

Deyun Holding Ltd. 德運控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1440

ANNUAL REPORT 2021 年報

* for identification purpose only 僅供識別

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Lin Minqiang (*Chairman*)
Mr. Lin Chaowei
Mr. Lin Chaowen
Mr. Lin Bingzhong
Mr. Wei Cunzhuo
Ms. Lin Lili

Independent non-executive directors

Mr. Sheng Zijiu
Mr. Chow Kit Ting
Mr. Yip Koon Shing
Mr. Wong Chun Sek Edmund

AUDIT COMMITTEE

Mr. Chow Kit Ting (*Chairman*)
Mr. Sheng Zijiu
Mr. Yip Koon Shing
Mr. Wong Chun Sek Edmund

REMUNERATION COMMITTEE

Mr. Yip Koon Shing (*Chairman*)
Mr. Sheng Zijiu
Mr. Wong Chun Sek Edmund
Mr. Chow Kit Ting

NOMINATION COMMITTEE

Ms. Lin Lili (*Chairman*)
Mr. Sheng Zijiu
Mr. Yip Koon Shing
Mr. Wong Chun Sek Edmund

COMPLIANCE ADVISER

Dakin Capital Limited
Suite 3509, 35/F
Tower 2, Lippo Centre
89 Queensway
Hong Kong

董事會

執行董事

林民強先生 (*主席*)
林朝偉先生
林朝文先生
林秉忠先生
魏存灼先生
林莉莉女士

獨立非執行董事

盛子九先生
周傑靈先生
葉冠成先生
黃俊碩先生

審核委員會

周傑靈先生 (*主席*)
盛子九先生
葉冠成先生
黃俊碩先生

薪酬委員會

葉冠成先生 (*主席*)
盛子九先生
黃俊碩先生
周傑靈先生

提名委員會

林莉莉女士 (*主席*)
盛子九先生
葉冠成先生
黃俊碩先生

合規顧問

德健融資有限公司
香港
金鐘道89號
力寶中心2座
35樓3509室

INDEPENDENT AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants &
Registered Public Interest Entity Auditor*
22/F, Prince's Building
Central
Hong Kong

REGISTERED OFFICE

71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

No. 97 Longjiangnan Road
Longxia Village, Songxia Town
Changle District, Fuzhou
Fujian, the PRC

COMPANY SECRETARY

Ms. Xu Jing (*CICPA, FCCA, FCPA*)

AUTHORISED REPRESENTATIVES

Mr. Lin Minqiang
Ms. Xu Jing

PRINCIPAL BANKERS

Bank of China Company Limited, Changle Sub-branch
Industrial Bank Company Limited, Changle Sub-branch
China Merchants Bank, Fuzhou Branch, Wusi Sub-branch

獨立核數師

羅兵咸永道會計師事務所
*執業會計師及
註冊公眾利益實體核數師*
香港
中環
太子大廈22樓

註冊辦事處

71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

主要營業地點及中國總部

中國福建省
福州長樂區
松下鎮壘下村
龍江南路97號

公司秘書

徐靜女士 (*CICPA, FCCA, FCPA*)

授權代表

林民強先生
徐靜女士

主要往來銀行

中國銀行股份有限公司長樂支行
興業銀行股份有限公司長樂支行
招商銀行福州分行五四支行

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PLACE OF BUSINESS IN HONG KONG

Unit 1705, 17/F
Strand 50
50 Bonham Strand
Sheung Wan
Hong Kong

COMPANY'S WEBSITE

www.ds-lace.com

STOCK NAME

Deyun Holding

STOCK CODE

1440

開曼群島主要股份過戶登記處

Appleby Global Services (Cayman) Limited
71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

香港股份過戶登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712至1716號舖

香港營業地點

香港
上環
文咸東街50號
寶恆商業中心
17樓1705室

公司網址

www.ds-lace.com

股份名稱

Deyun Holding

股份代號

1440

Five-Year Financial Summary 五年財務概要

CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

| | | Year ended 31 December 截至12月31日止年度 | | | | |
|---|--------------|---------------------------------------|-----------|-----------|-----------|-----------|
| | | 2021 | 2020 | 2019 | 2018 | 2017 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 2021年 | 2020年 | 2019年 | 2018年 | 2017年 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Revenue | 收益 | 165,942 | 198,478 | 203,443 | 172,480 | 145,981 |
| Cost of sales | 銷售成本 | (126,748) | (124,621) | (136,539) | (127,107) | (118,826) |
| Gross profit | 毛利 | 39,194 | 73,857 | 66,904 | 45,373 | 27,155 |
| Profit before income tax | 除所得稅前溢利 | 24,080 | 52,593 | 49,075 | 36,090 | 19,023 |
| Profit for the year attributable to owners of the Company | 本公司擁有人應佔年內溢利 | 21,182 | 43,821 | 41,851 | 31,550 | 16,798 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

| | | As at 31 December 於12月31日 | | | | |
|-------------------|------|------------------------------|----------|----------|-----------|----------|
| | | 2021 | 2020 | 2019 | 2018 | 2017 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 2021年 | 2020年 | 2019年 | 2018年 | 2017年 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Total assets | 資產總值 | 380,215 | 300,020 | 234,423 | 233,139 | 207,951 |
| Total liabilities | 負債總額 | (45,509) | (77,069) | (55,155) | (105,178) | (80,460) |
| Total equity | 權益總額 | 334,706 | 222,951 | 179,268 | 127,961 | 127,491 |

The summary above does not form part of the audited consolidated financial statements.

上述摘要並不構成經審核綜合財務報表的一部分。

Chairman's Statement

主席報告

Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Deyun Holding Ltd. (the “**Company**”), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively, the “**Group**”) (and each being “**we**”, “**us**” or “**our Group**” for the purposes of this annual report as appropriate) for the year ended 31 December 2021 (the “**Reporting Period**”).

KEY FINANCIAL HIGHLIGHTS

Revenue (RMB'000)
Gross profit (RMB'000)
Profit before income tax (RMB'000)

Profit for the year attributable to owners of the Company (RMB'000)

Earnings per share
– Basic and diluted (RMB cents)

收益(人民幣千元)
毛利(人民幣千元)
除所得稅前溢利(人民幣千元)

本公司擁有人應佔年內溢利
(人民幣千元)

每股盈利
– 基本及攤薄(人民幣分)

Year ended 31 December

截至12月31日止年度

| 2021 (Audited) | 2020 (Audited) |
|-------------------|-------------------|
| 2021年 (經審核) | 2020年 (經審核) |

| | |
|---------|---------|
| 165,942 | 198,478 |
| 39,194 | 73,857 |
| 24,080 | 52,593 |

| | |
|--------|--------|
| 21,182 | 43,821 |
|--------|--------|

| | |
|------|------|
| 1.70 | 4.64 |
|------|------|

BUSINESS OVERVIEW

We are a long-established lace manufacturer and dyeing service provider based in Fuzhou City, Fujian, the People's Republic of China (the “**PRC**”). We are primarily engaged in manufacturing and sales of lace to our customers to produce branded lingerie products on order-by-order basis. For our dyeing services, our customers are mainly lace and swim wear manufacturers who would provide us with their own lace and swimwear fabrics to dye before further fabrication. As part of our business diversification strategies, we commenced our footwear trading business in Hong Kong during the Reporting Period.

During the Reporting Period, the global economy was gradually recovering from the outbreak of the novel coronavirus (the “**COVID-19**”) and demand on lace products and dyeing services from the PRC market remained stable. However, our financial performance for the Reporting Period was adversely affected by the following incidents.

致各位股東：

本人謹代表Deyun Holding Ltd. (德運控股有限公司*) (「本公司」) 董事(「董事」) 會(「董事會」)，欣然向閣下提呈本公司及其附屬公司(統稱「本集團」) (就本年報而言，各自為「我們」或「集團」(倘適用)) 截至2021年12月31日止年度(「報告期間」) 的年報。

主要財務摘要

Year ended 31 December

截至12月31日止年度

| 2021 (Audited) | 2020 (Audited) |
|-------------------|-------------------|
| 2021年 (經審核) | 2020年 (經審核) |

| | |
|---------|---------|
| 165,942 | 198,478 |
| 39,194 | 73,857 |
| 24,080 | 52,593 |

| | |
|--------|--------|
| 21,182 | 43,821 |
|--------|--------|

| | |
|------|------|
| 1.70 | 4.64 |
|------|------|

業務回顧

我們為一家歷史悠久的花邊製造商及染整服務供應商，總部位於中華人民共和國(「中國」) 福建省福州市。我們主要從事按訂單製造及向客戶銷售花邊以生產品牌內衣產品。就染整服務而言，我們的客戶主要為花邊及泳裝製造商，彼等向我們提供其本身的花邊及泳裝面料，在進一步製造前進行染色。作為我們業務多元化策略的一部分，我們於報告期內在香​​港開展鞋類貿易業務。

於報告期間，全球經濟正從新型冠狀病毒(「**COVID-19**」) 疫情中逐步復甦，中國市場對花邊產品及染整服務的需求保持穩定。然而，我們於報告期內的財務表現受到以下事件的不利影響。

* For identification purpose only

* 僅供識別

In February 2021, a fire incident broke out in a dyeing factory in Fujian and it raised the concerns of the relevant PRC government authorities on fire safety. The dyeing factories in Fujian were ordered to halt operations and enhance their fire protection measures. We halted operations for approximately three weeks, which caused interruptions to our production schedule and sales. The relevant PRC government authorities were satisfied with our enhance fire protection measures. Further, an outbreak of COVID-19 in Guangdong Province in May 2021 caused interruptions to business activities of some of our Guangdong-based customers, which in turn negatively affected our sales performance for the first half of 2021.

In the second half of 2021, our production schedule and sales were affected as (i) another dyeing factory in Fujian had a fire incident and the dyeing factories in Fujian were once again ordered to halt operations and enhance their fire protection measures; (ii) factories in the PRC were required under the power-cut policy of the PRC government to reduce their electricity usage in order to meet the environmental targets; and (iii) our gross profit margin for the Reporting Period decreased as a result of rising cost of raw materials and other production costs.

