Association, to ensure they remain up-to-date and reflective of the company's current operations and governance practices.

**Existing M&A** The existing Memorandum and Articles of Association have been reviewed and found to be compliant with the relevant regulatory requirements.

**Proposed Amendments** The Board has proposed amendments to the Memorandum and Articles of Association to address certain governance matters.

**New M&A** The proposed amendments have been approved by the shareholders, and the new Memorandum and Articles of Association have been adopted. These amendments are designed to enhance the company's governance framework and ensure compliance with the latest regulatory standards.

**Shareholders** The Board is committed to maintaining open communication with our shareholders. We will continue to provide regular updates on our corporate governance practices and the progress of our strategic initiatives.

# Corporate Governance Report

The Board of Directors is committed to ensuring that the Company's operations are conducted in a transparent and ethical manner. The Board has established a set of corporate governance principles that guide the Company's actions. The Board also oversees the Company's financial performance and ensures that the Company is in compliance with all applicable laws and regulations. The Board's primary responsibility is to the shareholders, and it is committed to maximizing shareholder value over the long term. The Board also oversees the Company's risk management and internal control systems. The Board's composition and structure are designed to ensure that the Company is governed in the best interests of all stakeholders. The Board also oversees the Company's environmental, social, and governance (ESG) performance. The Board's ESG performance is reported in the Company's ESG report. The Board's ESG performance is a key component of the Company's overall corporate governance. The Board's ESG performance is also a key component of the Company's reputation and competitive advantage. The Board's ESG performance is also a key component of the Company's long-term success. The Board's ESG performance is also a key component of the Company's overall corporate governance. The Board's ESG performance is also a key component of the Company's reputation and competitive advantage. The Board's ESG performance is also a key component of the Company's long-term success.

## Relationship with the Controlling Shareholders

The Company is a public company, and its shares are listed on the Shanghai Stock Exchange. The Company's shares are held by a large number of shareholders, including institutional investors and individual investors. The Company's shares are traded on the Shanghai Stock Exchange, and the Company's share price is determined by the market. The Company's shares are also held by the Company's controlling shareholders, who have the ability to influence the Company's operations. The Company's controlling shareholders are committed to the Company's long-term success and to maximizing shareholder value. The Company's controlling shareholders also oversee the Company's operations and ensure that the Company is in compliance with all applicable laws and regulations. The Company's controlling shareholders also oversee the Company's financial performance and ensure that the Company is in compliance with all applicable laws and regulations. The Company's controlling shareholders also oversee the Company's risk management and internal control systems. The Company's controlling shareholders also oversee the Company's environmental, social, and governance (ESG) performance. The Company's controlling shareholders also oversee the Company's overall corporate governance. The Company's controlling shareholders also oversee the Company's reputation and competitive advantage. The Company's controlling shareholders also oversee the Company's long-term success. The Company's controlling shareholders also oversee the Company's overall corporate governance. The Company's controlling shareholders also oversee the Company's reputation and competitive advantage. The Company's controlling shareholders also oversee the Company's long-term success.

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## Communications with Shareholders and Investors

The Company is committed to providing timely and accurate information to its shareholders and investors. The Company's financial performance is reported in the Company's financial statements, which are available to all shareholders and investors. The Company's financial performance is also reported in the Company's annual report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's ESG report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's corporate governance report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's risk management report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's environmental, social, and governance (ESG) report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's overall corporate governance report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's reputation and competitive advantage report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's long-term success report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's overall corporate governance report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's reputation and competitive advantage report, which is available to all shareholders and investors. The Company's financial performance is also reported in the Company's long-term success report, which is available to all shareholders and investors.





## Corporate Governance Report

The Board of Directors is committed to ensuring that the company's operations are conducted in a transparent and ethical manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of corporate governance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to corporate governance is also reflected in its reporting, which provides stakeholders with clear and concise information about the company's performance and the actions it is taking to improve its governance practices.

The Board of Directors is also committed to ensuring that the company's operations are conducted in a sustainable manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of environmental, social, and governance (ESG) performance. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to ESG performance is also reflected in its reporting, which provides stakeholders with clear and concise information about the company's performance and the actions it is taking to improve its ESG practices.

The Board of Directors is also committed to ensuring that the company's operations are conducted in a responsible manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of human rights and labor practices. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to responsible practices is also reflected in its reporting, which provides stakeholders with clear and concise information about the company's performance and the actions it is taking to improve its responsible practices.

The Board of Directors is also committed to ensuring that the company's operations are conducted in a secure manner. This commitment is reflected in the company's policies and procedures, which are designed to promote the highest standards of information security and data protection. The Board regularly reviews and updates these policies to ensure they remain relevant and effective. The company's commitment to information security is also reflected in its reporting, which provides stakeholders with clear and concise information about the company's performance and the actions it is taking to improve its information security practices.

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# Corporate Governance Report

## Company Secretary

Ms. [Name] is the Company Secretary of the Company. She has been appointed to the position of Company Secretary since [Date]. She is a qualified professional and has extensive experience in the field of corporate governance and secretarial work.

Ms. [Name] is a member of the Institute of Company Secretaries of India (ICSI) and is duly registered as a Company Secretary. She has been a member of the Institute since [Date]. She has also been a member of the Institute of Cost Accountants of India (ICAI) and is duly registered as a Cost Accountant. She has been a member of the Institute since [Date].





# Independent Auditor's Report



Ernst & Young  
27/F, One Taikoo Place  
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Quarry Bay, Hong Kong

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Fax : +852 2868 4432  
ey.com

To the shareholders of  
**Leach International Technology Limited**

本公司股東

## OPINION

我們審計了本公司及其附屬公司  
（以下統稱為「**Company**」）  
的綜合財務報表，包括於  
**4**月30日止的綜合財務報表  
及相關披露。我們的審計  
意見如下：  
本公司及其附屬公司  
的綜合財務報表已按照  
國際財務報告準則（**IFRSs**）  
及國際會計準則委員會（**IASB**）  
頒布之國際會計準則（**IASs**）  
編製，在所有重大方面  
真實公允地反映了本公司  
及其附屬公司於該日期  
的財務狀況、於該期間  
的經營成果及現金流量  
狀況。

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## BASIS FOR OPINION

The audit was conducted in accordance with the applicable auditing standards issued by the **HKSAs** and the **HKICPA**, which are consistent with the International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. The audit was conducted in accordance with the **Code** of Ethics issued by the HKICPA, which is consistent with the International Code of Ethics for Professional Accountants ("ICE") issued by the International Board of Standards and Practices for Certified Public Accountants ("IBCFPA").

## KEY AUDIT MATTERS

The audit was conducted in accordance with the applicable auditing standards issued by the HKSAs and the HKICPA, which are consistent with the International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. The audit was conducted in accordance with the Code of Ethics issued by the HKICPA, which is consistent with the International Code of Ethics for Professional Accountants ("ICE") issued by the International Board of Standards and Practices for Certified Public Accountants ("IBCFPA").

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# Independent Auditor's Report

## KEY AUDIT MATTERS (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Inventory provision*

The inventory provision is a key audit matter because of the risk of material misstatement due to the complexity of the calculation and the need for significant judgment in determining the provision. The provision is calculated based on the carrying amount of inventory less its net realizable value. The net realizable value is determined based on the estimated selling price less estimated costs of completion and estimated costs of disposal. The carrying amount of inventory is determined based on the cost of the inventory less any impairment losses. The net realizable value is determined based on the estimated selling price less estimated costs of completion and estimated costs of disposal. The carrying amount of inventory is determined based on the cost of the inventory less any impairment losses.

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# Independent Auditor's Report

## Key audit matter

## How our audit addressed the key audit matter

### Impairment of trade receivables

The impairment of trade receivables is a key audit matter because of the significant amount of trade receivables and the complexity of the impairment assessment process. The impairment assessment involves the use of significant judgment and estimates, particularly in the determination of the expected credit loss (ECL) provision. The impairment assessment is also subject to significant changes in the underlying credit risk of the trade receivables over time.

Our audit addressed the key audit matter by performing the following procedures:

- Understanding the company's impairment assessment process and the underlying assumptions and estimates.
- Testing the company's data and the underlying assumptions and estimates used in the impairment assessment.
- Performing independent calculations of the ECLs.

As a result of our audit, we are satisfied that the impairment of trade receivables is properly measured and disclosed in the financial statements.

Our audit procedures were designed to provide reasonable assurance that the impairment of trade receivables is properly measured and disclosed in the financial statements.

The impairment of trade receivables is a key audit matter because of the significant amount of trade receivables and the complexity of the impairment assessment process. The impairment assessment involves the use of significant judgment and estimates, particularly in the determination of the expected credit loss (ECL) provision. The impairment assessment is also subject to significant changes in the underlying credit risk of the trade receivables over time.





## Independent Auditor's Report

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The information included in the annual report is the responsibility of the management and not the auditor. The auditor's responsibility is to express an opinion on the financial statements based on the audit.

The information included in the annual report is the responsibility of the management and not the auditor.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the applicable financial reporting framework, which includes assessing the accounting policies to be applied and the appropriateness of the accounting estimates made by management, as well as presenting the consolidated financial statements in a clear and concise manner.

The directors also have the responsibility for safeguarding the assets of the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The auditor's responsibilities are to audit the consolidated financial statements and to issue an audit report thereon. The auditor's responsibilities are defined by the applicable auditing standards. The auditor is not responsible for preparing the consolidated financial statements, which are the responsibility of the directors.

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## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

The auditor's responsibilities are to:

1. Obtain reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error, and to issue an audit opinion based on the results of the audit.

2. Obtain evidence to support the audit opinion by performing audit procedures that are designed to detect material misstatements.

3. Maintain independence and objectivity throughout the audit.

4. Communicate the results of the audit to the appropriate parties in a timely and clear manner.



**AUDITOR'S RESPONSIBILITIES  
FOR THE AUDIT OF THE  
CONSOLIDATED FINANCIAL  
STATEMENTS *(continued)***

The auditor's responsibilities are to express an opinion on the consolidated financial statements based on the audit. The auditor is not responsible for preparing the consolidated financial statements, which are the responsibility of the management of the Group.

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## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

The auditor's responsibilities are defined in the standards of the Institute of Certified Public Accountants of the Philippines (ICPAP).

ICPAP  
The auditor's responsibilities are defined in the standards of the Institute of Certified Public Accountants of the Philippines (ICPAP).  
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# Consolidated Statement of Profit or Loss

截至十二月三十一日止十二個月

	2022	二零二一年
	RMB'000	人民幣千元
營業收入	12,845,859	12,845,859
營業成本	(11,251,085)	(11,251,085)
毛利	1,594,774	1,594,774
其他收入	241,727	241,727
其他收益	(389,151)	(389,151)
其他虧損	(333,676)	(333,676)
其他虧損	(382,868)	(382,868)
其他虧損	(27,516)	(27,516)
其他虧損	(14,443)	(14,443)
其他虧損	(156,222)	(156,222)
除稅前溢利	532,625	532,625
稅項	(68,184)	(68,184)
除稅後溢利	464,441	464,441
溢利	442,772	442,772
溢利	21,669	21,669
溢利	464,441	464,441
溢利	RMB 0.33	人民幣 0.33 元
溢利	RMB 0.33	人民幣 0.33 元





# Consolidated Statement of Comprehensive Income

截至十二月三十一日止十二個月

	2022		
人民幣千元	RMB'000	二零二一年 — 人民幣千元	
利息收入 利息收入 利息收入			
其他收入 其他收入 其他收入	50,939		
其他收入 其他收入 其他收入	(12,448)		
其他收入 其他收入 其他收入	38,491		
其他收入 其他收入 其他收入	(56,135)		
其他收入 其他收入 其他收入	(17,644)		
其他收入 其他收入 其他收入	(12,278)		4
其他收入 其他收入 其他收入	452,163		/ (4)
其他收入 其他收入 其他收入	430,634		4 4/
其他收入 其他收入 其他收入	21,529		/
	452,163		/ (4)





# Consolidated Statement of Financial Position

		2022	二零二一年
	t	RMB'000	— 人民幣千元
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	2,289,686	/
Intangible assets		334	4
Investment properties	—	239,026	
Financial assets at fair value through profit or loss	/	2,405	
Equity investments accounted for using the equity method		783,241	//
Other non-current assets		255,044	
Deferred tax assets		63,964	4
Prepaid expenses and other receivables		71,213	
<b>Non-current assets</b>		<b>3,704,913</b>	
<b>CURRENT ASSETS</b>			
Accounts receivable		2,136,470	
Prepaid expenses and other receivables		2,736,224	/ /
Inventory		161,405	4
Other current assets		473,432	4
Financial assets at fair value through profit or loss	4	51,951	//
Financial assets at fair value through other comprehensive income		793,806	
Financial liabilities at fair value through profit or loss		436,194	4
<b>Current assets</b>		<b>6,789,482</b>	4
<b>CURRENT LIABILITIES</b>			
Accounts payable		2,361,044	
Contract liabilities	/	1,052,461	//
Financial liabilities at fair value through profit or loss	4	13	
Financial liabilities at fair value through other comprehensive income		2,641,654	4 4
Other current liabilities		6,504	4 4
Financial assets at fair value through profit or loss		146,923	/
<b>Current liabilities</b>		<b>6,208,599</b>	
<b>NET CURRENT ASSETS</b>		<b>580,883</b>	4 /
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,285,796</b>	4 4

## Consolidated Statement of Financial Position

	2022	二零二一年
t	RMB'000	— 人民幣千元
<b>NON-CURRENT LIABILITIES</b>		
Intangible assets	68,433	/
Prepaid expenses	22,667	4
Other non-current liabilities	64,180	/
Non-current liabilities	94,281	/
Current liabilities	249,561	444
Liabilities	4,036,235	/
<b>EQUITY</b>		
Contributed capital	116,250	4
Reserves	3,706,028	/
Equity	3,822,278	/
Non-current assets	213,957	4
Assets	4,036,235	/

Dong Li

Yin Haiyan





# Consolidated Statement of Changes in Equity

in thousands of dollars

Statement of Changes in Equity	Units in thousands									
	Common Stock	Accumulated Deficit	Retained Earnings	Preferred Stock	Convertible Preferred Stock	Warrants	Options	Debt	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at January 1, 2014</b>	4	4	7	14	7	4				46
Net income			1							1
Dividends paid			(1)							(1)
Issuance of common stock										
Issuance of preferred stock										
Issuance of convertible preferred stock										
Issuance of warrants										
Issuance of options										
Issuance of debt										
Other										4
<b>Balance at December 31, 2014</b>	4	4	7	14	7	4				46
Net income			1							1
Dividends paid			(1)							(1)
Issuance of common stock										
Issuance of preferred stock										
Issuance of convertible preferred stock										
Issuance of warrants										
Issuance of options										
Issuance of debt										
Other										4
<b>Balance at December 31, 2015</b>	4	4	7	14	7	4				46



# Consolidated Statement of Changes in Equity

For the period ended 31 December 2019

	Attributable to owners of the parent										
	Share capital	Share premium account	Merger reserve	Share option reserve	Fair value reserve	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 30)	(note 42)	(note 32)	(note 32)	(note 32)	(note 32)	(note 32)	(note 32)	(note 32)	(note 32)	(note 32)
At 1 January 2019	116,241	1,149,365	281,301*	37,932*	33,029*	183,520*	24,615*	1,560,634*	3,386,637	192,428	3,579,065
Profit for the period	-	-	-	-	-	-	-	442,772	442,772	21,669	464,441
Share-based payment	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	38,491	-	-	-	38,491	-	38,491
Share-based payment	-	-	-	-	(626)	-	-	-	(626)	-	(626)
Share-based payment	-	-	-	-	-	-	(50,003)	-	(50,003)	(140)	(50,143)
At 31 December 2019	-	-	-	-	37,865	-	(50,003)	442,772	430,634	21,529	452,163
Share-based payment	9	136	-	(54)	-	-	-	-	91	-	91
Share-based payment	-	-	-	(25,745)	-	-	-	25,745	-	-	-
Share-based payment	-	-	-	-	(236)	-	-	236	-	-	-
Share-based payment	-	-	-	-	-	45,709	-	(45,709)	-	-	-
Share-based payment	-	-	-	4,916	-	-	-	-	4,916	-	4,916
At 31 December 2018	116,250	1,149,501*	281,301*	17,049*	70,658*	229,229*	(25,388)*	1,983,678*	3,822,278	213,957	4,036,235

\* Represents the amount of the parent's equity in the subsidiaries' equity.





# Consolidated Statement of Cash Flows

in million RMB

	2022	
	RMB'000	
Operating activities		
Revenue	532,625	4
Cost of sales	156,222	4
Depreciation and amortization	(16,451)	/
Financial income	8,349	4
Financial expense	13	
Change in non-current assets	1,492	/
Change in non-current liabilities	(135)	
Change in current assets	4	351,048
Change in current liabilities	11	
Change in tax payable	9,610	4
Change in other non-current assets	200,873	/
Change in other non-current liabilities	(8,281)	/
Change in cash and cash equivalents	27,516	/
Change in other non-current assets	5,553	/
Change in other non-current liabilities	(7,343)	
Change in other non-current assets	4,916	
<b>Total</b>	<b>1,266,018</b>	

# Consolidated Statement of Cash Flows

	2022	
t	RMB'000	-
Operating activities	(126,072)	4
Investing activities	(27,889)	/ /
Financing activities	(55,890)	4
Net change in cash and cash equivalents	(241,092)	
Effect of exchange rate changes on cash and cash equivalents	(851)	
Net increase/(decrease) in cash and cash equivalents	36,033	/
Net increase/(decrease) in cash and cash equivalents	(24,842)	
Initial cash and cash equivalents	825,415	(4 / /)
Final cash and cash equivalents	(37,251)	/ /
Supplemental disclosures		
Interest received	788,164	/ /
Interest paid		
Income tax paid	16,451	/
Dividends received	(368,929)	
Dividends paid	3,170	/ 4
Acquisition of subsidiaries	7,343	
Disposal of subsidiaries	468	4
Acquisition of intangible assets	(20,000)	4
Disposal of intangible assets	(211,027)	
Acquisition of property, plant and equipment	(81,555)	/
Disposal of property, plant and equipment	(3,320)	
Acquisition of financial assets	(191,293)	4
Disposal of financial assets	37,433	/
Net change in cash and cash equivalents	(811,259)	4





## Consolidated Statement of Cash Flows

截至2022年12月31日止十二个月

	2022	
人民币千元	RMB'000	美元
经营活动产生的现金流量		
销售商品、提供劳务收到的现金	91	
收到的税费返还	4,521,004	
收到的其他与经营活动有关的现金	(4,279,024)	44
支付的各项税费	(156,222)	4
支付的其他与经营活动有关的现金	(4,920)	
经营活动产生的现金流量净额		
投资活动产生的现金流量		
收回投资收到的现金	80,929	4
取得投资收益收到的现金		
处置固定资产、无形资产和其他长期资产收回的现金净额	57,834	
处置子公司及其他营业单位收到的现金净额	349,229	4
收到的其他与投资活动有关的现金	29,131	
投资活动产生的现金流量净额		
筹资活动产生的现金流量		
取得借款收到的现金	436,194	4
筹资活动产生的现金流量净额		
现金及现金等价物净增加额	436,194	4

# Notes to the Financial Statements

## 1. CORPORATE AND GROUP INFORMATION

1.

