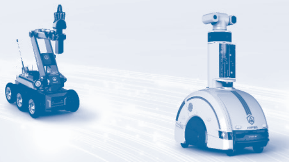
SuperRobotics Holdings Limited
超人智能控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8176

2023
Annual Report



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the emerging nature of companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

This annual report, for which the directors (the "Directors" and each a "Director") of SuperRobotics Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this annual report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this annual report misleading.

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fan Yu *(Chairman)*
Ms. Qiu Xueyun

Independent non-executive Directors

Mr. Tam B Ray, Billy
Ms. Han Xiao
Ms. Zhao Yang *(Resigned on 30 November 2023)*
Mr. Xu Guojun *(Appointed on 30 November 2023)*

COMPANY SECRETARY

Mr. Chan Cheuk Ho

COMPLIANCE OFFICER

Mr. Fan Yu

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

AUTHORISED REPRESENTATIVES

Mr. Fan Yu
Ms. Qiu Xueyun

REMUNERATION COMMITTEE

Ms. Han Xiao *(Chairman)*
Ms. Zhao Yang *(Resigned on 30 November 2023)*
Mr. Fan Yu
Mr. Xu Guojun *(Appointed on 30 November 2023)*

AUDIT COMMITTEE

Ms. Han Xiao *(Chairman)*
Mr. Tam B Ray, Billy
Ms. Zhao Yang *(Resigned on 30 November 2023)*
Mr. Xu Guojun *(Appointed on 30 November 2023)*

NOMINATION COMMITTEE

Ms. Han Xiao *(Chairman)*
Mr. Tam B Ray, Billy
Mr. Fan Yu

PRINCIPAL BANKERS

China CITIC Bank International Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1405, 14/F.,
China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central,
Sheung wan, Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
Michael Li & Co.

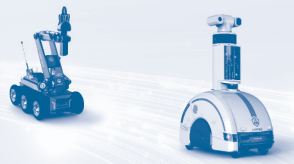
As to Bermuda Law
Conyers Dill and Pearman

WEBSITE

www.superrobotics.com.hk

STOCK CODE

8176



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of SuperRobotics Holdings Limited, I present herewith the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "Year").

2023 has been a promising year, the Group's financial performance has seen a dramatic improvement. The Group's revenue was approximately HK$15.1 million, representing a 280.8% increase compared to that of HK$3.96 million in 2022. The Group recorded a gross profit of approximately HK$7.3 million, as compared to the gross loss of HK$0.97 million last year.

The management has been doing their best to revive the Group's business in a number of aspects over the past year:

– **Deal Making**. The Group had successfully realised several new sales opportunities for its main Robotic business that yielded a dramatic revenue increase in 2023.

– **Debt Capitalisation**. The management carried out extensive negotiations with creditors and successfully completed a debt capitalisation in May 2023. Over HK$23 million worth of debt had been settled and converted to equity.

– **Debt Reduction**. The management reached an agreement with the Group's main creditor to waive the 2023 loan interest worth approximately HK$22.3 million and to lower the loan interest rate from 18% to 5% p.a. starting from 1 January 2024, which alleviated the Group's financial burdens to a great extent.

Overall, the Group had made significant progress towards its reviving despite a slower-than-expected economic recovery in 2023. The sluggish growth prospect caused by the external shock, repression and insufficient domestic demand is likely to result in a slowdown in investment and domestic consumption, consequently a likely negative impact on the Group's 2024 business performance and financial position. Looking forward, the Group will adapt to this wave-like development and remain to be cautiously optimistic to the near future. The management will focus on our specialised business segments where we endeavour to take advantage of our competitive edge to strive for better results in the coming year.

At last, I would like to thank our Board of Directors, management and staff for their contribution to the Group. I would also like to extend my sincere gratitude to our stakeholders for their continuous support and trust.

Fan Yu
Executive Director and Chairman

28 March 2024, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group mainly offers robotic products. For the provision of engineering related services, the Group provides equipment installation, support and maintenance services for robotics and automation systems (collectively, the “Engineering Business”).

During the year, the Group continued to develop and improve its robotic products. The Group has also driven the commercialisation of its products at a faster pace compared to 2022. For the year, the revenue of the Engineering Business has increased by 280.8% and contributed a total revenue of approximately HK$15.1 million to the total turnover of the Group.

FINANCIAL REVIEW

For the year, the Group recorded a turnover of approximately HK$15.1 million, representing an increase of approximately 280.8% as compared with the corresponding year in 2022 (for the financial year ended 31 December 2022: approximately HK$4.0 million) from the Engineering Business.

For the year, the gross profit was approximately HK$7.3 million (for the financial year ended 31 December 2022: gross loss of approximately HK$1.0 million) and the gross profit margin was approximately 48.3% (for the financial year ended 31 December 2022: gross loss margin of 24.5%).

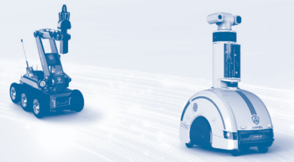
For the year, other income was approximately HK$347,000 (for the financial year ended 31 December 2022: approximately HK$5.8 million). The other income was mainly attributable to compensation income from bond interest income of approximately HK$93,000 and sundry income of approximately HK$254,000, which mainly consists of government grants received during the year.

For the year, other gain and losses (net) was losses of approximately HK$4.3 million (for the financial year ended 31 December 2022: HK$10.0 million) which mainly consists of gain on disposal of fixed assets of approximately HK$2.0 million, loss on modification of financial liabilities of approximately HK$7.1 million, impairment loss on financial assets, net of reversal, of approximately HK$0.7 million, and gain on written off loan interest payables of approximately HK$1.8 million.

The selling and distribution costs for the year was approximately HK$2.4 million (for the financial year ended 31 December 2022: approximately HK$3.2 million), representing a decrease of approximately 26.0% over the corresponding year in 2022. Such decrease was mainly attributed to the decrease in staff costs.

The administrative expenses for the year was approximately HK$13.1 million (for the financial year ended 31 December 2022: approximately HK$15.8 million). The administrative expenses mainly consist of employee related expense of approximately HK$5.8 million (for the financial year ended 31 December 2022: approximately HK$10.5 million), expenses related to short-term leases of approximately HK$1.1 million (for the financial year ended 31 December 2022: approximately HK$2.5 million), research and development expense of approximately HK$0.6 million (for the financial year ended 31 December 2022: HK$0.8 million), directors’ remuneration of approximately HK$0.8 million (for the financial year ended 31 December 2022: approximately HK$0.6 million) and other administrative expense of approximately HK$4.8 million (for the financial year ended 31 December 2022: approximately HK$1.4 million).

The finance costs for the year was approximately HK$37.2 million (for the financial year ended 31 December 2022: approximately HK$27.3 million) and was mainly attributable to interest on other borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS

The consolidated loss amounted to approximately HK$45.1 million for the year (for the financial year ended 31 December 2022: approximately HK$38.5 million). The loss was mainly attributed to the increase in (i) imputed interest on other borrowings in financial costs; (ii) loss on modification of financial liabilities in other gains and losses, net, and (iii) absence of compensation one-off income from litigation received in 2022 in other income which was partially offset by (i) the increase in revenue and gain on reversal of slow-moving inventories during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group had a total secured borrowing of approximately HK$131.2 million, which was secured by equity shares of a non-wholly owned subsidiary indirectly held by the Company and interest bearing fixed interest rate 18.0%. The Group also had unsecured borrowings of approximately HK$7.2 million, which interest bearing at fixed interest rate ranging from 5%. Approximately HK$7.2 million of the borrowings are denominated in Hong Kong dollar and approximately HK$131.2 million of the borrowings are denominated in Renminbi.

The total secured and unsecured borrowings of the Group is approximately HK$138.4 million, all approximately will mature between two to five years.

As at 31 December 2023, the Group had total assets of approximately HK$27.5 million (31 December 2022: approximately HK$22.2 million), including cash and cash equivalents of approximately HK$12.0 million (31 December 2022: approximately HK$13.6 million).

CAPITAL STRUCTURE

As at 31 December 2023, the total issued share capital of the Company was approximately HK$60,746,000 (31 December 2022: approximately HK$50,622,000) divided into 607,463,599 (31 December 2022: 506,219,666) ordinary shares of HK$0.1 each.

GEARING RATIO

Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company as at 31 December 2023 and 2022.

PLEDGE OF ASSETS

The Group pledged equity share of a non-wholly owned subsidiary to secure other borrowings as at 31 December 2023 and 2022.

FOREIGN EXCHANGE RISK

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risks. However, the Group’s management closely monitors the exposures and will consider hedging the exposures when in need.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 December 2023 and during the year.

EMPLOYEES

As at 31 December 2023, the Group had 12 employees (as at 31 December 2022: 35 employees). Total staff costs including directors' emolument for the year amounted to approximately HK$6.6 million (for the financial year ended 31 December 2022: approximately HK$11.1 million). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme, the employees in the PRC joined the national statutory social security insurance scheme.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries, associates or affiliated companies during the year.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming year.

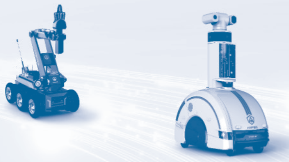
SUBSEQUENT EVENT

There is no significant event after the reporting date.

INDUSTRY OUTLOOK

Traditional robotics manufacturers are still the main force of the industry, taking the lead in the field of core component manufacturing. Intelligent technology companies enriched the applications of robots. Meanwhile, technology transfer enabled penetration of robot applications into multiple fields. Top tech companies are paying special attention to the robotics with a view to expanding their portfolio, and empowering their own main businesses of e-commerce and consumer entertainment, thus promoting the application of technology in the industry and other fields.

With the declined population, accelerated aging population and rising costs of various factors, intelligent manufacturing, such as robotics, will become the essential pathway towards high-quality development of the domestic manufacturing industry. The robotics industry will be deeply integrated with more industries. Along with recovery of consumption and investment, the domestic robotics industry as a whole is expected to experience a new fast growth. The Ministry of Industry and Information Technology of the People's Republic of China and other 17 departments issued the "Robot+" Application Action Plan, indicating that by 2025, the robot density in the manufacturing industry will double as compared to 2020; the depth and width of application of service robots and special robots in industries will rise significantly, and robots will be much better at promoting the high-quality development of economy and society. The repeated outbreaks of the epidemic have created strong demand for unmanned, automated and intelligent productivity and labour in many fields. The entire robotics industry is showing healthy growth momentum. The market size of the intelligent robot market in China is estimated to reach approximately RMB100 billion in 2025.



DIRECTORS' PROFILE

EXECUTIVE DIRECTOR

Mr. Fan Yu ("Mr. Fan"), aged 39, was appointed as a non-executive director on 15 September 2020 and was re-designated as an executive director on 7 November 2022. He has also been appointed as the chairman of the Company (the "Chairman"), the compliance officer and a member of each of the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") since 7 November 2022. He obtained a Bachelor of Management Studies from the University of waikato, new Zealand in April 2007. He was accredited as a chartered financial analyst by CFA Institute in September 2013. He has extensive experience in finance and investment. Mr. Fan worked at First nZ Capital Management Limited in new Zealand from June 2008 to December 2012 with his last position as senior securities settlements officer, responsible for providing trading services to clients in the area of foreign exchange and financial derivatives and managing projects of developing new financial products. He then worked at SK (China) Enterprise Management Limited*(愛思開(中國)企業管理有限公司)from June 2013 to May 2017 with his last position as senior investment manager, being involved in various fund investment and business mergers and acquisitions in China. Since June 2017, Mr. Fan has been the general manager of Shenzhen yijia Capital Management Company Limited*(深圳億嘉資本管理有限公司)which is part of the group of Taidong Group Company Limited*(太東集團有限公司), responsible for the management and operation of equity and mergers and acquisitions investment funds.

Ms. Qiu Xueyun ("Ms. Qiu"), aged 34, has been appointed as executive director since 7 November 2022. She obtained a Bachelor of Management degree from the Guangxi Minzu University, the PRC in June 2013 and obtained an Accounting Professional Qualification at the intermediate grade from the Human Resources and Social Security department of Guangdong Province in September 2019. Ms. Qiu has vast experiences in the fields of auditing and finance. Ms. Qiu worked at the nanning Branch of Xinyong Zhonghe Accountancy Firm (Special General Partnership)*(信永中和會計師事務所(特殊普通合夥)南寧分所)as an intermediate auditor from June 2013 to February 2017, and at Qiang Rong Holdings Group Limited*(強榮控股集團有限公司)as the head of auditing from March 2017 to March 2018. Since April 2018, Ms. Qiu has been the finance manager of Shenzhen Anzer Intelligent Robot Company Limited ("Anzer"), a non-wholly owned subsidiary of the Company.

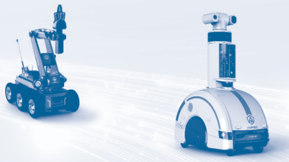
* *For identification purpose only*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam B Ray, Billy ("Mr. Tam"), aged 54, joined the Company as an independent non-executive director on 5 March 2012. He is also a member of each of the audit committee of the Board (the "Audit Committee") and the nomination Committee. Mr. Tam has been a practicing solicitor in Hong Kong for over 26 years. He holds an EMBA from the Chinese University of Hong Kong, a Bachelor of Laws degree from the University of London, a Bachelor degree in laws of the People's Republic of China from Tsinghua University and a Master of Laws degree from the University of Hong Kong. Mr. Tam is a partner of Messr. Ho & Tam. He has been an independent non-executive directors of China Fortune Financial Group Limited (stock code: 290), a company listed on the Main Board of the Stock Exchange, from 4 December 2007 to 21 December 2016. He has also been an independent non-executive director of Silk Road Energy Services Group Limited (stock code: 8250), a company listed on GEM, from 10 November 2011 to 18 June 2014. Mr. Tam has also been a non-executive director of Larry Jewelry International Company Limited (stock code: 8351), a company listed on GEM of the Stock Exchange, from 16 December 2010 to 19 September 2014 and Milan Station Holdings Limited (stock code: 1150), a company listed on the Main Board of the Stock Exchange, since 28 April 2011 to 3 March 2017.

Ms. Han Xiao ("Ms. Han"), aged 38, joined the Company as an independent non-executive director on 30 November 2021. She is also the chairman of each of the Audit Committee, the Remuneration Committee and the nomination Committee. Ms. Han obtained a Bachelor of Commerce degree from Massey University in new Zealand in 2008. She is a member of CPA Australia. She has over ten years of experience in finance and accounting. She is currently a deputy financial controller of Suning Rundong Equity Investment Management Company Limited (#蘇寧潤東股權投資管理有限公司).

Mr. Xu Guojun ("Mr. Xu"), aged 57, joined the Company as an independent non-executive director on 30 November 2023. He is also a member of each of the Audit Committee and the Remuneration Committee. Mr. Xu obtained a bachelor's degree in engineering majoring in mechanical engineering from the Southwest Jiaotong University, the People's Republic of China (the "PRC"), in July 1989. He has also obtained a certificate of intermediate professional and technical qualifications as an engineer from the Jiangxi Provincial Title Reform Leading Group of the Jiangxi Provincial Personnel Department* (江西省職稱改革領導小組江西省人事廳) in September 1996 and qualifications as a certified property manager as approved and authorised by the Ministry of Personnel of the PRC and the Ministry of Housing and Urban-Rural Development of the PRC in October 2010. He was a construction engineer at the Jiangxi Provincial Institute of Administration* (江西省行政學院) from February 1992 to September 1995, a civil engineer and manager of the engineering department of Shenzhen Lushan Real Estate Company Limited* (深圳廬山置業有限公司) from October 1995 to December 2003, an engineering project manager at Shenzhen Mission Hills Property Development Company* (深圳觀瀾湖房地產開發公司) from February 2004 to April 2005, a project director at Shenzhen Jiuding Architectural Design Consulting Company Limited* (深圳市玖鼎建築設計顧問有限公司) from June 2006 to September 2007, a director of engineering at Fujian Gaoxiao Science and Technology Industrialisation Promotion Centre (Group) Company Limited* (福建高校科技產業化促進中心(集團)有限公司) from October 2007 to February 2010, the deputy general manager of Eastern China for Beijing Shoukai Group Baojing Property Management Company Limited* (北京首開集團寶景物業管理有限公司) from June 2010 to June 2012 and a senior engineer and an engineering manager with his last position as the head of regional engineering at Shenzhen Yide Investment Management Company Limited* (深圳市毅德投資管理有限公司) between the period of August 2012 to January 2022.



DIRECTORS' REPORT

The directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements. The principal activities of the Group consist of the Engineering Business. Save as disclosed above, there were no significant changes in the nature of business of the Group during the year.

A fair review of the business of the Group during the year, discussion on the key financial performance indicators of the Group, particulars of important events affecting the Group that have occurred since the end of the year review and future development of the Group are provided in the section headed "Management discussion and Analysis" from page 4 to page 6 of this annual report.

Description of the environmental policies and performance, compliance with the applicable laws and regulations which have a significant impact on the Group, relationships with stakeholders and principal risks and uncertainties facing the Group can be found in the paragraphs below.

Environmental Policies and Performance

The Group is committed to creating a successful business that is not achieved at the expense of the environment. The Group is dedicated to creating an environmentally friendly and sustainable operation. The directors are not expecting that the business of the Group will have a significant impact on the environment due to the nature of its principal businesses. details on Group's environmental policies are set out in the section headed "Environmental. Social and Governance Report" from page 33 to page 53 of this annual report.

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group

The Company and its subsidiaries operating in Hong Kong and China are subject to requirements under various laws and regulations. For subsidiaries operating in Hong Kong, applicable laws and regulations include, among others, the Trade descriptions Ordinance (Cap. 362 of the Laws of Hong Kong), the Personal data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Competition Ordinance (Cap. 619 of the Laws of Hong Kong), the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the Group is also subject to the provisions of the GEM Listing Rules. For subsidiaries operating in China, applicable laws and regulations include, among others, Administrative Measures on Foreign Investments in Commercial Sector(外商投資商業領域管理辦法), Law on Environmental Impact Assessment of the PRC(中華人民共和國環境影響評價法), Administrative Measures on Pollutants discharge Permits(廣東省排污許可證管理辦法), Law on wholly Foreign Owned Enterprises of the PRC(中華人民共和國外資企業法), and Administrative Regulations on Company Registration of the PRC(中華人民共和國公司登記管理條例).