Overall, we recorded revenue of approximately RMB165.9 million for the Reporting Period, representing a decrease of approximately 16.4% from approximately RMB198.5 million for the year ended 31 December 2020. Our net profit for the Reporting Period decreased by approximately 51.7% to approximately RMB21.2 million from approximately RMB43.8 million for the year ended 31 December 2020.

於2021年2月，福建一間染整廠發生火災事故，引起中國政府相關部門對消防安全的關注。位於福建的染整廠均被責令停業，以加強防火措施。我們停止運營大約三週，導致我們的生產計劃及銷售中斷。相關中國政府機關對我們的加強防火措施滿意。此外，於2021年5月在廣東省爆發的COVID-19導致某些廣東客戶的業務活動中斷，從而令我們2021年上半年的銷售業績受到負面影響。

2021年下半年，我們的生產進度和銷售受到影響，因為(i)福建另一家染廠發生火災，福建染廠再次被責令停業並加強防火措施；(ii)中國政府的限電政策要求中國工廠減少用電量以達到環保目標；及(iii)報告期毛利率因原材料成本及其他生產成本上升而下降。

整體而言，我們於報告期內錄得收入約人民幣165.9百萬元，較截至2020年12月31日止年度約人民幣198.5百萬元減少約16.4%。我們於報告期間的純利由截至2020年12月31日止年度的約人民幣43.8百萬元減少約51.7%至約人民幣21.2百萬元。

OUTLOOK AND BUSINESS STRATEGY

Looking ahead, our business is supported by various market drivers, including rising disposable income, growing retail value of women's outerwear and lingerie, wider application of lace fabric, further expansion of online retailing and improved trading efficiency brought by the development of e-commerce. The government authorities may also roll out more stringent environmental protection policies from time to time and the lace dyeing industry will become more concentrated.

We will strive our best to expand our revenue streams, reduce our operating costs and identify appropriate business opportunities to maximise the interests of the Company and its shareholders. We will comply with any new laws, regulations and environmental policies that are relevant to our business operations.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, suppliers, bankers and other business associates for their trust and support.

By order of the Board
Deyun Holding Ltd.
Mr. Lin Minqiang
Chairman

Hong Kong, 25 March 2022

* For identification purpose only

前景及業務策略

展望未來，我們的業務將受各種市場驅動因素的支持，包括可支配收入不斷提高、女裝內外衣零售值持續增長、花邊布料用途日趨廣泛，網上零售進一步擴張及電子商務發展帶動交易效率提升。政府部門亦可能會不時推出更嚴格的環保政策，花邊染整市場將更加集中。

我們將盡最大努力擴大收入來源、降低營運成本及物色合適的商機，以使本公司及其股東的利益最大化。我們將遵守與我們的業務運營相關的任何新法律、法規和環境政策。

致謝

本人謹代表董事會，感謝全體同仁一直努力不懈及竭誠貢獻。本人亦對全體股東、客戶、供應商、往來銀行及其他業務夥伴的信任及支持表示感謝。

承董事會命
Deyun Holding Ltd. (德運控股有限公司*)
主席
林民強先生

香港，2022年3月25日

* 僅供識別

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Revenue

The Group provides dyeing services as well as sale and manufacture of lace to its customers. The Group's customers are mainly lace and swim wear manufacturers. Substantial portion of the Group's revenue are domestic sales. As part of the business diversification strategies, the Group commenced its footwear trading business in Hong Kong during the Reporting Period.

Revenue by product types

Breakdown of the Group's revenue by product types is as follows:

| | | Year ended 31 December 截至12月31日止年度 | | | |
|-------------------|--------|---------------------------------------|---------|---------|---------|
| | | 2021 | | 2020 | |
| | | RMB'000 | % of | RMB'000 | % of |
| | | 2021年 | revenue | 2020年 | revenue |
| | | 人民幣千元 | 佔收益% | 人民幣千元 | 佔收益% |
| Dyeing | 染整 | 94,244 | 56.8 | 121,803 | 61.4 |
| Lace | 花邊 | | | | |
| – High density | – 高密度 | 45,097 | 27.2 | 50,020 | 25.2 |
| – Regular density | – 正常密度 | 11,064 | 6.6 | 26,655 | 13.4 |
| Sub-total | 小計 | 56,161 | 33.8 | 76,675 | 38.6 |
| Sales of shoes | 鞋履銷售 | 15,537 | 9.4 | – | – |
| Total | 總計 | 165,942 | 100.0 | 198,478 | 100.0 |

Revenue by geographical regions

Breakdown of the Group's revenue by geographical regions is as follows:

| | | Year ended 31 December 截至12月31日止年度 | | | |
|---------------------|----|---------------------------------------|---------|---------|---------|
| | | 2021 | | 2020 | |
| | | RMB'000 | % of | RMB'000 | % of |
| | | 2021年 | revenue | 2020年 | revenue |
| | | 人民幣千元 | 佔收益% | 人民幣千元 | 佔收益% |
| Domestic sales | 內銷 | 148,577 | 89.5 | 196,672 | 99.1 |
| International sales | 外銷 | 17,365 | 10.5 | 1,806 | 0.9 |
| Total | 總計 | 165,942 | 100.0 | 198,478 | 100.0 |

財務回顧

收益

本集團向其客戶提供染整服務以及花邊的銷售及製造。本集團的客戶主要為花邊及泳裝製造商。本集團收益的絕大部分為內銷。作為業務多元化戰略的一部分，本集團於報告期內在香​​港開展鞋類貿易業務。

按產品類別劃分的收益

本集團按產品類別劃分的收益明細如下：

按地區劃分的收益

本集團按地區劃分的收益明細如下：

Dyeing

The Group's dyeing revenue decreased by approximately 22.6% from approximately RMB121.8 million for the year ended 31 December 2020 to approximately RMB94.2 million for the Reporting Period, primarily attributable to the following incidents: (i) an outbreak of COVID-19 in Guangdong Province in May 2021 caused interruptions to business activities of some of our Guangdong-based customers, which in turn negatively affected our sales performance for the first half of 2021; (ii) two dyeing factories in Fujian had fire incidents and the dyeing factories in Fujian were ordered to halt operations and enhance their fire protection measures during the Reporting Period; and (iii) factories in the PRC were required under the power-cut policy of the PRC government to reduce their electricity usage in order to meet the environmental targets. As a result of the fire incidents and the power-cut policy, our production schedule was delayed, leading to a significant decline in our production capacity and revenue for the Reporting Period.

Lace

The Group's lace products are classified into (i) regular density lace, and (ii) high density lace. The lace revenue decreased by approximately 26.8% from approximately RMB76.7 million for the year ended 31 December 2020 to approximately RMB56.2 million for the Reporting Period for the reasons mentioned above.

Sales of shoes

The Group commenced a footwear trading business in Hong Kong during the Reporting Period and recorded revenue of approximately RMB15.5 million (2020: nil).

Gross profit and gross profit margin

Gross profit decreased by approximately 46.9% from approximately RMB73.9 million for the year ended 31 December 2020 to approximately RMB39.2 million for the Reporting Period, primarily attributable to the decrease in sales of dyeing services and lace products.

Gross profit margin decreased from approximately 37.2% for the year ended 31 December 2020 to approximately 23.6% for the Reporting Period.

Other income

Other income decreased by approximately 63.5% from approximately RMB5.3 million for the year ended 31 December 2020 to approximately RMB1.9 million for the Reporting Period, primarily attributable to the decrease in one-off government grants in relation to the listing of the shares of the Company.

染整

本集團的染整收益由截至2020年12月31日止年度約人民幣121.8百萬元減少約22.6%至報告期間約人民幣94.2百萬元，主要由於以下事件：(i)2021年5月在廣東省爆發的COVID-19 導致我們一些廣東客戶的業務活動中斷，進而對我們2021年上半年的銷售業績產生負面影響；(ii)報告期內，福建兩家染廠發生火災，福建染廠被責令停業並加強消防措施；及 (iii)中國政府的限電政策要求中國工廠減少用電量以達到環保目標。由於火災事件和限電政策，我們的生產計劃被推遲，導致報告期內我們的產能和收入大幅下降。

花邊

本集團的花邊產品分為兩大類，即(i)正常密度花邊；及(ii)高密度花邊。由於上述原因，花邊收益由截至2020年12月31日止年度約人民幣76.7百萬元減少約26.8%至報告期間約人民幣56.2百萬元。

鞋履銷售

報告期內，本集團在香港開展鞋類貿易業務，錄得收入約人民幣15.5百萬元(2020年：無)。

毛利及毛利率

毛利由截至2020年12月31日止年度約人民幣73.9百萬元減少約46.9%至報告期間約人民幣39.2百萬元，主要由於染整服務及花邊產品的銷售下降。

毛利率由截至2020年12月31日止年度的約37.2%下降至於報告期間的約23.6%。

其他收入

其他收入由截至2020年12月31日止年度約人民幣5.3百萬元減少約63.5%至報告期間約人民幣1.9百萬元，主要由於有關本公司股份上市的一次性政府補助減少所致。

Other losses, net

The Group recorded net other losses of approximately RMB1.6 million for the year ended 31 December 2020 and such losses increased to approximately RMB3.7 million for the Reporting Period, primarily attributable to the increase in losses on disposal of properties, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses and staff cost in relation to sales and marketing staff. Selling and distribution expenses increased by approximately 6.1% from approximately RMB2.3 million for the year ended 31 December 2020 to RMB2.4 million for the Reporting Period, primarily attributable to the increase in packaging expenses.

Administrative expenses

Administrative expenses decreased by approximately 53.2% from approximately RMB22.1 million for the year ended 31 December 2020 to approximately RMB10.3 million for the Reporting Period as the Group recognised one-off listing expenses of approximately RMB13.3 million for the year ended 31 December 2020.

Finance income/(costs), net

The Group recorded net finance costs of approximately RMB0.2 million for the year ended 31 December 2020 and net finance income of approximately RMB1.4 million for the Reporting Period, primarily attributable to the increase in Group's cash and cash equivalents after its successful listing that generated more interest income.

Income tax expenses

Deyun Technology, principal operating subsidiary of the Group, is recognised as a High and New Technology Enterprise* (高新技術企業) and therefore entitled to a preferential tax rate of 15% for the year ended 31 December 2020 and for the Reporting Period. During the Reporting Period, Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits. The income tax expenses decreased from approximately RMB8.8 million for the year ended 31 December 2020 to approximately RMB2.9 million for the Reporting Period, mainly due to the decrease in assessable profits that were subject to PRC corporate income tax.