Leach International Technology Limited (the "Company") is a public company incorporated in the Cayman Islands. The Company is a wholly owned subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands.

**Company**

The Company is a public company incorporated in the Cayman Islands. The Company is a wholly owned subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands.

**Stock Exchange**

The Company's shares are listed on the Stock Exchange of Hong Kong Limited. The Company is a public company incorporated in the Cayman Islands. The Company is a wholly owned subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands.

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**Directors**

The Company is a public company incorporated in the Cayman Islands. The Company is a wholly owned subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands. The Company is a subsidiary of Leach International Technology Limited, which is a public company incorporated in the Cayman Islands.

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# Notes to the Financial Statements

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

1.

### Information about subsidiaries

The following table provides information about the subsidiaries of the Company.

Subsidiaries	Date of incorporation/ registration	Place of incorporation/ registration and business	Issued and paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
江苏乐驰电气有限公司 Jiangsu Leoch	2010	China	100	100	0	Manufacturing and sales of power equipment
浙江乐驰电气有限公司 Zhejiang Leoch	2010	China	100	100	0	Manufacturing and sales of power equipment
浙江乐驰电气有限公司 Zhaoqing Leoch	2010	China	100	100	0	Manufacturing and sales of power equipment
安徽乐驰电气有限公司 Anhui Uplus	2010	China	100	100	0	Manufacturing and sales of power equipment
乐驰新能源有限公司 Leoch New Energy	2011	China	44	44	0	Manufacturing and sales of power equipment
乐驰国际销售有限公司 Leoch International Sales	2010	China	100	100	0	International sales of power equipment

# Notes to the Financial Statements

Subsidiaries	Date of incorporation/ registration	Place of incorporation/ registration and business	Issued and paid-up capital		Percentage of equity interest attributable to the Company	Principal activities
			Direct	Indirect		

1. 2022年12月31日





# Notes to the Financial Statements

Subsidiaries	Date of incorporation/ registration	Place of incorporation/ registration and business	Issued and		Percentage of equity interest attributable to the Company	Principal activities
			paid-up capital			
			Direct	Indirect		
<p>1. [Faded text]</p> <p>2. [Faded text]</p>	<p>4. [Faded text]</p> <p>4. [Faded text]</p>					











## Notes to the Financial Statements

### 1. CORPORATE AND GROUP INFORMATION *(continued)*

1.

#### Information about subsidiaries *(continued)*

1. Subsidiary A	100%
2. Subsidiary B	100%
3. Subsidiary C	100%
4. Subsidiary D	100%
5. Subsidiary E	100%
6. Subsidiary F	100%
7. Subsidiary G	100%
8. Subsidiary H	100%
9. Subsidiary I	100%
10. Subsidiary J	100%
11. Subsidiary K	100%
12. Subsidiary L	100%
13. Subsidiary M	100%
14. Subsidiary N	100%
15. Subsidiary O	100%
16. Subsidiary P	100%
17. Subsidiary Q	100%
18. Subsidiary R	100%
19. Subsidiary S	100%
20. Subsidiary T	100%
21. Subsidiary U	100%
22. Subsidiary V	100%
23. Subsidiary W	100%
24. Subsidiary X	100%
25. Subsidiary Y	100%
26. Subsidiary Z	100%

## 2.1 BASIS OF PREPARATION

## 2.1

The consolidated financial statements have been prepared on the basis of the accounting policies set out in Note 2. The financial statements are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The financial statements are prepared in RMB and are expressed in RMB. All amounts are rounded to the nearest million RMB, unless otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The consolidation is performed on a line-by-line basis. All transactions and balances between the Company and its subsidiaries are eliminated. The consolidated financial statements are prepared on the same accounting basis as the financial statements of the Company and its subsidiaries.

The consolidated financial statements are prepared on the same accounting basis as the financial statements of the Company and its subsidiaries. The consolidated financial statements are prepared on the same accounting basis as the financial statements of the Company and its subsidiaries.





## Notes to the Financial Statements

### 2.1 BASIS OF PREPARATION (continued)

2.1

#### Basis of consolidation (continued)

The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries, as set out below.

The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries, as set out below.

The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries, as set out below.

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The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries, as set out below.

The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries, as set out below.

2.1





## Notes to the Financial Statements

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES 2.2 (continued)

Accounting policies are applied consistently from period to period.

Accounting policies are applied consistently from period to period. The Group has adopted the following accounting policies in the preparation of its financial statements:

**Conceptual Framework**

The Group has adopted the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board (IASB) in 2018. The Conceptual Framework provides a common theoretical basis for the development, improvement and consistent application of accounting standards. It is intended to assist the IASB in the development of accounting standards and to assist preparers, auditors and users of financial statements in the application of accounting standards. The Conceptual Framework is not intended to be used as a substitute for accounting standards.



2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES  
(continued)

2.2

On 1 January 2022, the Group adopted the revised IFRS 16, which requires the Group to measure lease liabilities at the present value of the lease payments that are not contingent on the occurrence of certain events. The Group has elected to apply the short-term lease exemption for all leases with a maximum lease term of 12 months or less, and the lease liability for these leases is recognized as an expense in the profit or loss over the lease term.

The Group has also elected to apply the practical expedient to measure lease liabilities at the present value of the lease payments that are not contingent on the occurrence of certain events, and the lease liability for these leases is recognized as an expense in the profit or loss over the lease term.

The Group has also elected to apply the practical expedient to measure lease liabilities at the present value of the lease payments that are not contingent on the occurrence of certain events, and the lease liability for these leases is recognized as an expense in the profit or loss over the lease term.

On 1 January 2022, the Group adopted the revised IFRS 16, which requires the Group to measure lease liabilities at the present value of the lease payments that are not contingent on the occurrence of certain events. The Group has elected to apply the short-term lease exemption for all leases with a maximum lease term of 12 months or less, and the lease liability for these leases is recognized as an expense in the profit or loss over the lease term.





## Notes to the Financial Statements

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES 2.2 *(continued)*

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# Notes to the Financial Statements

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.3

International Financial Reporting Standard	Description	Effective from	Impact
IFRS 17	Insurance Contracts	1 January 2023	Not applicable
IFRS 18	Disclosure of Information about Management Reporting	1 January 2023	Not applicable
IFRS 9	Financial Instruments	1 January 2018	Not applicable
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Not applicable
IFRS 16	Leases	1 January 2019	Not applicable
IFRS 10	Consolidated Financial Statements	1 January 2013	Not applicable
IFRS 11	Joint Arrangements	1 January 2013	Not applicable
IFRS 12	Disclosure of Interests in Related Parties	1 January 2014	Not applicable
IFRS 13	Fair Value Measurement	1 January 2013	Not applicable
IFRS 14	Regulatory Deferral Assets	1 January 2016	Not applicable
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2010	Not applicable
IFRS 2	Share-based Payments	1 January 2005	Not applicable
IFRS 3	Business Combinations	1 January 2005	Not applicable
IFRS 4	Insurance Contracts	1 January 2005	Not applicable
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2005	Not applicable
IFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2006	Not applicable
IFRS 7	Financial Instruments: Disclosures	1 January 2007	Not applicable
IFRS 8	Operating Segments	1 January 2009	Not applicable
IFRS 10	Consolidated Financial Statements	1 January 2013	Not applicable
IFRS 11	Joint Arrangements	1 January 2013	Not applicable
IFRS 12	Disclosure of Interests in Related Parties	1 January 2014	Not applicable
IFRS 13	Fair Value Measurement	1 January 2013	Not applicable
IFRS 14	Regulatory Deferral Assets	1 January 2016	Not applicable
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Not applicable
IFRS 16	Leases	1 January 2019	Not applicable
IFRS 17	Insurance Contracts	1 January 2023	Not applicable
IFRS 18	Disclosure of Information about Management Reporting	1 January 2023	Not applicable
IFRS 19	Financial Instruments	1 January 2023	Not applicable
IFRS 20	Financial Instruments	1 January 2023	Not applicable
IFRS 21	Foreign Currency Measurement	1 January 2023	Not applicable
IFRS 22	Financial Instruments	1 January 2023	Not applicable
IFRS 23	Financial Instruments	1 January 2023	Not applicable
IFRS 24	Related Party Disclosures	1 January 2023	Not applicable
IFRS 25	Financial Instruments	1 January 2023	Not applicable
IFRS 26	Financial Instruments	1 January 2023	Not applicable
IFRS 27	Financial Instruments	1 January 2023	Not applicable
IFRS 28	Investments in Associates and Joint Ventures	1 January 2023	Not applicable
IFRS 29	Financial Instruments	1 January 2023	Not applicable
IFRS 30	Financial Instruments	1 January 2023	Not applicable
IFRS 31	Financial Instruments	1 January 2023	Not applicable
IFRS 32	Financial Instruments: Presentation	1 January 2023	Not applicable
IFRS 33	Earnings per Share	1 January 2023	Not applicable
IFRS 34	Interim Financial Reporting	1 January 2023	Not applicable
IFRS 35	Financial Instruments	1 January 2023	Not applicable
IFRS 36	Impairment of Assets	1 January 2023	Not applicable
IFRS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023	Not applicable
IFRS 38	Intangible Assets	1 January 2023	Not applicable
IFRS 39	Financial Instruments: Recognition and Measurement	1 January 2023	Not applicable
IFRS 40	Investment Property	1 January 2023	Not applicable
IFRS 41	Agriculture	1 January 2023	Not applicable
IFRS 42	Financial Instruments	1 January 2023	Not applicable
IFRS 43	Financial Instruments	1 January 2023	Not applicable
IFRS 44	Financial Instruments	1 January 2023	Not applicable
IFRS 45	Financial Instruments	1 January 2023	Not applicable
IFRS 46	Financial Instruments	1 January 2023	Not applicable
IFRS 47	Financial Instruments	1 January 2023	Not applicable
IFRS 48	Financial Instruments	1 January 2023	Not applicable
IFRS 49	Financial Instruments	1 January 2023	Not applicable
IFRS 50	Financial Instruments	1 January 2023	Not applicable
IFRS 51	Financial Instruments	1 January 2023	Not applicable
IFRS 52	Financial Instruments	1 January 2023	Not applicable
IFRS 53	Financial Instruments	1 January 2023	Not applicable
IFRS 54	Financial Instruments	1 January 2023	Not applicable
IFRS 55	Financial Instruments	1 January 2023	Not applicable
IFRS 56	Financial Instruments	1 January 2023	Not applicable
IFRS 57	Financial Instruments	1 January 2023	Not applicable
IFRS 58	Financial Instruments	1 January 2023	Not applicable
IFRS 59	Financial Instruments	1 January 2023	Not applicable
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IFRS 61	Financial Instruments	1 January 2023	Not applicable
IFRS 62	Financial Instruments	1 January 2023	Not applicable
IFRS 63	Financial Instruments	1 January 2023	Not applicable
IFRS 64	Financial Instruments	1 January 2023	Not applicable
IFRS 65	Financial Instruments	1 January 2023	Not applicable
IFRS 66	Financial Instruments	1 January 2023	Not applicable
IFRS 67	Financial Instruments	1 January 2023	Not applicable
IFRS 68	Financial Instruments	1 January 2023	Not applicable
IFRS 69	Financial Instruments	1 January 2023	Not applicable
IFRS 70	Financial Instruments	1 January 2023	Not applicable
IFRS 71	Financial Instruments	1 January 2023	Not applicable
IFRS 72	Financial Instruments	1 January 2023	Not applicable
IFRS 73	Financial Instruments	1 January 2023	Not applicable
IFRS 74	Financial Instruments	1 January 2023	Not applicable
IFRS 75	Financial Instruments	1 January 2023	Not applicable
IFRS 76	Financial Instruments	1 January 2023	Not applicable
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IFRS 80	Financial Instruments	1 January 2023	Not applicable
IFRS 81	Financial Instruments	1 January 2023	Not applicable
IFRS 82	Financial Instruments	1 January 2023	Not applicable
IFRS 83	Financial Instruments	1 January 2023	Not applicable
IFRS 84	Financial Instruments	1 January 2023	Not applicable
IFRS 85	Financial Instruments	1 January 2023	Not applicable
IFRS 86	Financial Instruments	1 January 2023	Not applicable
IFRS 87	Financial Instruments	1 January 2023	Not applicable
IFRS 88	Financial Instruments	1 January 2023	Not applicable
IFRS 89	Financial Instruments	1 January 2023	Not applicable
IFRS 90	Financial Instruments	1 January 2023	Not applicable
IFRS 91	Financial Instruments	1 January 2023	Not applicable
IFRS 92	Financial Instruments	1 January 2023	Not applicable
IFRS 93	Financial Instruments	1 January 2023	Not applicable
IFRS 94	Financial Instruments	1 January 2023	Not applicable
IFRS 95	Financial Instruments	1 January 2023	Not applicable
IFRS 96	Financial Instruments	1 January 2023	Not applicable
IFRS 97	Financial Instruments	1 January 2023	Not applicable
IFRS 98	Financial Instruments	1 January 2023	Not applicable
IFRS 99	Financial Instruments	1 January 2023	Not applicable
IFRS 100	Financial Instruments	1 January 2023	Not applicable





## Notes to the Financial Statements

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

2.3

<p>1. The Company has adopted the following amendments to the IFRS standards:</p> <p>1. The Company has adopted the following amendments to the IFRS standards:</p> <p>1. The Company has adopted the following amendments to the IFRS standards:</p>	<p>4</p> <p>4</p> <p>4</p>
<p>2. The Company has adopted the following amendments to the IFRS standards:</p> <p>2. The Company has adopted the following amendments to the IFRS standards:</p> <p>2. The Company has adopted the following amendments to the IFRS standards:</p>	<p>4</p> <p>4</p> <p>4</p>
<p>3. The Company has adopted the following amendments to the IFRS standards:</p> <p>3. The Company has adopted the following amendments to the IFRS standards:</p> <p>3. The Company has adopted the following amendments to the IFRS standards:</p>	<p>4</p> <p>4</p> <p>4</p>





2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

2.3

On 1 January 2022, the Group adopted the new lease accounting standard, IFRS 16, which requires the recognition of lease liabilities and right-of-use assets. The Group has elected to apply the modified retrospective approach, which allows the Group to only adjust the opening balance of the lease liabilities and right-of-use assets for the comparative period. The Group has also elected to apply the practical expedient to not reassess whether contracts are or contain leases. The Group has also elected to apply the practical expedient to not reassess whether contracts are or contain leases. The Group has also elected to apply the practical expedient to not reassess whether contracts are or contain leases.

On 1 January 2022, the Group adopted the new impairment standard, IFRS 9, which requires the recognition of expected credit losses. The Group has elected to apply the modified retrospective approach, which allows the Group to only adjust the opening balance of the allowance for expected credit losses for the comparative period. The Group has also elected to apply the practical expedient to not reassess whether contracts are or contain leases. The Group has also elected to apply the practical expedient to not reassess whether contracts are or contain leases.





## Notes to the Financial Statements

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

2.3

The Company has adopted the following amendments to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which are effective for the Company's financial statements for the year ended 31 December 2014:

The Company has adopted the following amendments to the IFRS issued by the IASB which are effective for the Company's financial statements for the year ended 31 December 2014:

The Company has adopted the following amendments to the IFRS issued by the IASB which are effective for the Company's financial statements for the year ended 31 December 2014:

The Company has adopted the following amendments to the IFRS issued by the IASB which are effective for the Company's financial statements for the year ended 31 December 2014:

The Company has adopted the following amendments to the IFRS issued by the IASB which are effective for the Company's financial statements for the year ended 31 December 2014:

The Company has adopted the following amendments to the IFRS issued by the IASB which are effective for the Company's financial statements for the year ended 31 December 2014:



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4

### Business combinations and goodwill

When the acquisition is completed, the acquirer identifies and recognizes the identifiable intangible assets that meet the criteria for recognition as intangible assets. The acquirer also recognizes the goodwill arising from the acquisition. The acquirer measures the identifiable intangible assets and goodwill at the acquisition date at fair value. The acquirer measures the identifiable intangible assets at fair value based on the expected future cash flows that the acquirer expects to generate from the assets. The acquirer measures goodwill at the acquisition date as the excess of the consideration transferred over the fair value of the identifiable intangible assets. The acquirer recognizes the identifiable intangible assets and goodwill as intangible assets and goodwill, respectively, on the balance sheet. The acquirer amortizes the identifiable intangible assets over their useful lives. The acquirer tests the identifiable intangible assets and goodwill for impairment annually and whenever there is an indication that the assets may be impaired. The acquirer recognizes an impairment loss if the carrying amount of the assets exceeds their fair value. The acquirer recognizes the impairment loss in the income statement.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Business combinations and goodwill** *(continued)*

Business combinations are accounted for using the acquisition method. The identifiable intangible assets acquired in a business combination are recognized and measured at fair value at the acquisition date. The fair value of intangible assets is determined based on the expected future cash flows that the assets will generate. The fair value of intangible assets is determined based on the expected future cash flows that the assets will generate.

Goodwill is the excess of the purchase price over the fair value of the identifiable intangible assets acquired in a business combination. Goodwill is measured at the acquisition date and is not amortized. Goodwill is tested for impairment annually, or more frequently if events and circumstances indicate that an impairment test may be necessary. An impairment loss is recognized if the carrying amount of goodwill exceeds its fair value.

Goodwill is measured at the acquisition date and is not amortized. Goodwill is tested for impairment annually, or more frequently if events and circumstances indicate that an impairment test may be necessary. An impairment loss is recognized if the carrying amount of goodwill exceeds its fair value.

Goodwill is measured at the acquisition date and is not amortized. Goodwill is tested for impairment annually, or more frequently if events and circumstances indicate that an impairment test may be necessary. An impairment loss is recognized if the carrying amount of goodwill exceeds its fair value.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Business combinations and goodwill**  
*(continued)*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date at fair value, plus the fair value of any non-controlling interest in the acquiree, and the fair value of any consideration retained by the acquirer, less the fair value of any intangible assets acquired. Goodwill is measured as the excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree, and the fair value of any consideration retained by the acquirer, over the fair value of the net identifiable intangible assets acquired. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the income statement.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree, and the fair value of any consideration retained by the acquirer, over the fair value of the net identifiable intangible assets acquired. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognized in the income statement.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT 2.4

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The company uses the fair value measurement method in accordance with the requirements of the Accounting Standards for Business Enterprises. For assets and liabilities measured at fair value, the company uses the following hierarchy to determine the inputs to the valuation techniques used to measure fair value:

1. Quoted prices in active markets for identical assets or liabilities (Level 1).

2. Inputs other than quoted prices for identical assets or liabilities that are observable for the asset or liability, either directly or indirectly (Level 2).