Relationships with Stakeholders

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including its employees, customers, suppliers, business partners and the community.

The Group considers its employees as the key to sustainable business growth. The Group is committed to providing all employees a safe and harassment-free working environment with equal opportunities in relation to employment, reward management, training and career development.

As a customer-focused service provider, the Group considers its customers as one of the most important stakeholders. The Group is committed to serving its customers to the best of its ability and continually elevating the level of service excellence.

The Group is committed to upholding the highest ethical and professional standards when dealing with suppliers. The Group has established suppliers monitoring and screening process and conducted suppliers' performance review regularly. Unsatisfactory rating for rectification or improvements will be communicated to its suppliers.

RISK MANAGEMENT

The risk management process is integrated into our day-to-day activities and is an ongoing process that flows through the Group.

When performing risk identification, the Group takes into account internal and external factors including economic, political, social, technological, environmental and new or updated Group strategy and new regulations, as well as our stakeholders' expectation in these aspects. Each risk identified is analysed on the basis of likelihood and impact consistent with risk parameters set by the Board. Action plans are in place to manage risks. Fundamental to the achievement of our business goal is how the Group can effectively manage existing and emerging risks in economic, social and political environment. A description of the Group's risk factors is shown as below:

Risk factors

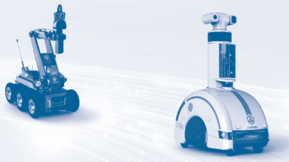
Risks and uncertainties can affect the Group's business, financial condition, operation results or growth prospects leading to a divergence from expected or historical result. Key risk factors affecting the Group are outlined below. In dealing with these, the Group remains in touch with stakeholders with the aim of understanding and addressing their concerns.

These factors are not exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could become material in the future.

Macroeconomic Conditions of the World and China

Global economic growth has been weaker than expected with sluggish demand conditions in the major economies. Uncertainty in world economic recovery continued due to economic pressures and geopolitical tensions in various areas of the world and slow growth in emerging markets including China.

The Group's target customers of the Engineering Business comprise companies and government agencies operating in China. Any unexpected economic, political and social events or changes in China may have a significant impact on the Engineering Business.



The Group has taken a proactive approach to monitor changes in the macroeconomics factors of China and the world. To address macroeconomics volatility, the Group's strategy is to pursue diversification of product lines and expansion in different geographic areas.

The Engineering Business may not be able to keep up with technological changes

The engineering industry is moving and customers' preferences change quickly. The introduction of new technology in this industry may render the Group's services to be obsolete and uncompetitive. Accordingly, the Group's future success will depend on its ability to adapt to changing technologies and continually improving the know-how of its staff in response to evolving demands of the market place. Failing to adapt to such changes may result in the Engineering Business losing its customers, which would have a material adverse effect on the financial position of the Group.

The management has been monitoring the latest development in technologies relating to the engineering industry. Research and development will be done internally through the Group's own talents or outsourced to qualified third parties. when seen fit, the Group may also acquire companies with technologies that meet the business strategy of the Group.

Compliance with the laws and regulations of China

As set out in the paragraph headed "Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group" above, the operation of the Engineering Business is subject to compliance with various rules and regulations in China. In order to expand into the production of robotics products in China, the Group must obtain certain required qualifications. The Group may not be able to obtain or renew such qualifications and may therefore be unable to expand into the production of robotics products.

The Group has taken a proactive approach to monitoring any change in applicable laws and regulation. The compliance is done through a variety of means including engaging external advisors, performing regular audits and complying with regulatory reporting obligations.

Product liability

The products provided by the Group may contain defects or errors. The Group may incur costs in correcting the defects or errors or defending any legal proceedings and claims brought by its customers against the Group. defects or errors that may be contained in the Group's products may also affect the Group's relationship with such customers and result in negative publicity, hence adversely affecting the Group's reputation. The Group does not currently maintain any product liability insurance but may consider doing so in the future. There is no assurance that there will not be any product liability claims against the Group for the loss or damage caused by defective products. If any of the Group's customers make any claim against the Group which is in excess of any insurance coverage of the Group or otherwise falls outside such coverage, the Group will need to bear the costs of settling such claims, and may result in the Group's business and financial condition being adversely affected.

To prevent product liability claims, the Group only deals with qualified and reputable raw material suppliers. The management also conducts regular product safety reviews to confirm that products comply with the latest industry and government safety standards.

Competition

The Group operates in markets and industries where open competition has led to increased competition, pricing pressure, loss of market share, and increased promotional, marketing and customer acquisition expenditures.

The Group has been consistently monitoring its competitors, markets and industries and adjusting its business strategy to adapt to changing market place.

Client complaints, claims and legal proceedings in the course of the Group's operations

Given the nature of the beauty industry and the subjective views on the level of satisfaction of beauty products and services provided, on occasion, the Group is susceptible to complaints associated with its products or services. Common client complaints include (i) unsatisfactory results of the Group's services and products; (ii) physical injury caused by the Group's services; (iii) disputes over payment method (e.g. credit card instalment); (iv) unsatisfactory staff services; (v) unsatisfactory treatment progress; (vi) client's change of mind; and (vii) subsequent argument on the terms of contracts.

Customer complaints are handled in a timely manner by a trained customer service team of the Group. In case of legal proceedings being file against the Group, the Group will engage or consult qualified professionals to minimize the impact.

RESULTS AND PROFIT DISTRIBUTION

Details of the Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 to 59 of this annual report.

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

FINANCIAL SUMMARY

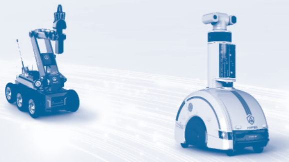
A summary of the published results and the assets and liabilities of the Group for the past five financial years/periods ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 are set out on page 129 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements in this annual report.



DIRECTORS' REPORT

RESERVES

Details of the movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 62 and note 34 to the consolidated financial statements, respectively, in this annual report.

DISTRIBUTABLE RESERVE

The Company did not have any reserves available for distribution to the shareholders of the Company as at 31 December 2023 (as at 31 December 2022: nil).

CHARITABLE DONATIONS

The Group did not make any charitable donations during the year (for the financial year ended 31 December 2022: nil).

DIRECTORS

The directors who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Fan Yu
Ms. Qiu Xueyun

Independent non-executive Directors

Mr. Tam B Ray, Billy
Ms. Han Xiao
Ms. Zhao Yang *(resigned on 30 November 2023)*
Mr. Xu Guojun *(appointed on 30 November 2023)*

THE BIOGRAPHY OF THE DIRECTORS

The biographical details of the directors of the Company are set out in the section headed "directors' Profile" on pages 7 to 8 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting of the Company has a letter of appointment or a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY

Pursuant to the Bye-laws, every director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his duty, or supposed duty, in their respective offices or trusts such indemnity provision has been in force throughout the year.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

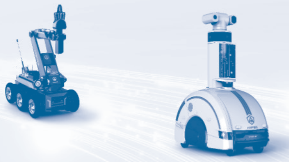
The Company has received annual written confirmations from each of Mr. Tam B Ray, Billy, Ms. Han Xiao and Ms. Zhao Yang, all being the independent non-executive directors during the year, in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive directors, including Mr. Xu Guojun who was appointed on 30 November 2023, are and continue to be independent in accordance with the guidelines set out in the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2023, so far as is known to any directors or chief executive of the Company, none of the directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in this annual report, at no time during the year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations, and none of the directors or their respective spouses or children under the age of 18 had any right to subscribe for shares of the Company or any of its associated corporations or had exercised any such right during the year.



DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no director nor any connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which a controlling shareholder of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as the contracts described under the section headed "Connected Transactions" below, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their job responsibilities, work performance, professional experience and prevailing industry practices.

The emoluments of the directors are decided by the Board with reference to the recommendations from the Remuneration Committee, with regard to the Company's operation results, individual performance and comparable market statistics.

Details of the emoluments of the directors and the five highest paid individuals of the Group are set out in note 13 and note 12 to the consolidated financial statements, respectively, in this annual report.

COMPETING INTERESTS OF DIRECTORS

As at 31 December 2023, none of the directors, substantial shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, so far as is known to the directors and the chief executives of the Company, the interests and shorts positions of the persons or corporations (other than the directors and the chief executive of the Company) in the shares and underlying shares as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests and short positions in the ordinary shares or underlying ordinary shares of the Company

Name of shareholder	Nature of interests	*Notes*	Interest in shares of the Company *(Note 1)*	Interest in underlying shares of the Company *(Note 1)*	Total interest in shares of the Company *(Note 1)*	Approximate percentage of shareholding *(Notes 1 and 8)*
Su Zhituan	Interest of controlled corporation	*2*	151,425,197(L)	–	151,425,197(L)	24.93%(L)
Tai Dong New Energy Holding Limited ("Tai Dong")	Beneficial owner	*2*	151,425,197(L)	–	151,425,197(L)	24.93%(L)
Hong Kong Bridge Investments Limited ("Hong Kong Bridge Investments")	Beneficial owner	*3*	41,666,666(L)	–	41,666,666(L)	6.86%(L)
HKBridge Absolute Return Fund, L.P ("HKBridge Absolute")	Beneficial owner	*4*	64,148,063(L)	–	64,148,063(L)	10.56%(L)
On Top Global Limited ("On Top Global")	Beneficial owner	*5*	24,397,946(L)	–	24,397,946(L)	4.02%(L)
Renco Holdings Group Limited ("Renco Holdings")	Interest of controlled corporation	*3,4,5*	130,212,675(L)	–	130,212,675(L)	21.4%(L)
Mr. Huang Jianhang	Beneficial owner	*6*	89,970,697(L)	–	89,970,697(L)	14.81%(L)

Notes:

1. "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.

2. Tai Dong is interested in 151,425,197 shares of the Company. As Tai Dong is ultimately wholly-owned by Mr. Su Zhituan, Mr. Su Zhituan is deemed to be interested in such 151,425,197 shares of the Company.

3. Hong Kong Bridge Investments is interested in 41,666,666 shares of the Company. As Hong Kong Bridge Investments is a wholly–owned subsidiary of Renco Holdings, Renco Holdings is deemed to be interested in such 41,666,666 shares of the Company.

4. HKBridge Absolute, a Cayman Islands exempted limited partnership, the general partner of which is HKBridge (Cayman) GP2 Limited, a Cayman Islands limited liability company, is interested in 64,148,063 shares of the Company. As the entire issued share capital of the general partner of HKBridge Absolute is indirectly owned by Renco Holdings, Renco Holdings is deemed to be interested in such 64,148,063 shares of the Company.

5. On Top Global is interested in 24,397,946 shares of the Company. As On Top Global is a wholly-owned subsidiary of Hong Kong Bridge High-Tech Investment Fund L.P. ("Hong Kong Bridge High-Tech"), Hong Kong Bridge High-Tech is deemed to be interested in such 24,397,946 shares. Hong Kong Bridge High-Tech, a Cayman Islands exempted limited partnership, the general partner of which is Hong Kong Bridge High-Tech Investment G.P Limited, a Cayman Islands limited liability company. As the entire issued share capital of the general partner of the Hong Kong Bridge High-Tech is indirectly owned by Renco Holdings, Renco Holdings is deemed to be interest in such 24,397,946 shares of the Company.

6. Mr. Huang Jianhang is interested in 80,970,697 shares of the Company.

7. The percentage is calculated on the basis of 607,463,697 shares in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, so far as is known to the directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other persons or corporations (other than the directors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 32 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's largest customer accounted for approximately 34.2% (for financial year ended 31 December 2022: 23.3%) of the Group's total sales for the year and the five largest customers taken together accounted for approximately 91.0% (for financial year ended 31 December 2022: 73.0%) of the Group's total sales. The Group does not have any significant transaction with any single customer for the year.

During the year, the aggregate purchases attributable to the Group's largest suppliers accounted for approximately 6.2% (for financial year ended 31 December 2022: 7.0%) of the Group's total purchase for the year and the five largest suppliers are each together accounted for approximately 20.3% (for the financial year ended 31 December 2022: 13.2%) of the Group's total purchase.

Huizhou City Taidong Shiye Investment Co. Ltd* (惠州市太東實業投資有限公司) ("Taidong Shiye") and its relevant associated Company, being one of the Group's five largest customers, is ultimately wholly-owned by Mr. Su Zhituan (an executive director until his resignation on 7 November 2022 and a substantial Shareholder). Mr. Su Zhituan is a substantial Shareholder interested in more than 5% of the issued Shares.

Save as disclosed in this annual report and to the best knowledge of directors, none of the directors, their associates, or any shareholders of the Company (which to the best knowledge of the directors own more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers or customers during the year.

CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated 30 March 2023, it has recently come to the attention of the Board that the transactions (the "2022 Transactions") in relation to the sales of robotics equipment and the provision of intelligence project services (the "Products and Services") with an aggregate consideration of approximately RMB1,126,000 (equivalent to approximately HK$1,242,000) by Anzer, a non-wholly owned subsidiary of the Group, to Huizhou City dayawan dongbang Industry Trade Company Limited*（惠州市大亞灣東邦工貿有限公司）, Huizhou City Taidong International Logistics Park Company Limited*（惠州市太東國際物流園有限公司）, Taidong Shiye and Huizhou dayawan yunhai Property development Company Limited*（惠州大亞灣雲海房地產開發有限公司）(collectively, the "Huizhou Entities") which are associates of Mr. Su Zhituan, a substantial shareholder of the Company and a former executive director in the last 12 months, during the year ended 31 December 2023 when aggregated together constitute non-exempt continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

The Huizhou Entities have been purchasing the Products and Services from the Group since 2020. Anzer sold the Products and Services to the Huizhou Entities in its ordinary and usual course of business to generate additional revenue. The prices and terms of the Products and Services sold to the Huizhou Entities were not more favourable than those offered to independent third parties. The directors have carried out a detailed review of the terms of the 2023 Transactions and noted that the prices of Products and Services sold by the Group were negotiated on an arm's length basis with prices and terms no more favourable than those offered by the Group to independent third parties. The Board (including the independent non-executive directors) is of the view that the 2023 Transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of the Huizhou Entities is wholly and beneficially owned by Mr. Su Zhituan, therefore each of the Huizhou Entities is a connected person of the Company. Accordingly, the 2023 Transactions constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. Although the total consideration of the 2023 Transactions when aggregated does not exceed HK$3,000,000, given that one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the 2023 Transactions when aggregated exceeds 5% but is less than 25%, the 2023 Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Due to inadvertent oversight, the Company did not timely publish an announcement in respect of the 2023 Transactions when the relevant percentage ratio of the 2023 Transactions in aggregate has exceeded 5%, thus failing to comply with the relevant requirements for continuing connected transactions under Chapter 20 of the GEM Listing Rules.

In order to avoid the occurrence of similar non-compliance with the GEM Listing Rules in the future, the Company has/will implement(ed) the following measures and procedures:

1. the directors have instructed the management of the Group to take all necessary measures to examine the existing agreements and transactions of the Group and to ensure that such agreements and transactions are in full compliance with the GEM Listing Rules;

2. the Company will arrange to (i) monitor the transaction amounts of the Company's continuing connected transactions and reporting to the Company's management on a monthly basis; (ii) improve the coordination and communication among various departments and subsidiaries of the Company responsible for reporting, monitoring and handling continuing connected transactions; and (iii) provide more guidance materials and trainings on compliance matters to the directors and senior management of the Group on a regular basis to increase their awareness and knowledge of the GEM Listing Rules; and

3. the Company will work more closely with its legal advisers on compliance issues.

Payments of emoluments to the directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rule 20.93 of the GEM Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 20 of the GEM Listing Rules.

Details of related party transactions entered into by the Group during the year ended 31 December 2022 and 31 December 2023 are disclosed in note 35 in the consolidated financial statements. Save as disclosed above, such related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules.

During the year ended 31 December 2023, save as disclosed above, the Group did not enter into any connected transactions and continuing connected transactions which required reporting, annual review, announcements and/or independent shareholders' approval under the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MANAGEMENT CONTRACTS

During the year, other than the letters of appointment of the directors, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available and to the best knowledge, information and belief of the directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules throughout the year.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the report period.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 21 to 32 of this annual report.

AUDITOR

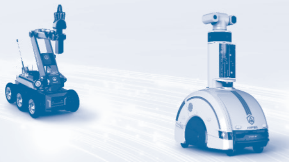
PricewaterhouseCoopers (“PwC”) has resigned as the auditor of the Company with effect from 21 December 2021 as the Company could not reach a consensus with PwC on the audit fee for the year ended 31 December 2021. For further details in relation to the Company’s change of auditor, please refer to the announcement of the Company dated 21 December 2021. Save as disclosed above, there is no change in the Company’s auditors in any of the preceding three years.

The Company has appointed Elite Partners CPA Limited as the auditor of the Company for the reporting period. A resolution will be proposed for approval by shareholders at the forthcoming annual general meeting of the Company to re-appoint Elite Partners CPA Limited as the auditor of the Company.

On behalf of the Board

Fan Yu
Executive Director and Chairman

Hong Kong, 28 March 2024



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the Corporate Governance Code (the "CG Code") contained in Appendix C1 (referred to as Appendix 14 during the year ended 31 December 2023) to the GEM Listing Rules which sets out the principles and the code provisions which listed issuers are expected to apply and comply with.

During the year and up to the date of this annual report, the Company has applied the principles as set out in the then CG Code that was effective for the year which were considered to be relevant to the Company and has complied with most of the applicable code provisions as set out in the CG Code save for certain deviations, details of which are explained in the relevant paragraphs of this corporate governance report.