* For identification purpose only

其他虧損淨額

截至2020年12月31日止年度，本集團錄得其他虧損淨額約人民幣1.6百萬元，而報告期間有關虧損增加至約人民幣3.7百萬元，主要由於出售物業、廠房及設備的虧損增加所致。

銷售及分銷開支

銷售及分銷開支主要包括包裝開支及有關銷售及營銷人員的員工成本。銷售及分銷開支由截至2020年12月31日止年度的約人民幣2.3百萬元增加約6.1%至本報告期的人民幣2.4百萬元，主要由於包裝費用增加所致。

行政開支

行政開支由截至2020年12月31日止年度約人民幣22.1百萬元減少約53.2%至報告期間約人民幣10.3百萬元，主要由於因為本集團於截至2020年12月31日止年度確認一次性上市開支約人民幣13.3百萬元。

融資收入／(成本)淨額

截至2020年12月31日止年度，本集團錄得財務成本淨額約人民幣0.2百萬元，報告期內財務收入淨額約人民幣1.4百萬元，主要是由於本集團成功上市後現金及現金等價物增加產生了更多的利息收入。

所得稅開支

本集團的主要經營附屬公司德運科技被認定為高新技術企業，因此於截至2020年12月31日止年度及報告期間可按優惠稅率15%納稅。報告期內，香港利得稅已按該年度估計應課稅溢利的8.25%的稅率計提。所得稅開支由截至2020年12月31日止年度約人民幣8.8百萬元減少至報告期約人民幣2.9百萬元，主要由於應繳納中國企業所得稅的應課稅溢利減少。

Effective income tax rate decreased from approximately 16.7% for the year ended 31 December 2020 to approximately 12.0% for the Reporting Period, primarily attributable to the recognition of one-off listing expenses of approximately RMB13.3 million for the year ended 31 December 2020, which were non-deductible for tax purpose.

Net profit and net profit margin

As a result of foregoing, the Group's net profit for the year ended 31 December 2020 decreased from approximately RMB43.8 million to approximately RMB21.2 million for the Reporting Period. Net profit margin decreased from approximately 22.1% for the year ended 31 December 2020 to approximately 12.8% for the Reporting Period.

Dividend

The Board does not recommend the payment of dividend for the Reporting Period (2020: nil).

LIQUIDITY, CAPITAL RESOURCES AND GEARING

Net current assets

The Group had net current assets of approximately RMB177.3 million as at 31 December 2021 (2020: approximately RMB74.2 million). The current ratio of the Group increased from approximately 2.0 times as at 31 December 2020 to approximately 5.1 times as at 31 December 2021. The increase in net current assets and improvement of current ratio as at 31 December 2021 was primarily attributable to the increase in cash and cash equivalents and repayment of bank borrowings during the Reporting Period.

Cash and cash equivalents, borrowings and pledge of assets

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from listing. The Group will adjust its mix of funding mix depending on the costs of funding and its actual needs.

As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB182.3 million (2020: approximately RMB109.5 million) and they were denominated in RMB, USD and HKD.

實際所得稅率由截至2020年12月31日止年度約16.7%減少至報告期間約12.0%主要由於截至2020年12月31日止年度確認不可扣稅的一次性上市開支約人民幣13.3百萬元。

淨利潤及淨利潤率

由於上述各項，本集團於截至2020年12月31日止年度的淨利潤由約人民幣43.8百萬元減少至報告期間約人民幣21.2百萬元。淨利潤率由截至2020年12月31日止年度約22.1%下降至報告期間約12.8%。

股息

董事會不建議就報告期間派付股息(2020年：無)。

流動資金、資本資源及資產負債比率

流動資產淨值

於2021年12月31日，本集團的流動資產淨值約為人民幣177.3百萬元(2020年：約人民幣74.2百萬元)。本集團的流動比率由2020年12月31日的約2.0倍升至2021年12月31日的約5.1倍。於2021年12月31日，流動資產淨值增加及流動比率改善主要由於報告期內現金及現金等價物增加及償還銀行借款所致。

現金及現金等價物、借款及資產抵押

本集團通過平衡使用內部資源、借款及上市資金滿足其業務及營運資金需求。本集團將視乎資金成本及實際需求調整其資金組合。

於2021年12月31日，本集團的現金及現金等價物約為人民幣182.3百萬元(2020年：約人民幣109.5百萬元)，以人民幣、美元及港元計值。

Management Discussion and Analysis

管理層討論及分析

As at 31 December 2021, the Group had no bank borrowings (2020: RMB13.0 million).

As at 31 December 2020, the Group's bank borrowings carried floating rates at 4.4% per annum. The Group's bank borrowings as at 31 December 2020 were denominated in RMB and they were secured by the Group's properties, plant and equipment with carrying amount of approximately RMB19.4 million.

As at 31 December 2021, the Group had no undrawn banking facilities (2020: RMB62.0 million).

Gearing ratio

As at 31 December 2021, the Group had a gearing ratio of nil, calculated by dividing total debt by total equity (2020: approximately 5.8%). The decrease in the gearing ratio was primarily due to the repayment of the Group's bank borrowings.

Capital structure

As at the date of this announcement, the Company's issued share capital was HKD12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares of HKD0.01 each.

Capital expenditure

For the Reporting Period, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment in the amount of approximately RMB35.2 million (2020: approximately RMB2.0 million).

Foreign exchange risks and hedging

The majority of assets and liabilities of the Group are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than RMB, which is the functional currency of the major operating companies within the Group. During the Reporting Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had capital commitments of approximately RMB0.2 million in relation to the purchase of properties, plant and equipment (2020: approximately RMB2.8 million).

於2021年12月31日，本集團無銀行借款（2020年：人民幣13.0百萬元）。

於2020年12月31日，本集團的銀行借款按浮動年利率4.4%計息。本集團於2020年12月31日的銀行借款以人民幣計值，並以本集團賬面值約為人民幣19.4百萬元的物業、廠房及設備作抵押。

於2021年12月31日，本集團沒有未提取銀行融資總額（2020年：人民幣62.0百萬元）。

資產負債比率

於2021年12月31日，本集團的資產負債比率為無，乃按債務總額除以權益總額計算（2020：約5.8%）。資產負債比率下降主要由於本集團償還銀行借款所致。

資本結構

於本公告日期，本公司的已發行股本為12,600,000港元，本公司的已發行股份數目為1,260,000,000股每股面值0.01港元的普通股。

資本開支

於報告期間，本集團就購置物業、廠房及設備產生資本開支現金流量約人民幣35.2百萬元（2020年：約人民幣2.0百萬元）。

外匯風險及對沖

本集團的大部分資產及負債以人民幣、美元及港元計值，並無其他重大資產及負債以其他貨幣計值。本集團面臨因日後商業交易以及確認以人民幣以外的貨幣（為本集團內主要營運公司的功能貨幣）計值的資產及負債而產生的外幣匯率風險。於報告期間，本集團並無對沖其外幣風險。本集團定期監察外匯風險，並將於有需要時考慮對沖重大外匯風險。

資本承擔

於2021年12月31日，本集團就購置物業、廠房及設備的資本承擔約為人民幣0.2百萬元（2020年：約人民幣2.8百萬元）。

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities (2020: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

As at 31 December 2021, the Group had 495 employees (2020: 469 employees) and the Group's total employee benefit expenses (including directors' emoluments) for the Reporting Period amounted to approximately RMB37.1 million (2020: approximately RMB37.7 million).

PENSION SCHEME

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme (the "Defined Contribution Scheme") operated by the PRC government. The Group is required to contribute a certain percentage of basic payroll costs to the Defined Contribution Scheme.

The Group's contributions to the Defined Contribution Scheme vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 December 2021, there was no forfeiture of contributions under the Defined Contribution Scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Scheme as at 31 December 2021. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Scheme.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Reporting Period.

或然負債

於2021年12月31日，本集團並無任何重大或然負債（2020年：無）。

僱員及薪酬政策

本集團的僱員一般以收取固定薪金的方式獲得薪酬，彼等亦有權收取多項福利，包括但不限於按工作性質給予的補貼、績效花紅、有薪假期及購股權。本集團亦為僱員作出強制性社會保障基金供款。本集團為僱員採用一套評核系統，並於進行薪金檢討及釐定花紅金額時考慮個別僱員的評核結果。為提高僱員的績效，本集團為僱員提供足夠及定期的培訓。

於2021年12月31日，本集團共有495名僱員（2020年：469名僱員），本集團於報告期間的僱員福利開支總額（包括董事酬金）約為人民幣37.1百萬元（2020年：約人民幣37.7百萬元）。

退休金計劃

本集團於中國成立的附屬公司，其僱員須參與由中國政府營運的國家管理退休福利計劃（「定額供款計劃」）。本集團須按基本薪金成本的若干百分比對定額供款計劃供款。

本集團對定額供款計劃的供款，全額即時歸僱員所有。據此，(i)截至二零二一年十二月三十一日止年度，並無定額供款計劃項下的供款遭到沒收；及(ii)於二零二一年十二月三十一日，本集團並無遭沒收供款，可用於降低定額供款計劃的現有供款水平。供款根據定額供款計劃規則變成應付時於損益扣除。

重大投資、重大收購及出售

除本公告所披露者外，本集團於報告期間概無任何重大投資、重大收購及出售。

FUTURE PLANS FOR MAJOR INVESTMENT

During the Reporting Period, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the prospectus of the Company dated 28 December 2020, the Group had no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the initial public offering (the “IPO”), after deducting underwriting commissions and other relevant expenses, amounted to approximately HKD85.6 million. As at 31 December 2021, the net proceeds from the IPO had been applied as follows:

| Planned use of net proceeds | Planned use of net proceeds | Net proceeds | Unused | Timeframe | |
|---|------------------------------|--------------|---------------|-----------|---------------------------|
| | | used as at | balance as at | for the | |
| | | 31 December | 31 December | unused | |
| | | 2021 | 2021 | balance | |
| | | 截至2021年 | | | |
| | | 12月31日 | 截至2021年 | | |
| | | 已動用 | 12月31日 | 未動用結餘 | |
| | | 所得款項淨額 | 未動用結餘 | 的時間表 | |
| | | 用途 | | | |
| | | HKD million | HKD million | | |
| | | 百萬港元 | 百萬港元 | | |
| Expand dyeing service capacity and enhance efficiency by way of upgrading, replacing and acquiring machineries and facilities | 透過升級、更換及購置機器及設施擴充染整服務能力及提升效率 | 49.9 | 17.2 | 32.7 | By end of 2022 2022年底前 |
| Strengthen research and development capability and quality control for dyeing services | 加強染整服務的研發能力及提升品質控制 | 3.4 | 1.5 | 1.9 | By end of 2022 2022年底前 |
| Replace a coal-burning-boiler by a natural-gas-boiler | 以天然氣鍋爐更換燃煤鍋爐 | 13.6 | 5.1 | 8.5 | By end of 2022 2022年底前 |
| Expand integrated enterprise planning resource system | 擴展綜合企業資源規劃系統 | 0.9 | 0.9 | - | N/A 不適用 |
| Repayment of bank loan | 償還銀行貸款 | 9.5 | 9.5 | - | N/A 不適用 |
| General working capital | 一般營運資金 | 8.3 | 8.3 | - | N/A 不適用 |
| | | 85.6 | 42.5 | 43.1 | |

As at 31 December 2021, the Group has applied the net proceeds from the IPO in the manner and proportion set out in the prospectus of the Company dated 28 December 2020.