3. Inputs that are not based on observable market data (Level 3).

The company uses the following methods to measure the fair value of its assets and liabilities:

1. For financial assets and liabilities, the company uses the market price or the quoted price in an active market.

2. For non-financial assets and liabilities, the company uses the market price or the quoted price in an active market, or the fair value determined by a valuation agency.

The company uses the following methods to measure the fair value of its assets and liabilities:

1. For financial assets and liabilities, the company uses the market price or the quoted price in an active market.

2. For non-financial assets and liabilities, the company uses the market price or the quoted price in an active market, or the fair value determined by a valuation agency.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Fair value measurement (continued)

The fair value of a financial instrument is the amount for which it could be exchanged in a current transaction between willing parties, other than the reporting entity, in the principal or most advantageous market for the instrument. The fair value of a financial instrument is determined using the following hierarchy of valuation techniques:

(a) quoted prices in active markets for identical assets or liabilities;

(b) quoted prices for similar assets or liabilities in active markets;

(c) quoted prices for identical or similar assets or liabilities in inactive markets;

(d) valuation techniques that use inputs that are observable in the market and that are not adjusted for unobservable inputs. If there is no observable market and other reliable data are not available, then unobservable inputs are used to estimate fair value.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

2.4

**Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever there are indicators that the carrying amount of an asset may not be recoverable. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. For cash-generating units, the carrying amount of the unit is compared to its recoverable amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. Impairment losses are recognized in the profit or loss account. Impairment losses are reversed if there is an increase in the recoverable amount of the asset. However, the carrying amount of an asset is not increased above its original carrying amount, except for goodwill. For cash-generating units, an impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount and the reversal does not increase the carrying amount of the asset above its original carrying amount.

Goodwill is tested for impairment annually, or more frequently if there are indicators that the carrying amount may not be recoverable. Goodwill is tested for impairment by comparing the cash-generating unit to which it relates with its recoverable amount. If the carrying amount of the cash-generating unit exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are recognized in the profit or loss account. Goodwill impairment losses are not reversed.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Impairment of non-financial assets** *(continued)*

The company assesses whether there is any indication that the carrying amount of non-financial assets may not be recoverable. Indications of impairment include the following:

- The carrying amount of the asset exceeds its fair value less costs to sell;
- The carrying amount of the asset exceeds its cash-generating ability;
- The carrying amount of the asset exceeds the present value of its expected future cash flows;
- The carrying amount of the asset exceeds the amount that would be received from the disposal of the asset, less the costs of disposal;
- The carrying amount of the asset exceeds the amount that would be received from the disposal of the asset, less the costs of disposal, plus the amount of any impairment loss recognized in previous periods;
- The carrying amount of the asset exceeds the amount that would be received from the disposal of the asset, less the costs of disposal, plus the amount of any impairment loss recognized in previous periods, plus the amount of any impairment loss recognized in previous periods.

#### **Related parties**

The company has related parties as follows:

- The company's directors and key management personnel;
- The company's subsidiaries and associates;
- The company's joint ventures;
- The company's related parties who are natural persons who are closely related to the company's directors and key management personnel.



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

2.4

### Related parties (continued)

the related parties have been identified in accordance with the definition of related parties set out in paragraph 27 of IAS 24.	
the related parties are as follows:	
- the related parties are the group's subsidiaries, which are defined as entities controlled by the group;	
- the related parties are the group's associates, which are defined as entities over which the group has significant influence, but not control or joint control;	
- the related parties are the group's joint ventures, which are defined as entities over which the group has joint control;	
- the related parties are the group's entities that are controlled by the same person or persons who also control or significantly influence the group;	
- the related parties are the group's entities that are controlled by the same government or government-related entity;	
- the related parties are the group's entities that are controlled by the same management;	
- the related parties are the group's entities that are controlled by the same key management personnel;	
- the related parties are the group's entities that are controlled by the same key management personnel who are also key management personnel of the group;	





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price, import duties, non-refundable taxes, and other directly attributable costs. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life and depreciation method are reviewed at the end of each reporting period, and adjustments are made if appropriate.

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. Impairment losses are recognized in the profit or loss account. Impairment losses are reversed if the asset's carrying amount increases and the increase can be attributed to an increase in the asset's recoverable amount. However, the carrying amount of an asset shall not be increased above its original cost.

When a portion of an asset's carrying amount is recoverable, the impairment loss is allocated first to any goodwill and then to the other assets in the cash-generating unit on a pro-rata basis. Goodwill is tested for impairment separately, and any impairment loss is recognized in the profit or loss account.

Property, plant and equipment	4	4
Accumulated depreciation		
Impairment losses		
Impairment losses reversed		

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Property, plant and equipment and depreciation *(continued)***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset is the purchase price plus any directly attributable costs. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life and depreciation method are reviewed at the end of each reporting period, and adjustments are made if appropriate.

When an asset is sold or disposed of, the gain or loss is calculated as the difference between the net proceeds and the carrying amount of the asset. The gain or loss is recognized in the profit or loss account in the period of disposal.

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. Impairment losses are recognized in the profit or loss account in the period in which they occur. Impairment losses are reversed if the carrying amount of the asset increases and the increase can be attributed to an increase in the asset's recoverable amount.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### Investment properties

Investment properties are properties held to earn rental income or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the property. The useful life and the depreciation method are reviewed at the end of each reporting period, and adjustments are made if appropriate. Investment properties are classified as non-current assets. Investment properties are classified as current assets if they are expected to be sold within 12 months after the reporting date.

4

Investment properties are classified as non-current assets. Investment properties are classified as current assets if they are expected to be sold within 12 months after the reporting date.

#### Intangible assets (other than goodwill)

Intangible assets are non-physical assets that are identifiable and controlled by the entity. Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful life and the amortization method are reviewed at the end of each reporting period, and adjustments are made if appropriate. Intangible assets are classified as non-current assets. Intangible assets are classified as current assets if they are expected to be sold within 12 months after the reporting date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Intangible assets (other than goodwill)**  
*(continued)*

Intangible assets are measured at cost less accumulated amortization and impairment losses. The cost of an intangible asset includes the purchase price, any taxes payable on acquisition, and any directly attributable costs. Intangible assets are amortized over their useful lives. The useful life of an intangible asset is determined based on the expected period of benefit to the entity. Intangible assets are tested for impairment when there is an indication that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the maximum of the asset's fair value less costs of disposal and its value in use. Intangible assets are classified as non-current assets if they are expected to be realized in the next 12 months. Intangible assets are classified as current assets if they are expected to be realized within the next 12 months. Intangible assets are classified as non-current liabilities if they are expected to be settled in the next 12 months. Intangible assets are classified as current liabilities if they are expected to be settled within the next 12 months.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Intangible assets (other than goodwill)** *(continued)*

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset. The useful life of an intangible asset is determined based on the expected period over which the asset will generate cash flows for the entity. Intangible assets with finite lives are amortised over their useful lives, commencing when they are available for use. Intangible assets with indefinite lives are not amortised. The carrying amount of an intangible asset is reviewed at each reporting date to determine whether there is any indication that the asset may be impaired. If there is any indication that the asset may be impaired, the carrying amount of the asset is compared to the recoverable amount. If the carrying amount is greater than the recoverable amount, the carrying amount is reduced to the recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is the present value of the cash flows expected to be derived from the asset.

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset. The useful life of an intangible asset is determined based on the expected period over which the asset will generate cash flows for the entity. Intangible assets with finite lives are amortised over their useful lives, commencing when they are available for use. Intangible assets with indefinite lives are not amortised. The carrying amount of an intangible asset is reviewed at each reporting date to determine whether there is any indication that the asset may be impaired. If there is any indication that the asset may be impaired, the carrying amount of the asset is compared to the recoverable amount. If the carrying amount is greater than the recoverable amount, the carrying amount is reduced to the recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is the present value of the cash flows expected to be derived from the asset.

#### **Leases**

Leases are classified as finance leases when the lease term is for the major part of the economic life of the asset, or when the lease transfers ownership of the asset to the lessee at the end of the lease term, or when the lessee has the option to purchase the asset at a price that is sufficiently lower than the fair value at the end of the lease term to be considered as certain, or when the present value of the lease payments amounts to at least substantially all of the fair value of the asset at the commencement of the lease.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Leases *(continued)***

*Lease classification*

The Group classifies its leases as either finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. If a lease is not classified as a finance lease, it is classified as an operating lease.

*Operating leases*

Operating leases are accounted for as follows: (1) for assets used in the production or supply of goods or services, or for assets to be sold, the expense of the lease is recognised in the profit or loss over the term of the lease; (2) for all other assets, the expense of the lease is recognised in the profit or loss over the term of the lease on a straight-line basis. For operating leases, the Group recognises a liability for the lease at the commencement date of the lease, which is measured at the present value of the lease payments that are not yet made, discounted using the interest rate implicit in the lease, or, if that rate cannot be determined, the Group's incremental borrowing rate. The liability is measured at the end of each reporting period, being the present value of the remaining lease payments, discounted at the interest rate used to measure the liability at its commencement date. The interest expense on the liability is recognised in the profit or loss over the term of the lease.

Operating lease liabilities	4	4
Operating lease assets	1	1
Operating lease liabilities	3	3

The Group also has short-term leases, which are leases with a term of 12 months or less, and leases of low-value assets, which are leases of assets with a value of less than HK\$5,000 at the commencement date. For short-term leases and leases of low-value assets, the Group recognises the expense of the lease as it arises in the profit or loss.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### **Leases (continued)**

*(continued)*

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.



2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
(continued)

Leases (continued)

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## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Leases *(continued)***

##### *Leases*

Leases are classified as finance leases whenever the terms of the lease agreement provide that substantially all the risks and rewards of ownership are transferred to the lessee. Leases that do not meet the criteria to be classified as finance leases are classified as operating leases.

Leases for which the lessee is substantially certain to exercise the purchase option, or the lease term is for the major part of the economic life of the asset, or the present value of the minimum lease payments amounts to substantially all of the fair value of the asset, or the leased asset is so specialized that it is expected to have no alternative use for the lessor, are classified as finance leases. All other leases are classified as operating leases. Finance leases are recorded at the commencement of the lease term at an amount equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments, plus any initial direct costs incurred by the lessee. The lease receivable is measured on an amortized cost basis, using the effective interest rate method. Finance lease income is recognized over the term of the lease, using the effective interest rate method. Operating leases are accounted for as rental services. Lease payments are recognized as an expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern of the benefits derived from the leased asset.

Leases for which the lessee is substantially certain to exercise the purchase option, or the lease term is for the major part of the economic life of the asset, or the present value of the minimum lease payments amounts to substantially all of the fair value of the asset, or the leased asset is so specialized that it is expected to have no alternative use for the lessor, are classified as finance leases. All other leases are classified as operating leases.

#### **Investments and other financial assets**

##### *Investments and other financial assets*

Investments and other financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. Investments and other financial assets are classified as available-for-sale if they are not held for trading and are not classified as loans and receivables or held to maturity investments. Available-for-sale investments are measured at fair value, with changes in fair value recognized in other comprehensive income. Held-to-maturity investments are measured at amortized cost, using the effective interest rate method. Loans and receivables are measured at amortized cost, using the effective interest rate method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Investments and other financial assets**  
*(continued)*

*(continued from page 145)*

The Group's investments and other financial assets are classified as either available-for-sale or financial assets at fair value through profit or loss. Investments and other financial assets are classified as available-for-sale if they are non-derivative financial assets that are designated as available-for-sale at initial recognition. Investments and other financial assets are classified as financial assets at fair value through profit or loss if they are derivatives, or if they are not available-for-sale. Investments and other financial assets are measured at fair value at the end of each reporting period. Changes in the fair value of investments and other financial assets are recognized in profit or loss, except for changes in the fair value of investments and other financial assets classified as available-for-sale, which are recognized in other comprehensive income. Investments and other financial assets are derecognized when the Group has transferred all the risks and rewards of ownership to another entity or when the Group has transferred the asset and retained the risks and rewards of ownership but the transfer is a sale.

The Group's investments and other financial assets are classified as either available-for-sale or financial assets at fair value through profit or loss. Investments and other financial assets are classified as available-for-sale if they are non-derivative financial assets that are designated as available-for-sale at initial recognition. Investments and other financial assets are classified as financial assets at fair value through profit or loss if they are derivatives, or if they are not available-for-sale. Investments and other financial assets are measured at fair value at the end of each reporting period. Changes in the fair value of investments and other financial assets are recognized in profit or loss, except for changes in the fair value of investments and other financial assets classified as available-for-sale, which are recognized in other comprehensive income. Investments and other financial assets are derecognized when the Group has transferred all the risks and rewards of ownership to another entity or when the Group has transferred the asset and retained the risks and rewards of ownership but the transfer is a sale.

**SPPI**

Investments and other financial assets are classified as available-for-sale if they are non-derivative financial assets that are designated as available-for-sale at initial recognition. Investments and other financial assets are classified as financial assets at fair value through profit or loss if they are derivatives, or if they are not available-for-sale. Investments and other financial assets are measured at fair value at the end of each reporting period. Changes in the fair value of investments and other financial assets are recognized in profit or loss, except for changes in the fair value of investments and other financial assets classified as available-for-sale, which are recognized in other comprehensive income. Investments and other financial assets are derecognized when the Group has transferred all the risks and rewards of ownership to another entity or when the Group has transferred the asset and retained the risks and rewards of ownership but the transfer is a sale.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Investments and other financial assets (continued)

Investments and other financial assets

Investments and other financial assets are measured at fair value. The fair value of investments and other financial assets is determined using the market approach, which involves comparing the fair value of the investment or other financial asset to the fair value of similar investments or other financial assets that are publicly traded. If there is no active market for the investment or other financial asset, the fair value is determined using the cost approach, which involves comparing the fair value of the investment or other financial asset to the cost of the investment or other financial asset. The fair value of investments and other financial assets is also determined using the income approach, which involves comparing the fair value of the investment or other financial asset to the present value of the expected future cash flows from the investment or other financial asset.

Investments and other financial assets are classified as either held for trading, available for sale, or held to maturity. Held for trading investments and other financial assets are measured at fair value, with changes in fair value recognized in profit or loss. Available for sale investments and other financial assets are measured at fair value, with changes in fair value recognized in other comprehensive income. Held to maturity investments and other financial assets are measured at amortized cost, with changes in value recognized in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
*(continued)*

2.4

**Investments and other financial assets**  
*(continued)*

Investments and other financial assets are classified as either available-for-sale or held-to-maturity. Available-for-sale investments are measured at fair value, with changes in fair value recognized in other comprehensive income. Held-to-maturity investments are measured at amortized cost, with changes in fair value recognized in profit or loss. The classification of investments and other financial assets depends on the company's intent and ability to hold the investments and other financial assets for the foreseeable future or to sell them in the near term. The company's investments and other financial assets are primarily equity securities, debt securities, and other financial assets.





## Notes to the Financial Statements

2.4

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

2.4

**Investments and other financial assets**  
(continued)

Investments and other financial assets are measured at fair value. The fair value of investments and other financial assets is determined using the market approach, which involves comparing the fair value of the investments and other financial assets to the fair value of similar investments and other financial assets. The fair value of investments and other financial assets is determined using the market approach, which involves comparing the fair value of the investments and other financial assets to the fair value of similar investments and other financial assets. The fair value of investments and other financial assets is determined using the market approach, which involves comparing the fair value of the investments and other financial assets to the fair value of similar investments and other financial assets.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or when the company has transferred substantially all the risks and rewards of ownership of the assets.

When the company transfers all the contractual rights to the cash flows from the assets, the assets are derecognised.

When the company transfers substantially all the risks and rewards of ownership of the assets, the assets are derecognised. If the company retains some risks and rewards of ownership, the derecognition is partial. The retained portion is recognised as a new financial asset.

When the company transfers substantially all the risks and rewards of ownership of the assets, the assets are derecognised. If the company retains some risks and rewards of ownership, the derecognition is partial. The retained portion is recognised as a new financial asset.



2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the contractual cash flows of a financial asset have been transferred to another entity, and the Group has transferred substantially all the risks and rewards of ownership, the financial asset is derecognized. If the Group has not transferred substantially all the risks and rewards of ownership, the financial asset is not derecognized.

Impairment of financial assets

The Group assesses the impairment of financial assets using the Expected Credit Loss (ECL) model. The ECL model is applied to financial assets that are subject to credit risk. The ECL model is based on the probability-weighted estimate of the present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive. The ECL model is applied to financial assets that are subject to credit risk, including trade receivables, other receivables, and debt securities. The ECL model is applied to financial assets that are subject to credit risk, including trade receivables, other receivables, and debt securities.

Impairment of financial assets (continued)

The Group assesses the impairment of financial assets using the Expected Credit Loss (ECL) model. The ECL model is applied to financial assets that are subject to credit risk. The ECL model is based on the probability-weighted estimate of the present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive. The ECL model is applied to financial assets that are subject to credit risk, including trade receivables, other receivables, and debt securities. The ECL model is applied to financial assets that are subject to credit risk, including trade receivables, other receivables, and debt securities.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Impairment of financial assets** *(continued)*

*(continued)*

The impairment loss is calculated as the difference between the carrying amount and the recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is the present value of the estimated future cash flows that are expected to be received from the asset or cash flows that are expected to be received from the asset less the costs of disposal. The impairment loss is recognized in the profit or loss account.

The impairment loss is reversed if the carrying amount of the asset increases and the increase can be objectively linked to an event occurring after the impairment loss was recognized.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

2.4

**Impairment of financial assets**  
(continued)

1. The Group's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss; (2) financial assets at amortized cost; and (3) financial assets at fair value through other comprehensive income.

2. The Group's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss; (2) financial assets at amortized cost; and (3) financial assets at fair value through other comprehensive income.

3. The Group's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss; (2) financial assets at amortized cost; and (3) financial assets at fair value through other comprehensive income.

4. The Group's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss; (2) financial assets at amortized cost; and (3) financial assets at fair value through other comprehensive income.

5. The Group's financial assets are classified into three categories: (1) financial assets at fair value through profit or loss; (2) financial assets at amortized cost; and (3) financial assets at fair value through other comprehensive income.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Impairment of financial assets (continued)

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#### Financial liabilities

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## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

### Financial liabilities *(continued)*

Financial liabilities are classified as current liabilities if they are due or payable within 12 months from the reporting date. If they are not due or payable within 12 months from the reporting date, they are classified as non-current liabilities.