The key corporate governance principles and practices of the Company are summarised as follows:

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own codes of conduct regarding directors' and relevant employees' securities transactions, namely the "Code for Securities Transactions by directors" and the "Code for Securities Transactions by Relevant Employees" (each a "Securities Code"), both of which apply to all directors and relevant employees of the Company in terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with each of the directors, all of the directors have confirmed that they have complied with such Securities Code and the required standard of dealings on directors' securities transactions during the year.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company including the approving and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior management. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior management and the Board must have full support of them to discharge its responsibilities. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this corporate governance report.

Composition

The directors have distinguished themselves in their respective fields of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the directors have given sufficient time and attention to the Company's affairs.

As at the date of this annual report, the Board comprises five directors and their respective roles are set out as follows:

Executive Director

Mr. Fan yu *(Chairman)*
Ms. Qiu Xueyun

Independent non-executive Directors

Mr. Tam B Ray, Billy
Ms. Han Xiao
Ms. Zhao Yang *(resigned on 30 November 2023)*
Mr. Xu Guojun *(Appointed on 30 November 2023)*

One of the independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise.

None of the Board members have financial, business, family or other material/relevant relationships with each other.

Biographical details of the directors are set out in the section headed "Directors' Profile" on pages 7 to 8 of this annual report.

The directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the directors have given sufficient time and attention to the Company's affairs. The CG Code stipulates that there should be a policy concerning the diversity of Board members. with a view to achieving a sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company will consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointments in order to achieve a diversity of perspectives among Board members. These factors include but not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of Executive and non–Executive directors is considered effective in ensuring independent judgment being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced sufficiently represented by members of each gender and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board and develop a pipeline of potential successors to the Board to continue to maintain the diversity in gender going forward.

Ms. Han Xiao is appointed for a term of three years, while Mr. Xu Guojun is appointed for a term of one year, each commencing from the date of their respective letters of appointment. Mr. Tam B Ray, Billy was appointed for an initial term of two years from the date of his letter of appointment which has been continued after his initial term. Each independent non- executive director is subject to retirement at the next general meeting of the Company after their appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company. Currently there are letters of appointment entered into between the Company and all the independent non-executive directors. Their appointments will be reviewed when they are due for re-election. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

The Company has received annual written confirmations from each of Mr. Tam B Ray, Billy, Ms. Han Xiao and Mr. Xu Guojun, all being the independent non-executive directors during the year, in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive directors to be independent.

Pursuant to the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance to cover potential legal actions against its directors. The Company is still arranging for appropriate liability insurance for the directors for indemnifying their liabilities arising from corporate activities.

APPOINTMENTS, RE-ELECTION AND REMOVAL

The Board has established the nomination Committee on 27 March 2012 with details set out in the paragraph headed "Nomination Committee" on page 25 of this annual report.

According to the Bye-laws, the Board may from time to time and at any time appoint any person as a director either to fill a casual vacancy on the Board or, subject to authorisation in general meeting, as an addition to the existing Board. Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting. Any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re–election.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. All directors are given an opportunity to attend and include matters in the agenda for discussion. during the year under review, at least 14 days' notice were given to all directors for a regular board meeting in order to comply with the relevant code provision of the CG Code.

Apart from regular meetings, our senior management from time to time provides directors with information on activities and development of the businesses of the Group. The company secretary of the Company (the "Company Secretary") takes detailed minutes of the meetings and keeps records of matters discussed and decisions resolved at the meetings. Individual attendance records of each director at the respective Board and committee meetings are set out in the following section.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Details of the attendance of the directors at the meetings of the Board and its respective committees during the year are as follows:

Name of Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Fan yu	11/11	–	2/2	1/1	1/1
Ms. Qiu Xueyun	11/11	–	–	–	1/1
Independent non-executive Directors					
Mr. Tam B Ray, Billy	11/11	7/7	–	–	1/1
Ms. Han Xiao	11/11	7/7	2/2	1/1	1/1
Ms. Zhao Yang *(resigned on 30 November 2023)*	10/10	6/6	1/1	1/1	1/1
Mr. Xu Guojun *(Appointed on 30 November 2023)*	1/1	1/1	1/1	–	–

Directors' Training

Code provision C.1.4 of the CG Code stipulates that all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Up to the date of this annual report, all directors have participated in continuous professional development by attending training courses on the topics related to corporate governance and regulations to comply with the relevant code provision. For those directors who did not attend a structured course, the Company has arranged the Company Secretary to provide in-house training to such directors and maintained a record of training.

A summary of the training received by the directors for the year according to the records provided by the directors is as follows:

	Type of Continuous Professional Development	
Name of Directors	**Reading on corporate governance, regulatory updates development and other relevant topics**	**Attending relevant training Sessions**
Executive Directors		
Mr. Fan Yu	✓	✓
Ms. Qiu Xueyun	✓	✓
Independent non-executive Directors		
Mr. Tam B Ray, Billy	✓	✓
Ms. Han Xiao	✓	✓
Ms. Zhao Yang *(Resigned on 30 November 2023)*	✓	✓
Mr. Xu Guojun *(Appointed on 30 November 2023)*	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The position of the chairman is held by Mr. Fan Yu. The responsibilities of the chairman of the Company is to ensure the Board will work effectively and perform its responsibilities, that all key and appropriate issues are discussed by the Board, to draw up and approve the agenda for each board meeting and take into account any matters proposed by others directors for inclusion in the agenda.

As at 31 December 2023 and up to the date of this annual report, the Company has not appointed a chief executive officer and is looking for a suitable candidate to act as chief executive officer in order to comply with the CG Code. The office and duties of the chief executive officer in respect of the day-to-day management of the Group's business is handled by the executive directors collectively.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.05 of the GEM listing Rules, the Company must have three independent non-executive directors and one of which must have appropriate professional qualifications or accounting or related financial management expertise. Ms. Han Xiao has appropriate professional qualification and accounting or related financial management expertise.

The Company has received annual written confirmations from each of Mr. Tam B Ray, Billy, Ms. Han Xiao and Mr. Xu Guojun, all being the independent non-executive directors during the year, in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive directors to be independent.

BOARD COMMITTEE

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the GEM Listing Rules. The principal responsibilities of the Remuneration Committee include making recommendation to the Board on the Group's policies and structure for all remuneration of directors and senior management, assessing performance of executive directors, determining specific remuneration packages of all executive directors and senior management, and reviewing and approving performance-based remuneration.

As at 31 December 2023 and up to date of this annual report, the Remuneration Committee comprises of two independent non-executive directors, namely Ms. Han Xiao (chairman) and Mr. Xu Goujun and one executive director, Mr. Fan Yu.

The Remuneration Committee held two meetings during the year to determine the policy for the remuneration of executive directors, assess performance of executive directors and approve the terms of the executive directors' service contracts.

Nomination Committee

The Company has established the nomination Committee with written terms of reference in compliance with the GEM Listing Rules. The principal responsibilities of the nomination Committee include reviewing the structure, size and composition of the Board, identification of individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

In respect of the appointment and reappointment of directors, the nomination Committee adopted a nomination policy concerning selection criteria and procedures. The factors that would be used as reference by the nomination Committee in assessing the suitability of a proposed candidate are reputation for integrity, qualifications, skills and experience that are relevant to the Group's businesses having regard to the corporate strategy and commitment in respect of available time and relevant interest. In the case of nominating candidates for appointment/re-appointment as an independent non–executive director, in addition to the selection criteria to which the nomination Committee would give due regard, the independence of the candidate would be assessed with reference to the independence criteria set out in the GEM Listing Rules. If an independent non-executive director serves more than nine consecutive years, particular attention would be given to reviewing the independence of such independent non-executive director for determining his eligibility for nomination by the Board to stand for re-election at a general meeting.

The CG Code stipulates that there should be a policy concerning the diversity of Board members. with a view to achieving sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The nomination Committee has adopted a diversity policy in relation to the nomination and appointment of new directors. The Company will consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointments in order to achieve a diversity of perspectives among Board members. These factors include but are not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of the directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of executive and non-executive directors is considered effective in ensuring independent judgment is being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced, sufficiently represented by members of each gender and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board and develop a pipeline of potential successors to the Board to continue to maintain the diversity in gender going forward.

As at 31 December 2023 and up to date of this annual report, the nomination Committee comprises of two independent non-executive directors, namely Ms. Han Xiao (chairman) and Mr. Tam B Ray, Billy and one executive director, Mr. Fan Yu.

The nomination Committee held one meeting during the year.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. As at 31 December 2023 and up to the date of this annual report, the Audit Committee comprises of three independent non-executive directors, namely, Ms. Han Xiao (chairman), Mr. Tam B Ray, Billy and Mr. Xu Guojun. The Audit Committee has reviewed the annual results of the Group for the twelve months ended 31 December 2023 and has provided advice and comments thereon.

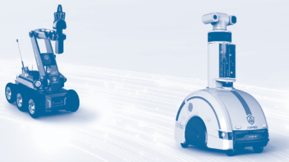
The principal duties of the Audit Committee include:

(a) reviewing the relationship with the external auditor to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(b) monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and review these reports and significant financial reporting judgements contained in them;

(c) reviewing the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and consider major investigation findings on risk management and internal control matters;

(d) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and



(e) reviewing arrangements that employees of the Company can use, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During year, the Audit Committee had seven meetings and performed the above mentioned principal duties and reviewed the Company's annual results, annual report, interim report and quarterly reports and to advised and provided comments thereon to the Board. The Audit Committee has also reviewed the compliance procedures, reported on the Company's internal control and risk management. The Audit Committee also met the external auditor twice without the presence of the executive directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in Appendix C1 (referred to as Appendix 14 during the year ended 31 December 2023) to the GEM Listing Rules.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and the senior management, the Company's policies and practices compliance with the legal and regulatory requirements, the compliance of the "Code for Securities Transactions by directors" and "Code for Securities Transactions by Relevant Employees", and the Company's compliance with the CG Code and disclosure in this corporate governance report.

ATTENDANCE OF GENERAL MEETING

Pursuant to code provision F.2.2 of the CG Code, the Chairman should attend the annual general meeting of the Company and he should invite the chairmen of the Audit Committee, the Remuneration Committee, the nomination Committee and any other committees (as appropriate) to attend. Pursuant to code provision C.1.6 of the CG Code, independent non–executive directors and other non-executive directors should attend the general meetings of the Company. during the year, the annual general meeting of the Company was held on 30 June 2023 (the "2023 AGM") and all the then directors had attended the 2023 AGM.

AUDITOR'S REMUNERATION

During the year, the remuneration in respect of audit services and non-audit services provided by the Company's external auditor, Elite Partners CPA Limited is set out below:

Services rendered	**Fee paid/payable** *HK$'000*
Audit services	762
Non-audit services	43

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The directors, having made appropriate enquiries, confirm that, save as disclosed in note 3 to the consolidated financial statements, they are not aware of any other material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended 31 December 2023, the Group incurred a net loss of HK$45,076,000 (2022: HK$38,539,000) and had a net cash used in operating activities of HK$9,993,000 (2022: HK$21,353,000). As at 31 December 2023, the Group had a capital deficiencies of HK$144,718,000 (2022: HK$200,345,000) including cash and cash equivalents of HK$12,003,000 (2022: HK$13,599,000) and other borrowings of HK$138,444,000 (2022: HK$139,459,000). These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司(Huizhou Jindasheng Investment Limited* or "HJIL"), who is non-controlling interests of the Group's certain subsidiaries. Under the new facilities agreement, as at 31 December 2023, the new facilities granted to the Group with the amount of approximately RMB14,568,000 (equivalent to HK$15,969,000) which will be available for drawdown as and when needed. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司("Anzer"). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.

(ii) The management of the Company has actively to take measures to improve operating results and net cash inflows of the Group's Robotics Business in People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group actively negotiated with a customer for providing of engineering related services of approximately RMB15,000,000 (equivalents to approximately HK$16,443,000).

(iii) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2023 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful drawdown the funds from abovementioned facilities as and when needed.

(ii) Successful implementation of measures to improve the operating results of the Group's Robotic Business in the PRC and to generate sufficient cash inflow.

(iii) Successful to source additional funding from external resources and/or fund raising opportunities.

MANAGEMENT ACTION PLANS ON GOING CONCERN MITIGATION MEASURES

In order to meet the company's financial obligation and to improve the operational capability, the directors of the Company have been undertaking a number of measures, including:

(i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司 (Huizhou Jindasheng Investment Limited* or "HJIL"), who is non-controlling interests of the Group's certain subsidiaries. Under the new facilities agreement, as at 31 December 2023, the new facilities granted to the Group with the amounts of approximately RMB14,568,000 (equivalent to HK$15,969,000) which will be available for drawdown as and when needed. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司 ("Anzer"). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.

(ii) The management of the Company has actively to take measures to improve operating results and net cash inflows of the Group's Robotics Business in People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group actively negotiated with a customer for providing of engineering related services of RMB15,000,000 (equivalents to approximately HK$16,443,000).

(iii) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control of the Group. To facilitate the effectiveness and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound risk management and internal control systems which is also indispensable for mitigating the Group's risk exposures. The risk management and internal control systems are reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present risk management and internal control of the Group are satisfactory. The Group has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the risk management and internal control systems adopted for the year is sound and are effective to safeguard the interests of the shareholders' investment and the Company's assets.

With respect to procedures and internal controls for handling dissemination of inside information, the Company is aware of its obligations under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") and the GEM Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the safe harbours as provided in the SFO. The Company conducts its affairs with close regard to the applicable laws and regulations and the "Guidelines on disclosure of Inside Information" issued by the Securities and Futures Commission. The Company has also communicated to all staff the principal and requirement regarding inside information.

As required under code provision D.2.5 of the CG code, the Company has established an internal audit function. A senior executive has been appointed in charge of internal audit function and reports directly to the Audit Committee. The senior executive is provided with unrestricted access to all information on the Group's assets, records and personnel in the course of internal audit. The senior executive has attended the Audit Committee meetings and reported findings to members of the Audit Committee. All directors are informed of the findings of internal audit assignments carried out during the year.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board through the Chairman on governance matters and also facilitates induction and professional development of the directors. The Company Secretary reports to the Chairman. All directors have access to the advice and services of the Company Secretary to ensure that the Board procedures, all applicable laws, rules and regulations are followed. Mr. Chan Cheuk Ho ("Mr. Chan") is the Company Secretary. According to Rule 5.15 of the GEM Listing Rules, Mr. Chan has confirmed that he has taken no less than 15 hours of relevant professional training to update his skills and knowledge during the year. He will continue to comply with the GEM Listing Rules and take no less than 15 hours of relevant professional training in each financial year.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Annual report, interim report and quarterly reports offer comprehensive information to the shareholders of the Company on operational and financial performance whereas annual general meetings provide a forum for the shareholders of the Company to exchange views directly with the Board. All of the then directors and all members of the Audit Committee attended the AGM held in 2023 to answer questions raised at the meeting. Each general meeting, other than an annual general meeting, shall be called a special general meeting (the "SGM").

Right to convene SGM

According to the Bye-laws, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meeting of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified as not in order, the shareholders will be advised of this outcome and accordingly, a SGM will not be convened as requested. If within twenty-one (21) days from the date of the deposit of the proper and orderly requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the SGM varies according to the nature of the proposal, as follows:

– At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company in SGM;

– At least 21 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes a special resolution of the Company in SGM.

Right to put forward enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing to the Company Secretary at the Company's head office in Hong Kong at Room 1405, 14/F., China Merchants Tower, Shun Tak Centre, 166-200 Connaught Road Central, Sheung wan, Hong Kong.

Right to put forward proposals at general meetings

Shareholders of the Company should follow the procedures set out in the sub-section headed "Right to convene SGM" above for putting forward proposals at general meetings.

INVESTOR RELATIONS

There are no significant changes in the Company's Bye-laws during the year.

The Company considers that effective communication with shareholders of the Company is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the shareholders of the Company and in particular, through annual general meetings and other general meetings. The website of the Company is http://www.superrobotics.com.hk.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on an annual basis. The Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the year.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 26 March 2019 ("Dividend Policy") which shall take effect on 26 March 2019. The dividend Policy allows the shareholders of the Company to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities. According to the dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

(i) the Group's operation and financial performance;

(ii) the Group's capital requirements and future funding needs;

(iii) the liquidity conditions of the Group;

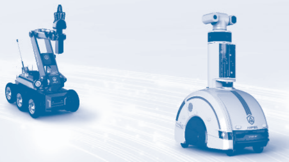
(iv) the availability of reserves of the Company and each of the members of the Group;

(v) any restriction on payment of dividends;

(vi) the general economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and

(vii) any other factors that the Board may consider relevant.

The declaration of dividends by the Company is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda, the GEM Listing Rules, Bye-laws of the Company and any applicable laws, rules and regulations. The dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

We are delighted to present the Environmental, Social and Governance ("ESG") Report of SuperRobotics Holdings Limited (the "Company") together with its subsidiaries (collectively the "Group"). The Group's main operations include the provision of engineering products and related services (the "Robotics Business").

We believe that sustainable business growth is of high priority to both the Group and its stakeholders. We are committed to providing quality and socially responsible products and services to the community, whilst minimising the environmental and social impacts from our operations.

The report is compiled in accordance with the disclosure requirement of the "comply or explain" provisions as detailed in the Environmental, Social and Governance Reporting Guide (ESG Guide) under Appendix C2 (referred to as Appendix 27 during the year ended 31 December 2023) to the GEM Listing Rules issued by the Stock Exchange of Hong Kong Limited. The disclosure contents of this Report have been confirmed by the Board.

The reporting period of this report shall cover the period between 1 January 2023 and 31 December 2023.

MANAGEMENT OF ESG TOPICS

To enable more focused efforts in addressing issues related to ESG topics, the Group established a ESG Committee in December 2021. The ESG Committee is responsible for the development of the Group's governing ESG principles and policies, setting out the direction of the Group's ESG management strategy.