重大投資的未來計劃

於報告期間，除本公司日期為2020年12月28日的招股章程（「招股章程」）「業務」及「未來計劃及所得款項用途」章節所披露的擴張計劃外，本集團概無重大投資或收購重大資本資產或其他業務的具體計劃。然而，本集團將繼續物色新業務發展機會。

首次公開發售所得款項用途

經扣除包銷佣金及其他相關開支後，首次公開發售（「首次公開發售」）所得款項淨額約為85.6百萬港元。截至2021年12月31日，首次公開發售所得款項淨額已按下列方式動用：

| Planned use of net proceeds | Planned use of net proceeds | Net proceeds | Unused | Timeframe | |
|---|------------------------------|--------------|---------------|-----------|---------------------------|
| | | used as at | balance as at | for the | |
| | | 31 December | 31 December | unused | |
| | | 2021 | 2021 | balance | |
| | | 截至2021年 | | | |
| | | 12月31日 | 截至2021年 | | |
| | | 已動用 | 12月31日 | 未動用結餘 | |
| | | 所得款項淨額 | 未動用結餘 | 的時間表 | |
| | | 用途 | | | |
| | | HKD million | HKD million | | |
| | | 百萬港元 | 百萬港元 | | |
| Expand dyeing service capacity and enhance efficiency by way of upgrading, replacing and acquiring machineries and facilities | 透過升級、更換及購置機器及設施擴充染整服務能力及提升效率 | 49.9 | 17.2 | 32.7 | By end of 2022 2022年底前 |
| Strengthen research and development capability and quality control for dyeing services | 加強染整服務的研發能力及提升品質控制 | 3.4 | 1.5 | 1.9 | By end of 2022 2022年底前 |
| Replace a coal-burning-boiler by a natural-gas-boiler | 以天然氣鍋爐更換燃煤鍋爐 | 13.6 | 5.1 | 8.5 | By end of 2022 2022年底前 |
| Expand integrated enterprise planning resource system | 擴展綜合企業資源規劃系統 | 0.9 | 0.9 | - | N/A 不適用 |
| Repayment of bank loan | 償還銀行貸款 | 9.5 | 9.5 | - | N/A 不適用 |
| General working capital | 一般營運資金 | 8.3 | 8.3 | - | N/A 不適用 |
| | | 85.6 | 42.5 | 43.1 | |

截至2021年12月31日，本集團已按本公司日期為2020年12月28日的招股章程中所載方式及比例動用首次公開發售所得款項淨額。

EVENT AFTER THE REPORTING PERIOD

The Group does not have any important events after the Reporting Period and up to the date of this annual report.

THE COVID-19 OUTBREAK'S IMPACT

Although the risk that PRC to experience another large-scale COVID-19 outbreak is relatively low, certain regional outbreaks can still negatively and substantially affect the supply chain system of the Group. To minimise such risk, the management has implemented the following measures in 2021:

- (i) setting up epidemic prevention mechanism, enhancing the hygienic level of our production plant and office, actively monitoring the body temperature of the employees, requesting our employees to wear masks at all time during work and report promptly whenever they feel unwell and encouraging the employees to take the COVID-19 vaccination;
- (ii) further improving the automation rate of the production process to reduce the reliance on production workers;
- (iii) exploring and approaching more alternative suppliers, adequately increasing the stock volume of particular raw materials and packaging materials to prevent disruption of production caused by late delivery of a single supplier.

報告期後事項

本集團於報告期間後至本年報日期並無任何重大事項。

COVID-19疫情的影響

儘管中國經歷另一場大規模COVID-19疫情的風險相對較低，但某些區域性爆發仍可能對本集團的供應鏈系統產生負面及重大影響。為最大程度地降低此類風險，管理層已於2021年實施以下措施：

- (i) 建立防疫機制，改善生產工廠及辦公室的衛生狀況，積極監測員工的體溫，要求僱員在工作期間始終佩戴口罩，如有不適及時報告，並鼓勵員工進行COVID-19疫苗接種；
- (ii) 進一步提高生產過程的自動化率，減少對生產工人的依賴；
- (iii) 探索並接觸更多的替代供應商，適當增加特定原材料及包裝材料的庫存，防止因單個供應商延遲交貨而造成生產中斷。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

EXECUTIVE DIRECTORS

Mr. Lin Minqiang (林民強), aged 66, is an executive Director and the chairman of the Board. Mr. Lin Minqiang is also our controlling shareholder and a director of all of the subsidiaries of our Group. He is responsible for the strategic planning and overall budget of our Group.

Mr. Lin Minqiang has over 32 years of experience in the fabrics weaving and dyeing business. Mr. Lin Minqiang was the committee member of the Party Branch of Longxia Village of Changle District in Fuzhou from April 1978 to August 1992. In August 1988, Mr. Lin Minqiang took the role of the factory director of “Changle Warp Knitted Fabrics Factory”, a collective enterprise established in Fujian, which subsequently reformed as a limited liability company and changed its name into Fujian Changle Xingsheng Warpknitted Fabrics Co., Ltd.* (福建省長樂市興盛經編織物有限公司) (“**Xingsheng**”) in October 1996. Mr. Lin Minqiang was the executive director and the manager of Xingsheng from October 1996 to January 2006. After Deyun merged with Xingsheng by way of absorption. Mr. Lin Minqiang was appointed as a director of Deyun in January 2006. Over the years, he has been responsible for planning the company strategy and overall budget of Deyun.

Mr. Lin Minqiang was awarded the certificate of completion of the course of Business Information Strategy and Knowledge Management CEO Advanced Training Class by School of Information Science and Technology, Tsinghua University in July 2005.

Mr. Lin Minqiang is the father of Ms. Lin Lili. Mr. Lin Minqiang is the brother-in-law of Mr. Lin Bingzhong, the uncle of Mr. Lin Chaowen and Mr. Lin Chaowei. Saved as disclosed in this section, Mr. Lin Minqiang is not connected with any other Directors or members of the senior management of our Company.

執行董事

林民強先生，66歲，執行董事及董事會主席。林民強先生亦為控股股東及本集團所有附屬公司的董事。彼負責本集團的策略規劃及整體預算。

林民強先生於布料織造及染整行業擁有超過32年經驗。於1978年4月至1992年8月，林民強先生為福州長樂區壠下村黨分部委員會成員。於1988年8月，林民強先生擔任「長樂市經編織物廠」(一間於福建省成立的集體企業，其後於1996年10月轉型為有限公司並更名為福建省長樂市興盛經編織物有限公司(「**興盛**」))的廠長。於1996年10月至2006年1月，林民強先生擔任興盛的執行董事及經理。於2006年1月，德運透過兼併與興盛合併後，林民強先生獲委任為德運的董事。多年間，彼負責德運的公司戰略規劃及整體預算。

林民強先生於2005年7月獲清華大學信息科學技術學院授出工商企業信息戰略與知識管理總裁高級研修班的結業證書。

林民強先生為林莉莉女士之父。林民強先生為林秉忠先生的姐夫、林朝文先生及林朝偉先生的叔父。除本節所披露者外，林民強先生與本公司任何其他董事或高級管理層成員概無關連。

* For identification purpose only

* 僅供識別

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Mr. Lin Chaowei (林朝偉), aged 51, is our controlling shareholder and executive Director. Mr. Lin Chaowei was appointed as a Director of our Company on 17 February 2020 and was re-designated as our Executive Director on 20 March 2020. He is responsible for the overall business development and marketing strategy of our Group.

Mr. Lin Chaowei has over 32 years of experience in the fabrics weaving and dyeing industry. Mr. Lin Chaowei served as an employee, then the factory deputy director and the deputy general manager at Xingsheng from October 1988 to December 2002. In December 2002, he joined Deyun as a director and the general manager where he has been responsible for making marketing strategy, liaising with clients for business contracts, planning overall budgets, administering site operations, and monitoring the safety and health issues arising from production since then.

Mr. Lin Chaowei was awarded the certificate of completion of the course of Corporate Leadership Advanced Training Class by Peking University Private Economic Research Institute in May 2017.

Mr. Lin Chaowei is the nephew of Mr. Lin Minqiang, the cousin of Mr. Lin Chaowen and Ms. Lin Lili. Saved as disclosed in this section, Mr. Lin Chaowei is not connected with any other Directors or members of the senior management of our Company.

Mr. Lin Chaowen (林朝文), aged 57, is our controlling shareholder and executive Director. Mr. Lin Chaowen was appointed as a Director of our Company on 17 February 2020 and was re-designated as our Executive Director on 20 March 2020. He is responsible for overseeing the purchasing aspects of our Group.