Financial liabilities are measured at amortised cost. The amortised cost of a financial liability is its fair value less transaction costs that are directly attributable to the liability, plus or minus the cumulative amortisation of any premium or discount that exists at the end of the reporting period.

Financial liabilities are derecognised when the contractual obligations are extinguished or cancelled, or when their terms are modified such that the modified liability is substantially different from the original liability. In such a case, a new financial liability is recognised at its fair value.

### Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligations are extinguished or cancelled, or when their terms are modified such that the modified liability is substantially different from the original liability. In such a case, a new financial liability is recognised at its fair value.

When the terms of a financial liability are modified and the modified liability is substantially different from the original liability, the original liability is derecognised and a new liability is recognised at its fair value.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Offsetting of financial instruments

Financial instruments are offset when the company has a legally enforceable right to offset the instruments and the company intends to exercise this right either currently or in the future. The company's policy is to offset financial instruments when the company has a legally enforceable right to offset the instruments and the company intends to exercise this right either currently or in the future.

#### Derivative financial instruments

The company uses derivative financial instruments to manage its foreign exchange risk. The company's policy is to use derivative financial instruments to manage its foreign exchange risk. The company's policy is to use derivative financial instruments to manage its foreign exchange risk.

The company uses derivative financial instruments to manage its foreign exchange risk. The company's policy is to use derivative financial instruments to manage its foreign exchange risk.

#### Inventories

The company's inventory is measured at the lower of cost and net realizable value. The company's inventory is measured at the lower of cost and net realizable value. The company's inventory is measured at the lower of cost and net realizable value.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

2.4

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and deposits with original maturity of three months or less, held at the reporting date, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value. Cash and cash equivalents are classified as non-current assets if they are not available for use for at least twelve months after the reporting date.

Cash and cash equivalents are measured at fair value. Cash and cash equivalents are classified as non-current assets if they are not available for use for at least twelve months after the reporting date.

**Provisions**

Provisions are liabilities of uncertain amounts or timing, which are recognized when the entity has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are liabilities of uncertain amounts or timing, which are recognized when the entity has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Provisions *(continued)***

The provisions are measured at the best estimate of the amount required to settle the liability at the reporting date, based on the facts and circumstances that exist at the reporting date, and taking into account the risks and uncertainties surrounding the liability. Where the timing of the cash outflow is uncertain, the liability is measured at the present value of the best estimate of the amount required to settle the liability.

#### **Income tax**

Income tax is recognized as a liability for the amount payable to the tax authorities, based on the tax return filed for the reporting period. Where the timing of the cash outflow is uncertain, the liability is measured at the present value of the best estimate of the amount required to settle the liability.

Deferred tax is recognized for the amount payable to the tax authorities, based on the tax return filed for the reporting period. Where the timing of the cash outflow is uncertain, the liability is measured at the present value of the best estimate of the amount required to settle the liability.

Income tax is recognized as a liability for the amount payable to the tax authorities, based on the tax return filed for the reporting period. Where the timing of the cash outflow is uncertain, the liability is measured at the present value of the best estimate of the amount required to settle the liability.



2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

2.4

**Income tax (continued)**

Income tax is calculated on the basis of the tax rates and tax laws in the countries where the Company operates.

The Company has adopted the tax rate of 25% for the year ended 31 December 2022. The tax rate of 25% is applicable to the Company's taxable income in the United States.

The Company has adopted the tax rate of 25% for the year ended 31 December 2022. The tax rate of 25% is applicable to the Company's taxable income in the United States.

Income tax is calculated on the basis of the tax rates and tax laws in the countries where the Company operates.

The Company has adopted the tax rate of 25% for the year ended 31 December 2022. The tax rate of 25% is applicable to the Company's taxable income in the United States.





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Income tax *(continued)***

Income tax is calculated based on the taxable income for the period. Taxable income is calculated based on the accounting profit, adjusted for non-deductible expenses and tax-exempt income. The tax rate is 25%.

Income tax expense is calculated based on the taxable income for the period. Taxable income is calculated based on the accounting profit, adjusted for non-deductible expenses and tax-exempt income. The tax rate is 25%.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Income tax *(continued)***

The income tax expense is calculated based on the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax expense is recognized in the profit or loss, except where it relates to items recognized in other comprehensive income or equity. The tax expense is calculated based on the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax expense is recognized in the profit or loss, except where it relates to items recognized in other comprehensive income or equity.

**Government grants**

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions attached to it will be complied with. Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions attached to it will be complied with.





## Notes to the Financial Statements

2.4

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer (or other party) under a contract that has been approved by the relevant parties. Contract liabilities are recognized when the company has received payment from the customer (or other party) before it has transferred the goods or services to the customer (or other party). Contract liabilities are measured at the amount of consideration received from the customer (or other party) net of any amounts recognized as revenue.

#### Share-based payments

Share-based payments are transactions with an employee or other party in which the company settles the transaction with equity instruments of the company. Share-based payments are measured at the fair value of the equity instruments at the date of grant. Share-based payments are classified as equity-settled transactions.

Equity-settled transactions are transactions in which the company settles the transaction with equity instruments of the company. Equity-settled transactions are measured at the fair value of the equity instruments at the date of grant. Equity-settled transactions are classified as equity-settled transactions.

2.4





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 *(continued)*

#### **Share-based payments *(continued)***

The Company's share-based payment arrangements are accounted for as equity-settled share-based payments. The fair value of the equity instruments granted is measured at the grant date and is expensed over the vesting period, based on the number of equity instruments that are expected to vest. The fair value is also adjusted for forfeitures of awards that do not vest.

The fair value of the equity instruments granted is measured at the grant date and is expensed over the vesting period, based on the number of equity instruments that are expected to vest. The fair value is also adjusted for forfeitures of awards that do not vest. The fair value is also adjusted for forfeitures of awards that do not vest.

The fair value of the equity instruments granted is measured at the grant date and is expensed over the vesting period, based on the number of equity instruments that are expected to vest. The fair value is also adjusted for forfeitures of awards that do not vest.



2.4





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Borrowing costs

The borrowing costs incurred in connection with the acquisition of the subsidiary are capitalized as part of the cost of the investment. Borrowing costs are capitalized only when they are directly attributable to the acquisition of the subsidiary. Borrowing costs are capitalized during the period of construction of the subsidiary. Borrowing costs are capitalized until the subsidiary is ready for use. Borrowing costs are capitalized until the subsidiary is ready for use. Borrowing costs are capitalized until the subsidiary is ready for use.

#### Dividends

Dividends received from subsidiaries are recognized as income when the dividend is declared by the subsidiary. Dividends received from subsidiaries are recognized as income when the dividend is declared by the subsidiary. Dividends received from subsidiaries are recognized as income when the dividend is declared by the subsidiary.



# Notes to the Financial Statements

2.4





## Notes to the Financial Statements

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4 (continued)

#### Foreign currencies (continued)

For the purpose of presenting financial statements, the functional currency of the Company is the US Dollar. The functional currency of the Company's subsidiaries is the local currency of the respective countries. The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars.

The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars.

The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars.

The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars. The financial statements of the Company and its subsidiaries are prepared in US Dollars.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2.4  
*(continued)*

**Foreign currencies *(continued)***

The Group's functional currency is the Hong Kong dollar. The Group's reporting currency is the Hong Kong dollar. The Group's financial statements are presented in Hong Kong dollars. The Group's financial statements are presented in Hong Kong dollars. The Group's financial statements are presented in Hong Kong dollars.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES 3.

The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions.

**Judgements**

The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Group's financial statements are prepared using accounting policies that require the use of estimates and assumptions.





## Notes to the Financial Statements

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

The Company's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Company's management has exercised its judgement in the application of these policies, and the estimates and assumptions used are consistent with those used in the preparation of the financial statements of the Company in the previous period.

The Company's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Company's management has exercised its judgement in the application of these policies, and the estimates and assumptions used are consistent with those used in the preparation of the financial statements of the Company in the previous period.

The Company's financial statements are prepared using accounting policies that require the use of estimates and assumptions. The Company's management has exercised its judgement in the application of these policies, and the estimates and assumptions used are consistent with those used in the preparation of the financial statements of the Company in the previous period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The Group's financial statements are prepared using accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Group's management uses judgment and estimates in the process of preparing the financial statements. The Group's management uses judgment and estimates in the process of preparing the financial statements.

Impairment of non-current assets

The Group's management uses judgment and estimates in the process of preparing the financial statements. The Group's management uses judgment and estimates in the process of preparing the financial statements. The Group's management uses judgment and estimates in the process of preparing the financial statements.

Impairment of non-current assets

The Group's management uses judgment and estimates in the process of preparing the financial statements. The Group's management uses judgment and estimates in the process of preparing the financial statements. The Group's management uses judgment and estimates in the process of preparing the financial statements.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

The Group's financial statements are prepared on a going concern basis. The Group is subject to various risks and uncertainties, including changes in market conditions, which may affect the Group's financial performance. The Group has adopted the following accounting policies and estimates:

**IBR**

The Group's financial statements are prepared on a going concern basis. The Group is subject to various risks and uncertainties, including changes in market conditions, which may affect the Group's financial performance. The Group has adopted the following accounting policies and estimates:





# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### Estimation uncertainty *(continued)*

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

...

...

...

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# Notes to the Financial Statements

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

### Estimation uncertainty (continued)

#### Impairment

The impairment loss is calculated as the difference between the carrying amount and the recoverable amount. The recoverable amount is the maximum of the fair value less costs of disposal and the value in use. The value in use is the present value of the estimated future cash flows expected to be received from the asset or cash-generating unit. The impairment loss is recognized in the profit and loss account. The impairment loss is reversed if there is an increase in the recoverable amount of the asset or cash-generating unit. The impairment loss is reversed to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized in the previous periods.

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#### Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision is the best estimate of the amount required to settle the obligation at the reporting date. Provisions are recognized in the profit and loss account. Provisions are reversed if the obligation is settled or if it is no longer probable that an outflow of resources will be required to settle the obligation. The reversal is recognized in the profit and loss account.

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4. OPERATING SEGMENT INFORMATION

4.

Our operating segments are defined as divisions of the Company that are engaged in providing products and services that are different from other divisions, and that have discrete financial information available. The Company's operating segments are as follows:

The Company's operating segments are defined as divisions of the Company that are engaged in providing products and services that are different from other divisions, and that have discrete financial information available. The Company's operating segments are as follows:

**CODM** (Construction of Oil Drilling Modules) is a segment of the Company that is engaged in providing products and services that are different from other divisions, and that have discrete financial information available. The Company's operating segments are as follows:

Information about products

The following table shows the revenue from the sale of products:

|                                   | 2022       |   |
|-----------------------------------|------------|---|
|                                   | RMB'000    |   |
| Revenue from the sale of products | 10,432,834 | 4 |
| Revenue from the sale of services | 2,413,025  |   |
|                                   | 12,845,859 |   |





## Notes to the Financial Statements

### 4. OPERATING SEGMENT INFORMATION *(continued)*

4.

#### Geographical information

Operating segment information

|                   |              | 2022       |       |
|-------------------|--------------|------------|-------|
|                   |              | RMB'000    |       |
|                   |              |            | -     |
| Operating segment | 中國           | 7,550,180  | ( 4 ) |
|                   | 歐洲、中東及非洲     | 1,892,764  |       |
|                   | 美洲           | 2,199,121  | 4 (   |
|                   | 亞太地區 (不包括中國) | 1,203,794  | ( 4 ( |
|                   |              | 12,845,859 |       |

Operating segment information

Operating segment

|                   |         | 2022      |   |
|-------------------|---------|-----------|---|
|                   |         | RMB'000   |   |
|                   |         |           | - |
| Operating segment | 中國      | 2,957,883 | ( |
|                   | 其他國家 地區 | 420,773   | ( |
|                   |         | 3,378,656 | ( |

Operating segment information

## Notes to the Financial Statements

### 4. OPERATING SEGMENT INFORMATION *(continued)*

4.

#### Information about major customers

During the reporting period, the Company's revenue from its major customers is as follows:

| Customer        | 2022              |
|-----------------|-------------------|
| Customer A      | 4,123,456         |
| Customer B      | 3,456,789         |
| Customer C      | 2,345,678         |
| Customer D      | 1,234,567         |
| Customer E      | 1,123,456         |
| Customer F      | 1,012,345         |
| Customer G      | 901,234           |
| Customer H      | 890,123           |
| Customer I      | 789,012           |
| Customer J      | 678,901           |
| Customer K      | 567,890           |
| Customer L      | 456,789           |
| Customer M      | 345,678           |
| Customer N      | 234,567           |
| Customer O      | 123,456           |
| Customer P      | 112,345           |
| Customer Q      | 101,234           |
| Customer R      | 90,123            |
| Customer S      | 89,012            |
| Customer T      | 78,901            |
| Customer U      | 67,890            |
| Customer V      | 56,789            |
| Customer W      | 45,678            |
| Customer X      | 34,567            |
| Customer Y      | 23,456            |
| Customer Z      | 12,345            |
| Other customers | 1,234,567         |
| <b>Total</b>    | <b>12,845,859</b> |

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### 5. REVENUE, OTHER INCOME AND GAINS

5.

The following table shows the Company's revenue and other income and gains:

|              | 2022              |
|--------------|-------------------|
|              | RMB'000           |
| Revenue      | 12,845,859        |
| Other income | -                 |
| Other gains  | -                 |
| <b>Total</b> | <b>12,845,859</b> |

#### Revenue from contracts with customers

The following table shows the Company's revenue from contracts with customers:

|                                      | 2022              |
|--------------------------------------|-------------------|
|                                      | RMB'000           |
| Revenue                              | 12,845,859        |
| Other income                         | -                 |
| Other gains                          | -                 |
| <b>Total</b>                         | <b>12,845,859</b> |
| <b>Types of goods</b>                |                   |
| Software                             | 12,845,859        |
| <b>Timing of revenue recognition</b> |                   |
| At a point in time                   | 12,845,859        |





## Notes to the Financial Statements

### 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

#### Revenue from contracts with customers *(continued)*

|  | 2022    |
|--|---------|
|  | RMB'000 |
| Revenue from the sale of electricity<br>Revenue from the sale of natural gas<br>Revenue from the sale of steam<br>Revenue from the sale of water<br>Revenue from the sale of heat<br>Revenue from the sale of other products | —       |
| Revenue from the sale of electricity<br>Revenue from the sale of natural gas<br>Revenue from the sale of steam<br>Revenue from the sale of water<br>Revenue from the sale of heat<br>Revenue from the sale of other products | 194,424 |



5. REVENUE, OTHER INCOME AND GAINS *(continued)*

5.

| 2022    |
|---------|
| RMB'000 |

—





## Notes to the Financial Statements

### 6. PROFIT BEFORE TAX

6.

Profit before tax is calculated as follows:

|  | 2022      |     |
|--|-----------|-----|
| t  | RMB'000   | —   |
| Operating profit                                     | 9,795,721 | 4 / |
| Finance income                                       | 940,852   | 4   |
| Finance expense                                      | (4,916)   |     |
| Share of profit of subsidiaries                      | 107,316   | / 4 |
|  | 1,053,084 | /   |
| Profit before tax                                    | 9,426     | /   |
| Income tax expense                                   | (191,447) | //  |
| Share of profit of subsidiaries                      | 382,868   | 44  |
|  | 574,315   | 4 4 |
| Profit after tax                                     | 3,100     |     |
| Profit attributable to equity holders of the Company | 13        |     |
| Profit attributable to non-controlling interests     | (36,613)  | / / |

# Notes to the Financial Statements

31 December 2022

## 6. PROFIT BEFORE TAX (continued)

6.

|                                   | t | -   |
|-----------------------------------|---|-----|
| Revenue                           |   |     |
| Cost of sales                     |   |     |
| Profit from operations            |   |     |
| Finance income                    | / | 4   |
| Finance expense                   | 4 | /   |
| Share of profit of associates     |   | 4 / |
| Share of loss of associates       |   | /   |
| Share of profit of joint ventures |   | /   |
| Share of loss of joint ventures   |   | /   |
| Share of profit of subsidiaries   |   | /   |
| Share of loss of subsidiaries     |   | /   |
| Share of profit of other entities |   | /   |
| Share of loss of other entities   |   | /   |
| Profit before tax                 |   |     |

Revenue from operations is derived from the sale of goods and services to customers. Revenue is recognized when the performance obligation is satisfied, which is when the customer obtains control of the goods or services.





## Notes to the Financial Statements

### 7. OTHER EXPENSES

7.

|  |                               | 2022          |          |
|--|-------------------------------|---------------|----------|
|  |                               | RMB'000       |          |
|  |                               | -             | -        |
|  | 外匯匯兌虧損，淨額                     | -             | -        |
|  | 處置物業、廠房及設備項目<br>虧損，淨額         | 1,492         | /        |
|  | 公允價值變動計入損益的金融<br>負債的公允價值虧損，淨額 | -             | /        |
|  | 公允價值變動計入損益的金融<br>資產的公允價值虧損，淨額 | 8,349         | 4        |
|  | 其他                            | 4,602         | -        |
|  |                               | <b>14,443</b> | <b>4</b> |

### 8. FINANCE COSTS

8.

|  |           | 2022           |              |
|--|-----------|----------------|--------------|
|  |           | RMB'000        |              |
|  |           | -              | -            |
|  | 銀行借貸利息    | 119,779        | -            |
|  | 貼現票據產生的利息 | 34,846         | -            |
|  | 租賃負債利息    | 1,597          | -            |
|  |           | <b>156,222</b> | <b>4 / 4</b> |

## Notes to the Financial Statements

### 9. DIRECTORS' REMUNERATION 9.

本公司董事的薪酬由董事會釐定，其釐定方法與本公司其他高級管理人員相同。董事的薪酬由基本薪金及花紅組成。董事亦可能獲授股票期權。本公司亦為其董事提供退休福利計劃供款。

|             |  | 2022    |    |
|-------------|--|---------|----|
|             |  | RMB'000 |    |
|             |  | 575     | /  |
| 其他酬金：       |  |         |    |
| 薪金、津貼及實物福利  |  | 1,577   |    |
| 以權益結算的購股權開支 |  | 192     | 4/ |
| 退休金計劃供款     |  | 76      | /  |
|             |  | 1,845   | /  |
|             |  | 2,420   |    |





## Notes to the Financial Statements

### 9. DIRECTORS' REMUNERATION (continued)

#### (a) Independent non-executive directors

#### (a)

The following table shows the remuneration of independent non-executive directors for the year ended 31 December 2022.

|   | Fees | Salaries, allowances and benefits in kind | Performance-related bonuses | Equity-settled share option expenses | Pension scheme contributions | Total |
|---|------|---|-----------------------------|--------------------------------------|------------------------------|-------|
| <b>2022</b>                             |      |   |                             |                                      |                              |       |
| in thousands of Hong Kong dollars       | 207  | -   | -                           | 28                                   | -                            | 235   |
| in thousands of US dollars              | 161  | -   | -                           | 23                                   | -                            | 184   |
| in thousands of Euro                    | 207  | -   | -                           | 28                                   | -                            | 235   |
|   | 575  | -   | -                           | 79                                   | -                            | 654   |
| in thousands of Hong Kong dollars       |      |   |                             | 7                                    |                              |       |
| in thousands of US dollars <sup>#</sup> |      |   |                             |                                      |                              |       |
| in thousands of Euro                    |      |   |                             | 7                                    |                              |       |
|   |      |   |                             | 4                                    |                              |       |

The remuneration of independent non-executive directors for the year ended 31 December 2022 is disclosed in the following table.