The Board, with a diverse composition from various disciplines, is involved in the evaluation of ESG risks pertinent to the Group and the development with risk management measures. Scenario analysis is performed to evaluate potential socioeconomic changes in the upcoming years which may have an impact to the Group's operations. In addition, to ensure the Group's management can make informed decisions regarding the Group's ESG strategy, the Group maintains understanding of latest information and trends relevant for the sector and ESG as a whole, such as changes in regulations and the value chain.

STAKEHOLDER ENGAGEMENT

We engage our stakeholders on an ongoing basis and seek to collect their views and expectations on our ESG performance and disclosures. In response to the interests and concerns of our stakeholders, the ESG performance of the Group was reviewed using the strictest corporate governance principles, with respect to environmental protection, employee development, community investment. The results of the review are presented in the following sections of the report.

To extend its efforts to a broader audience, the Group had consulted both its internal and external stakeholders on its potential impact on the environment and society as a result of its business operations. The Group understands and values a mutually-beneficial relationship with customers and suppliers, and thus included both parties as our consultation targets.

The table below presents key stakeholders of the Group as well as the engagement channels adopted by the Group during the year to communicate with the respective parties.

Internal Stakeholders
- The Board
- Management
- General Staff

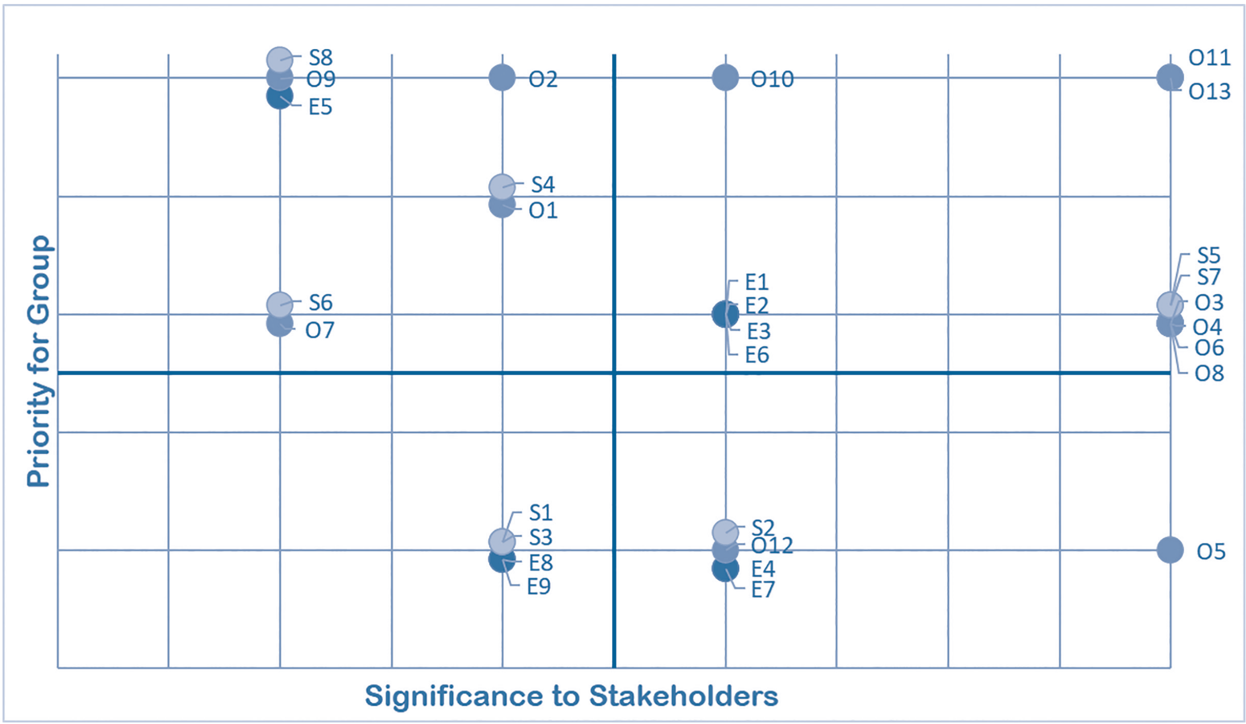
External Stakeholders
- Shareholders
- Investors
- Customers
- Suppliers

Engagement methods:

Meetings, staff performance appraisal interviews, interviews direct mail, internal publications, Annual General Meeting ("AGM") and announcements.

MATERIALITY ASSESSMENT

To identify the key concerns and interests of the Group's internal and external stakeholders, such as customers, investors, employees, suppliers and the government, we have performed a materiality assessment, and the results of the assessment is presented in the below figures:

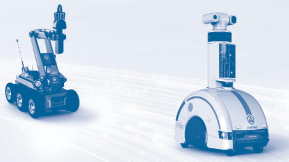


Legend

E1	Raw Materials Management
E2	Wastewater Management
E3	Energy Management
E4	Air Emission Management
E5	Expenses on Environmental Protection
E6	Waste Management
E7	Greenhouse Gases Management
E8	Environmental Compliance
E9	Green Product Management

O1	Supplier Management
O2	Innovation and Intellectual Property Rights
O3	Product Quality Management
O4	Product Health and Safety
O5	Anti-competitive behaviour management
O6	Product Sales and Labelling
O7	Occupational Safety and Health
O8	Data Security and Customer Privacy Management
O9	Generation of Economic Value
O10	Anti-Corruption
O11	Company profitability
O12	Anti-discrimination
O13	Customer Satisfaction

S1	Child Labour and Forced Labour Management
S2	Diversity and Equal Opportunity
S3	Human Right Protection
S4	Talent Management
S5	Social and Economic Compliance
S6	Training and Development
S7	Community Relations
S8	Employee communication



STAKEHOLDER FEEDBACK

Stakeholders' valuable feedback can help us continuously improve with respect to our environmental, social and governance strategy and performance. If you have any questions or comments regarding the contents of this report, please contact us through one of our communication channels.

ENVIRONMENTAL PROTECTION

The Group endeavours to create sustained business growth that is not achieved at the expense of our environment. The Group's environmental policy emphasises both impact management and efficient utilization of resources. This is achieved mainly through development of strategies relating to proper waste management, energy efficiency enhancement, and greenhouse gas (GHG) emissions reduction.

The Group is aware of the potential environmental impacts associated with its robotics business and has developed a set of internal regulations with the objective of minimising such impacts. Our robotics business has implemented an environmental management system in line with the international standard ISO14001:2015.

Impact Awareness

To measure the impacts from our operations from the robotics business, we have implemented a number of environmental management policies, including Policy for Identification and Evaluation of Environmental Factors (環境因素識別與評價程序), Policy for Monitoring and Surveying of Environmental Safety (環境安全監視和測量控制程序), and Policy for Environmental Monitoring Management (環境監測管理程序).

The Group adopts a risk-based approach to identify significant environmental aspects by measuring the scale of potential impact and its likelihood. This helps us prioritise mitigation measures to address activities identified to be the most impactful to the environment.

A systematic approach is adopted by the Group to identify factors of environmental impact associated with the Robotics Business. Factors covered by this analysis include emissions (including atmospheric, water, and noise), waste production, land pollution, use of resources, in addition to other environmental and social impacts. In addition to normal operation, the analysis considers potential impacts related to alternate operation modes and emergency scenarios. Major environmental factors identified from this exercise are managed and monitored regularly. In case of significant changes to the premises of the analysis, such as revisions in regulation, the impact identification process will be revisited.

Environmental Policy

In the latest issue of the Group's ESG policy, issued in December 2021, the Group has outlined defined its key environmental responsibilities, as summarized below:

Enhance Awareness

- Promote internationally-recognized environmental principles, commitments and responsibilities
- Ensure the Group's business operations comply with all relevant environmental legislations and standards
- Consider the environmental impacts associated with Group's services through the business cycle

Impact Management

- Ensure non-wastage, reuse and recycling of materials and resources, and dispose waste generated in a responsible manner
- Minimize carbon emissions and usage of energy & natural resources
- Identify and evaluate environmental impacts from the Group's business operations and mitigate any significant impacts
- Embrace sustainable development through good environmental management
- Commit to continuous improvement by monitoring environmental impacts from the Group's responsibilities and track our performance over time

Supplier Engagement

- Engage contractors and suppliers to persuade them to follow the Group's Environmental and Social Responsibility Policy and Code of Conduct, so that they operate in an environmentally responsible manner
- Support new technology with potential to provide long-term environmental benefits
- Encourage environmental responsibility with suppliers

Climate-Related Issues

The Group's business in robotics is not expected to be significantly impacted by climate-change. However, minimizing factors which contribute to global warming has, and continues to be a critical consideration in formulation of the Group's sustainable development strategy.

The Group has developed a set of policies to identify potential impacts of climate-related risks which can cause a material impact to the Group's businesses.

With the increasing importance of decarbonisation ambitions across the world, the Group will remain alert of significant policy changes, and is committed to reducing its environmental impact to minimize the impact of any potential tightening of environmental regulations on our business operations.

Emissions

Greenhouse Gas Emissions

The Group puts great emphasis on energy conservation and GHG emission reduction at our premises. To mark our ambitions, the Group has targeted to reduce its GHG emissions by 10% by year 2030, and gradually progress towards achieving net zero emissions by year 2050.

To progress towards our carbon reduction target, we actively encourage the use of equipment with higher energy efficiency ratings. In addition, hydrofluorocarbon (HFC) refrigerants, which have lower global warming potential compared to traditional chlorofluorocarbon (CFC) and hydrochlorofluorocarbon (HCFC) refrigerants, are used in our air conditioning systems as far as possible to limit GHG emissions. To further reduce GHG emissions from refrigerant systems, the Group is planning to gradually switch to hydrocarbon refrigerants, which have lower global warming potentials (GWP). The air conditioning systems at the Group's facilities are also regularly maintained to achieve higher energy efficiency and reduce associated GHG emissions.

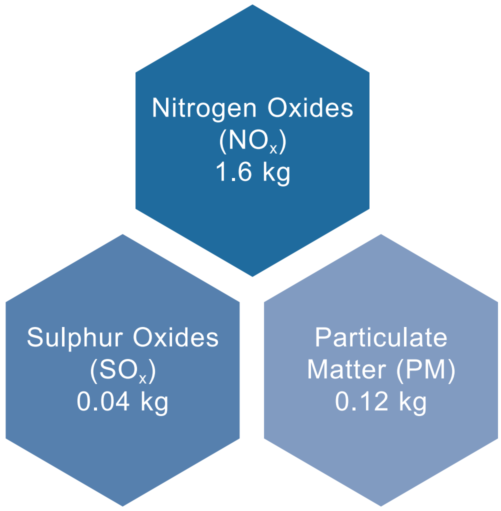
The Group is also committed to becoming an industry leader in exploring new technology for enhancing energy efficiency, including promoting the use of renewable energy and encouraging our suppliers & clients to reduce their GHG emissions. The Group has also incorporated low-carbon considerations as part of its product portfolio and material procurement philosophy.

To reduce automobile emissions, vehicles owned by the Group are regularly inspected and provided with proper maintenance. Also, purchase of vehicles with better fuel economy ratings is preferred, to reduce fuel consumption and associated expenses. Employees are encouraged to prevent idling during everyday use of vehicles.

During the reporting period, the Group operated in compliance with relevant laws and regulations relating to emissions, and generated 12.55 tonnes of greenhouse gas (GHG) emissions in total. The Group's GHG emissions during the reporting period remained relatively consistent as compared to the previous year. The Group will continue to strive to minimize business travel through the use of videoconferencing where possible in substitute of face-to-face meetings.

Air Emissions

The major source of air emissions was from the use of petrol-powered automobiles, which emit NOx, SOx and particulate matter in addition to carbon dioxide. Overall, of particulate matter were produced by the Group's operations in 2023 as below.



Environmental KPIs	Unit	**2023**	2022
Greenhouse gas (GHG) Emissions			
Scope 1 – Direct emissions	tonne CO_2e	**8.12**	8.67
Scope 2 – Energy indirect emissions	tonne CO_2e	**1.03**	0.09
Scope 3 – Other indirect emissions*	tonne CO_2e	**3.40**	3.98
Total Emissions	tonne CO_2e	**12.55**	12.73
Emission Intensity	kg CO_2e/1,000 HKD revenue	**0.83**	3.22

* Includes contribution from business air travels and paper waste disposed at landfills

Use of Resources

The Group places a high priority on effective use of resources such as water, electricity, fuel and paper. Resource usage at our robotics offices is addressed in a dedicated policy regarding resource and energy consumption（資源能源控制規定）. Consumption is monitored on a monthly basis and corrective actions will be implemented in case excessive consumption is identified. Policies are also in place to regulate the use of air-conditioning. Indoor air-conditioning is turned on when the outdoor temperature is 30ºC or higher, and is set at 26ºC or above to limit electricity consumption while maintaining a suitable working environment. In addition, the Group's intends to operate its offices in a paperless environment, reducing paper usage where possible. Employees are recommended to use duplex printing and copying. In addition, most of our marketing materials were distributed through electronic means only.

To reduce water consumption, reminders are posted within the working sites to promote water conservation practices.

Environmental KPIs	Unit	2023	2022
Energy Consumption			
Direct Energy Consumption			
Petrol	kWh	**28,817**	31,008
Indirect Energy Consumption			
Purchased Electricity	kWh	**1,800**	150
Energy Intensity	kWh/1,000 HKD revenue	**2.03**	7.87
Water Consumed	m^3	**850**	1,400
Water Consumption Intensity	m^3/1,000 HKD revenue	**0.06**	0.35

Managing our Waste

Waste management procedures have been implemented to properly segregate, store and dispose waste generated from our operations in accordance with regulatory requirements. Waste reduction, reuse and recycling of materials where possible are strongly encouraged. To achieve this, a representative from each department is assigned to ensure all produced waste are categorized and disposed accordingly. In addition, the importance of waste categorization, along with categorization techniques are regularly presented to all members of our staff through means such as meetings and signages. Our Waste Management Policy(廢棄物管理規定)also calls for routine maintenance and cleaning of waste collection locations within our facilities to limit foul odours and to repel insects. Relevant national and local laws and regulations with respect to waste disposal are strictly adhered to.

The Group has adopted a number of risk reduction measures at our Robotics manufacturing sites to limit emissions of contaminated water, as addressed in its Chemical Substances Management Policy(化學物質管理規定). Disposal of oil and chemicals into the sewer system is strictly prohibited. To prevent contamination of runoff, the Group prohibits the storage of hazardous substances and pollutants near stormwater drainage channels. Furthermore, stormwater channels are segregated from the wastewater disposal network at the Group's production facilities.

Hazardous Waste

With the growth of the Group's robotics business, the quantity of spent battery generated from the Robotics business has continuously increased. To enhance the management of spent batteries, the Group promotes the recycling of batteries to prevent potential environmental contamination associated with improper disposal of batteries, such as release of heavy metals, as well as soil and groundwater pollution. Spent batteries from our businesses are screened and reused as appropriate to minimize hazardous waste generation. In addition, the Group promotes the use of green batteries, such as fuel cells and photovoltaic cells, to provide a clean and efficient electricity source.

In this reporting period, the Group did not generate any hazardous waste from its operations. The Group will committed to minimizing the generation of hazardous waste from its operations and ensuring their proper disposal in line with local regulations.

Non-hazardous Waste

Waste generation data associated with the Group's daily operations is collected and logged in an organized fashion. At our Robotics business, examples of typical non-hazardous wastes produced include cardboard cartons, hardware (e.g., screws, nuts, bolts), springs, gloves and masks.

During this reporting period, the Group generated a total of 3.5 tonnes of non-hazardous waste, consisting mainly domestic waste generated from our day-to-day operations. The Group will continue monitoring closely on reduction efforts to limit waste generation.

Environmental KPIs	Unit	**2023**	2022
Waste Production			
Hazardous waste produced	tonne	**0**	0
Non-hazardous waste produced	tonne	**3.50**	2.50
Non-hazardous waste production intensity	kg/1,000 HKD revenue	**0.23**	0.14

Packaging Materials

During the reporting period, it was recorded that a total of 1.15 tonnes of packaging material was used for the packaging of finished products, which includes packing paper, cardboard, crates, and plastic.

Environmental KPIs	Unit	**2023**	2022
Packaging Materials			
Total	tonne	**1.15**	0.90
Intensity	kg/1,000 HKD revenue	**0.062**	0.049

The Group promotes the reduction of packaging material consumption, and the use of recycled and/or recyclable materials for packaging. Optimisation of packaging material usage helps reduce the Group's waste generation, as well as reduce costs associated with packaging materials.

Recycling

In addition to the reducing consumption, the Group also promotes the recycling of materials to minimize waste generation. During the reporting period, a total of 0.5 tonnes of paper was landfilled, with 0.2 tonnes of paper was collected at the Group's facilities for recycling. This corresponds to a diversion ratio of 29% of paper waste.

The Group has set a target to achieve 15% waste diversion by year 2030, and to have zero waste sent to landfill by 2050. The Group will promote circular economy, through assessment and analysis of our material consumption and disposal.

SOCIAL

Employment and Labour Practices

Employment

The business of the Group spreads across two industry sectors. The Group understands that our staff is the key to the success of our business and we adopt a people-centric strategy to human capital management. To attract and motivate talent, the Group is committed to providing a rewarding career and maintaining a safe, and positive environment. Our human resources policies and handbook provides clear guidance covering various employment aspects including compensation, dismissal, recruitment, promotion, rest periods, equal opportunity, diversity, anti-discrimination, welfare, and other benefits.

Recruiting and retaining talent is vital to our business growth. To identify and secure suitable young talent with the needed knowledge and skillsets for our high-tech robotics business, we work closely with universities in Shenzhen, Mainland China for campus recruitment. In addition, through usage of popular social media platforms such as WeChat, our career recruitment network extends beyond Shenzhen to engage and attract aspiring talents from the rest of Mainland China.