Mr. Lin Chaowen has over 36 years of experience in the fabrics weaving and dyeing industry. He was a staff of Changle County Chemical Fiber Weaving Factory from October 1984 to August 1988. From October 1988 to January 2006, he took the position of the deputy general manager of Xingsheng. Mr. Lin Chaowen joined Deyun in January 2006 as a deputy general manager and has been a director of Deyun since then, where he gained extensive knowledge and experience in the fabrics weaving and dyeing industry. He has been primarily responsible for managing suppliers and communicating with suppliers on product procurement.

Mr. Lin Chaowen is the nephew of Mr. Lin Minqiang, the cousin of Mr. Lin Chaowei and Ms. Lin Lili. Saved as disclosed in this section, Mr. Lin Chaowen is not connected with any other Directors or members of the senior management of our Company.

林朝偉先生，51歲，控股股東及執行董事。林朝偉先生於2020年2月17日獲委任為本公司董事，並於2020年3月20日調任為執行董事。彼負責本集團的整體業務發展及營銷策略。

林朝偉先生於布料織造及染整行業擁有超過32年經驗。於1988年10月至2002年12月，林朝偉先生歷任興盛的僱員、副廠長及副總經理。於2002年12月，彼出任德運董事及總經理，一直負責制定營銷策略、就業務合約與客戶接洽、規劃整體預算、管理廠房營運以及監督營運過程中的安全及健康問題。

林朝偉先生於2017年5月獲北京大學民營經濟研究院授出企業領袖高級研修班的結業證書。

林朝偉先生為林民強先生之侄，林朝文先生及林莉莉女士的堂親。除本節所披露者外，林朝偉先生與本公司任何其他董事或高級管理層成員概無關連。

林朝文先生，57歲，控股股東及執行董事。林朝文先生於2020年2月17日獲委任為本公司董事，並於2020年3月20日調任為執行董事。彼負責監察本集團的採購事宜。

林朝文先生於布料織造及染整行業擁有超過36年經驗。彼於1984年10月至1988年8月為長樂縣化纖織造廠的員工。於1988年10月至2006年1月，林朝文先生擔任興盛的副總經理。於2006年1月，林朝文先生出任德運副總經理，自此一直為德運的董事，從而獲得布料織造及染整行業的廣泛知識及經驗。彼一直主要負責就產品採購管理供應商及與供應商溝通。

林朝文先生為林民強先生之侄，林朝偉先生及林莉莉女士的堂親。除本節所披露者外，林朝文先生與本公司任何其他董事或高級管理層成員概無關連。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Mr. Lin Bingzhong (林秉忠), aged 57, is our controlling shareholder and executive Director. Mr. Lin Bingzhong was appointed as a Director of our Company on 17 February 2020 and was re-designated as our Executive Director on 20 March 2020. He is responsible for overseeing and managing the technical aspects of our Group.

Mr. Lin Bingzhong has over 20 years of experience in the fabrics weaving and dyeing industry. Mr. Lin Bingzhong was the shop assistant and then the executive of Changle District Supply and Marketing Cooperative in Fuzhou from November 1980 to December 1999. From January 2000 to December 2002, Mr. Lin Bingzhong was the business manager of Xingsheng. Mr. Lin Bingzhong joined Deyun in December 2002 as a director and the deputy general manager. He has been supervising and managing the technical affairs of Deyun since then.

Mr. Lin Bingzhong is the brother-in-law of Mr. Lin Minqiang and the uncle of Ms. Lin Lili. Saved as disclosed in this section, Mr. Lin Bingzhong is not connected with any other Directors or members of the senior management of our Company.

Mr. Wei Cunzhuo (魏存灼), aged 58, is an Executive Director. Mr. Wei Cunzhuo was appointed as a Director of our Company on 17 February 2020 and was re-designated as our executive Director on 20 March 2020. He is responsible for the financial and administration functions of our Group.

Mr. Wei Cunzhuo has over 26 years of experience in the accounting position in the weaving and dyeing industry. Mr. Wei Cunzhuo was the accountant of Changle City Association of Supply and Marketing Cooperatives since August 1983. From March 1994 to January 2006, Mr. Wei Cunzhuo was the financial manager of Xingsheng. Mr. Wei Cunzhuo joined Deyun in January 2006 as the chief financial officer and the manager of the administration department, and he has been appointed as a director and has been managing the financial work, coordinating financial institutions and handling human resources issues of Deyun since then.

Mr. Wei Cunzhuo obtained his graduation certificate in Financial Accounting major from Jingjiang District Supply and Marketing School in July 1983.

Mr. Wei Cunzhuo is not connected with any other Directors or members of the senior management of our Company.

林秉忠先生，57歲，控股股東及執行董事。林秉忠先生於2020年2月17日獲委任為本公司董事，並於2020年3月20日調任為執行董事。彼負責監察及管理本集團的技術事宜。

林秉忠先生於布料織造及染整行業擁有超過20年經驗。於1980年11月至1999年12月，林秉忠先生曾任福州長樂區供應及市場營銷合作社的店舖助理及其後擔任行政人員。於2000年1月至2002年12月，林秉忠先生擔任興盛的業務經理。於2002年12月，林秉忠先生出任德運董事兼副總經理。彼自此一直監察及管理德運的技術事宜。

林秉忠先生為林民強先生的內弟及林莉莉女士的舅父。除本節所披露者外，林秉忠先生與本公司任何其他董事或高級管理層成員概無關連。

魏存灼先生，58歲，執行董事。魏存灼先生於2020年2月17日獲委任為本公司董事，並於2020年3月20日調任為執行董事。彼負責領導本集團的財務及行政部門。

魏存灼先生於布料織造及染整行業的會計職位擁有超過26年經驗。自1983年8月起，魏存灼先生擔任長樂市供銷社的會計師。於1994年3月至2006年1月，魏存灼先生擔任興盛的財務經理。魏存灼先生於2006年1月出任德運的財務總監及行政部經理，彼獲委任為董事，並一直管理財務工作、協調金融機構及處理德運的人力資源事宜。

魏存灼先生於1983年7月獲晉江區供銷學校授出主修財務會計的畢業證書。

魏存灼先生與本公司任何其他董事或高級管理層成員概無關連。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

Ms. Lin Lili (林莉莉), aged 39, is an Executive Director and the chairman of the Nomination Committee. Ms. Lin Lili was appointed as a Director of our Company on 17 February 2020 and was redesignated as our executive Director on 20 March 2020. She is responsible for the information disclosure of our Group.

Ms. Lin was a lecturer in the Foreign Language College of Jimei University in Xiamen from March 2009 to March 2016. In April 2016, she took the position of the secretary of the board of Deyun.

Ms. Lin obtained her Master of Arts degree from Xiamen University in June 2008. She obtained the certificate for the qualifications of teachers in institutions of higher learning from the Education Department of Fujian in December 2011.

Ms. Lin Lili is the daughter of Mr. Lin Minqiang and the niece of Mr. Lin Bingzhong. Ms. Lin Lili is the cousin of Mr. Lin Chaowei and Mr. Lin Chaowen. Saved as disclosed in this section, Ms. Lin Lili is not connected with any other Directors or members of the senior management of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sheng Zijiu (盛子九), aged 77, was appointed as our independent non-executive Director, a member of the Remuneration Committee, the Audit Committee and the Nomination Committee on 16 December 2020. Mr. Sheng Zijiu is primarily responsible for supervising the management of our Group independently.

Mr. Sheng Zijiu has over 53 years of experience in the fabrics weaving and dyeing industry. Mr. Sheng was the deputy director of the chief engineers department in Changde Textile Machinery Company Limited from September 1968 to April 1987. Subsequently Mr. Sheng took the position of the deputy general manager of Zhejiang Textile Machinery Industry Company Limited, the deputy president of Zhejiang Textile Machinery Industry Association and the head of Zhejiang Textile Machinery Quality Supervision and Inspection Center from April 1987 to September 1997. He then worked in Shanghai Chunchao Industry Company Limited as the project participant for the preparation and operation of knitting and woven projects from September 1999 to July 2003.

Mr. Sheng is currently working in Zhejiang Fangzheng Textile Machinery Testing Center Company Limited and Quality Appraisal Center as the company consultant.

林莉莉女士，39歲，執行董事及提名委員會主席。林莉莉女士於2020年2月17日獲委任為本公司董事，並於2020年3月20日調任為執行董事。彼負責本集團的資料披露工作。

於2009年3月至2016年3月，林女士曾為廈門集美大學外國語學院的講師。於2016年4月起，彼擔任德運的董事會秘書職位。

林女士於2008年6月獲廈門大學文學碩士學位。彼於2011年12月獲福建省教育廳頒授高等學校教師資格證書。

林莉莉女士為林民強先生之女及林秉忠先生的侄女。林莉莉女士為林朝偉先生及林朝文先生的堂親。除本節所披露者外，林莉莉女士與本公司任何其他董事或高級管理層成員概無關連。

獨立非執行董事

盛子九先生，77歲，於2020年12月16日獲委任為獨立非執行董事，薪酬委員會、審核委員會及提名委員會成員。盛子九先生主要負責獨立監督本集團管理。

盛子九先生於布料織造及染整行業擁有逾53年經驗。於1968年9月至1987年4月，盛先生為常德紡織機械有限公司的總工程師室副主任。其後於1987年4月至1997年9月，盛先生擔任浙江紡織器材工業公司的副總經理、浙江紡織器材工業協會副理事長及浙江紡織機械產品質量監督檢查站站長。後來於1999年9月至2003年7月，彼於上海春潮實業有限公司擔任籌建及經營針織及梭織項目參與人。

盛先生目前於浙江方正經紡機械檢測中心有限公司及質量鑑定中心任職公司顧問。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Mr. Sheng Zijiu obtained his Bachelor's degree majoring in textile machinery design from Donghua University in July 1967. He was awarded the qualification certificate of senior engineer by the Zhejiang Light Industry Engineering and Technical Personnel of Senior Position Assessing Committee in August 1993. From January 1993 to January 1998, he was a member of the Zhejiang Provincial People's Congress.

Saved as disclosed in this section, Mr. Sheng Zijiu is not connected with any other Directors or members of the senior management of our Company.