<sup>#</sup> The remuneration of independent non-executive directors for the year ended 31 December 2022 is disclosed in the following table.

The remuneration of independent non-executive directors for the year ended 31 December 2022 is disclosed in the following table.

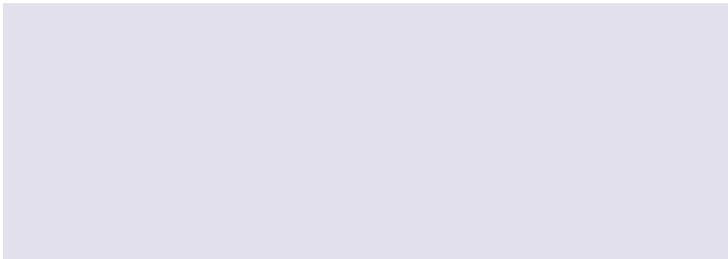
9. DIRECTORS' REMUNERATION  
*(continued)*

**(b) Executive directors**

9.

**(b)**

|  | Salaries,<br>allowances<br>and benefits<br>Fees | in kind | Performance-<br>related<br>bonuses | Equity-settled<br>share option<br>expenses | Pension<br>scheme<br>contributions | Total |
|--|---|---------|------------------------------------|--|------------------------------------|-------|
|--|---|---------|------------------------------------|--|------------------------------------|-------|





## Notes to the Financial Statements

### 10. FIVE HIGHEST PAID EMPLOYEES

### 10.

The five highest paid employees of the Company in 2022 were the Chairman, the President, the Vice President, the Chief Executive Officer and the Chief Financial Officer. Their remuneration is disclosed in Note 10.1.

|              | 2022         |     |
|--------------|--------------|-----|
|              | RMB'000      |     |
|              | -            |     |
| Salary       | 4,408        | 4 / |
| Dividend     | 304          | 4 / |
| Share option | 46           | /   |
|              | <b>4,758</b> |     |







## Notes to the Financial Statements

### 11. INCOME TAX (continued)

11.1. Income tax expense is calculated based on the taxable income of the company and its subsidiaries, adjusted for non-deductible expenses and tax credits.

11.2. The company has not recognized any deferred tax assets or liabilities.

11.3. The company has not recognized any income tax expense for the period.

11.4. The company has not recognized any income tax expense for the period.

### 11.

11.1. Income tax expense is calculated based on the taxable income of the company and its subsidiaries, adjusted for non-deductible expenses and tax credits.

11.2. The company has not recognized any deferred tax assets or liabilities.

11.3. The company has not recognized any income tax expense for the period.

11.4. The company has not recognized any income tax expense for the period.

11.5. The company has not recognized any income tax expense for the period.

11.6. The company has not recognized any income tax expense for the period.

11.7. The company has not recognized any income tax expense for the period.

11.8. The company has not recognized any income tax expense for the period.

11.9. The company has not recognized any income tax expense for the period.

11.10. The company has not recognized any income tax expense for the period.

# Notes to the Financial Statements

## 11. INCOME TAX (continued)

## 11.

Income tax expense is calculated based on the taxable income of the Company and its subsidiaries in the reporting period. The Company and its subsidiaries are subject to income tax in the jurisdictions in which they operate. The tax rates and the tax laws in these jurisdictions are subject to change. The Company and its subsidiaries have no significant income tax expense in the reporting period.

The Company and its subsidiaries have no significant income tax expense in the reporting period. The tax rates and the tax laws in these jurisdictions are subject to change. The Company and its subsidiaries have no significant income tax expense in the reporting period.

The Company and its subsidiaries have no significant income tax expense in the reporting period. The tax rates and the tax laws in these jurisdictions are subject to change. The Company and its subsidiaries have no significant income tax expense in the reporting period.

|                           | 2022          |     |
|---------------------------|---------------|-----|
|                           | RMB'000       |     |
|                           | -             |     |
| Income tax expense        | 29,428        |     |
| Income tax expense        | 716           |     |
| Income tax expense        | 37,963        | 4.4 |
| Income tax expense        | 2,824         | /   |
| Income tax expense        | 440           | /4  |
| Income tax expense        | 3,583         | 4   |
| Income tax expense        | (6,770)       | 4/  |
| <b>Income tax expense</b> | <b>68,184</b> |     |





## Notes to the Financial Statements

### 11. INCOME TAX (continued)

11.

本集团在境内及境外经营，其应纳税所得额按不同国家的税率计算。本集团在各国的税率如下：

|    | 2022    |   |
|----|---------|---|
|    | RMB'000 | % |
| 境内 | 532,625 | 4 |
| 境外 |         |   |

# Notes to the Financial Statements

## 12. DIVIDENDS

12.

|   | 2022           |
|---|----------------|
|   | RMB'000        |
| Dividend payable to shareholders        | -              |
| <b>Dividend payable to shareholders</b> | <b>121,302</b> |

At the end of the reporting period, the amount of dividends payable to shareholders is RMB121,302,000 (2021: RMB121,302,000).

## 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

13.

|                            | 2022 | 2021 |
|----------------------------|------|------|
| Basic earnings per share   | / 4  | / 4  |
| Diluted earnings per share | / 4  | / 4  |

The earnings per share attributable to ordinary equity holders of the parent is calculated based on the earnings attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the period. The earnings per share attributable to ordinary equity holders of the parent is calculated based on the earnings attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares outstanding during the period.





## Notes to the Financial Statements

### 13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

13.

Continuation of the previous page

|   | 2022          |                  |
|---|---------------|------------------|
|   | RMB'000       |                  |
| <hr/>   |               |                  |
| <b>Earnings</b>   |               |                  |
| Attributable to ordinary equity holders of the parent         |               |                  |
| Profit attributable to ordinary equity holders of the parent  |               |                  |
| Less: Dividends paid to ordinary equity holders of the parent |               |                  |
| Less: Profit attributable to non-controlling interests        | 442,772       |                  |
|   |               |                  |
| <hr/>   |               |                  |
|   | 2022          |                  |
|   |               | Number of shares |
| <hr/>   |               |                  |
| <b>Shares</b>   |               |                  |
| Attributable to ordinary equity holders of the parent         |               |                  |
| Ordinary shares issued and outstanding                        |               |                  |
| Less: Shares held by non-controlling interests                | 1,357,854,935 | ( 4              |
| Less: Shares held by the parent                               |               |                  |
| Less: Shares held by non-controlling interests                |               |                  |
| Less: Shares held by the parent                               | 3,878,398     | 4                |
|   |               |                  |
|   | 1,361,733,333 | (                |
|   |               |                  |

# Notes to the Financial Statements

## 14. PROPERTY, PLANT AND EQUIPMENT

## 14.

|                              | Buildings        | Plant and machinery | Office equipment | Motor vehicles  | Tooling and equipment | Construction in progress | Total              |
|------------------------------|------------------|---------------------|------------------|-----------------|-----------------------|--------------------------|--------------------|
|                              | RMB'000          | RMB'000             | RMB'000          | RMB'000         | RMB'000               | RMB'000                  | RMB'000            |
| <b>31 December 2022</b>      |                  |                     |                  |                 |                       |                          |                    |
| Cost                         |                  |                     |                  |                 |                       |                          |                    |
| At the beginning of the year | 1,157,759        | 2,923,910           | 54,049           | 53,313          | 288,305               | 32,570                   | 4,509,906          |
| Disposals                    | (20,730)         | (196,161)           | (2,043)          | (2,458)         | (21,259)              | (96,964)                 | (339,615)          |
| Acquisitions                 | 2,206            | 26,504              | 7                | 53              | 562                   | (29,332)                 | -                  |
| Impairment losses            | -                | 850                 | -                | 172             | 594                   | -                        | 1,616              |
| Depreciation                 | (66)             | (16,784)            | (398)            | (773)           | (25,690)              | -                        | (43,711)           |
| At the end of the year       | 3,354            | 7,314               | 140              | 415             | 334                   | 69                       | 11,626             |
| <b>Total</b>                 | <b>1,183,983</b> | <b>3,137,955</b>    | <b>55,841</b>    | <b>55,638</b>   | <b>285,364</b>        | <b>100,271</b>           | <b>4,819,052</b>   |
| Accumulated depreciation     |                  |                     |                  |                 |                       |                          |                    |
| At the beginning of the year | (366,500)        | (1,509,391)         | (39,783)         | (41,344)        | (259,524)             | (1,569)                  | (2,218,111)        |
| Disposals                    | (49,769)         | (283,715)           | (4,768)          | (4,072)         | (8,724)               | -                        | (351,048)          |
| Impairment losses            | -                | (575)               | -                | (115)           | (255)                 | -                        | (945)              |
| Depreciation                 | 51               | 13,291              | 282              | 589             | 24,836                | -                        | 39,049             |
| At the end of the year       | (551)            | (2,691)             | (39)             | (225)           | (187)                 | -                        | (1,689)            |
| <b>Total</b>                 | <b>(416,769)</b> | <b>(1,777,699)</b>  | <b>(44,308)</b>  | <b>(45,167)</b> | <b>(243,854)</b>      | <b>(1,569)</b>           | <b>(2,529,366)</b> |
| Net book value               |                  |                     |                  |                 |                       |                          |                    |
| At the end of the year       | 767,214          | 1,360,256           | 11,533           | 10,471          | 41,510                | 98,702                   | 2,289,686          |





## Notes to the Financial Statements

### 14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

### 14.

|                          | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 | 31 December 2015 | 31 December 2014 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cost                     | 14               | 4                | 1                | 1                | 1                | 1                |
| Accumulated depreciation | (1)              | (1)              | (1)              | (1)              | (1)              | (1)              |
| Net book value           | 13               | 3                | 0                | 0                | 0                | 0                |
| Total                    | 13               | 3                | 0                | 0                | 0                | 0                |
| Cost                     | 14               | 4                | 1                | 1                | 1                | 1                |
| Accumulated depreciation | (1)              | (1)              | (1)              | (1)              | (1)              | (1)              |
| Net book value           | 13               | 3                | 0                | 0                | 0                | 0                |
| Total                    | 13               | 3                | 0                | 0                | 0                | 0                |

( 4 4

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## Notes to the Financial Statements

### 15. INVESTMENT PROPERTY

15.

|                          |                          | 2022          |   |
|--------------------------|--------------------------|---------------|---|
|                          |                          | RMB'000       |   |
| Investment property      | 成本：<br>於一月一日及<br>十二月三十一日 | 561           |   |
| Accumulated depreciation | 累計折舊：<br>於一月一日<br>年內折舊撥備 | (216)<br>(11) |   |
| Investment property      | 於十二月三十一日                 | (227)         |   |
| Investment property      | 於十二月三十一日的賬面值             | 334           | 4 |

Investment property is measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful life and depreciation rates are as follows:

|                        |          |
|------------------------|----------|
| Buildings              | 20 years |
| Leasehold improvements | 5 years  |
| Right-of-use assets    | 20 years |

Investment property is derecognized when disposed or when the investment property is abandoned. The net proceeds from the disposal of investment property are recognized as income or expense in the period of disposal.





15. INVESTMENT PROPERTY  
(continued)

15.

**Fair value hierarchy (continued)**

The Group's investment property is measured at fair value. The fair value is determined based on the market value of the property at the reporting date. The fair value is determined based on the market value of the property at the reporting date.

The Group's investment property is measured at fair value. The fair value is determined based on the market value of the property at the reporting date. The fair value is determined based on the market value of the property at the reporting date.

16. LEASES

16.

**The Group as a lessee**

The Group has entered into lease agreements for the use of office premises. The lease agreements are classified as finance leases. The Group has recognized the right-of-use asset and the lease liability. The right-of-use asset is measured at cost, less accumulated depreciation and impairment losses. The lease liability is measured at the present value of the lease payments. The lease payments are discounted using the incremental borrowing rate. The lease liability is measured at the present value of the lease payments. The lease payments are discounted using the incremental borrowing rate.

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## Notes to the Financial Statements

### 16. LEASES (continued)

16.

#### The Group as a lessee (continued)

|                        | Leasehold<br>land | Properties | Plant and<br>machinery | Total |
|------------------------|-------------------|------------|------------------------|-------|
| As at 31 December 2021 | -                 | -          | -                      | -     |
| Initial recognition    | /                 | /          | 4                      | 4/4 4 |
| Disposal               | /                 | /          | /                      | /     |
| Reclassification       | 4                 | 4          | /                      | 4 /   |
| As at 31 December 2022 | 4                 | 4          | /                      | 4 /   |

As at 31 December 2022

|   |
|---|
| / |
|---|

|   |   |   |   |
|---|---|---|---|
| 4 | 4 | / | 4 |
|---|---|---|---|

# Notes to the Financial Statements

## 16. LEASES (continued)

16.

### The Group as a lessee (continued)

2022

As at 31 December 2022, the Group's lease liabilities are as follows:

|                                | 2022    |     |
|--------------------------------|---------|-----|
|                                | RMB'000 |     |
| Lease liabilities              | -       |     |
| Lease liabilities - short-term | 20,468  |     |
| Lease liabilities - long-term  | 22,706  | /   |
| Lease liabilities - short-term | 1,597   |     |
| Lease liabilities - long-term  | (6,517) | /   |
| Lease liabilities - short-term | (9,332) |     |
| Lease liabilities - long-term  | 249     | /   |
| Lease liabilities - short-term | 29,171  | 4   |
| Lease liabilities - long-term  | 6,504   | 4 4 |
| Lease liabilities - short-term | 22,667  | 4   |

As at 31 December 2021, the Group's lease liabilities are as follows:

4





## Notes to the Financial Statements

### 16. LEASES (continued)

16.

#### The Group as a lessee (continued)

The following table shows the carrying amount of the Group's lease liabilities as at the end of the reporting period:

|                   | 2022    |     |
|-------------------|---------|-----|
|                   | RMB'000 |     |
| Lease liabilities | 1,597   |     |
| Lease liabilities | 9,610   | 4 / |
| Lease liabilities | 14,028  |     |
| Lease liabilities | 25,235  | /   |

The Group's lease liabilities are classified as current liabilities, unless the lease term is less than 12 months and the lease liability is not significant.

#### The Group as a lessor

The Group's lease income is classified as operating income, unless the lease is classified as a finance lease. The Group's lease income is classified as operating income, unless the lease is classified as a finance lease. The Group's lease income is classified as operating income, unless the lease is classified as a finance lease.

## Notes to the Financial Statements

### 16. LEASES (continued)

16.

#### The Group as a lessor (continued)

The Group leases out its land and buildings to its subsidiaries and other related entities. The leases are classified as operating leases. The Group does not have any finance leases.

|                    |           | 2022    |     |
|--------------------|-----------|---------|-----|
|                    |           | RMB'000 |     |
|                    |           |         | -   |
| land               | 一年內       | 1,915   |     |
| land and buildings | 一年以上但兩年以內 | 1,350   |     |
| land and buildings | 兩年以上但三年以內 | 1,153   |     |
| land and buildings | 三年以上但四年以內 | 1,149   |     |
| land and buildings | 四年以上但五年以內 | 1,047   |     |
| land and buildings | 五年以上      | 6,551   | / / |
|                    |           | 13,165  | /   |

### 17. GOODWILL

17.

|                   |  | 2022    |   |
|-------------------|--|---------|---|
|                   |  | RMB'000 |   |
|                   |  |         | - |
| intangible assets |  | 2,213   |   |
| intangible assets |  | 192     |   |
|                   |  | 2,405   |   |





## Notes to the Financial Statements

### 17. GOODWILL (continued)

17.

#### Impairment testing of goodwill

The Group has performed impairment testing of goodwill in the reporting period. The results of the impairment testing are as follows:

The following table shows the carrying amount of goodwill and the results of the impairment testing for each cash-generating unit (CGU) as at the end of the reporting period.

|    |  | 2022    |   |
|----|--|---------|---|
|    |  | RMB'000 |   |
|    |  | —       |   |
|    |  | 237     | / |
|    |  | 39      |   |
|    |  | 1,937   | / |
|    |  | 192     |   |
| 總計 |  | 2,405   |   |

The carrying amount of goodwill in the reporting period is RMB2,405,000. The carrying amount of goodwill is determined as the excess of the cost of the acquisition over the fair value of the identifiable intangible assets acquired.

The Group has performed impairment testing of goodwill in the reporting period. The results of the impairment testing are as follows:

The following table shows the carrying amount of goodwill and the results of the impairment testing for each cash-generating unit (CGU) as at the end of the reporting period.

The carrying amount of goodwill in the reporting period is RMB2,405,000. The carrying amount of goodwill is determined as the excess of the cost of the acquisition over the fair value of the identifiable intangible assets acquired.