As one of its guiding principles, the Group commits to growing its business in a manner that is both sustainable and socially responsible. It is the Group's goal to maintain its best management practices and evolve with time through a continual improvement process.

During the reporting period, the Group was in compliance with relevant labour laws in Hong Kong SAR and PRC, including but not limited to regulations on compensation and dismissal, recruitment and promotion, equal-opportunity and anti-discrimination.

As of 31 December 2023, the Group has a total of 12 employees, which are all full-time employees. The breakdown of our workforce distribution is presented in the following table:

Total Number of Employees	12	
Employee Gender Distribution		
Number of Male Employees	9	75%
Number of Female Employees	3	25%
Employee Age Distribution		
Within the age group <24	0	0%
Within the age group 24-30	1	8%
Within the age group 31-40	7	59%
Within the age group 41-50	4	33%
Within the age group 51-60	0	0%
Within the age group >60	0	0%
Employee Type Distribution		
Senior Management Staff	4	33%
Middle Management Staff	5	42%
Other Employees	3	25%
Employee Geographic Distribution		
Hong Kong	5	42%
Mainland China	7	58%

The Group's turnover statistics for 2023 is summarized in the below table:

Overall Turnover Rate	94%
By Gender	
Male Employees	94%
Female Employees	95%
By Age	
Within the age group <24	0%
Within the age group 24-30	96%
Within the age group 31-40	93%
Within the age group 41-50	91%
Within the age group 51-60	150%
Within the age group >60	0%
By Region	
Hong Kong	20%
Mainland China	113%

Equal Opportunities, Diversity and Anti-Discrimination

The Group is committed to ensure that our employees are given equal opportunities with respect to recruitment, promotion, training & development, compensation and other aspects of employment practices. All forms of discrimination are prohibited, including on the grounds of gender, religion, race, sexual orientation, age, family status, disability, maternity or political affiliation. This principle against discrimination is applied across all aspects of our human resource management philosophy.

Work-Life Balance

To enhance employee engagement and encourage collaboration, during the year, we organise a range of teambuilding activities, including an outdoor team-bonding day, corporate basketball matches, and public speaking competitions amongst colleagues. Furthermore, the employees are welcomed to organize hobby clubs based on their interests. The Group has allocated an annual sponsorship budget to fund the operations of hobby clubs.

Remuneration

Our employees are assessed and incentivised based on their performance. The Group reviews the remuneration package annually to maintain competitiveness in the market. The Group strictly follows the requirements for working hours and holidays defined in local laws in the jurisdictions where its operations are located. Our employees are entitled to local statutory holidays and paid leaves. In addition, our employees are provided with other forms of paid time off, such as marriage leave, compassionate leave, maternity leave and paternity leave.

Retirement Benefit Scheme

The Group participates in the Mandatory Provident Fund (MPF) scheme and have fulfilled the employer contribution requirements during the Reporting Period in accordance with the Mandatory Provident Fund Schemes Ordinance (Cap. 485). For the employees of the Robotics Business which operate in PRC, the Group makes contributions to the central pension scheme operated by the local municipal government, in compliance with the Labour Law of the People's Republic of China. The Group makes monthly contributions to the scheme at up to about 5% of the employees' relevant incomes.

During the year ended 31 December 2023, the total contributions paid or payable to the pension fund scheme by the Group amounted to approximately HK$417,000 (approximately HK$748,000 in 2022), which has been recognized as expenses and included in employee costs in the consolidated statement of comprehensive income.

In addition to standard compensation packages and bonuses, we offer a range of supplementary benefits to our employees. This includes meal and transportation subsidies, in addition to gift-money for special occasions such as Lunar New Year, Mid-Autumn Festival and employee birthdays.

Health and Safety

Occupational health and safety (OHS) and the wellbeing of our employees are one of the Group's key priorities. The Group adopts proper procedures at the workplace to ensure employees have sufficient training and support.

The Robotics Business has implemented an OHSAS18001:2007-compliant occupational safety system, with policies and processes in place which clearly define requirements on the continuous improvement of safety risk management. Employees are required to participate in regular safety training, consisting of seminars and workshops to enhance safety awareness and be equipped with necessary safety knowledge.

During the reporting period, the Group was in compliance with relevant laws and regulations relating to the provision of safe working environments and protection of employees from occupational hazards.

Safe Handling of Hazardous Substances

The Group keeps record of all hazardous substances handled within the Group's facilities, documenting information such as the department(s) using the substance, storage location and physical & chemical properties. Specific firefighting measures have been developed based on the hazardous properties of the individual substances. Compatibility between hazardous substances is taken into careful consideration to reduce the risks with leaks, contamination and undesired chemical reactions. Storage depots are provided for storing hazardous chemicals in larger quantities or for over a long period of time. To avoid mishandling of chemicals, containers are provided with colour-coded labels to indicate potential flammable/toxic hazards.

Fire Safety

Firefighting provisions are inspected on a daily basis and maintenance is provided where required to ensure proper functioning of emergency response equipment. Evacuation routes on-site are regularly surveyed to ensure no obstacles are present. The Group maintains consistent contact with local environmental ministries and fire departments to maintain up-to-date information with respect to safety and environmental protection. In addition, fire drills and safety seminars are conducted every year to prepare our employees for potential fire emergencies.

Occupational Health

Personnel working at the Group's robotics business are equipped with suitable personal protection equipment (PPEs) such as gloves, masks and earmuffs to limit exposure to hazardous chemicals and loud noise. Training is provided to workers to ensure proper use of PPEs. In addition, staff is provided with annual health check-ups and are treated accordingly in case any occupational sickness is diagnosed. The Occupational Health and Safety Management System at our robotics business is in compliance with ISO 45001:2018.

During the reporting period, no work-related injury cases were recorded during the Group's operations. In addition, no work-related fatalities were recorded by the Group within the last three years.

Development and Training

The Group believes that continuous development and training of its staff is the key to sustaining its high service quality and competitiveness in the market. Employees are engaged from time to time for members of the management to understand their developmental needs and encourage them to learn new skills and knowledge for professional and personal development.

The Group's robotics business requires a high level of skills and expertise. To keep our engineers up-to-date with the latest robotics technology development, we typically arrange training courses on the robotics product line, software programming, robotics design, technology and manufacturing process & safety. Depending on specific training needs, we also invite external consultants to deliver training courses. During the reporting period, we have provided a number of training sessions for our employees covering workplace safety at project sites.

During the reporting period, the Group's employees received a total of 30 man-hours of training. The average training received per employee was 1.2 hours during the reporting period. A breakdown of training statistics is presented below:

Training Statistics	
Total Training Hours	
Male Employees	25
Female Employees	5
Senior Management Staff	0
Middle Management Staff	4
Other Employees	26
Average Training Hours	
Male Employees	1.2
Female Employees	1.0
Senior Management Staff	0
Middle Management Staff	0.8
Other Employees	1.6
% Employees Trained	
Male Employees	67%
Female Employees	33%
Senior Management Staff	0%
Middle Management Staff	80%
Other Employees	100%

Labour Standards

The Group strictly complies with the labour standards in the local jurisdictions where its businesses are located, including "Labour Law of the People's Republic of China"《中華人民共和國勞動法》, "Labour Contract Law of the People's Republic of China"《中華人民共和國勞動合同法》, "Provisions and Prohibition of Using Child Labour"《禁止使用童工規定》, "Law of the People's Republic of China on the Protection of Minors"《中華人民共和國未成年人保護法》as well as the Employment Ordinance (Cap. 57) of Hong Kong. Use of child or forced labour in our operations is strictly prohibited, and is enforced through verification of identity information of job candidates. In the event of the discovery of child or forced labour within our operations, the concerned staff members will be prevented from performing further work at our facilities. We expect our suppliers to adhere to the same standard of labour practices.

Operating Practices

Supply Chain Management

The Group interacts with a number of suppliers and avoids use of a single supplier for products and services to minimise supply chain risks. We are committed to upholding high ethical and professional standards when dealing with suppliers. We have established and implemented a procedure for supplier monitoring and screening. Compliance with national and local laws and regulations is an essential criterion in our supplier-selection process. The Group's procurement process ensures the performance of suppliers are benchmarked against its peers. Supplier performance, including quality and safety, is assessed regularly; in the event of unsatisfactory performance, the supplier will be required to take timely follow-up actions.

The Group is established and implemented policies on managing environmental and social risks along the supply chain. This includes the requirement for suppliers to agree to environmental and occupational health requirements set by the Group, in addition to contractual agreements covering procurement and quality of supplied goods and/or services. The Group is committed to minimize the monopoly and excessive competition in its supply chain to ensure the sourcing of quality raw materials. Flexibility and interchangeability are strategically considered during project development stage to avoid overdependence over specific materials or suppliers.

Suppliers failing to comply with our standards can be suspended from initiating business operations with us.

Our Quality Assurance team conducts factory inspections to assess the quality and suitability of the products, as well as to identify any failures during production. Our Procurement team will be informed should suppliers fail the inspection and such suppliers shall subsequently be removed from the approved list.

As of December 2023, the Group has 34 suppliers, with all of them located in Mainland China.

Product Responsibility

The quality of our products and impeccable customer service is the foundation to the long-term sustainability of our business. The Group aspires to deliver high-standard engineering products and related professional services to our customers.

We are committed to delivering products of high quality. Our Robotics Business has implemented a quality management system in line with the ISO9001:2015 standard. Independent and accredited laboratories are engaged to assure the quality, performance and durability of our products such as bomb-disposal robots, to ensure compliance with customer specifications and relevant regulatory requirements. With an aim to facilitate quality management efficiency at our Robotics Business, we plan to set up in-house testing laboratories for our robotic and line machinery products at our future manufacturing facilities. Products that do not meet customer requirements or have potential safety concerns will be subject to investigation and recall; follow-up actions will be timely taken as appropriate to identify and rectify the root cause.

Upon receipt of complaints about the Group's services or products, a thorough internal investigation will be performed to identify any potential issues with the Group's quality control procedure. Corrective actions, where necessarily, will be implemented to ensure that the Group's operational excellence will not be jeopardized.

During the reporting period, the Group was in compliance with relevant laws and regulations relating to health & safety, advertising, labelling, with respect to the products and services provided by the Group. Also, there were no recalls of the Group's products due to safety and health reasons, and there no significant complaints were identified with regards to the Group's products and services.

Customer Feedback

We welcome constructive feedback from our customers and provide them with various communication channels. Customer complaints are documented for follow-up by relevant parties.

During the reporting period, no complaints were received by the Group on the products and services provided by the Group.

Privacy and Intellectual Property Rights

The Group is committed to protecting customer privacy and has established and implemented respective policies and procedures. All employees are required to sign a Confidentiality and Non-Disclosure Agreement and abide by its requirements.

The Group respects intellectual property rights and is committed to avoiding any infringement of intellectual property rights of other parties. Employees are required to obtain licences or other permissions and follow relevant requirements. Most of our robotics products are developed in-house and out of our patent applications. As of 2023, the Group owns a total of 57 patents in Mainland China covering various core technologies related to our robotics manufacturing. Our employees are required to strictly follow relevant laws and regulations, as well as internal policies and procedures in protecting our own intellectual property rights from infringement.

Anti-corruption

The Group attaches great importance to business integrity and upholds high standards in business ethics. We have zero tolerance for any form of corruption, bribery, fraud, and money laundering and have specified relevant requirements to all employees in the employee handbook. Employees are provided with whistleblowing channels to raise concerns and report any suspected misconduct in a confidential manner. Reported cases are investigated and evidences are collected for evaluation. Where required, necessary actions will be taken based on the conclusions of the investigation.

The operation of the Group complies with the standards of conduct specified in the relevant regulations and laws relating to bribery, extortion, fraud and money laundering. This includes "Criminal Law of the PRC"《中華人民共和國刑法》, "Interim Provisions on Banning Commercial Bribery"《關於禁止商業賄賂行為的暫行規定》in mainland China, and "Prevention of Bribery Ordinance" of Hong Kong. There were no cases of corruption during the reporting period.

Regulatory Compliance

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to areas such as environmental protection, employment, labour practices and operating practices.

Community Investment

The Group strives to contribute to the community with its resources and expertise. We have been supporting non-profit organizations in their community projects by offering charitable donations.

During the reporting period, there were no financial or other volunteer contributions from the Group during the reporting period. In the coming years, we will continue to seek opportunities to cooperate with other external organisations to increase our community outreach and contribution.

Subject Areas, Aspects, General Disclosures and KPIs			
A. Environmental			**Relevant Section in this ESG Report**
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note:* Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		Environmental Policy and Compliance
	KPI A1.1	The types of emissions and respective emissions data.	Environmental KPIs
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Targets; ENVIRONMENT
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets; MANAGING OUR WASTE

Subject Areas, Aspects, General Disclosures and KPIs			
A. Environmental			**Relevant Section in this ESG Report**
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.’		Greenhouse Gas Emissions
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Greenhouse Gas Emissions
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Conservation
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impacts on the environment and natural resources.		Use of Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Impact Awareness and Management
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Climate-related Issues
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Impact Management

Subject Areas, Aspects, General Disclosures and KPIs			
B. Social			***Relevant Section in this ESG Report***
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		SOCIAL Employment and Labour Practices Equal Opportunities, Diversity and Anti-Discrimination;
	KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employee Demographics
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Demographics
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Overview of the Compliance with Relevant Laws and Regulations; Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs			
B. Social			***Relevant Section in this ESG Report***
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.		Employment and Labour Practices; Training and Developments
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Developments
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Developments
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Employment and Labour Practices; Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs			
B. Social			***Relevant Section in this ESG Report***
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		Operating Practices; Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility; Customer Feedback
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Privacy and Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy and Intellectual Property Rights

Subject Areas, Aspects, General Disclosures and KPIs			
B. Social			***Relevant Section in this ESG Report***
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Regulatory Compliance; Anti-Corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Community
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community

To the shareholders of SuperRobotics Holdings Limited
(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of SuperRobotics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 128, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$45,076,000 and had a net cash used in operating activities of HK$9,993,000 during the year ended 31 December 2023. As at 31 December 2023, the Group had a capital deficiencies of HK$144,718,000 including cash and cash equivalents of HK$12,003,000 and other borrowings of HK$138,444,000. These conditions, together with other matters described in note 3 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

** for identification purpose only*

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainties Related to Going Concern* section, we have identified the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	**How our audit addressed the key audit matter**
Impairment assessment on trade receivables	
Refer to note 22 to the consolidated financial statements. As at 31 December 2023, the Group's trade receivables, net of allowance of credit losses, of approximately HK$8,525,000. Management judgment was required in assessing and determining the recoverability of trade receivables, and determining the adequacy of allowance made. In determining whether there was objective evidence of impairment loss, the Group took into consideration the credit history of the debtors and the current market condition which may require management judgment. We identified impairment assessment on trade receivables as a key audit matter due to their significance of trade receivables to the Group's consolidated financial statements and the involvement of management judgment and estimates in evaluating the expected credit losses of the Group's trade receivables at the end of the reporting period.	Our procedures in relation to impairment assessment on trade receivables included: • Obtained an understanding of the Group's assessment procedures of impairment on trade receivables; • Assessed the appropriateness of the expected credit loss provisioning methodology, examining the key data input on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses; and • Evaluated the disclosure regarding the impairment assessment of trade receivables. We found management's judgment and estimates were supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Ho Kwan with Practising Certificate number P07543.