Mr. Chow Kit Ting (周傑霆), aged 37, was appointed as our independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 16 December 2020. Mr. Chow Kit Ting is primarily responsible for supervising the management of our Group independently. Mr. Chow has over 14 years of experience in accounting, corporate finance, compliance and company secretarial matters. Mr. Chow previously worked in the audit department of Deloitte Touche Tohmatsu from September 2007 to March 2015 and last held the position of manager. Mr. Chow subsequently took the position of the financial controller and company secretary of Link Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8237) from March 2015 to January 2016. He then acted the financial controller and company secretary of Kin Shing Holdings Limited, a company listed on Main Board of the Stock Exchange (stock code: 1630) from February 2016 to August 2018. Afterwards, he joined a private company, HY Technology Holding Limited as its financial controller from August 2018 to December 2019 and was re-designated to Hua Yu (S) Pte. Ltd. since January 2020 until December 2020. He has been appointed as the financial controller and company secretary of Rich River Holdings Limited since July 2020 and September 2020, respectively. Mr. Chow has also been an independent non-executive director of Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holding Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1725), from July 2018 to July 2021.

Mr. Chow obtained his Bachelor's degree of commerce majoring in accountancy from Macquarie University in November 2007. He is a member of the Certified Public Accountants (CPA) Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Saved as disclosed in this section, Mr. Chow Kit Ting is not connected with any other Directors or members of the senior management of our Company.

於1967年7月，盛子九先生獲東華大學學士學位，主修紡織機械設計。於1993年8月，彼獲浙江省輕工工程技術人員高級職務評委會授出高級工程師資格證書。於1993年1月至1998年1月，彼擔任浙江省人民代表大會代表。

除本節所披露者外，盛子九先生與本公司任何其他董事或高級管理層成員概無關連。

周傑霆先生，37歲，於2020年12月16日獲委任為獨立非執行董事、審核委員會主席及薪酬委員會成員。周傑霆先生主要負責獨立監督本集團管理。周先生於會計、企業融資、合規及公司秘書工作擁有逾14年經驗。於2007年9月至2015年3月，周先生曾任職德勤•關黃陳方會計師行的審計部門，而彼最後擔任的職位為經理。其後於2015年3月至2016年1月，周先生擔任一間於聯交所GEM上市的公司華星控股有限公司(股份代號：8237)的財務總監及公司秘書。彼之後於2016年2月至2018年8月擔任一間於聯交所主板上市的公司建成控股有限公司(股份代號：1630)的財務總監及公司秘書。後來，彼加入一間私人公司華奕科技控股有限公司，於2018年8月至2019年12月擔任財務總監，並自2020年1月至2020年12月調任至Hua Yu (S) Pte. Ltd.。自2020年7月及2020年9月起，彼分別獲委任為裕河控股有限公司的財務總監及公司秘書。自2018年7月至2021年7月，周先生亦為一間於聯交所主板上市的公司香港航天科技集團有限公司(前稱恒達科技控股有限公司)(股份代號：1725)的獨立非執行董事。

周先生於2007年11月獲得麥考瑞大學商務學士學位，主修會計。彼為澳洲會計師公會(CPA)會員，亦為香港會計師公會會員。

除本節所披露者外，周傑霆先生與本公司任何其他董事或高級管理層成員概無關連。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Mr. Yip Koon Shing (葉冠成), aged 56, was appointed as our independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and of the Nomination Committee on 16 December 2020. Mr. Yip Koon Shing is primarily responsible for supervising the management of our Group independently.

Mr. Yip has over 26 years of experience in business development and management in the transportation and logistics industry. Mr. Yip was an executive of 3M Cogent Systems Inc. from March 1987 to January 1991. From April 1992 to June 1997, he worked in Jardine Matheson & Co. and last held the position of assistant general manager and chief representative of Jardine Transport Services Group. At this position, Mr. Yip was mainly responsible for managing business and operations of the entity and acting as key liaison with overseas in managing business in China. Subsequently, Mr. Yip started his own company, Good One Logistics Group, in July 1997 and has been acting as its founder and chief advisor since then.

Mr. Yip is currently also an independent non-executive director of Orange Tour Cultural Holding Limited, a company listed on the GEM of the Stock Exchange (stock code: 8627).

Mr. Yip obtained his Bachelor of Science in business administration degree from California State Polytechnic University, Pomona in June 1988 and his master of business administration degree from Loyola Marymount University in May 1992.

Saved as disclosed in this section, Mr. Yip Koon Shing is not connected with any other Directors or members of the senior management of our Company.

葉冠成先生，56歲，於2020年12月16日獲委任為獨立非執行董事、薪酬委員會主席、審核委員會及提名委員會成員。葉冠成先生主要負責獨立監督本集團管理。

葉先生於運輸及物流行業的業務發展及管理擁有逾26年經驗。於1987年3月至1991年1月，葉先生為3M Cogent Systems Inc.的行政人員。於1992年4月至1997年6月，彼任職於怡和洋行運輸服務集團，最後擔任的職位為怡和運輸服務集團的助理總經理及總代表。葉先生於此職位負責管理實體的業務及營運，並就管理中國的業務擔任海外的主要聯絡人。其後於1997年7月，葉先生創辦其自資公司Good One Logistics Group，並自此擔任其創辦人及總顧問。

葉先生目前為一間於聯交所GEM上市的公司旅橙文化控股有限公司(股份代號：8627)的獨立非執行董事。

葉先生於1988年6月獲波莫納加州州立理工大學(California State Polytechnic University, Pomona)頒授工商管理學士學位，於1992年5月獲洛約拉馬利蒙特大學(Loyola Marymount University)頒授工商管理碩士學位。

除本節所披露者外，葉冠成先生與本公司任何其他董事或高級管理層成員概無關連。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Mr. Wong Chun Sek Edmund (黃俊碩), aged 37, was appointed as our independent non-executive Director, a member of the Remuneration Committee, the Audit Committee and the Nomination Committee on 16 December 2020. Mr. Wong is primarily responsible for supervising the management of our Group independently.

Mr. Wong has over 14 years of accounting and corporate management experience. Mr. Wong joined Deloitte Touche Tohmatsu as audit associate in September 2007 and left as audit senior in November 2011. He then took the position of audit manager of Patrick Wong CPA Limited from February 2012 and has been its practising director since March 2013. Mr. Wong has also been an independent non-executive director of InvesTech Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1087), from 5 June 2017 to 14 May 2021 and an independent non-executive director of Confidence Intelligence Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1967), since 20 September 2019.

Mr. Wong obtained his Bachelor's degree in Accountancy from Hong Kong Baptist University in November 2007, Master of Science in Applied Accounting and Finance from Hong Kong Baptist University in November 2013, Master of Business Administration from The Open University of Hong Kong in October 2016 and Master of Corporate Governance from The Open University of Hong Kong in August 2017. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants of the United Kingdom, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administration.

Saved as disclosed in this section, Mr. Wong Chun Shek Edmund is not connected with any other Directors or members of the senior management of our Company.

黃俊碩先生，37歲，於2020年12月16日獲委任為獨立非執行董事、薪酬委員會、審核委員會及提名委員會成員。黃先生主要負責獨立監督本集團管理。

黃先生於會計及企業管理擁有逾14年經驗。於2007年9月，黃先生加入德勤•關黃陳方會計師行任職審計助理，於2011年11月離職時擔任高級審計。彼其後於2012年2月擔任黃龍德會計師事務所有限公司的審計經理，並自2013年3月一直擔任執業董事。於2017年6月5日至2021年5月14日起，黃先生亦一直擔任一間於聯交所主板上市的公司威訊控股有限公司(股份代號：1087)的獨立非執行董事，以及自2019年9月20日起擔任一間於聯交所主板上市的公司信懇智能控股有限公司(股份代號：1967)的獨立非執行董事。

於2007年11月，黃先生獲得香港浸會大學會計學學士學位，於2013年11月獲得香港浸會大學應用會計與金融理學碩士學位，於2016年10月獲得香港公開大學工商管理碩士學位及於2017年8月獲得香港公開大學企業管治碩士學位。黃先生為香港會計師公會會員、英格蘭及威爾斯特許會計師公會會員、英國特許公認會計師公會會員、香港特許秘書公會會員及英國特許秘書及行政人員公會會員。

除本節所披露者外，黃俊碩先生與本公司任何其他董事或高級管理層成員概無關連。

SENIOR MANAGEMENT

Mr. Wu Guangqiang (吳光強), aged 43, has been our business manager of lace sales since March 2016. He is primarily responsible for managing the sales, promotion and management of our lace products.

Mr. Wu has over 21 years of experience in the sales, purchase and management of textile products. Before joining our Group, he worked in the dyeing factory of Sun Hing Industries Holding Limited from March 2000 to March 2001, and then he was transferred to Sun Hing Elastic and Lace Factory Limited as the group leader. In August 2002, Mr. Wu became a senior salesman in the business department of Sun Hing Industries Holding Limited. Subsequently, in September 2006, he took the position of assistant manager of the purchasing department at Chung Tai Garment Factory and as a special assistant to the general manager and factory director as his last position. From December 2011 to March 2016, Mr. Wu was the business manager of Xiamen Liying Knitting Co., Ltd. In March 2016, Mr. Wu joined Deyun as the business manager of lace sales and has been working with us since then.

Ms. Wang Guangyan (王光燕), aged 44, has been our director of weaving factory since May 2015. She is primarily responsible for managing the manufacturing and operations of the weaving factory.

Ms. Wang has over 24 years of experience in the manufacturing and management of textiles industry. Prior to joining Deyun, she was the workshop director in Qinghong Fuqing Lace Co., Ltd. In March 2000, Ms. Wang joined Changle Yongyi Lace Co., Ltd as a workshop director. She then took her position as production manager of Changle Xinyu Lace Co., Ltd. In May 2015, Ms. Wang Guangyan joined Deyun as the director of the weaving factory and has been working with us since then.