# Notes to the Financial Statements

## 18. OTHER INTANGIBLE ASSETS

|                              | Computer software | Deferred development costs | Customer relationship | Licence  | Trademark | Total       |
|------------------------------|-------------------|----------------------------|-----------------------|----------|-----------|-------------|
| At the beginning of the year | 6,943             | 707,412                    | 14,673                | 47,573   | 6,640     | 783,241     |
| Acquisition                  | 5,153             | 690,888                    | 14,131                | 54,061   | 6,776     | 771,009     |
| Disposal                     | (3,050)           | (207,971)                  | -                     | -        | 6         | (211,027)   |
| Amortisation                 | -                 | -                          | 2,384                 | -        | -         | 2,384       |
| Impairment                   | (1,258)           | (191,447)                  | (1,538)               | (6,488)  | (142)     | (200,873)   |
| Reversal of impairment       | (2)               | -                          | (304)                 | -        | -         | (306)       |
| At the end of the year       | 6,943             | 707,412                    | 14,673                | 47,573   | 6,640     | 783,241     |
| At the beginning of the year | 27,039            | 1,654,843                  | 22,988                | 108,126  | 26,154    | 1,839,150   |
| Disposal                     | (20,096)          | (947,431)                  | (8,315)               | (60,553) | (19,514)  | (1,055,909) |
| At the end of the year       | 6,943             | 707,412                    | 14,673                | 47,573   | 6,640     | 783,241     |
| At the beginning of the year | 4                 | -                          | -                     | 4        | -         | 4           |
| Disposal                     | 4                 | -                          | -                     | 4        | -         | 4           |
| Amortisation                 | 4                 | -                          | 4                     | -        | -         | 4           |
| At the end of the year       | 4                 | -                          | 4                     | 4        | -         | 4           |
| At the beginning of the year | 4                 | 44                         | -                     | -        | 4         | 48          |
| Disposal                     | 4                 | -                          | -                     | 4        | -         | 4           |
| At the end of the year       | 4                 | 44                         | -                     | 4        | 4         | 48          |





## Notes to the Financial Statements

### 19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

19.

|   | 2022    |
|---|---------|
|   | RMB'000 |
| Equity investment designated at fair value through other comprehensive income | —       |
| Investment in equity instruments  | 255,044 |

The equity investment designated at fair value through other comprehensive income is as follows:

| Investment in equity instruments | 2022 | 2021 |
|----------------------------------|------|------|
| Investment in equity instruments | 4    | 4    |
| Investment in equity instruments | 4    | 4    |
| Investment in equity instruments | 4    | 4    |
| Investment in equity instruments | (4)  | (4)  |

Notes to the Financial Statements

20.

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## Notes to the Financial Statements

### 21. TRADE RECEIVABLES

21.

|                                       | 2022      |     |
|---------------------------------------|-----------|-----|
|                                       | RMB'000   |     |
| Trade receivables                     | 2,817,996 | ( 4 |
| Less: allowance for doubtful accounts | (81,772)  | (   |
| Trade receivables, net                | 2,736,224 | ( ) |

The trade receivables represent the amounts due from customers for the sale of goods and services. The trade receivables are recorded at the original invoice amount less allowance for doubtful accounts. The allowance for doubtful accounts is determined based on the historical experience and current conditions of the customers. The trade receivables are classified as current assets as they are expected to be collected within one year from the reporting date.

The trade receivables are measured at amortized cost less allowance for doubtful accounts. The allowance for doubtful accounts is measured based on the historical experience and current conditions of the customers. The trade receivables are classified as current assets as they are expected to be collected within one year from the reporting date.

4 4 / /

4

4 4

4 4

4

4

4

## Notes to the Financial Statements

### 21. TRADE RECEIVABLES (continued)

21.

本集團貿易應收賬款之賬齡分析如下：

|     | 2022      |     |
|-----|-----------|-----|
|     | RMB'000   |     |
| 於年初 | 1,991,360 | /   |
| 於年末 | 392,070   | /   |
| 於年初 | 222,677   | /   |
| 於年末 | 81,352    | /   |
| 於年初 | 48,765    | /   |
| 於年末 | 2,736,224 | / / |

本集團貿易應收賬款之賬齡分析如下：

|              | 2022    |    |
|--------------|---------|----|
|              | RMB'000 |    |
| 於年初          | 55,703  | 44 |
| 減值虧損 (附註 10) | 27,516  | /  |
| 撇銷不可收回金額     | (1,447) | 44 |
| 於年末          | 81,772  | /  |





## Notes to the Financial Statements

### 21. TRADE RECEIVABLES (continued)

21.

The trade receivables are classified into current and past due. Current trade receivables are further classified into customers with credit enhancement and ordinary customers. Past due trade receivables are further classified into customers with credit enhancement and ordinary customers. The classification is based on the credit risk of the customers. The credit risk is assessed based on the credit rating of the customers and the historical default rates. The trade receivables are measured at amortized cost less expected credit losses. The expected credit losses are estimated based on the historical default rates and the current credit risk of the customers. The trade receivables are measured at the end of the reporting period at the carrying amount less expected credit losses. The carrying amount is the amount of the trade receivables less any allowance for doubtful accounts. The expected credit losses are the amount of the trade receivables that are expected to be uncollectible. The trade receivables are measured at the end of the reporting period at the carrying amount less expected credit losses. The carrying amount is the amount of the trade receivables less any allowance for doubtful accounts. The expected credit losses are the amount of the trade receivables that are expected to be uncollectible.

The trade receivables are measured at the end of the reporting period at the carrying amount less expected credit losses. The carrying amount is the amount of the trade receivables less any allowance for doubtful accounts. The expected credit losses are the amount of the trade receivables that are expected to be uncollectible.

As at 31 December 2022

|                     | Current                           |                    | Past due                          |                    | Total     |
|---------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|-----------|
|                     | Customers with credit enhancement | Ordinary customers | Customers with credit enhancement | Ordinary customers |           |
| Percentage of total | 0.59%                             | 0.93%              | 9.97%                             | 100.00%            | 2.90%     |
| Amount              | 2,028,030                         | 595,551            | 144,532                           | 49,883             | 2,817,996 |
| Percentage of total | 11,924                            | 5,550              | 14,415                            | 49,883             | 81,772    |

# Notes to the Financial Statements

## 21. TRADE RECEIVABLES (continued)

21.

|                                       | 31 December 2019 |       | 31 December 2018 |       |
|---------------------------------------|------------------|-------|------------------|-------|
|                                       | Amount           | Unit  | Amount           | Unit  |
| Trade receivables                     | 4,777            | 4,777 | 4,777            | 4,777 |
| Less: Allowance for doubtful accounts | (44)             | 44    | (44)             | 44    |
| Trade receivables, net                | 4,733            | 4,733 | 4,733            | 4,733 |

## 22. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

22.

The company invests in debt securities that are classified as debt investments at fair value through other comprehensive income. These investments are measured at fair value, and changes in fair value are recorded in other comprehensive income. The company's debt investments are primarily composed of government bonds and corporate bonds. The company's debt investments are classified as debt investments at fair value through other comprehensive income because they are held for long-term investment and the company has the ability and intent to hold them for the foreseeable future.





## Notes to the Financial Statements

### 22. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME 22. (continued)

本集團於2022年12月31日持有以下債務投資，其公允價值計入其他綜合收益。

|        |      | 2022           |          |
|--------|------|----------------|----------|
|        |      | RMB'000        |          |
|        |      |                | —        |
| 短期債務投資 | 個月內  | 143,465        | ( ) ( )  |
| 中期債務投資 | 至 個月 | 12,589         | (4)      |
| 長期債務投資 | 至 個月 | 5,351          | 4 ( )    |
|        |      | <b>161,405</b> | <b>4</b> |

本集團於2022年12月31日持有以下債務投資，其公允價值計入其他綜合收益。







## Notes to the Financial Statements

### 24. FINANCIAL ASSETS/ LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

24.

|   | 2022          |             |
|---|---------------|-------------|
|   | Assets        | Liabilities |
|   | RMB'000       | RMB'000     |
| Investment in securities                              | 136           | -           |
| Derivative financial instruments                      | -             | 13          |
| Financial assets at fair value through profit or loss | 51,815        | -           |
|   | <b>51,951</b> | <b>13</b>   |
|   |               |             |
|   | -             | -           |
|   |               |             |
| Investment in securities                              | 4             |             |
| Derivative financial instruments                      |               |             |
| Financial assets at fair value through profit or loss | 4             |             |
|   |               |             |
|   | 4             |             |

24. FINANCIAL ASSETS/  
LIABILITIES AT FAIR VALUE  
THROUGH PROFIT OR LOSS  
(continued)

24.

The Group's financial assets and liabilities are measured at fair value through profit or loss. The fair value of these assets and liabilities is determined based on the following methods:

For the financial assets and liabilities that are measured at fair value through profit or loss, the Group uses the following methods to determine their fair value:

The fair value of the financial assets and liabilities is determined based on the following methods:





## Notes to the Financial Statements

### 25. CASH AND BANK BALANCES AND TIME DEPOSITS

25.

|         |         | 2022       |   |
|---------|---------|------------|---|
|         |         | RMB'000    |   |
| <hr/>   |         |            |   |
| 現金及銀行結餘 | 現金及銀行結餘 | 436,194    | 4 |
| 定期存款    | 定期存款    | 793,806RMB |   |

## Notes to the Financial Statements

### 25. CASH AND BANK BALANCES AND TIME DEPOSITS

(continued)

At the end of the reporting period, the cash and bank balances and time deposits are denominated in the following currencies:

The carrying amount of cash and bank balances and time deposits is denominated in the following currencies:

### 26. TRADE AND BILLS PAYABLES

|  |        | 2022      |     |
|--|--------|-----------|-----|
|  |        | RMB'000   |     |
|  |        |           |     |
|  | 貿易應付款項 | 782,273   |     |
|  | 應付票據   | 1,578,771 | ( 4 |
|  |        | 2,361,044 |     |





## Notes to the Financial Statements

### 26. TRADE AND BILLS PAYABLES 26. (continued)

本集團於報告期末按到期日對賬項下之貿易應付賬項及應付票據之賬齡如下：

|      |      | 2022      |   |
|------|------|-----------|---|
|      |      | RMB'000   |   |
| 即期賬項 | 個月內  | 833,140   | 4 |
| 短期賬項 | 至 個月 | 608,572   |   |
| 短期賬項 | 至 個月 | 906,326   |   |
| 短期賬項 | 至 年  | 8,092     |   |
| 短期賬項 | 至 年  | 2,247     |   |
| 短期賬項 | 超過 年 | 2,667     | 4 |
|      |      | 2,361,044 |   |

本集團之貿易應付賬項及應付票據均與本集團之主要供應商及服務商有關。本集團之貿易應付賬項及應付票據之賬項均為短期賬項，且本集團之貿易應付賬項及應付票據之賬項均為短期賬項。本集團之貿易應付賬項及應付票據之賬項均為短期賬項，且本集團之貿易應付賬項及應付票據之賬項均為短期賬項。

本集團之貿易應付賬項及應付票據之賬項均為短期賬項，且本集團之貿易應付賬項及應付票據之賬項均為短期賬項。本集團之貿易應付賬項及應付票據之賬項均為短期賬項，且本集團之貿易應付賬項及應付票據之賬項均為短期賬項。

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44 44  
4

# Notes to the Financial Statements

## 27. OTHER PAYABLES AND ACCRUALS

## 27.

|                     | 2022      |     |
|---------------------|-----------|-----|
|                     | RMB'000   |     |
| Accounts payable    | 191,124   |     |
| Accounts receivable | 284,339   | 444 |
| Accounts payable    | 86,192    |     |
| Accounts payable    | 51,128    | 44  |
| Accounts payable    | 114,382   | 4   |
| Accounts payable    | 22,891    |     |
| Accounts payable    | 94,087    | 74  |
| Accounts payable    | 72,371    | 4   |
| Accounts payable    | 135,947   | 77  |
|                     | 1,052,461 | 77  |

|                  | 31 December 2022 |     |
|------------------|------------------|-----|
|                  | RMB'000          |     |
| Accounts payable | 284,339          | 444 |

Accounts payable are recognized at the amount of the invoice, net of any discounts taken. Accounts payable are classified as current liabilities if they are due within one year from the reporting date. Accounts payable are classified as non-current liabilities if they are due after one year from the reporting date.





## Notes to the Financial Statements

### 28. INTEREST-BEARING BANK BORROWINGS

28.

31 December 2022

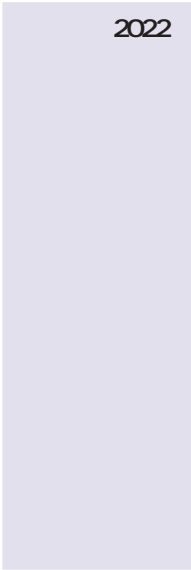
|                             | Effective interest rate (%)            | Maturity  | RMB'000   |  |     |
|-----------------------------|--|-----------|-----------|--|-----|
| <b>Current</b>              |  |           |           |  |     |
| Short-term bank borrowings  | 1.88 to 8.17, HIBOR+2.76 to HIBOR+5.17 | 2023      | 998,295   |  | 4   |
| Medium-term bank borrowings | 1.88 to 8.17 HIBOR+2.76 HIBOR+5.17     |           |           |  |     |
| Long-term bank borrowings   | 2.00 to 4.57 LIBOR+2                   | 2023      | 300,102   |  | /   |
| Medium-term bank borrowings | 2.00 to 4.57 LIBOR+2                   |           |           |  |     |
| Long-term bank borrowings   | 2.00 to 7.26 HIBOR+2.5 LIBOR+2         | 2023      | 1,066,414 |  | 4   |
| Medium-term bank borrowings | 2.00 to 7.26 HIBOR+2.5 LIBOR+2         |           |           |  |     |
| Long-term bank borrowings   | LIBOR+2.70                             | 2023      | 276,843   |  | /   |
|                             |  |           | 2,641,654 |  | 4 4 |
| Medium-term bank borrowings | 1.88 to 6.00                           | 2024-2028 | 28,626    |  | /   |
| Long-term bank borrowings   | 1.88 to 6.00                           |           |           |  |     |
| Medium-term bank borrowings | 3.00 to 4.60                           | 2024-2025 | 39,807    |  | 44  |
| Long-term bank borrowings   | 3.00 to 4.60                           |           |           |  |     |
| Medium-term bank borrowings | LIBOR+2.70                             | 2024      | -         |  | /   |
|                             |  |           | 68,433    |  | /   |
|                             |  |           | 2,710,087 |  | /   |
| Medium-term bank borrowings |  |           | 1,730,454 |  | /   |
| Long-term bank borrowings   |  |           | 600,530   |  | /   |
| Medium-term bank borrowings |  |           | 338,494   |  | //  |
| Long-term bank borrowings   |  |           | 24,962    |  | 4   |
| Medium-term bank borrowings |  |           | 13,938    |  | //  |
| Long-term bank borrowings   |  |           | 1,709     |  | //  |
| Medium-term bank borrowings |  |           | -         |  | //  |
|                             |  |           | 2,710,087 |  | /   |



28. INTEREST-BEARING BANK BORROWINGS (continued)

28.

Amount in million



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4





## Notes to the Financial Statements

### 28. INTEREST-BEARING BANK BORROWINGS *(continued)*

28.

The Company's interest-bearing bank borrowings consist of the following:

| Facility Agreement              | Interest Rate | Term |
|---------------------------------|---------------|------|
| Facility Agreement with Lenders |               |      |

The Company's interest-bearing bank borrowings are secured by the following assets:

| Asset               | Value |
|---------------------|-------|
| Real Estate         |       |
| Equipment           |       |
| Accounts Receivable |       |
| Inventory           |       |
| Other               |       |

The Company's interest-bearing bank borrowings are subject to the following covenants:

- Maintain a certain level of liquidity.
- Maintain a certain level of debt to capitalization ratio.
- Maintain a certain level of debt to EBITDA ratio.
- Maintain a certain level of debt to EBITDA ratio.

The Company's interest-bearing bank borrowings are subject to the following covenants:

- Maintain a certain level of liquidity.
- Maintain a certain level of debt to capitalization ratio.
- Maintain a certain level of debt to EBITDA ratio.
- Maintain a certain level of debt to EBITDA ratio.

4

4

4

# Notes to the Financial Statements

## 29. DEFERRED TAX

## 29.

Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the deductible differences can be utilized.

### Deferred tax assets

| Provision for impairment of trade receivables | Depreciation and impairment of property, plant and equipment | Tax losses | Equipment invested in subsidiaries with revalued amounts | Change in fair value of debt investments at fair value through other comprehensive income | Unpaid payroll and accruals | Provision for |
|---|--|------------|--|---|-----------------------------|---------------|
|   |  |            |  |   |                             |               |





## Notes to the Financial Statements

### 29. DEFERRED TAX *(continued)*

29.

#### Deferred tax liabilities

|                  | Capitalised interest expense | Change in fair value of equity investments designated at fair value through other comprehensive income | Fair value adjustments arising from acquisition of subsidiaries | Change in fair value of financial assets at fair value through profit or loss | Others | Total |
|------------------|------------------------------|--|---|---|--------|-------|
| 31 December 2019 | -                            | -  | -   | -   | -      | -     |
| 31 December 2018 | 44                           | 4  | 4   | 77  | 44     |       |
| 31 December 2017 |                              |  |   | 44  |        |       |
| 31 December 2016 |                              |  |   |   |        |       |
| 31 December 2015 |                              |  |   |   |        |       |
| 31 December 2014 |                              |  |   |   |        |       |
| 31 December 2013 |                              |  |   |   |        |       |
| 31 December 2012 |                              |  |   |   |        |       |
| 31 December 2011 |                              |  |   |   |        |       |
| 31 December 2010 | 4                            |  | 7   |   | 7      | 4     |
| 31 December 2009 |                              |  |   |   |        |       |
| 31 December 2008 |                              | 44   |   |   |        | 44    |
| 31 December 2007 |                              |  | 47  |   |        | 47    |
| 31 December 2006 |                              |  |   |   |        |       |
| 31 December 2005 | 4                            | 4  |   | 47  | 4      | 4     |

# Notes to the Financial Statements

## 29. DEFERRED TAX (continued)

29.

### Deferred tax liabilities (continued)

|  |    |
|--|----|
| <p>At the beginning of the reporting period, the Group had deferred tax liabilities of HK\$47 million. This was primarily due to the Group's investment in subsidiaries in the PRC, which are subject to a higher corporate income tax rate than the Group's parent company. The Group has recognized a deferred tax liability for the difference between the tax expense and the tax payable in the PRC subsidiaries.</p>     | 47 |
| <p>During the reporting period, the Group's deferred tax liabilities increased to HK\$47 million. This increase was primarily due to the Group's investment in subsidiaries in the PRC, which are subject to a higher corporate income tax rate than the Group's parent company. The Group has recognized a deferred tax liability for the difference between the tax expense and the tax payable in the PRC subsidiaries.</p> | 47 |
| <p>At the end of the reporting period, the Group had deferred tax liabilities of HK\$47 million. This was primarily due to the Group's investment in subsidiaries in the PRC, which are subject to a higher corporate income tax rate than the Group's parent company. The Group has recognized a deferred tax liability for the difference between the tax expense and the tax payable in the PRC subsidiaries.</p>           | 47 |





## Notes to the Financial Statements

### 30. SHARE CAPITAL

30.

#### Shares

|                               | 2022                      |               |
|-------------------------------|---------------------------|---------------|
| Authorized shares             | 1,000,000                 |               |
| Issued and outstanding shares | 135,775                   | /             |
| Authorized shares             | 116,250                   | 4             |
| Issued and outstanding shares |                           |               |
|                               | Number of shares in issue | Share capital |
| t                             |                           | -             |
| Authorized shares             | / 44                      | 4             |
| Issued and outstanding shares |                           | /             |
| Authorized shares             | / 4                       | 4             |
| Issued and outstanding shares |                           |               |
| Authorized shares             | / 4                       |               |

30. SHARE CAPITAL (continued) 30.

**Shares (continued)**

As at 31 December 2022, the Company has issued 4,000,000 ordinary shares of HK\$0.10 each, representing 100% of the issued share capital of the Company. The shares are listed on the Stock Exchange of Hong Kong.