Elite Partners CPA Limited
Certified Public Accountants

23/F, YF Life Tower
33 Lockhart Road, Wan Chai
Hong Kong

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*7*	**15,081**	3,961
Cost of sales		**(7,800)**	(4,933)
Gross profit/(loss)		**7,281**	(972)
Other income	*8*	**347**	5,777
Other gains and losses, net	*9*	**(4,319)**	10,019
Selling and distribution expenses		**(2,375)**	(3,208)
Reversal/(write-down) of slow-moving inventories		**4,245**	(6,166)
Administrative expenses		**(13,059)**	(15,762)
Operating loss	*10*	**(7,880)**	(10,312)
Finance costs	*11*	**(37,196)**	(27,300)
Loss before income tax		**(45,076)**	(37,612)
Income tax expense	*14*	**–**	(927)
Loss for the year		**(45,076)**	(38,539)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**5,240**	13,100
Reclassification adjustments of exchange differences on disposal of foreign subsidiaries		**–**	(9,885)
Other comprehensive income for the year		**5,240**	3,215
Total comprehensive loss for the year		**(39,836)**	(35,324)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(27,756)**	(13,697)
Non-controlling interests		**(17,320)**	(24,842)
		(45,076)	(38,539)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(25,265)**	(19,901)
Non-controlling interests		**(14,571)**	(15,423)
		(39,836)	(35,324)

		2023	2022
		HK cents	*HK cents*
Loss per share	*16*		
Basic and diluted		**(4.87)**	(2.71)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	17	**112**	737
Other receivables	23	**1,818**	–
		1,930	737
Current assets			
Inventories	20	**90**	1,190
Contract assets	21	**13**	16
Trade receivables	22	**8,525**	543
Deposits, prepayment and other receivables	23	**4,993**	5,349
Financial assets at fair value through profit or loss	24	**–**	779
Cash and cash equivalents	25	**12,003**	13,599
		25,624	21,476
Total assets		**27,554**	22,213
Equity and liabilities			
Capital and reserves			
Share capital	26	**60,746**	50,622
Reserves		**(129,150)**	(122,908)
Capital deficiencies attributable to owners of the Company		**(68,404)**	(72,286)
Non-controlling interests		**(76,314)**	(128,059)
Total capital deficiencies		**(144,718)**	(200,345)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Liabilities			
Non-current liabilities			
Interest payables	28	–	3,970
Amount due to a related company	28	8,926	–
Other borrowings	29	138,444	16,558
		147,370	20,528
Current liabilities			
Trade payables	27	1,230	1,850
Accruals and other payables	28	23,547	74,423
Other borrowings	29	–	122,901
Contract liabilities	30	125	2,856
		24,902	202,030
Total liabilities		172,272	222,558
Total equity and liabilities		27,554	22,213
Net current assets/(liabilities)		722	(180,554)
Total assets less current liabilities		2,652	(179,817)
Net liabilities		(144,718)	(200,345)

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024 and are signed on its behalf by:

Fan Yu
Director

Qiu Xueyun
Director

The accompanying notes from an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

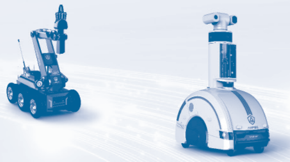
	Attributable to owners of the Company								
	Share capital — ordinary share	**Share premium**	**Contributed surplus**	**Translation reserve**	**Share option reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total capital deficiencies**
	HK$'000	*HK$'000*	*HK$'000* *(Note a)*	*HK$'000* *(Note b)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	50,622	488,163	38,991	(8,254)	2,783	(626,653)	(54,348)	(110,773)	(165,121)
Loss for the year	—	—	—	—	—	(13,697)	(13,697)	(24,842)	(38,539)
Other comprehensive (loss)/income for the year	—	—	—	(6,204)	—	—	(6,204)	9,419	3,215
Total comprehensive loss for the year	—	—	—	(6,204)	—	(13,697)	(19,901)	(15,423)	(35,324)
Expiry of share options	—	—	—	—	(2,783)	2,783	—	—	—
Placing from non-controlling interests	—	—	—	—	—	—	—	100	100
Non-controlling interests arising on change in ownership interests in subsidiaries without lost of control	—	—	—	—	—	1,963	1,963	(1,963)	—
As at 31 December 2022 and as at 1 January 2023	50,622	488,163	38,991	(14,458)	—	(635,604)	(72,286)	(128,059)	(200,345)
Loss for the year	—	—	—	—	—	(27,756)	(27,756)	(17,320)	(45,076)
Other comprehensive income for the year	—	—	—	2,491	—	—	2,491	2,749	5,240
Total comprehensive income/(loss) for the year	—	—	—	2,491	—	(27,756)	(25,265)	(14,571)	(39,836)
Contribution from non-controlling interests	—	—	—	—	—	—	—	66,316	66,316
Issue of new shares by way of debt capitalisation	10,124	20,248	—	—	—	—	30,372	—	30,372
Share issuing expenses	—	(1,225)	—	—	—	—	(1,225)	—	(1,225)
As at 31 December 2023	**60,746**	**507,186**	**38,991**	**(11,967)**	**—**	**(663,360)**	**(68,404)**	**(76,314)**	**(144,718)**

Notes:

(a) With effect from 22 April 2014, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda (the "Change in Domicile"). Contributed surplus represents the amount transferred from share premium for the purpose of setting off against the accumulated losses pursuant to the Companies Act 1981 of Bermuda and the special resolution passed at the extraordinary general meeting held on 28 February 2013 as a result of the Change in Domicile and related capital reorganisation. During the year ended 31 December 2021, Mr. Su Zhituan ("Mr. Su"), the former director and substantial shareholder of the Company, agreed to waive the amounts due to him as a financial support to the Company.

(b) Translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) which are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

The accompanying notes from an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

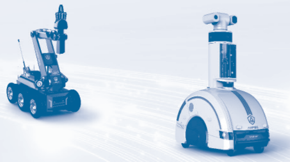
For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Cash flows from operating activities		
Loss before income tax	**(45,076)**	(37,612)
Adjustments for:		
Bad debts recover	**(16)**	–
Depreciation of property, plant and equipment	**481**	1,324
Loss on modification of financial liabilities	**7,087**	–
Gain on disposal of subsidiaries	**–**	(13,545)
Impairment losses recognised in respect of trade receivables	**907**	59
Impairment losses recognised in respect of bond receivables	**82**	–
Impairment losses (reversed)/recognised in respect of loan receivables	**(252)**	252
Over-provision of other payables	**(22)**	–
Written off of inventories	**–**	299
(Reversal)/write-down of slow-moving inventories	**(4,245)**	6,166
Finance costs	**37,196**	27,300
Interest income	**(120)**	(6)
Waiver of loan interest payables	**(1,753)**	–
Unrealised loss on fair value change of financial assets at fair value through profit or loss	**–**	219
Realised loss on fair value change of financial assets at fair value through profit or loss	**292**	–
(Gain)/loss on disposal and written off of property, plant and equipment	**(2,020)**	2,996
Operating cash flows before movements in working capital	**(7,459)**	(12,548)
Changes in inventories	**5,348**	1,866
Change in contract assets	**3**	(15)
Changes in trade receivables	**(8,632)**	2,875
Changes in deposits, prepayment and other receivables	**1,827**	557
Change in financial assets at fair value through profit or loss	**487**	(998)
Changes in trade payables	**(651)**	(1,379)
Changes in accruals and other payables	**1,819**	(10,572)
Changes in contract liabilities	**(2,735)**	(1,139)
Net cash used in operating activities	**(9,993)**	(21,353)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Cash flows from investing activities		
Interest received	**102**	2
Loan advanced to a third party	**–**	(1,000)
Loan repayment from a third party	**1,000**	–
Payment for subscription of bond receivables	**(1,900)**	–
Proceeds from disposal of property, plant and equipment	**21**	908
Net cash used in investing activities	**(777)**	(90)
Cash flows from financing activities		
Placing from non-controlling interests	**–**	100
Proceeds from other borrowings	**18,181**	11,062
Advance from a related company	**4,070**	1,400
Repayment of lease liabilities (including interests)	**–**	(1,154)
Repayment of other borrowings	**(12,543)**	(463)
Share issuing expense	**(1,225)**	–
Net cash generated from financing activities	**8,483**	10,945
Net decrease in cash and cash equivalents	**(2,287)**	(10,498)
Cash and cash equivalents at the beginning of the reporting period	**13,599**	20,835
Effect of foreign exchange rate changes	**691**	3,262
Cash and cash equivalents at the end of the reporting period	**12,003**	13,599



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SuperRobotics Holdings Limited (the "Company") was incorporated in the Cayman Islands and with effect from 22 April 2014, the Company deregistered in the Cayman Islands and continued in Bermuda with limited liability. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Company Information" section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of engineering products and related services (the "Robotics Business").

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

Except for disclosed above, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of the consolidated financial statements

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

** for identification purpose only*

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of preparation of the consolidated financial statements *(continued)*

Going concern basis

During the year ended 31 December 2023, the Group incurred a net loss of HK$45,076,000 (2022: HK$38,539,000) and had a net cash used in operating activities of HK$9,993,000 (2022: HK$21,353,000). As at 31 December 2023, the Group had a capital deficiencies of HK$144,718,000 (2022: HK$200,345,000) including cash and cash equivalents of HK$12,003,000 (2022: HK$13,599,000) and other borrowings of HK$138,444,000 (2022: HK$139,459,000).

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

(i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司 (Huizhou Jindasheng Investment Limited* or “HJIL”), who is non-controlling interests of the Group’s certain subsidiaries. Under the new facilities agreement, as at 31 December 2023, the new facilities granted to the Group with the amount of approximately RMB14,568,000 (equivalent to HK$15,969,000) which will be available for drawdown as and when needed. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司 (“Anzer”). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of preparation of the consolidated financial statements *(continued)*

Going concern basis *(continued)*

(ii) The management of the Company has actively to take measures to improve operating results and net cash inflows of the Group's Robotics Business in People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group actively negotiation with a customer for providing of engineering related services of approximately RMB15,000,000 (equivalents to approximately HK$16,443,000).

(iii) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2023 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful drawdown the funds from abovementioned facilities as and when needed.

(ii) Successful implementation of measures to improve the operating results of the Group's Robotic Business in the PRC and to generate sufficient cash inflow.

(iii) Successful to source additional funding from external resources and/or fund raising opportunities.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interest in a subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interest in a subsidiary, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers *(continued)*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Sales of engineering products

Sales of engineering products are recognised when control of products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the discounts. No significant element of financing is deemed present as the sales are made with a credit term stated in the contract up to 12 months. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

The Group requires customers to provide certain percentage of upfront deposits of total contract sum upon signing the contract. Deposits received are recognised as contract liabilities.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group typically agrees to a retention period of 12 months from the date of the delivery of engineering products to certain customer for the specified percentage of the contract value stated in the contracts. Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which is normally 12 months from the date of delivery. The relevant amounts of contract assets are reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the products supplied comply with agreed-upon specification and such assurance cannot be purchased separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers *(continued)*

Provision of engineering related services

The Group provides a service of equipment installation automation systems. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised based on the stage of completion of the contract using output method.

The Group's engineering services contracts include payment schedules which require stage payments over the period once certain specified milestones are reached. The Group requires certain customers to provide certain upfront deposits range of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which typically is 24 months from the date of the practical completion of the services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Leases

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices and plant that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Employee benefits

Retirement benefit costs

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees’ relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment *(continued)*

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvement	20%-33%
Furniture, fixtures and equipment	14%-33%
Motor vehicles	20%-25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment on property, plant and equipment *(continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**").

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("**FVTOCI**") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, bond receivables, deposits, loan receivables, other receivables and bank balances) and contract assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 1 year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other gains and losses, net’ line item as part of the exchange gain, net.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including (trade payables, accruals and other payables (excluding employee benefits and other tax payables), interest payables and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses, net' line item in profit or loss as part of exchange gain, net for financial liabilities that are not part of a designated hedging relationship.

Derecognition and modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognised to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales from Robotics Business are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related party

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables, contract assets and other financial assets

Trade receivables and contract assets with significant balances or credit-impaired and all other financial assets measured at amortised cost are assessed for ECL individually.

In addition, the Group use practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on past due aging of debtors as groupings of various debtors taking into consideration of the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and other financial assets are disclosed in note 5 to the consolidated financial statements.

Write-down of inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at the end of each reporting period.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments:

	2023	2022
	HK$'000	*HK$'000*
Financial assets		
At fair value through profit or loss	**–**	779
Amortised cost	**27,030**	18,934
Financial liabilities		
Amortised cost	**154,044**	203,769

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits, loan receivables, bond receivables, other receivables, cash and cash equivalents, trade payables, accruals and other payables (excluding employee benefits and other tax payables), interest payables and other borrowings. Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements.

The risks associated with these financial instruments include market risk (foreign exchange risk, equity price risk and cash flow and fair value interest rate risk), credit risk and impairment assessment and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC with majority transactions settled in HK$, Renminbi ("RMB") and United States dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in currencies other than the functional currency of the individual group companies and net investment in foreign operations.

As at 31 December 2023 and 2022, most of the financial assets and liabilities of the Group's subsidiaries are denominated in their respective functional currencies. Hence, the directors consider the Group does not have any material foreign exchange risk exposure. No sensitivity analysis is presented.

The Group currently does not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

***Market risk** (continued)*

Equity price risk

As at 31 December 2022, the Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL quoted in the Stock Exchange, the directors manage this exposure by maintaining a portfolio of investments with different risks. The management has monitored the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate is 5% as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, the pre-tax loss for the year ended 31 December 2022 would increase/decrease by approximately HK$39,000 as a result of the changes in fair value of listed equity securities classified as FVTPL.

Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Bond receivables, loan receivables and borrowings obtained at fixed rates expose the Group to fair value interest rate risk. In the opinion of the directors, the expected change in fair values as a result of change in market interest rates will not be significant, thus no sensitivity analysis is presented.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's assets and liabilities, which bear variable interest rates mainly, include cash at bank. The directors do not anticipate significant change in cash flow as a results of change in market interest rates, thus no sensitivity analysis is presented.

Management manages the interest rate risk exposure through regular review to determine the funding strategy as appropriate to its current business profile.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to contract assets, trade receivables, deposits, bond receivables, loan receivables, other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or in the case of trade receivables and contract assets, when the amounts are over 1 year past due, whichever occurs sooner	Amount is written off	Amount is written off

Trade receivables and contract assets arising from contracts with customers

The Group has concentration of credit risk as 58% (2022: 35%) and 99% (2022: 99%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets arising from contracts with customers (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Customers with significant outstanding balances or credit-impaired of trade receivables with gross amounts of HK$8,032,000 and HK$782,000 respectively as at 31 December 2023 (2022: nil and HK$59,000) were assessed individually.

As at 31 December 2023

	Expected loss rate %	Gross amounts *HK$'000*	Loss allowance *HK$'000*
Current (not past due)	–	349	1
1-3 months past due	–	–	–
3-6 months past due	–	–	–
Over 6 months past due	43	276	118
		625	119

As at 31 December 2022

	Expected loss rate %	Gross amounts *HK$'000*	Loss allowance *HK$'000*
Current (not past due)	–	99	–
1-3 months past due	–	267	–
3-6 months past due	–	170	–
Over 6 months past due	–	7	–
		543	–

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL for collectively assessed trade receivables and contract assets are HK$119,000 (2022: nil) and nil (2022: nil) respectively.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Trade receivables and contract assets arising from contracts with customers (continued)

Trade receivables which classified as significant balances and credit-impaired of approximately HK$8,032,000 (2022: nil) and HK$782,000 (2022: HK$59,000) as at 31 December 2023 are assessed individually for impairment allowance and determined whether specific provisions are required. The ECL in respect of individually assessed trade receivables which classified as significant balances and credit-impaired as at 31 December 2023 are assessed to be approximately nil (2022: nil) and HK$788,000 (2022: HK$59,000) respectively. The trade receivables with credit-impaired mainly due to trade receivables part due more than 1 year.

Bond receivables, loan receivables, other receivables and deposits

For bond receivables, loan receivables, other receivables and deposits, the management makes periodic individual assessment on the recoverability of these receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2023 and 2022, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised. The Group assessed 12m ECL for loan receivables and bond receivables and concluded that impairment losses with the amounts of approximately HK$252,000 was reversed (2022: impairment loss recognised of HK$252,000) and HK$82,000 (2022: nil) was recognised for the year ended 31 December 2023.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

***Credit risk and impairment assessment** (continued)*

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) *HK$'000*	**Lifetime ECL (credit-impaired)** *HK$'000*	**Total** *HK$'000*
As at 1 January 2022	–	–	–
Impairment losses recognised	–	59	59
Written-off	–	(59)	(59)
As at 31 December 2022 and as at 1 January 2023	–	–	–
Impairment losses recognised	119	788	907
Written-off	–	(782)	(782)
Exchange alignment	–	(6)	(6)
As at 31 December 2023	**119**	**–**	**119**

The following table shows the movement in 12m ECL that has been recognised for bond receivables under the general approach.

	12m ECL *HK$'000*
As at 1 January 2022, as at 31 December 2022 and as at 1 January 2023	–
Impairment loss recognised	82
As at 31 December 2023	**82**

The following table shows the movement in 12m ECL that has been recognised for loan receivables under the general approach.

	12m ECL *HK$'000*
As at 1 January 2022	–
Impairment loss recognised	252
As at 31 December 2022 and as at 1 January 2023	252
Impairment loss reversed	(252)
As at 31 December 2023	**–**

5. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

Ultimate responsibility for liquidity risk rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate level of cash and cash equivalents and by continuously monitoring forecast and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	On demand or within 1 year	**Within 2-5 years**	**Total undiscounted cash flows**	**Carrying amounts**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
As at 31 December 2023				
Non-derivative financial liabilities				
Trade payables	**1,230**	**–**	**1,230**	**1,230**
Accruals and other payables	**5,444**	**8,926**	**14,370**	**14,370**
Other borrowings	**360**	**189,091**	**189,451**	**138,444**
	7,034	**198,017**	**205,051**	**154,044**

	On demand or within 1 year	Within 2-5 years	Total undiscounted cash flows	Carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2022				
Non-derivative financial liabilities				
Trade payables	1,850	–	1,850	1,850
Accruals and other payables	59,127	4,135	63,262	62,460
Other borrowings	133,561	18,730	152,291	139,459
	194,538	22,865	217,403	203,769

5. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximates to their fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Fair value hierarchy as at 31 December 2022				
Financial assets at FVTPL				
– Equity securities listed in Hong Kong	779	–	–	779

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the date of the events or change in circumstances that caused the transfer.

During the year ended 31 December 2023 and 2022, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

5. FINANCIAL INSTRUMENTS *(continued)*

(d) Capital management

The primary objective of the Group's capital management is to safeguard that the entities in the Group will be able to continue as a going concern and maintain healthy ratios in order to support its business and enhance shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue of new shares and repurchase of shares as well as issue of new debts or redemption of existing debts. The Group's capital management objective, policies or processes were unchanged from prior years.

The Group is not subject to any external imposed capital requirements.

The Group monitors capital using gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current other borrowings, amount due to a related company and interest payables), less cash and cash equivalents. Total capital deficiencies is calculated as "total deficits", as shown in the consolidated statement of financial position plus net debt. The net debt amounts and gearing ratios at the end of the reporting period were as follows:

	2023	2022
	HK$'000	*HK$'000*
Total borrowings	**147,639**	196,902
Less: cash and cash equivalents	**(12,003)**	(13,599)
Net debts	**135,636**	183,303
Total capital deficiencies	**(144,718)**	(200,345)
Net debt to equity ratio	**N/A**	N/A

6. SEGMENT INFORMATION

The Group's operating segment have been determined based on the information reported to and reviewed by the executive directors, being the Group's chief operating decision-maker (the "CODM"), which are used for the purposes of assessing performance and making strategic decisions. The Group's operating segment is structured and managed separately according to the nature of their operations, and the products and services they provide. Each of the Group's operating segment represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

The Group has one operating segment for both years. Particular of the Group's reportable segment is summarised as follows:

6. SEGMENT INFORMATION *(continued)*

Provision of engineering products and related services *(Note)*

The CODM considered the Group has only one operating segment under HKFRS 8 *Operating Segments*, accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Note: For the engineering products, the Group offers robotic products. For the provision of engineering related services, the Group provides equipment installation, support and maintenance services for robotics and automation systems.