高級管理層

吳光強先生，43歲，自2016年3月起為我們的花邊銷售業務經理。彼主要負責管理花邊產品的銷售、推廣及管理。

吳先生於銷售、採購及管理紡織產品擁有逾21年經驗。於加入本集團前，於2000年3月至2001年3月，彼於新興工業集團有限公司的染整廠工作，其後轉至新興橡根花邊廠有限公司擔任組長。於2002年8月，吳先生成為新興工業集團有限公司營業部門高級銷售員。其後於2006年9月，彼擔任中泰製衣廠採購部門副經理一職，於該公司最後擔任總經理特別助理及廠長。於2011年12月至2016年3月，吳先生為廈門立穎針織有限公司的業務經理。於2016年3月，吳先生加入德運，擔任花邊銷售業務經理，自此一直與我們工作。

王光燕女士，44歲，自2015年5月起為我們的織造廠廠長。彼主要負責管理織造廠的生產經營。

王女士於紡織業製造及管理擁有逾24年經驗。於加入德運前，彼為慶洪福清花邊有限公司的車間主任。於2000年3月，王女士加入長樂永益花邊有限公司擔任車間主任。彼其後擔任長樂新宇花邊有限公司的生產經理。於2015年5月，王光燕女士加入德運，擔任織造廠廠長，自此一直與我們工作。

COMPANY SECRETARY

Ms. Xu Jing (徐靜), aged 44, was appointed as our company secretary on 20 February 2020. She is responsible for our Group's company secretarial duties and corporate governance matters in relation to our Company.

Ms. Xu has over 19 years of experience in the corporate services field. Ms. Xu has been a company secretary of Dafeng Port Heshun Technology Company Limited (stock code: 8310) since May 2016. Ms. Xu has also been a company secretary of Fullsun International Holdings Group Co., Limited (stock code:627) since April 2021. She is responsible for supervising the company secretarial teams to provide a full range of listed and private company secretarial services as director in a local enterprise service provider in Hong Kong, Excellent Enterprise Services Limited. Prior to her current position, Ms. Xu was a company secretary of Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holdings Limited (stock code: 1725) from February 2018 to December 2019. Ms. Xu was a company secretary and a financial internal control audit director at China Health Group Inc., a company listed on the GEM of the Stock Exchange (stock code: 8225) from December 2015 to June 2016. She also worked as a chief financial officer at Shenzhen Jiantao Technology Company Limited from February 2012 to April 2015. During June 2007 to March 2012, Ms. Xu took the position of the financial director and a qualified accountant at Shenzhen Neptunus Interlong Bio-Technique Company Limited, a company listed on the GEM of the Stock Exchange (stock code: 8329). From July 2002 to May 2007, Ms. Xu worked at Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (the wholly owned subsidiary of a Hong Kong listed company, Coolpad Group Limited (stock code: 2369), formerly known as China Wireless Technologies Limited) as the company accountant.

Ms. Xu obtained her Bachelor of Administration degree from Zhongnan University of Economics and Law in June 2002. Ms. Xu was awarded the certificate of certified public accountant by the Chinese Institute of Certified Public Accountants in October 2003. Ms. Xu has been a fellow of the Association of Chartered Certificated Accountants since September 2013. Ms. Xu has also been a fellow of the Hong Kong Institute of Certified Public Accountants since July 2016.

公司秘書

徐靜女士，44歲，於2020年2月20日獲委任為我們的公司秘書。彼負責本集團的公司秘書職務及有關本公司的企業管治事宜。

徐女士於企業服務領域擁有逾19年經驗。徐女士自2016年5月起擔任大豐港和順科技股份有限公司(股份代號：8310)的公司秘書。徐女士亦自2021年4月起擔任福晟國際控股集團有限公司(股份代碼：627)的公司秘書。彼為香港一間本地企業服務供應商卓優企業服務有限公司的董事，負責監督公司秘書團隊，以提供全面的上市及私人公司秘書服務。擔任現時職位前，徐女士於2018年2月至2019年12月期間擔任香港航天科技集團有限公司(前稱恒達科技控股有限公司(股份代號：1725))的公司秘書。於2015年12月至2016年6月，徐女士為中國醫療集團有限公司(一間於聯交所GEM上市的公司)(股份代號：8225)的公司秘書及財務內部監控審核總監。彼亦於2012年2月至2015年4月任職深圳市建滔科技有限公司的財務總監。於2007年6月至2012年3月，徐女士擔任深圳市海王英特龍生物技術股份有限公司(一間於聯交所GEM上市的公司)(股份代號：8329)的財務總監及合資格會計師。於2002年7月至2007年5月，徐女士於宇龍計算機通信科技(深圳)有限公司(為前稱為中國無線科技有限公司的香港上市公司酷派集團有限公司(股份代號：2369)的全資附屬公司)任職公司會計師。

徐女士於2002年6月獲得中南財經政法大學管理學士學位。徐女士於2003年10月獲中國註冊會計師協會授出認可註冊會計師證書。自2013年9月起，徐女士為特許公認會計師公會資深會員。自2016年7月起，徐女士亦為香港會計師公會資深會員。

Corporate Governance Report

企業管治報告

The Board recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Company has complied with the code provisions set out in the CG Code during the Reporting Period.

The Board will continue to review and improve the corporate governance practices of the Group to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code for the Reporting Period.

CORPORATE GOVERNANCE DUTIES

The Board is responsible for performing the corporate governance duties as set out in code provision D.3.1 of the CG Code. During the Reporting Period, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

董事會深知良好的企業管治對提升本公司的管理水平及保障股東整體利益至為重要。本公司已採納一套企業管治常規，符合聯交所證券上市規則（「上市規則」）附錄十四所載的企業管治守則（「企業管治守則」）的守則條文。

本公司於報告期間已遵守企業管治守則所載的守則條文。

董事會將繼續檢討及改善本集團的企業管治常規，以確保遵守企業管治守則。

上市發行人董事進行證券交易的標準守則（「標準守則」）

本公司已採納上市規則附錄十載述的標準守則作為其有關董事進行證券交易的操守守則。經本公司作出具體查詢後，全體董事確認，彼等於報告期間已遵守標準守則所載的規定標準。

企業管治職責

董事會負責履行企業管治守則的守則條文D.3.1條所載的企業管治職責。於報告期間，董事會已檢討及討論本集團的企業管治政策，並信納本集團的企業管治政策的成效。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code provisions A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Lin Minqiang is the chairman of the Board and executive Director, who has a pivotal role to the Board in relation to the management, strategic planning and overall budget of our Group.

The Company has not appointed any chief executive officer. The daily operation and management of the Company is monitored by the executive Directors and the senior management. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

CG Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with independent non-executive Directors without the presence of other directors. During the Reporting Period, the Company has conducted such meeting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance, business and corporate governance. Their skills, expertise and number in the Board ensure that strong independent views and judgement are brought in the Board's deliberations and that such views and judgement carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Company and its shareholders.

The Company annually assesses the independence of each independent non-executive Director during their terms of appointment. The Company received written annual confirmation from each independent non-executive Director of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors to be independent.

主席及行政總裁

企業管治守則條文第A.2.1條規定，主席及行政總裁的角色應加以區分，不應由同一人擔任。

林民強先生為董事會主席兼執行董事，在本集團的管理、策略規劃及整體預算方面，對董事會具有舉足輕重的作用。

本公司尚未委任任何行政總裁。本公司的日常營運及管理均由執行董事及高級管理層監控。董事會認為現時架構更適合本公司，因為可促進本公司戰略的有效制定及實施。

企業管治守則條文第A.2.7條規定，主席應至少每年與獨立非執行董事舉行會議，且無其他董事出席。於報告期間，本公司已經舉行有關會議。

獨立非執行董事

獨立非執行董事為高技能專業人士，具備會計、財務、商業及企業管治領域的廣泛專長及經驗。彼等於董事會中的技能、專業知識及所佔人數肯定為董事會的分析帶來務實獨立的意見與判斷，而該意見及判斷於董事會的決策過程甚具分量。彼等的存在及參與亦令董事會可繼續高度遵守財務及其他強制性申報規定，並在維護本公司及其股東利益上發揮適當的制衡作用。

本公司每年評估各獨立非執行董事於任期內的獨立性。根據上市規則第3.13條，本公司已收到各獨立非執行董事有關其獨立性的年度書面確認書。本公司認為全體獨立非執行董事均屬獨立。

THE BOARD

The Board currently comprises six executive Directors and four independent non-executive Directors. The Board's composition during the Reporting Period and as at the date of this annual report is set out as follows:

Executive Directors

| Name 姓名 | Age 年齡 | Gender 性別 | Date of joining the Group 加入本集團日期 | Roles and responsibilities 角色及職責 |
|----------------------------|-----------|--------------|---|--|
| Mr. Lin Minqiang 林民強先生 | 66 66歲 | Male 男 | 23 January 2006 2006年1月23日 | Overseeing the management, strategic planning and overall budget of our Group 監察本集團的管理、策略規劃及整體預算 |
| Mr. Lin Chaowei 林朝偉先生 | 51 51歲 | Male 男 | 11 December 2002 2002年12月11日 | Overseeing the business development and marketing strategy of our Group 監察本集團的業務發展及營銷策略 |
| Mr. Lin Chaowen 林朝文先生 | 57 57歲 | Male 男 | 11 December 2002 2002年12月11日 | Overseeing the purchasing aspects of our Group 監察本集團的採購事宜 |
| Mr. Lin Bingzhong 林秉忠先生 | 57 57歲 | Male 男 | 11 December 2002 2002年12月11日 | Overseeing and managing the technical aspects of our Group 監察及管理本集團的技術事宜 |
| Mr. Wei Cunzhuo 魏存灼先生 | 58 58歲 | Male 男 | 11 December 2002 2002年12月11日 | Overseeing the financial and administration department of our Group 監察本集團的財務及行政部門 |
| Ms. Lin Lili 林莉莉女士 | 39 39歲 | Female 女 | 1 April 2016 2016年4月1日 | Overseeing the information disclosure of our Group; serves as the chairman of the Nomination Committee 監察本集團的資料披露；擔任提名委員會主席 |