**Share options**

As at 31 December 2022, there are no share options outstanding.

31. SHARE OPTION SCHEMES 31.

**Pre-IPO Share Option Scheme**

The Pre-IPO Share Option Scheme was established to provide an incentive to the employees of the Company and to attract and retain employees of the Company. The Pre-IPO Share Option Scheme is subject to the terms and conditions set out in the Pre-IPO Share Option Scheme Rules. The Pre-IPO Share Option Scheme is subject to the terms and conditions set out in the Pre-IPO Share Option Scheme Rules. The Pre-IPO Share Option Scheme is subject to the terms and conditions set out in the Pre-IPO Share Option Scheme Rules.





## Notes to the Financial Statements

### 31.SHARE OPTION SCHEMES (continued)

31.

#### Pre-IPO Share Option Scheme (continued)

The Pre-IPO Share Option Scheme was approved by the Board of Directors on 15 June 2011. The scheme is designed to provide an incentive to key management personnel and other employees of the Company to contribute to the success of the Company.

The Pre-IPO Share Option Scheme is a long-term incentive scheme. The options granted under the scheme are exercisable over a period of 10 years from the date of grant. The options are exercisable at the discretion of the Board of Directors. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company.

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The Pre-IPO Share Option Scheme is a long-term incentive scheme. The options granted under the scheme are exercisable over a period of 10 years from the date of grant. The options are exercisable at the discretion of the Board of Directors. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company.

The Pre-IPO Share Option Scheme is a long-term incentive scheme. The options granted under the scheme are exercisable over a period of 10 years from the date of grant. The options are exercisable at the discretion of the Board of Directors. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company. The options are granted to key management personnel and other employees of the Company who are considered to be key to the success of the Company.



# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Pre-IPO Share Option Scheme (continued)

On 12 October 2022, the Board of Directors of the Company approved the Pre-IPO Share Option Scheme (the "Scheme") to grant options to eligible employees of the Company and its subsidiaries.

The Scheme is subject to the approval of the shareholders of the Company at the general meeting of the Company to be held on or after 12 October 2022.

The details of the Scheme are set out in the Pre-IPO Share Option Scheme Letter of Offer to the Eligible Employees of the Company and its subsidiaries.

|   | 2022                            |                   | Weighted average exercise price | Number of options |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
|   | Weighted average exercise price | Number of options |                                 |                   |
|   | HK\$ per share                  | '000              |                                 |                   |
| At the end of the reporting period:       |                                 |                   |                                 |                   |
| Outstanding options                       | 1.19                            | 5,942             |                                 | 4                 |
| Options exercised                         | -                               | -                 |                                 |                   |
| Options cancelled                         | 1.28                            | (5,692)           |                                 |                   |
| Options forfeited                         | 1.36                            | (250)             |                                 | 4                 |
| At the beginning of the reporting period: | -                               | -                 |                                 | 4                 |





## Notes to the Financial Statements

### 31.SHARE OPTION SCHEMES (continued)

31.

#### Pre-IPO Share Option Scheme (continued)

The following table shows the movement in the number of share options outstanding during the reporting period.

| Name or category of participant | Number of share options |                          |                             |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period                   |
|---------------------------------|-------------------------|--------------------------|-----------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------------------------|
|                                 | At 1 January 2022       | Lapsed during the period | Forfeited during the period | At 31 December 2022 |                                |                                  |                                 |                                  |
| Director                        | 150,000                 | (150,000)                | -                           | -                   | 2018                           | 2023                             | 1.00 HK\$                       | 100% vesting on 31 December 2023 |
| Other employees in aggregate    | 5,792,000               | (5,542,000)              | (250,000)                   | -                   | 2018                           | 2023                             | 1.00 HK\$                       | 100% vesting on 31 December 2023 |
|                                 | 5,942,000               | (5,692,000)              | (250,000)                   | -                   |                                |                                  |                                 |                                  |

The above table shows the movement in the number of share options outstanding during the reporting period.

**31. SHARE OPTION SCHEMES**  
*(continued)*

31.

**Share Option Schemes**

2010

On 23 October 2010, the Board of Directors approved the 2010 Share Option Scheme (the "Scheme") to provide an incentive to employees and directors of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.

**2010 Share Option Scheme**

The 2010 Share Option Scheme is a long-term incentive plan for the Company's employees and directors. The Scheme is designed to provide an incentive to employees and directors to contribute to the long-term success of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.

The 2010 Share Option Scheme is a long-term incentive plan for the Company's employees and directors. The Scheme is designed to provide an incentive to employees and directors to contribute to the long-term success of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.

On 23 October 2010, the Board of Directors approved the New Share Option Scheme (the "Scheme") to provide an incentive to employees and directors of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.

**New Share Option Scheme**

The New Share Option Scheme is a long-term incentive plan for the Company's employees and directors. The Scheme is designed to provide an incentive to employees and directors to contribute to the long-term success of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.

The New Share Option Scheme is a long-term incentive plan for the Company's employees and directors. The Scheme is designed to provide an incentive to employees and directors to contribute to the long-term success of the Company. The Scheme is subject to the approval of the shareholders of the Company. The Scheme is set out in the Appendix to the 2010 Annual Report.





## Notes to the Financial Statements

### 31.SHARE OPTION SCHEMES (continued)

31.

#### Share Option Schemes (continued)

The Company has adopted the following share option schemes:

The first scheme was established in 2008. The purpose of the scheme is to provide an incentive to key management personnel and other employees to contribute to the long-term success of the Company. The scheme is subject to the approval of the shareholders. The details of the scheme are set out in the notes to the financial statements.

The second scheme was established in 2010. The purpose of the scheme is to provide an incentive to key management personnel and other employees to contribute to the long-term success of the Company. The scheme is subject to the approval of the shareholders. The details of the scheme are set out in the notes to the financial statements.

31. SHARE OPTION SCHEMES  
(continued)

31.

Share Option Schemes (continued)

On 2010, the company has adopted the share option scheme to provide an incentive to the employees and directors of the company to contribute to the success of the company. The scheme is subject to the approval of the shareholders of the company. The details of the scheme are as follows:

The share option scheme is subject to the approval of the shareholders of the company. The details of the scheme are as follows:

The share option scheme is subject to the approval of the shareholders of the company. The details of the scheme are as follows:

The share option scheme is subject to the approval of the shareholders of the company. The details of the scheme are as follows:





# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

On 1 January 2022, the Company had 300,000 share options outstanding under the Share Option Scheme. During the year, no share options were granted, exercised or forfeited. At 31 December 2022, the Company had 300,000 share options outstanding under the Share Option Scheme.

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Directors                       | 300,000                 | -                       | -                         | -                         | 300,000             | 1 January 2022                 | HK\$ 0.01                        | 100% immediately                | HK\$ 0.01      |  |
| Employees                       | 200,000                 | -                       | -                         | -                         | 200,000             | 1 January 2022                 | HK\$ 0.01                        | 100% immediately                | HK\$ 0.01      |  |





# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Directors                       | 300,000                 | -                       | -                         | -                         | 300,000             | 1/1/2022                       | 1/1/2022 - 31/12/2022            | 1/1/2022 - 31/12/2022           | 4.10           |  |
| Employees                       | -                       | 300,000                 | -                         | -                         | 300,000             | 4/1/2022                       | 4/1/2022 - 31/12/2022            | 4/1/2022 - 31/12/2022           | 4.10           |  |







# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Directors                       | 300,000                 | -                       | -                         | -                         | 300,000             | 1/1/2022                       | 4.00                             | 1/1/2022 to 31/12/2024          | 4.00           |  |
| Employees                       | -                       | 300,000                 | -                         | -                         | 300,000             | 4/1/2022                       | 4.00                             | 4/1/2022 to 31/12/2024          | 4.00           |  |

# Notes to the Financial Statements

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options  | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|----------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                  |                |  |
| Directors, 董事                   | -                       | 300,000                 | -                         | -                         | 300,000             | 4 July 2021                    | HK\$0.10                         | From 1 July 2021 to 30 June 2023 | HK\$0.10       |  |
| Employees, 僱員                   | 150,000                 | -                       | -                         | -                         | 150,000             | 1 July 2021                    | HK\$0.10                         | From 1 July 2021 to 30 June 2023 | HK\$0.10       |  |





# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options  | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|----------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                  |                |  |
| Directors                       | 150,000                 | -                       | -                         | -                         | 150,000             | 4/1/2022                       | 0.44                             | 12 months from the date of grant | 4.4            |  |
| Employees                       | 900,000                 | -                       | -                         | -                         | 900,000             | 1/1/2022                       | 0.44                             | 12 months from the date of grant | 4.4            |  |

# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Directors, <i>HK\$</i>          | 300,000                 | -                       | -                         | -                         | 300,000             | 2019                           | HK\$0.10                         | 100%                            | 2019           | HK\$0.10   |
| Employees, <i>HK\$</i>          | 1,000,000               | -                       | -                         | -                         | 1,000,000           | 2019                           | HK\$0.10                         | 100%                            | 2019           | HK\$0.10   |





# Notes to the Financial Statements

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Directors (1,121)               | -                       | 1,000,000               |                           |                           |                     |                                |                                  |                                 |                |  |

# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Other employees in aggregate    | 5,000,000               | -                       | (100,000)                 | (150,000)                 | 4,780,000           |                                |                                  |                                 |                |  |
|                                 | 1,500,000               | -                       | -                         | (1,500,000)               | -                   |                                |                                  |                                 |                |  |





# Notes to the Financial Statements

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Other employees in aggregate    | 2,100,000               | -                       | -                         | (650,000)                 | 1,450,000           | 1/1/2022                       | 1.40                             | 1/1/2022 to 31/12/2024          | 8.40           |  |
|                                 | 4,050,000               | -                       | -                         | (650,000)                 | 3,400,000           |                                |                                  |                                 |                |  |



# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Other employees in aggregate    | 15,300,000              | -                       | -                         | (2,700,000)               | 12,600,000          | 2018/01/01                     | 0.25                             | 2018/01/01 - 2021/12/31         | 0.25           | 0.25   |
| Other employees in aggregate    | 1,800,000               | -                       | -                         | (600,000)                 | 1,200,000           | 2020/01/01                     | 0.25                             | 2020/01/01 - 2022/12/31         | 0.25           | 0.25   |





# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Other employees in aggregate    | 4,000,000               | -                       | -                         | -                         | 4,000,000           | 2021                           | 2021                             | 1.00                            | 12 months      | 1.00   |
|                                 | 15,150,000              | -                       | -                         | (2,100,000)               | 13,050,000          | 2021                           | 2021                             | 1.00                            | 12 months      | 1.00   |

# Notes to the Financial Statements

| Name or category of participant | Number of share options |                         |                           |                           |                     | Date of grant of share options | Exercise period of share options | Exercise price of share options | Vesting period | Closing price of the shares of the Company immediately before the date on which options were granted |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---------------------------------|----------------|--|
|                                 | At 1 January 2022       | Granted during the year | Exercised during the year | Forfeited during the year | At 31 December 2022 |                                |                                  |                                 |                |  |
| Other employees in aggregate    | -                       | 35,600,000              | -                         | (600,000)                 | 35,000,000          |                                |                                  |                                 |                |  |





# Notes to the Financial Statements

## 31. SHARE OPTION SCHEMES (continued)

31.

### Share Option Schemes (continued)

On 14 October 2022, the Board of Directors approved the 2022 Share Option Scheme (the "2022 Scheme") which is subject to the approval of the shareholders. The 2022 Scheme is a long-term incentive plan designed to attract, retain and motivate key employees and to reward them for their contribution to the success of the Group. The 2022 Scheme is subject to the approval of the shareholders.

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On 4 October 2022, the Board of Directors approved the 2021 Share Option Scheme (the "2021 Scheme") which is subject to the approval of the shareholders. The 2021 Scheme is a long-term incentive plan designed to attract, retain and motivate key employees and to reward them for their contribution to the success of the Group. The 2021 Scheme is subject to the approval of the shareholders.

The 2021 Scheme is a long-term incentive plan designed to attract, retain and motivate key employees and to reward them for their contribution to the success of the Group. The 2021 Scheme is subject to the approval of the shareholders.

#### Grant date

30 September  
2022

24 October  
2022

|                                      |           |           |
|--------------------------------------|-----------|-----------|
| Number of shares granted             | 1,000,000 | 1,000,000 |
| Number of shares exercised           | 1,000,000 | 1,000,000 |
| Number of shares outstanding         | 1,000,000 | 1,000,000 |
| Number of shares cancelled           | 1,000,000 | 1,000,000 |
| Number of shares available for grant | 1,000,000 | 1,000,000 |
| Number of shares reserved for grant  | 1,000,000 | 1,000,000 |
| Number of shares available for grant | 1,000,000 | 1,000,000 |





## Notes to the Financial Statements

### 31.SHARE OPTION SCHEMES (continued)

31.

#### Share Option Schemes (continued)

The share option schemes are administered by the Share Option Committee, which is a sub-committee of the Board of Directors. The Share Option Committee is responsible for the administration of the share option schemes and for recommending to the Board of Directors the terms and conditions of the share options to be granted.

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Notes to the Financial Statements

32.





## Notes to the Financial Statements

### 32. RESERVES (continued)

32.

#### Share option reserve

The share option reserve represents the amount of the share option scheme that has been exercised and the amount of the share option scheme that has been cancelled.

#### Fair value reserve

The fair value reserve represents the amount of the fair value of the financial assets and liabilities that are measured at fair value through profit or loss and the amount of the fair value of the financial assets and liabilities that are measured at fair value through other comprehensive income.

### 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

33.

#### (a) Major non-cash transactions

(a)

The major non-cash transactions are as follows:

| Particulars                                  | 2023      | 2022    |
|--|-----------|---------|
| Acquisition of property, plant and equipment | 1,234,567 | 987,654 |
| Disposal of property, plant and equipment    | 567,890   | 345,678 |
| Acquisition of intangible assets             | 345,678   | 234,567 |
| Disposal of intangible assets                | 123,456   | 87,654  |
| Acquisition of subsidiaries                  | 789,012   | 654,321 |
| Disposal of subsidiaries                     | 234,567   | 123,456 |
| Acquisition of associates                    | 123,456   | 87,654  |
| Disposal of associates                       | 87,654    | 56,789  |
| Acquisition of financial assets              | 456,789   | 345,678 |
| Disposal of financial assets                 | 345,678   | 234,567 |
| Acquisition of financial liabilities         | 234,567   | 123,456 |
| Disposal of financial liabilities            | 123,456   | 87,654  |



# Notes to the Financial Statements

## 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

33.

### (b) Changes in liabilities arising from financing activities

(b)

2022

|   | Bank and other loans | Lease liabilities |
|---|----------------------|-------------------|
|   | RMB'000              | RMB'000           |
| At the beginning of the year              | 2,372,206            | 20,468            |
| Bank and other loans                      | 241,980              | (6,517)           |
| Lease liabilities                         | 1,740                | -                 |
| Interest                                  | -                    | 22,706            |
| Interest income                           | 94,161               | 249               |
| Interest expense                          | -                    | 1,597             |
| Interest income on financial assets       | -                    | -                 |
| Interest expense on financial liabilities | -                    | (9,332)           |
| At the end of the year                    | 2,710,087            | 29,171            |





## Notes to the Financial Statements

### 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

33.

#### (b) Changes in liabilities arising from financing activities *(continued)*

(b)

|   | 2020 | 2019 |
|---|------|------|
| Total                                     | 4    | /    |
| - interest on loans                       |      | /    |
| - interest on bonds                       |      | /    |
| - interest on bank loans                  |      | /    |
| - interest on other financial instruments |      | /    |
| - interest on other financial instruments |      | /    |
| - interest on other financial instruments |      | /    |
| - interest on other financial instruments |      | /    |
| - interest on other financial instruments |      | /    |
| Total                                     | /    | 4    |

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

33.

(c) Total cash outflow for leases

(c)

Information on the cash outflow for leases is as follows:

|                              | 2022           |            |
|------------------------------|----------------|------------|
|                              | RMB'000        |            |
| Operating lease liabilities  | 14,028         |            |
| Finance lease liabilities    | 81,555         | /          |
| Short-term lease liabilities | 6,517          | /          |
|                              | <b>102,100</b> | <b>/ 4</b> |





## Notes to the Financial Statements

### 34. PLEDGE OF ASSETS

### 34.

|                         | Prepaid<br>land lease<br>payments | Property,<br>plant and<br>equipment | Pledged<br>deposits | Inventories | Trade<br>receivables | Total     |
|-------------------------|-----------------------------------|-------------------------------------|---------------------|-------------|----------------------|-----------|
|                         | -                                 | -                                   | -                   | -           | -                    | -         |
|                         | nt                                | nt 4<br>4                           | nt                  | nt          | nt                   |           |
| <hr/>                   |                                   |                                     |                     |             |                      |           |
| <b>31 December 2022</b> |                                   |                                     |                     |             |                      |           |
| nt. t. n. n. n.         | 45,859                            | 734,964                             | 5,397               | 100,000     | 407,147              | 1,293,367 |
| nt. n. nt               | -                                 | -                                   | 415,947             | -           | -                    | 415,947   |
| nt. n. nt               | -                                 | -                                   | 372,462             | -           | -                    | 372,462   |
|                         | 45,859                            | 734,964                             | 793,806             | 100,000     | 407,147              | 2,081,776 |
| <hr/>                   |                                   |                                     |                     |             |                      |           |
| nt. t. n. n. n.         |                                   |                                     | 4                   |             |                      | 4         |
| nt. n. nt               |                                   |                                     | 44 44               |             |                      | 44 44     |
| nt. n. nt               |                                   |                                     | //                  |             |                      | //        |
|                         |                                   |                                     |                     |             |                      | //        |
| <hr/>                   |                                   |                                     |                     |             |                      |           |
|                         |                                   |                                     |                     |             |                      | //        |
| <hr/>                   |                                   |                                     |                     |             |                      |           |

35.COMMITMENTS

35.

At the end of the reporting period, the following commitments were outstanding:

|   | 2022         |          |
|---|--------------|----------|
|   | RMB'000      |          |
| Contractual obligations for the purchase of property, plant and equipment | 2,866        |          |
| Contractual obligations for the purchase of intangible assets             | 2,500        |          |
| <b>Total</b>  | <b>5,366</b> | <b>4</b> |





## Notes to the Financial Statements

### 36.ACQUISITION OF A SUBSIDIARY

#### Leoch Iberia SL.

On 15/01/2014, the International Holding, through Leoch International Holding S.L., acquired 100% of the shares of the subsidiary Leoch Iberia SL, a company incorporated in Spain, with a registered office in Madrid, Spain. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date.