Geographical information

Since all of the Group's revenue and non-current assets were generated from and located in the PRC for both years, no geographical segment information in accordance with HKFRS 8 is presented.

Information about major customers

Details of the customers individually representing 10% or more of the Group's revenue are as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer A *(Note)*	**5,160**	N/A
Customer B	**4,667**	–
Customer C *(Note)*	**2,605**	N/A
Customer D *(Note)*	**N/A**	921
Customer E	**–**	822
Customer F *(Note)*	**N/A**	611

Note: The corresponding revenue did not contributed over 10% of the total revenue of the Group.

Except for disclosed above, no other customers contributed 10% or more to the Group for both years.

7. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Provision of engineering products and related services	**15,081**	3,961

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point in time	**9,844**	1,990
Over time	**5,237**	1,971
	15,081	3,961

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for provision of engineering products and related services such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for provision of engineering products and related services that had an original expected duration of one year or less.

8. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**7**	2
Loan interest income	**20**	4
Interest income from bond receivables	**93**	–
Government grants	**111**	821
Compensation income from litigation *(Note)*	**–**	4,902
Sundry income	**100**	48
Bad debts recover	**16**	–
	347	5,777

During the year ended 31 December 2023 and 2022, the Group recognised government grants in respect of subsidies provided by the PRC local government in respect of research and development as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

Note: On 19 April 2022, the Group entered into a settlement agreement (the "Settlement Agreement") with the Former Auditors in which the related former auditors (the "Former Auditors") agreed to compensate the Group with the amounts of approximately HK$19,800,000 (inclusive of all interest and costs) (the "Compensation"). The Compensation received by instalment which HK$12,000,000 received within 20 business days from the Settlement Agreement and the remaining balance will be by relevant instalments. The Company received approximately of HK$4,902,000 (net of all interest and costs).

9. OTHER GAINS AND LOSSES, NET

	2023 HK$'000	2022 HK$'000
Gain on disposal of subsidiaries *(Note 37)*	–	13,545
Loss on modification of financial liabilities *(Note 26)*	(7,087)	–
Impairment losses recognised in respect of trade receivables	(907)	(59)
Impairment losses recognised in respect of bond receivables	(82)	–
Impairment losses reversed/(recognised) in respect of loan receivables	252	(252)
Gain/(loss) on disposal and written off of property, plant and equipment	2,020	(2,996)
Over-provision of other payables	22	–
Realised loss on fair value change of financial assets at fair value through profit or loss	(292)	–
Unrealised loss on fair value change of financial assets at fair value through profit or loss	–	(219)
Waiver of loan interest payables	1,753	–
Exchange gain, net	2	–
	(4,319)	10,019

10. OPERATING LOSS

Operating loss has been arrived at after charging/(crediting):

	2023 HK$'000	2022 HK$'000
Auditor's remuneration:		
– audit services	762	815
– non-audit services	43	8
Cost of inventories sold	7,800	3,064
Depreciation of property, plant and equipment	481	1,324
(Reversal)/write-down of slow-moving inventories	(4,245)	6,166
Written off of inventories	–	299
Expenses relating to short-term leases	1,072	2,511
Expenses relating to lease of low-value assets	16	16
Staff costs (including directors' emoluments)	6,679	11,054

11. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Imputed interest on other borrowings	**13,634**	5,092
Imputed interest on interest payables	**26**	884
Interest on lease liabilities	**–**	4
Interest on other borrowings	**23,536**	21,320
Total interest expense on financial liabilities not at fair value through profit or loss	**37,196**	27,300

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2023	2022
	HK$'000	*HK$'000*
Salaries and other allowances	**6,262**	10,187
Discretionary bonus	**–**	119
Pension costs – defined contribution plans	**417**	748
	6,679	11,054

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2022: nil) director whose emoluments are reflected in the analysis shown in note 13 to the consolidated financial statements. The emoluments payable to the remaining four (2022: five) individuals for both years are as follows:

	2023	2022
	HK$'000	*HK$'000*
Salaries and other allowances	**1,357**	2,125
Discretionary bonus	**–**	31
Pension costs – defined contribution plans	**123**	104
	1,480	2,260

The emoluments of the aforementioned individuals fell within the following bands:

	Number of individuals	
	2023	2022
Nil – HK$500,000	**4**	4
HK$500,001 – HK$1,000,000	**–**	1
	4	5

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the five highest paid individuals waived or agreed to waive any emoluments for both years.

13. DIRECTORS' EMOLUMENTS

Analysis of directors' remuneration on named basis is as follows:

For the year ended 31 December 2023

	Fees *HK$'000*	Salaries and other allowance *HK$'000*	Discretionary bonus *HK$'000*	Pension costs *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Fan Yu	**120**	**–**	**–**	**–**	**120**
Ms. Qiu Xueyun	**–**	**283**	**–**	**39**	**322**
Independent non-executive directors					
Mr. Tam B Ray, Billy	**150**	**–**	**–**	**–**	**150**
Mr. Xu Guojun (appointed on 30 November 2023)	**11**	**–**	**–**	**–**	**11**
Ms. Han Xiao	**132**	**–**	**–**	**–**	**132**
Ms. Zhao Yang (resigned on 30 November 2023)	**121**	**–**	**–**	**–**	**121**
	534	**283**	**–**	**39**	**856**

For the year ended 31 December 2022

	Fees *HK$'000*	Salaries and other allowance *HK$'000*	Discretionary bonus *HK$'000*	Pension costs *HK$'000*	Total *HK$'000*
Executive directors					
Mr. Fan Yu (redesignated as an executive director from non-executive director on 7 November 2022)	120	–	–	–	120
Ms. Qiu Xueyun (appointed on 7 November 2022)	29	–	–	–	29
Independent non-executive directors					
Mr. Tam B Ray, Billy	150	–	–	–	150
Ms. Han Xiao	139	–	–	–	139
Ms. Zhao Yang (resigned on 30 November 2023)	139	–	–	–	139
	577	–	–	–	577

13. DIRECTORS' EMOLUMENTS *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

Except for disclosed in note 35 to the consolidated financial statements, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

14. INCOME TAX EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– Under-provision in prior years	**–**	927
Total income tax expense	**–**	927

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Canada subsidiaries were subject to Canada corporate tax at 26.5% during the year ended 31 December 2022.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for Anzer which qualified as High and New Technology Enterprises up to 11 December 2023 and entitled to a preferential tax rate of 15% from the year ended 31 December 2021 to 31 December 2022. Anzer was not qualified as High and New Technology Enterprises and subjected to 25% Enterprise Income Tax for the year ended 31 December 2023.

14. INCOME TAX EXPENSE *(continued)*

No provision for the Hong Kong Profits Tax and PRC Enterprise Income Tax has been made as the Group have no estimated assessable profit for both years.

No provision for Canada corporate tax has been made during the year ended 31 December 2022 as the Group have no estimated assessable profit.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before tax	**(45,076)**	(37,612)
Tax at domestic income tax rate	**(10,313)**	(8,206)
Tax effect of:		
Income not taxable for tax purpose	**(1,389)**	(3,044)
Expenses not deductible for tax purpose	**2,403**	4,757
Estimated tax losses not recognised	**9,299**	6,496
Under-provision in prior years	**–**	927
Utilisation of tax losses previously not recognised	**–**	(3)
Income tax expense for the year	**–**	927

As at 31 December 2023, the Group has unused estimated tax losses of HK$294,787,000 (2022: HK$319,095,000) that are available indefinitely for offsetting against future taxable profits of the group entities in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Except for tax losses with the amounts of HK$290,515,000 and nil (2022: HK$21,519,000 and HK$293,305,000) which will be expired within five years and ten years respectively, the remaining amount of unrecognised tax losses could be carried forward indefinitely.

15. DIVIDEND

No final dividend was paid or proposed during the year, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2022: nil).

16. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(27,756)**	(13,697)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**569,740**	506,220

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share during the year ended 31 December 2022. The Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2023.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *HK$'000*	Furniture, fixture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
As at 1 January 2022	3,396	20,709	2,103	26,208
Disposal and written off	–	(9,855)	(1,352)	(11,207)
Exchange realignment	(267)	(1,229)	(89)	(1,585)
As at 31 December 2022 and as at 1 January 2023	3,129	9,625	662	13,416
Disposal and written off	(3,041)	(4,384)	–	(7,425)
Exchange realignment	(88)	(226)	(18)	(332)
As at 31 December 2023	–	5,015	644	5,659
Accumulated depreciation and impairment				
As at 1 January 2022	3,396	15,934	1,786	21,116
Depreciation charge during the year	–	1,201	123	1,324
Disposal and written off	–	(7,169)	(1,294)	(8,463)
Exchange realignment	(267)	(962)	(69)	(1,298)
As at 31 December 2022 and as at 1 January 2023	3,129	9,004	546	12,679
Depreciation charge during the year	–	432	49	481
Disposal and written off	(3,041)	(4,256)	–	(7,297)
Exchange realignment	(88)	(213)	(15)	(316)
As at 31 December 2023	–	4,967	580	5,547
Carrying amounts				
As at 31 December 2023	**–**	**48**	**64**	**112**
As at 31 December 2022	–	621	116	737

Property, plant and equipment with the cost of approximately HK$5,547,000 (2022: HK$12,679,000) were fully depreciated and impaired and still in use.

18. LEASES

(a) Total cash outflow for leases

The total cash outflow for leases during the year ended 31 December 2022 was approximately HK$1,088,000 (2022: HK$3,681,000).

(b) The Group's leasing activities and how these are accounted for

The Group regularly entered into short-term leases for office, plant and office equipment. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in note 10. As at 31 December 2023, there was no outstanding lease commitments relating to the short-term leases (2022: HK$750,000).

19. INTANGIBLE ASSETS

	Goodwill	**Other intangible assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost			
As at 1 January 2022	80,788	35,617	116,405
Disposal of subsidiaries *(Note 37)*	(75,078)	(33,314)	(108,392)
Exchange realignment	(5,710)	(2,303)	(8,013)
As at 31 December 2022, as at 1 January 2023 and as at 31 December 2023	–	–	–
Accumulated amortisation and impairment			
As at 1 January 2022	80,788	35,617	116,405
Disposal of subsidiaries *(Note 37)*	(75,078)	(33,314)	(108,392)
Exchange realignment	(5,710)	(2,303)	(8,013)
As at 31 December 2022, as at 1 January 2023 and as at 31 December 2023	–	–	–
Carrying amounts			
As at 31 December 2023 and 2022	**–**	**–**	**–**

Goodwill arose from the acquisition of ESI Automation System Corporation ("ESI") of HK$80,788,000 (2020: HK$80,267,000) was allocated to provision of engineering products and related services CGU (the "Robotics Business CGU"). Goodwill were fully impaired since 2020.

Other intangible assets, arose from the acquisition of the ESI, represents the patents registered in various countries. Other intangible assets are amortised over the estimated useful life of 5 years. Other intangible assets were fully impaired since 2020.

Goodwill and other intangible assets were disposed through disposal of ESI on 7 October 2022.

20. INVENTORIES

	2023	2022
	HK$'000	*HK$'000*
Raw materials	**90**	933
Work in progress	**–**	17
Finished goods	**–**	240
	90	1,190

During the year ended 31 December 2023, the reversal of write-down of slow moving inventories of approximately HK$4,245,000 (2022: write-down of slow moving inventories of HK$6,166,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

21. CONTRACT ASSETS

	2023	2022
	HK$'000	*HK$'000*
Retention receivables arising from contracts with customers	**13**	16
Less: Allowance for credit losses	**–**	–
	13	16

There were no contract assets recognised as at 1 January 2022.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's engineering services contracts include payment schedules which require stage payments over the period once certain specified milestones are reached. The Group requires certain customers to provide certain upfront deposits range of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which typically is 24 months from the date of the practical completion of the services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

21. CONTRACT ASSETS *(continued)*

As at 31 December 2023, contract assets with amounts of approximately HK$6,000 (2022: HK$8,000) (before allowance for credit losses) due from companies which Mr. Su has equity interests on these companies.

As at 31 December 2023, entire contract assets are denominated in RMB.

22. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**8,644**	543
Less: Allowance for credit losses	**(119)**	–
	8,525	543

As at 1 January 2022, trade receivables from contracts with customers (before allowance for credit losses) amounted to approximately HK$2,574,000.

The Group allows credit periods to customers maximum up to 12 months.

The aging analysis of trade receivables (net of allowance for credit losses) presented based on earliest of invoice date or revenue recognition date is as follows:

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**8,367**	99
31-60 days	**–**	35
61-90 days	**–**	–
Over 90 days	**158**	409
	8,525	543

As at 31 December 2023, trade receivables with amounts of approximately HK$640,000 (2022: HK$443,000) due from companies (before allowance for credit losses) which Mr. Su has equity interests on these companies.

As at 31 December 2023, included in the Group's trade receivables are debtors with aggregate carrying amounts of HK$158,000 (2022: HK$444,000) (net of allowance for credit losses) which are past due as at the end of the reporting period. Out of the past due balances, HK$158,000 (2022: HK$177,000) (net of allowance for credit losses) has been past due 90 days or more and is not considered as in default due to good track record of the debtors with the Group. The Group does not hold any collateral over these balances.

As at 31 December 2023, entire trade receivables are denominated in RMB.

23. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Deposits	**25**	804
Prepayment	**309**	557
Loan receivables	**–**	748
Other receivables	**4,659**	3,240
Bond receivables	**1,818**	–
	6,811	5,349
Less: non-current portion	**(1,818)**	–
	4,993	5,349

As at 31 December 2022, loan receivables are unsecured, interest-bearing at 1% and repayable within 6 months from drawdown date. Loan receivables were fully repaid during the year ended 31 December 2023.

Bond receivables with the principal amounts of HK$1,900,000 were unsecured, interest bearing at 5% and matured on 2 years from the drawdown date.

As at 31 December 2023, deposits, prepayment and other receivables with amounts of approximately HK$2,995,000 (2022: HK$2,632,000) are denominated in RMB.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Listed securities classified as held for trading investments:		
– Equity securities listed in Hong Kong, at fair value	**–**	779

At the end of the reporting period, all financial assets at FVTPL are stated at fair values. Fair values of listed securities classified as held for trading investments are determined with reference to quoted market closing prices.

25. CASH AND CASH EQUIVALENTS

	2023	2022
	HK$'000	*HK$'000*
Cash at bank and cash on hand	**12,003**	13,599
Maximum exposure to credit risk	**11,998**	13,589

25. CASH AND CASH EQUIVALENTS *(continued)*

Bank balances earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, amounts of approximately HK$182,000 (2022: HK$58,000) of the Group's cash and cash equivalents placed with banks in the PRC were denominated in RMB, which is subject to foreign exchange control regulations of the PRC.

As at 31 December 2023, cash and cash equivalents with amounts of approximately HK$157,000 (2022: HK$38,000) are denominated in RMB.

26. SHARE CAPITAL

	Number of shares *'000*	Amounts *HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each		
As at 1 January 2021, as at 31 December 2021, as at 1 January 2022 and as at 31 December 2022	**4,950,000**	**495,000**
Preference shares of HK$0.1 each		
As at 1 January 2021, as at 31 December 2021, as at 1 January 2022 and as at 31 December 2022	**50,000**	**5,000**

	Number of shares *'000*	Amounts *HK$'000*
Issued and fully paid:		
Ordinary shares		
As at 1 January 2022, as at 31 December 2022 and as at 1 January 2023	506,220	50,622
Issue of new shares by way of debt capitalisation *(Note)*	101,244	10,124
As at 31 December 2023	**607,464**	**60,746**

Note:

On 23 May 2023, the Company completed to allot and issue total of 101,243,933 new shares of HK$0.23 per settlement share to settle in full and/or in part of unsecured borrowings outstanding to the borrowers by the Group in accordance with the settlement deed with the total amounts of approximately HK$23,285,000. Loss of approximately HK$7,087,000 was recognised in profit or loss.

There are no issued and fully paid preference shares as at 31 December 2023 and 2022.

27. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on earliest of invoice date or date of delivery of goods:

	2023	2022
	HK$'000	*HK$'000*
0-30 days	**949**	259
31-60 days	**–**	–
61-90 days	**5**	107
Over 90 days	**276**	1,484
	1,230	1,850

As at 31 December 2023 and 2022, entire trade payables are denominated in RMB.

The credit period normally granted from supplies up to 120 days.

28. ACCRUALS AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Accruals	**20,062**	18,873
Other payables	**2,172**	2,073
Amount due to a related company	**8,926**	4,856
Other tax payables	**1,044**	4
Interest payables	**269**	52,587
	32,473	78,393
Less: Interest payables classified as non-current portion	**–**	(3,970)
Amount due to a related company classified as non-current portion	**(8,926)**	–
Amounts presented as current portion	**23,547**	74,423

Accruals mainly comprised of accrued staff costs of approximately HK$17,059,000 (2022: HK$15,929,000) and accrued auditor's remuneration of approximately HK$700,000 (2022: HK$750,000).

Amount due to a related company of approximately HK$8,926,000 (2022: HK$4,856,000) which is controlled by Mr. Su. The amount due was unsecured and interest-free. On 15 December 2023, the related company agreed not to demand repayment from the Group in next 18 months. As at 31 December 2022, the amount due was repayable on demand.

As at 31 December 2023, accruals, other payables and interest payables with amounts of approximately HK$19,023,000 (2022: HK$60,181,000) are denominated in RMB.

29. OTHER BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Secured borrowings *(Note)*	**131,237**	117,733
Unsecured borrowings	**7,207**	21,726
	138,444	139,459

The unsecured borrowings with the amounts of approximately HK$7,207,000 (2022: HK$21,726,000) were unsecured, interest bearing at fixed interest rate at 5% (2022: 5% to 18%) per annum and repayable within 2025 (2022: 2023).

On 19 December 2022, the Group entered into extension agreement with lender to further extend the maturity date to 29 December 2023 with the amounts of approximately HK$12,000,000.