### 36.

#### Leoch Iberia SL.

On 15/01/2014, the International Holding, through Leoch International Holding S.L., acquired 100% of the shares of the subsidiary Leoch Iberia SL, a company incorporated in Spain, with a registered office in Madrid, Spain. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date. The acquisition was carried out through the payment of 47 million euros, which was the fair value of the subsidiary at the acquisition date.

## Notes to the Financial Statements

### 36. ACQUISITION OF A SUBSIDIARY (continued)

36.

|                       |                       | Fair value<br>recognised<br>on acquisition |
|-----------------------|-----------------------|--|
| 物業、廠房及設備              | 物業、廠房及設備              | /  |
| 客戶關係                  | 客戶關係                  | 4  |
| 存貨                    | 存貨                    | 44   |
| 貿易應收款項及應收票據           | 貿易應收款項及應收票據           | 44   |
| 預付款項、按金及<br>其他應收款項    | 預付款項、按金及<br>其他應收款項    | /  |
| 現金及現金等價物              | 現金及現金等價物              | 4/   |
| 貿易應付款項及應付票據           | 貿易應付款項及應付票據           | /  |
| 計息銀行借貸                | 計息銀行借貸                | /4   |
| 遞延稅項負債                | 遞延稅項負債                | 44   |
| 按公允價值列賬的可識別<br>資產淨值總額 | 按公允價值列賬的可識別<br>資產淨值總額 | /  |
| 收購時產生的商譽              | 收購時產生的商譽              | 4 /  |
| 以下列方式支付：              | 以下列方式支付：              |  |
| 現金                    | 現金                    | 4 /  |





## Notes to the Financial Statements

### 36. ACQUISITION OF A SUBSIDIARY *(continued)*

36.

On 10/10/2018, the Group acquired 100% equity interest in the subsidiary, which is a company engaged in the business of providing power supply services.

|                                 |               |    |
|---------------------------------|---------------|----|
| Cash consideration              | 現金對價          | 47 |
| Cash and bank balances acquired | 所獲現金及銀行結餘     | 47 |
| Total cash consideration        | 計入投資活動所得現金流量的 |    |
| Cash and cash equivalents       | 現金及現金等價物流出淨額  |    |

The acquisition of the subsidiary is accounted for as an acquisition of a subsidiary under the cost method. The cash consideration of 47 million Hong Kong dollars is paid in cash.

The acquisition of the subsidiary is accounted for as an acquisition of a subsidiary under the cost method. The cash consideration of 47 million Hong Kong dollars is paid in cash. The acquisition of the subsidiary is accounted for as an acquisition of a subsidiary under the cost method. The cash consideration of 47 million Hong Kong dollars is paid in cash.



# Notes to the Financial Statements

## 37. RELATED PARTY TRANSACTIONS

37.

(a) 2022

|   | 2022    |  |
|---|---------|--|
|   | RMB'000 |  |
| Purchases of raw materials from related companies | 36,357  |  |
| Sales of products to related companies            | 100,635 |  |
| Interest expense to related parties               | 307     |  |





## Notes to the Financial Statements

### 37. RELATED PARTY TRANSACTIONS *(continued)*

37.

**(b) Outstanding balances with related parties:**

**(b)**

|                     | Due from related parties |              | Due to related parties |          |
|---------------------|--------------------------|--------------|------------------------|----------|
|                     | 2022                     | 2021         | 2022                   | 2021     |
| RMB'000             | RMB'000                  | RMB'000      | RMB'000                | RMB'000  |
| <b>Current:</b>     |                          |              |                        |          |
| Accounts receivable | -                        | -            | -                      | -        |
| Prepaid expenses    | -                        | -            | -                      | -        |
| Other receivables   | -                        | -            | 72,371                 | 4        |
| Accounts payable    | -                        | -            | -                      | -        |
| Other payables      | 26,028                   | 1,111        | 44,833                 | -        |
| <b>Total</b>        | <b>26,028</b>            | <b>1,111</b> | <b>117,204</b>         | <b>-</b> |

(b)

At the end of the reporting period, the related party balances were as follows:

Accounts receivable: 4,000 RMB'000 (2021: 4,000 RMB'000)

Prepaid expenses: 4,000 RMB'000 (2021: 4,000 RMB'000)

Other receivables: 72,371 RMB'000 (2021: 4 RMB'000)

Accounts payable: 44,833 RMB'000 (2021: 44,833 RMB'000)

Other payables: 26,028 RMB'000 (2021: 1,111 RMB'000)

Total: 117,204 RMB'000 (2021: 117,204 RMB'000)

37. RELATED PARTY TRANSACTIONS (continued)

37.

(c) Compensation of key management personnel of the Group: (c)

|             | 2022    |    |
|-------------|---------|----|
|             | RMB'000 |    |
| 基本薪金及其他福利   | 9,225   | /  |
| 以權益結算的購股權開支 | 778     |    |
| 退休金計劃供款     | 174     | // |
|             | 10,177  |    |

These figures represent the compensation of key management personnel of the Group.





## Notes to the Financial Statements

### 38. FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments are classified into categories based on the business model and the contractual cash flow characteristics of the financial assets and liabilities.

2022

#### Financial assets

|   | Financial assets at fair value through profit or loss |                  | Financial assets at fair value through other comprehensive income |         | Financial assets at amortised cost | Total |
|---|---|------------------|---|---------|------------------------------------|-------|
|   | Mandatorily designated as such                        | Debt investments | Equity investments  |         |                                    |       |
|   | RMB'000   | RMB'000          | RMB'000   | RMB'000 |                                    |       |
| Financial assets at fair value through profit or loss             |   |                  | 44  |         |                                    | 44    |
| Financial assets at fair value through other comprehensive income |   |                  |   |         |                                    |       |
| Financial assets at amortised cost                                |   |                  |   |         |                                    |       |
| Total   |   |                  | 44  |         |                                    | 44    |

## Notes to the Financial Statements

### 38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

#### Financial liabilities

|  | Financial liabilities at fair value through profit or loss |   |           |
|--|--|---|-----------|
|  |  | Financial liabilities at amortised cost | Total     |
|  | Mandatorily designated as such                             |   |           |
|  | RMB'000  | RMB'000                                 | RMB'000   |
| Financial liabilities at fair value through profit or loss | -  | 2,361,044                               | 2,361,044 |
| Financial liabilities at amortised cost                    | -  | 322,700                                 | 322,700   |
| Financial liabilities at fair value through profit or loss | -  | 29,171                                  | 29,171    |
| Financial liabilities at amortised cost                    | 13   | -                                       | 13        |
| Financial liabilities at fair value through profit or loss | -  | 2,710,087                               | 2,710,087 |
|  | 13   | 5,423,002                               | 5,423,015 |









## Notes to the Financial Statements

39.



39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

39.

The fair value of financial instruments is determined using the following methods:

Financial instruments traded in active markets are valued using quoted market prices.

Financial instruments that are not traded in active markets are valued using valuation techniques.

The fair value of financial instruments is determined using the following methods:

Financial instruments traded in active markets are valued using quoted market prices.

Financial instruments that are not traded in active markets are valued using valuation techniques.

The fair value of financial instruments is determined using the following methods:

Financial instruments traded in active markets are valued using quoted market prices.

Financial instruments that are not traded in active markets are valued using valuation techniques.

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Financial instruments traded in active markets are valued using quoted market prices.

Financial instruments that are not traded in active markets are valued using valuation techniques.

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## Notes to the Financial Statements

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

39.

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39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

**Fair value hierarchy *(continued)***

The following table shows the fair value hierarchy of financial instruments measured at fair value at the end of the reporting period:

|                                  | 2022           |   |
|----------------------------------|----------------|---|
|                                  | RMB'000        |   |
| Financial assets                 | 182,680        |   |
| Financial liabilities            | 50,939         | / |
| Financial assets and liabilities | 20,000         | 4 |
| Financial assets                 | (468)          | 4 |
| Financial liabilities            | 1,893          | / |
| <b>Financial assets</b>          | <b>255,044</b> |   |





## Notes to the Financial Statements

### 39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Fair value hierarchy *(continued)*

As at 31 December 2022

|                       | Fair value measurement using                          |  |  | Total<br>Total |
|-----------------------|---|--|--|----------------|
|                       | Quoted<br>prices<br>in active<br>markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |                |
|                       | 1   | 2  | 3  |                |
| <b>2022</b>           |   |  |  |                |
| Financial assets      | 13  | -  | -  | 13             |
| Financial liabilities |   |  |  |                |
| <b>2021</b>           |   |  |  |                |
| Financial assets      |   |  |  |                |
| Financial liabilities |   |  |  |                |

The fair value hierarchy is based on the inputs used in the valuation techniques applied to the assets and liabilities. The hierarchy is as follows:

40. FINANCIAL RISK  
MANAGEMENT OBJECTIVES  
AND POLICIES

40.

The Group's financial risk management objectives are to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating. The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating.

The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating. The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating.

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**Interest rate risk**

The Group is exposed to interest rate risk arising from its financial instruments. The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating.

The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating. The Group's financial risk management policies are designed to ensure that the Group is able to meet its financial obligations and to maintain a strong credit rating.











40. FINANCIAL RISK  
MANAGEMENT OBJECTIVES  
AND POLICIES (continued)

40.

**Credit risk**

The credit risk is the risk that the counterparty will not fulfill its obligations and the company will incur a financial loss. The credit risk is managed by the company's credit risk management department. The company's credit risk management department is responsible for identifying, measuring, monitoring and reporting credit risk. The company's credit risk management department also develops and implements credit risk management policies and procedures. The company's credit risk management department is also responsible for ensuring that the company's credit risk management policies and procedures are consistent with the company's risk management strategy.

**→ Credit risk management**

The company's credit risk management department is responsible for identifying, measuring, monitoring and reporting credit risk. The company's credit risk management department also develops and implements credit risk management policies and procedures. The company's credit risk management department is also responsible for ensuring that the company's credit risk management policies and procedures are consistent with the company's risk management strategy.





## Notes to the Financial Statements

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

40.

#### Credit risk *(continued)*

As at 31 December 2022

As at 31 December 2022

|  | 12-month  | Lifetime ECLs |         |           | Total     |
|--|-----------|---------------|---------|-----------|-----------|
|  | ECLs      |               |         |           |           |
|  | 12        | Stage 1       | Stage 2 | Stage 3   |           |
|  | RMB'000   | RMB'000       | RMB'000 | RMB'000   | RMB'000   |
| Financial assets measured at amortised cost                                | -         | -             | -       | 2,736,224 | 2,736,224 |
| Financial assets measured at fair value through profit or loss             | 125,487   | -             | -       | -         | 125,487   |
| Financial assets measured at fair value through other comprehensive income | 793,806   | -             | -       | -         | 793,806   |
| Financial assets measured at cost  | 436,194   | -             | -       | -         | 436,194   |
|  | 1,355,487 | -             | -       | 2,736,224 | 4,091,711 |

# Notes to the Financial Statements

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

40.

### Credit risk (continued)

→ ... ..

→ ... ..

|     | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----|------|------|------|------|------|
| ... | 1    | 1    | 1    | 1    | 1    |
| ... | -    | -    | -    | -    | -    |
| ... |      |      |      |      |      |
| ... |      |      |      |      |      |
| ... |      |      |      |      |      |
| ... | 4    |      |      |      | 4    |
| ... | 4    |      |      |      | 4    |
| ... | 4    |      |      |      | 4    |
| ... | 4    |      |      |      | 4    |

...

...





## Notes to the Financial Statements

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

40.

#### **Credit risk *(continued)***

The credit risk is managed by the credit risk management department. The credit risk management department is responsible for the credit risk management of the company. The credit risk management department is responsible for the credit risk management of the company. The credit risk management department is responsible for the credit risk management of the company.

#### **Liquidity risk**

The liquidity risk is managed by the liquidity risk management department. The liquidity risk management department is responsible for the liquidity risk management of the company. The liquidity risk management department is responsible for the liquidity risk management of the company.

The liquidity risk is managed by the liquidity risk management department. The liquidity risk management department is responsible for the liquidity risk management of the company. The liquidity risk management department is responsible for the liquidity risk management of the company.

# Notes to the Financial Statements

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

40.

### Liquidity risk *(continued)*

The table below shows the contractual cash flows of the Group's financial liabilities, categorized by the remaining contractual maturity. The amounts disclosed in the table are the contractual amounts of cash payments, and do not take into account the effects of netting arrangements or other contractual provisions that could reduce the cash outflows.

|                      | Less than<br>1 year<br>1<br>RMB'000 | 1 to 5<br>years<br>1-5<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------------------|-----------------------------------|------------------|
| <b>2022</b>          |                                     |                                   |                  |
| Trade payables       | 7,871                               | 23,095                            | 30,966           |
| Accounts payable     | 2,706,391                           | 72,527                            | 2,778,918        |
| Other payables       | 2,361,044                           | -                                 | 2,361,044        |
| Contract liabilities | 322,700                             | -                                 | 322,700          |
|                      | <b>5,398,006</b>                    |                                   |                  |





## Notes to the Financial Statements

40.







## Notes to the Financial Statements

40.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

40.

Capital management

The Group's capital management objectives are to ensure that the Group has sufficient resources to continue as a going concern, to meet its financial obligations and to maximize shareholder value.

The Group's capital management objectives are to ensure that the Group has sufficient resources to continue as a going concern, to meet its financial obligations and to maximize shareholder value.

The Group's capital management objectives are to ensure that the Group has sufficient resources to continue as a going concern, to meet its financial obligations and to maximize shareholder value.

|                               | 2022       |   |
|-------------------------------|------------|---|
|                               | RMB'000    |   |
| Capital management objectives | 2,710,087  | / |
| Capital                       | 10,494,395 |   |
| Capital                       | 26%        |   |





## Notes to the Financial Statements

### 41. TRANSFERS OF FINANCIAL ASSETS

#### Transferred financial assets that are not derecognised in their entirety

The following table shows the carrying amount of financial assets transferred to the transferee, but not derecognised, in the consolidated financial statements for the reporting period.

**Factoring Arrangement**

The factoring arrangement involves the transfer of receivables to a special purpose vehicle (SPV) established for the purpose of factoring. The SPV issues bonds to the market to raise funds to purchase the receivables. The receivables are then sold to the transferee, who is responsible for collecting the receivables from the customers. The transferee retains the credit risk associated with the receivables. The factoring arrangement is accounted for as a sale of financial assets, but the transferee retains the credit risk, and therefore, the receivables are not derecognised in their entirety.

|   | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| Carrying amount of financial assets transferred to the transferee, but not derecognised                   | 47,477     | 47,477     |
| Less: Carrying amount of financial assets derecognised  | (47,477)   | (47,477)   |
| Carrying amount of financial assets transferred to the transferee, but not derecognised in their entirety | —          | —          |

#### Financial assets that are derecognised in their entirety

The following table shows the carrying amount of financial assets derecognised in their entirety in the consolidated financial statements for the reporting period.

|  | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| Carrying amount of financial assets derecognised in their entirety | —          | —          |

# Notes to the Financial Statements

## 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

42.

As at the end of the reporting period, the company's financial position is as follows:

|  | 2022      |     |
|--|-----------|-----|
|  | RMB'000   |     |
| Assets                                 | -         |     |
| Intangible assets                      | 1,492,181 | /   |
| Property, plant and equipment          | 6,333     |     |
| Investments                            | 136       | 4   |
| Financial assets                       | 6,469     |     |
| Prepaid expenses and other receivables | 377       | 4   |
| Other receivables                      | 276,843   |     |
| Inventory                              | 277,220   | 4   |
| Other non-current assets               | (270,751) | 44  |
| Current assets                         | 1,221,430 | 4   |
| Liabilities                            | -         |     |
| Equity                                 | 1,221,430 | / 4 |





## Notes to the Financial Statements

### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

|               |   | Share<br>premium<br>account | Shareholders'<br>contribution | Share<br>option<br>reserve | Exchange<br>fluctuation<br>reserve | Accumulated<br>losses | Total |
|---------------|---|-----------------------------|-------------------------------|----------------------------|------------------------------------|-----------------------|-------|
| Share capital | 4 | /                           | /                             | 4                          | 4                                  | /                     | /     |
| Reserves      | / | /                           | /                             | /                          | /                                  | /                     | /     |
| Total         | 4 | /                           | /                             | 4                          | 4                                  | /                     | /     |



42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

As at 31 December 2021, the company's financial position is as follows:

4

43. EVENTS AFTER THE REPORTING PERIOD

On 15 December 2021, the company issued convertible notes with a principal amount of HK\$10,000,000. The convertible notes are convertible into shares of the company at the option of the holder. The convertible notes are classified as financial liabilities.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 4 January 2022.





# Five Year Financial Summary

Under the provisions of the Securities and Futures Ordinance, the company is required to provide a five-year financial summary to its shareholders. The financial summary is provided in the following table.

Year ended 31 December

|                            | 2022         |       |     |       |      |
|----------------------------|--------------|-------|-----|-------|------|
|                            | RMB'000      |       |     |       |      |
| <b>RESULTS</b>             |              |       |     |       |      |
| <b>REVENUE</b>             | 12,845,859   |       |     |       | 44.4 |
|                            | (11,251,085) | / 4   | 44  | / 4/  | 4    |
| Operating revenue          | 1,594,774    | /     | /   |       |      |
| Other revenue              | 241,727      | 4     |     | / / 4 |      |
| Finance income             | (389,151)    | /     | 4 / |       | 4 /  |
| Finance expense            | (333,676)    |       |     | /     | /    |
| Government grants          | (382,868)    | 44    | / / | 4/    |      |
| Other income               | (27,516)     | /     | /   |       |      |
| Other expenses             | (14,443)     | 4     | / 4 | 4 / / |      |
| Other income               | (156,222)    | 4 / 4 |     | / / / |      |
| <b>PROFIT BEFORE TAX</b>   | 532,625      | 4     |     | /     | 4    |
|                            | (68,184)     |       |     |       | 4    |
| <b>PROFIT FOR THE YEAR</b> | 464,441      | /     | / 4 | /     | / 4  |
| Dividends                  |              |       |     |       |      |
| Other income               | 442,772      |       | /   |       | 4    |
| Other income               | 21,669       |       | 4   |       | /    |
|                            | 464,441      | /     | / 4 | /     | / 4  |



## Five Year Financial Summary

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

As at 31 December

|                           | 2022        |   |   |   |   |
|---------------------------|-------------|---|---|---|---|
|                           | RMB'000     | - | - | - | - |
| TOTAL ASSETS              | 10,494,395  |   | / | / |   |
| TOTAL LIABILITIES         | (6,458,160) | / | / | / | / |
| NON-CONTROLLING INTERESTS |             |   |   |   |   |