In March 2023, the Group entered in repayment agreement with certain lenders which unsecured other borrowings matured and remain outstanding as at 31 December 2022 to repay outstanding principal amounts of HK$9,726,000 to the lenders. Upon repayment of other borrowings, those lenders agreed to waive all outstanding interest expenses owed by the Group with the amounts of approximately HK$1,753,000. The repayment was completed in March 2023.

On 23 May 2023, the Company completed to allot and issue total of 101,243,933 new shares of HK$0.23 per settlement share to settle in full and/or in part of unsecured borrowings outstanding to the borrowers by the Group in accordance with the settlement deed with the total amounts of approximately HK$23,285,000.

On 16 January 2023, the Group entered into new facilities agreement with HJIL to borrow amounted to approximately RMB108,634,000 (equivalent to HK$119,085,000) (the "New Facilities") and repayable after 3 years from agreement date. The proceeds from borrowing were used to repay the outstanding principal of several borrowings indebted to HJIL as at 31 December 2022. The outstanding interest payables due to HJIL as at 31 December 2022 with the amounts of approximately RMB38,755,000 (equivalent to HK$42,483,000) will be extended and repayable after 3 years from agreement date and non-interest bearing (the "Interest-free Loan"). The interest rate of this borrowing will be at 18% per annum. Gain on early repayment of approximately HK$40,749,000 was recognised in non-controlling interests deemed as contribution from non-controlling interests.

On 29 December 2023, HJIL entered into agreement with to the Company to waive all interest expense incurred during the year ended 31 December 2023 with the amounts of approximately RMB20,383,000 (equivalent to HK$22,344,000) and adjusted the interest rate to 5% starting from 1 January 2024. Gain on modification of approximately HK$3,223,000 and waiver of interest expense were recognised in non-controlling interests deemed as contribution from non-controlling interests.

29. OTHER BORROWINGS *(continued)*

Note:

Secured borrowings are analysed as below:

	2023	2022	**Maturity date**	**Fixed interest rate**
	HK$'000	*HK$'000*		
Facility I	**–**	31,396	2022: April 2023 to February 2024	2022: 15%
Facility II	**–**	86,337	2022: March 2022 to December 2024	2022: 15% to 18%
New Facilities:				
– Interest-free loan	**33,889**	–	January 2026	–
– Interest bearing borrowings	**97,348**	–	January 2026 to November 2026	18%
	131,237	117,733		

The outstanding principal of Facility I and Facility II as at 31 December 2022 are approximately HK$36,212,000 and HK$86,337,000 respectively.

The outstanding principal of interest-free loan and interest bearing borrowings was approximately HK$42,483,000 and HK$124,612,000 respectively.

The entire secured borrowings represent loans from HJIL, non-controlling interests of the Group. The borrowings were secured by equity shares of Anzer which is indirectly held by the Company.

As at the end of the reporting period, the borrowings are repayable as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**–**	122,901
Between 1 and 2 years	**7,207**	16,558
Between 2 and 5 years	**131,237**	–
	138,444	139,459
Less: amounts due within one year shown under current liabilities	**–**	(122,901)
Amounts shown under non-current liabilities	**138,444**	16,558

The amounts due are based on scheduled repayment dates set out in the loan agreement. Interest is payable upon repayment of principal.

As at 31 December 2023, other borrowings with amounts of approximately HK$131,237,000 (2022: HK$117,733,000) are denominated in RMB.

30. CONTRACT LIABILITIES

	2023	2022
	HK\$'000	*HK\$'000*
Contract liabilities from provision of engineering products *(Note a)*	**125**	2,856

As at 1 January 2022, contract liabilities from provision of engineering products amounted to approximately HK\$3,770,000.

Contract liabilities with the amounts of approximately HK\$2,835,000 as at 31 December 2022 were recognised as revenue during the year ended 31 December 2023. Amounts of approximately HK\$105,000 (2022: nil) were advanced payment from a company which Mr. Su has equity interests. Entire contract liabilities were denominated in RMB for both years.

The Group classifies these contract liabilities as current because the Group expects these balances to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

31. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 7 November 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on the 10th anniversary thereof (i.e. 6 November 2024). Under the Scheme, the directors may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company or any person who, in the sole discretion of the board, has contributed or may contribute to the Group eligible for options under the Scheme.

As at 31 December 2023 and 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was zero, representing 0% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital must be approved in advance by the Company's shareholders.

Options granted must be taken up within 1 month of the date of grant, upon payment of non-refundable nominal consideration of HK\$1 per option. The exercise period of the share options granted is determinable by the directors in accordance with the terms of the Scheme, and commences from the date of acceptance of the offer of the share options and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price is determined by the directors, and will not be less than the higher of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant, (ii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

Share options are conditional on completing ranging from one to four years of services (the "Vesting Period"). The options are exercisable within five years from the date of grant and expired on 2 January 2022 (both days inclusive).

31. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

The share options granted to the employees of the Group shall be vested in four equal tranches. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting periods and exercise periods of the share options are as follows:

Number of options outstanding as at 1 January 2022	Vesting period	Exercise period
185,869	3 January 2017 to 2 January 2018	3 January 2018 to 2 January 2022
185,869	3 January 2017 to 2 January 2019	3 January 2019 to 2 January 2022
185,869	3 January 2017 to 2 January 2020	3 January 2020 to 2 January 2022
185,869	3 January 2017 to 2 January 2021	3 January 2021 to 2 January 2022
743,476		

The Company has used the Binomial Option Pricing Model for assessing the fair value of the share options granted. According to the Binomial Option Pricing Model, the fair value of the options granted measured as at the date of grant of 3 January 2017 was approximately in a range of HK$3.3730 to HK$3.8671 for each of the four tranches at its closing price at HK$8.90 per share, taking into account various factors, variables and assumptions which include the following:

(i) the risk-free interest rate used was 1.592%;

(ii) the expected volatility was about 49%; and

(iii) the expected annual dividend yield of 0%.

Movements of the share options under the share option scheme during the years ended 31 December 2023 and 2022 are as follows:

Category of Participants	Date of grant	Exercisable period	Exercise price per share	Outstanding as at 01.01.2022	Expired during 2022	Adjustment during 2022	Granted during 2022	Exercised during 2022	Cancelled during 2022	Outstanding as at 31.12. 2022, as at 01.01. 2022 and as at 31.12. 2023
			HK$							
Employees of the Group	3 January 2017	3 January 2018 to 2 January 2022	8.90	743,475	(743,475)	–	–	–	–	–
		Weighted average exercise price		–	8.90	–	–	–	–	–

32. RETIREMENT BENEFIT SCHEME

The Group contributes to a defined contribution the MPF Scheme under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

The total expenses recognised in profit or loss for contributions payable to these plans by the Group at rates specified in the rules of the plans are set out in notes 12 and 13 to the consolidated financial statements respectively.

During the year ended 31 December 2023, there is no forfeited contributions included in retirement benefits schemes contributions (2022: nil).

33. COMMITMENTS

As at 31 December 2023, the Group has no significant capital commitment (2022: Nil).

34. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2023	2022
	HK$'000	*HK$'000*
Non-current asset		
Interests in subsidiaries	**–**	–
Current asset		
Cash and cash equivalents	**11**	33
Total assets	**11**	33
Capital and reserves		
Share capital	**60,746**	50,622
Reserves	**(96,060)**	(85,226)
Total capital deficiencies	**(35,314)**	(34,604)
Non-current liabilities		
Other borrowings	**7,207**	–
Amount due to a related company	**5,470**	–
	12,677	–
Current liabilities		
Accruals and other payables	**4,400**	6,663
Amount due to a subsidiary	**18,248**	18,248
Other borrowings	**–**	9,726
	22,648	–
Total liabilities	**35,325**	34,637
Total equity and liabilities	**11**	33
Net current liabilities	**(22,637)**	(34,604)
Total assets less current liabilities	**(22,637)**	(34,604)

Signed on behalf of the board by:

Fan Yu
Director

Qiu Xueyun
Director

34. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY *(continued)*

(b) Movement of reserves of the Company

	Share premium	Contributed surplus	Share option reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	488,163	38,991	2,783	(609,535)	(79,598)
Loss and total comprehensive loss for the year	–	–	–	(5,628)	(5,628)
Expiry of share options	–	–	(2,783)	2,783	–
As at 31 December 2022 and as at 1 January 2023	488,163	38,991	–	(612,380)	(85,226)
Loss and total comprehensive loss for the year	–	–	–	(29,857)	(29,857)
Issue of new share by way of debt capitalisation	20,248	–	–	–	20,248
Share issuing expenses	(1,225)	–	–	–	(1,225)
As at 31 December 2023	**507,186**	**38,991**	**–**	**(642,237)**	**(96,060)**

35. RELATED PARTY TRANSACTIONS

The followings are summary of related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these consolidated financial statements.

Key management compensation

Key management personnel are the Company's executive directors. Details of compensation of key management personnel are disclosed in note 13 to the consolidated financial statements.

35. RELATED PARTY TRANSACTIONS *(continued)*

	2023	2022
	HK$'000	*HK$'000*
Amounts due to directors		
Mr. Fan Yu *(Note)*	**170**	100
Mr. Tam B Ray, Billy *(Note)*	**150**	125
Mr. Xu Guojun *(Note)*	**11**	–
Ms. Qiu Xueyun *(Note)*	**174**	–
Ms. Han Xiao *(Note)*	**237**	104
Ms. Zhao Yang *(Note)*	**–**	104
Total amounts due to directors	**742**	433
Amounts due to former directors		
Ms. Zhao Yang *(Note)*	**226**	–
Dr. Andrew Goldenberg *(Note)*	**722**	722
Mr. Cheng Yu *(Note)*	**95**	95
Total amounts due to former directors	**1,043**	817

Note:

The payable balances with the directors are unsecured, interest-free and repayable on demand. The balances are included in accruals and other payables (note 28).

Balances with other related parties

Balances with other related parties are set out in notes 21, 22 and 28 to the consolidated financial statements respectively.

Transactions with related parties

	2023	2022
	HK$'000	*HK$'000*
Provision for intelligence project services to related companies	**1,242**	1,495

During the years ended 31 December 2023 and 2022, certain related companies provided office and warehouse to the Group's operation for which no charge was made by those related companies.

36. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company are listed as follows:

Name of subsidiary	Place/country of incorporation	Class of shares held	Proportion of ownership interest and voting power held by the Company 2023 %	2022 %	Issued and fully paid share capital/ registered capital	Principal activities
Ace Jounery Company Limited	British Virgin Island ("BVI")	Ordinary	**100**	–	USD1	Investment holding
Anzer#	PRC	Incorporated	**50.5**	50.5	RMB50,000,000	Provision of engineering products and related services
China SuperRobotics Limited	Hong Kong	Ordinary	**100**	100	HK$1	Investment holding
EDS Distribution Limited ("EDSD")	Hong Kong	Ordinary	**90**	90	HK$1	Investment holding
EDS International Holdings Limited	BVI	Ordinary	**100**	100	USD1	Investment holding
Smart City Technology (HK) Company Limited	Hong Kong	Ordinary	**100**	–	HK$10,000	Dormant
安兆科技(深圳)有限公司@#	PRC	Incorporated	**100**	100	HK$25,000,000	Investment holding
深圳市帝光實業有限公司 (Shenzhen Diguang Industrial Co., Ltd*)# ("Diguang")	PRC	Incorporated	**50.5**	50.5	RMB980,000	Investment holding
深圳市安卓智能工程有限公司 ("安卓")#	PRC	Incorporated	**50.5**	50.5	RMB30,000	Provision of engineering products and related services

@ Wholly-owned foreign enterprise in the PRC
\# Limited liability companies in the PRC

None of the subsidiaries had debt securities outstanding at the end of the year or at any time during the year.

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

* for identification purpose only

36. PARTICULARS OF SUBSIDIARIES *(continued)*

Material non-controlling interests

The material non-controlling interests represent the following:

	2023	2022
	HK$'000	*HK$'000*
Diguang and its subsidiaries ("Diguang Group") *(Note)*	**(73,625)**	(125,952)

Note: Diguang Group comprised of Diguang, Anzer and 安卓.

Except for Diguang Group, the directors consider that the Group's non-controlling interests were insignificant to the Group and thus are not separately presented in these financial statements for both years. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed below are before intragroup eliminations.

	Diguang Group	
	2023	2022
	HK$'000	*HK$'000*
Current assets	**13,646**	6,931
Non-current assets	**112**	737
Current liabilities	**(96,585)**	(240,540)
Non-current liabilities	**(131,237)**	(20,528)
Equity attributable to owners of the Company	**(140,439)**	(127,448)
Non-controlling interests	**(73,625)**	(125,952)

36. PARTICULARS OF SUBSIDIARIES *(continued)*

Material non-controlling interests *(continued)*

	Diguang Group	
	2023	2022
	HK$'000	*HK$'000*
Revenue	**15,081**	3,961
Loss for the year	**(33,816)**	(47,597)
Loss for the year attributable to:		
– owners of the Company	**(17,081)**	(24,041)
– non-controlling interests	**(16,735)**	(23,556)
	(33,816)	(47,597)
Total comprehensive loss for the year attributable to:		
– owners of the Company	**(14,278)**	(14,428)
– non-controlling interests	**(13,990)**	(14,135)
	(28,268)	(28,563)
Dividend paid to non-controlling interests	**–**	–
Net cash outflow from operating activities	**(7,335)**	(8,524)
Net cash inflow from investing activities	**21**	600
Net cash inflow from financing activities	**1,855**	4,382
Net cash outflow	**(5,459)**	(3,542)

37. DISPOSAL OF SUBSIDIARIES

On 7 October 2022, the Group completed to dispose the entire equity interest in Ace Force Holding Limited and Star Run Investment Ltd and their respective subsidiaries (collectively referred to as the "Disposal Group") to an independent third party and a sale loan of approximately HK$200,636,000 at consideration of US$2. The net liabilities of the Disposal Group at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Deposits, prepayment and other receivables	223
Trade payables	(1,356)
Accruals and other payables	(2,527)
Amounts due to group companies	(200,636)
Net liabilities disposed of	(204,296)

37. DISPOSAL OF SUBSIDIARIES *(continued)*

Gain on disposal of subsidiaries

	HK$'000
Consideration received	–
Less: net liabilities disposed of	204,296
Amounts due to group companies assigned to purchaser	(200,636)
Reclassification of cumulative foreign currency translation reserve upon disposal of the Disposal Group to profit or loss	9,885
Gain on disposal	13,545

There was HK$16 cash inflow arising on disposal.

38. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 16 December 2022, the Group completed the share allotment in EDSD to an independent third party with the consideration of HK$100,000. As a result of completion of share allotment, the Group's shareholding in EDSD and CHEL, the direct non-wholly owned subsidiary of EDSD, decreased from 100% to 90% and decreased from 51% to 45.9% respectively. The Group recognised a decrease in non-controlling interests of approximately HK$1,963,000 and increase in equity attributable to owners of the Company of approximately HK$1,963,000 as at the date of completion.

39. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2023, the Group disposed of certain property, plant, and equipment approximately with the amounts of approximately HK$2,116,000 which were not yet settled at the end of the reporting period and included in other receivables.

During the year ended 31 December 2023, the Group disposed of certain property, plant and equipment with the amounts of approximately HK$4,000 and HK$7,000 and set off with trade payables and accruals and other payables respectively.

On 16 January 2023, the Group entered into new facilities agreement with HJIL to borrow a total of approximately HK$119,085,000 to settle the outstanding principal of facility 1 and 2 and the respective interest payables.

On 23 May 2023, the Company completed to allot and issue total of 101,243,933 new shares of HK$0.23 per settlement share to settle in full and/or in part of unsecured loans outstanding to the borrowers with the total amounts of approximately HK$23,285,000.

On 19 December 2023, HJIL entered into agreement with to the Company to waive all interest expense incurred during the year ended 31 December 2023 with the amounts of approximately HK$22,344,000.

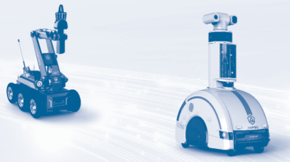
40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other borrowings	**Lease liabilities**	**Interest payables**	**Amount due to a related company**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2022	132,643	1,214	32,973	3,456	170,286
Financing cash flows	10,599	(1,154)	–	1,400	10,845
Finance costs recognised	5,092	4	22,204	–	27,300
Exchange realignment	(8,875)	(64)	(2,590)	–	(11,529)
As at 31 December 2022 and as at 1 January 2023	139,459	–	52,587	4,856	196,902
Modification of financial liabilities	(43,972)	–	–	–	(43,972)
Transfer to other borrowings	42,483	–	(42,483)	–	–
Issue of new shares by way of debt capitalisation	(14,592)	–	(8,693)	–	(23,285)
Waiver of loan interests payables	–	–	(24,097)	–	(24,097)
Financing cash flows	5,638	–	–	4,070	9,708
Finance costs recognised	13,634	–	23,562	–	37,196
Exchange realignment	(4,206)	–	(607)	–	(4,813)
As at 31 December 2023	**138,444**	**–**	**269**	**8,926**	**147,639**

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.



FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	
Revenue	**15,081**	3,961	18,455	22,754	88,155
(Loss)/profit for the year attributable to:					
– owners of the Company	**(27,756)**	(13,697)	(36,944)	(109,602)	(168,425)
– non-controlling interests	**(17,320)**	(24,842)	(13,572)	(22,283)	4,112
	(45,076)	(38,539)	(50,516)	(131,885)	(164,313)

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**27,554**	22,213	46,045	141,237	206,256
Total liabilities	**(172,272)**	(222,558)	(211,166)	(259,780)	(179,238)
Non-controlling interests	**76,314**	128,059	110,773	93,939	(6,607)
(Capital deficiencies)/ equity attributable to owners of the Company	**(68,404)**	(72,286)	(54,348)	(24,604)	20,411