董事會

董事會目前由六名執行董事及四名獨立非執行董事組成。董事會於報告期間及本年報日期的組成載列如下：

執行董事

Independent Non-executive Directors

獨立非執行董事

| Name 姓名 | Age 年齡 | Gender 性別 | Date of joining the Group 加入本集團日期 | Roles and responsibilities 角色及職責 |
|-----------------------------|-----------|--------------|---|---|
| Mr. Sheng Zijiu | 77 | Male | 16 December 2020 | Supervising and providing independent advice to our Group; serves on the Audit Committee, the Nomination Committee and the Remuneration Committee |
| 盛子九先生 | 77歲 | 男 | 2020年12月16日 | 監督本集團及向其提供獨立意見；擔任審核委員會、提名委員會及薪酬委員會成員 |
| Mr. Chow Kit Ting | 37 | Male | 16 December 2020 | Supervising and providing independent advice to our Group; serves as the chairman of the Audit Committee; serves on the Remuneration Committee |
| 周傑霆先生 | 37歲 | 男 | 2020年12月16日 | 監督本集團及向其提供獨立意見；擔任審核委員會主席；擔任薪酬委員會成員 |
| Mr. Yip Koon Shing | 56 | Male | 16 December 2020 | Supervising and providing independent advice to our Group; serves as the chairman of the Remuneration Committee; serves on the Audit Committee and the Nomination Committee |
| 葉冠成先生 | 56歲 | 男 | 2020年12月16日 | 監督本集團及向其提供獨立意見；擔任薪酬委員會主席；擔任審核委員會及提名委員會成員 |
| Mr. Wong Chun Sek Edmund | 37 | Male | 16 December 2020 | Supervising and providing independent advice to our Group; serves on the Audit Committee, the Nomination Committee and the Remuneration Committee |
| 黃俊碩先生 | 37歲 | 男 | 2020年12月16日 | 監督本集團及向其提供獨立意見；擔任審核委員會、提名委員會及薪酬委員會成員 |

Biographical details of the members of the Board and relationship between members of the Board are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

董事會成員的履歷詳情及董事會成員之間的關係載於本年報「董事及高級管理層履歷詳情」一節。

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership as the executive Directors possess extensive experience in managing the Group's business operations; and professional knowledge in the fabrics weaving and dyeing industry, while the four independent non-executive Directors possess professional knowledge and broad experience in accounting, finance, business and corporate governance. The Directors are of the opinion that the current Board structure can ensure the independence and objectivity of the Board and also safeguard the interests of the Company and its shareholders.

During the Reporting Period, the Board at all times met the requirement of the Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

DELEGATION BY THE BOARD

The Board is responsible for the leadership and control of the Company. It oversees the Group's business, strategic decisions, financial performance and internal controls and it is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board shall make decisions objectively in the interests of the Company and its shareholders. Daily business operations and management, inter alia, the implementation of strategies are delegated to the executive Directors along with other senior management. They report periodically to the Board their work and business decisions.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors and the independent non-executive Directors has signed a letter of appointment with our Company up to a term of three years commencing from 16 December 2020, which may be terminated in accordance with the terms of the letter of appointment.

董事會相信，由於執行董事於管理本集團業務運營方面擁有豐富的經驗；及具備布料織造及染整行業的專業知識，而四名獨立非執行董事具備會計、財務、商業及企業管治領域的專業知識及廣泛經驗，因此董事會組成反映本集團在業務發展及有效領導所需的必要技能與適當經驗兩者之間的平衡。董事會認為，現時董事會架構可確保董事會的獨立性及客觀性，亦能保障本公司及其股東的利益。

於報告期間，董事會始終符合上市規則關於至少須有三名獨立非執行董事（至少佔董事會三分之一），並且其中一名獨立非執行董事須具備適當專業資格或會計或相關財務管理專長的規定。

董事會授權

董事會負責領導及控制本公司，監察本集團的業務、策略決策、財務業績及內部控制，亦共同負責指導及監督本公司的事務，促進本公司的成功。董事會須客觀地作出符合本公司及其股東利益的決策。執行董事連同其他高級管理層獲授權日常業務運營及管理，其中包括策略實施。彼等定期向董事會匯報其工作及業務決策。

委任、重選及罷免董事

各執行董事及獨立非執行董事已與本公司簽訂委任函，自2020年12月16日起計為期三年，可根據委任函的條款予以終止。

Pursuant to article 112 of the articles of association of the Company (the “Articles”), at any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in a general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of our Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Pursuant to article 108 of the Articles, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place.

Pursuant to articles 108(a) of the Articles, Mr. Wei Cunzhuo, Ms. Lin Lili, Mr. Yip Koon Shing and Mr. Wong Chun Sek Edmund will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (“AGM”).

根據本公司的組織章程細則(「細則」)第112條，董事會有權隨時或不時委任任何人士為董事，以填補董事會臨時空缺或增加現有董事會人數，惟須受股東於股東大會上可能釐定的任何董事人數上限(如有)所規限。任何就此獲委任以填補臨時空缺的董事任期僅至其獲委任後的本公司首屆股東大會為止，屆時須於有關大會上重選連任。任何就此獲委任以增加現有董事會人數的董事任期僅至其獲委任後的本公司首屆股東週年大會為止，並符合資格於有關大會上重選連任。於釐定將於股東週年大會上輪值退任的董事人選或董事數目時，任何就此獲董事會委任的董事不得計算在內。

根據細則第108條，於每屆股東週年大會上，當時在任的三分之一董事須輪值退任。然而，倘董事人數並非為三的倍數，則退任董事人數為最接近但不少於三分之一的人數。每年退任的董事應為自彼等上次重選或獲委任起計任期最長者，惟倘不同人士於同日成為或於上次獲重選為董事，則以抽籤決定何者退任(除非彼等私下另有協定)。

本公司可通過普通決議案罷免任何任期仍未屆滿的董事(惟不妨礙有關董事就其與本公司所訂立任何合約遭違反而可能提出的任何索償)，且本公司可通過普通決議案委任另一名人士填補有關空缺。

根據細則第108(a)條，魏存灼先生、林莉莉女士、葉冠成先生及黃俊碩先生將於應屆股東週年大會(「股東週年大會」)上退任，惟彼等符合資格並願意應選連任。

BOARD DIVERSITY POLICY

To enhance the effectiveness of our Board and to maintain high standard of corporate governance, the Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of the Board. The Board Diversity Policy sets out the criteria in selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) to enhance the effectiveness of corporate governance. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of fabrics weaving and dyeing, transportation and logistics auditing and accounting, business administration. Furthermore, the Directors range from 37 years old to 77 years old, and comprise 9 males and 1 female.

The Nomination Committee is responsible for ensuring the diversity of Board members and compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review the Board Diversity Policy and diversity profile (including gender balance) from time to time to ensure its continued effectiveness. The Nomination Committee will discuss any revision that may be required and recommend any such revisions to the Board. The Company will also disclose in the corporate governance report on the Board’s composition under diversified perspectives on an annual basis.

董事會多元化政策

為提高董事會成效及保持高水平的企業管治，本公司已採納董事會多元化政策（「**董事會多元化政策**」），當中載列為達致及保持董事會多元化的目標及措施。董事會多元化政策列明挑選董事會候選人的標準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年期。最終將按候選人的長處及可為董事會帶來的貢獻而作決定。

本公司亦致力於採用類似方式促進管理層（包括但不限於高級管理層）多元化，以提升企業管治的成效。董事之間的知識及技能均衡搭配，包括布料織造及染整、運輸及物流審計及會計、業務管理領域的知識及經驗。此外，董事介乎37歲至77歲，包括9名男士及1名女士。

提名委員會負責確保董事會成員多元化及遵守企業管治守則中規管董事會多元化的相關守則。提名委員會將不時檢討董事會多元化政策及多元化情況（包括性別均衡），確保其維持效力。提名委員會將討論任何可能須作出的修訂，並向董事會提出修訂的推薦建議。本公司亦會每年於企業管治報告中根據多元化觀點披露董事會組成。

NOMINATION POLICY

The Company has adopted a nomination policy (the “**Nomination Policy**”) for the Nomination Committee to consider and make recommendations on suitable candidates for directorship.

Selection criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) reputation for integrity;
- (2) accomplishment and experience in the business in which the Group is engaged in;
- (3) commitment in respect of available time and relevant interest;
- (4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), cultural and educational background and length of service;
- (5) qualifications which include professional qualifications, skills, knowledge and industry experience that are relevant to the Company’s business and corporate strategy;
- (6) the number of existing directorships and other commitments that may demand the attention of the candidate;
- (7) requirement for the Board to have independent non- executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules;
- (8) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (9) such other perspectives appropriate to the Company’s business.

The aforesaid factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

提名政策

本公司已為提名委員會採納提名政策（「**提名政策**」），以考慮合適的董事候選人並提出推薦建議。

甄選標準

於評估建議候選人適合與否時，提名委員會將使用下列因素作為參考：

- (1) 誠信聲譽；
- (2) 於本集團所從事業務方面的成就及經驗；
- (3) 可投入時間及相關事務關注的承諾；
- (4) 各方面的多元化，包括但不限於種族、性別、年齡（18歲或以上）、文化及教育背景以及服務年限；
- (5) 資歷，包括與本公司業務及企業策略相關的專業資格、技能、知識及行業經驗；
- (6) 現有董事人數以及需有關候選人專注履行的其他承諾；
- (7) 上市規則關於董事會須設有獨立非執行董事的規定，及候選人參照上市規則第3.08、3.09及3.13條所載的獨立性指引是否屬獨立人士；
- (8) 本公司的董事會多元化政策及提名委員會為達到董事會多元化而採納的任何可計量目標；及
- (9) 對本公司業務而言屬適當的其他方面。

上述因素僅供參考，並不旨在涵蓋所有因素，亦不具決定性作用。提名委員會可酌情提名其認為合適的任何人士。

Procedures for nominating director

Subject to the provisions in the Articles and the Listing Rules, if the Board recognises the need for an additional Director or a member of senior management, the following procedures will be followed:

- (1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;
- (2) The Nomination Committee and/or the company secretary of the Company will provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (3) The Nomination Committee will make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;
- (4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;
- (5) In the case of the appointment of an independent non-executive director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and
- (6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

提名董事程序

在細則及上市規則條文的規限下，如董事會認定需要新增董事或高級管理人員，則須遵循以下程序：

- (1) 提名委員會及／或董事會將根據甄選標準所載標準確定潛在候選人(可能在外部機構及／或顧問協助下進行)；
- (2) 提名委員會及／或本公司的公司秘書將向董事會提供候選人個人履歷詳情，及候選人與本公司及／或董事之間關係的詳情、所擔任董事職務、技能與經驗、投入大量時間的其他職位，及上市規則、開曼群島公司法及其他監管規定董事會任命任何候選人須提供的其他詳情；
- (3) 提名委員會將就建議候選人及委任的條款及條件向董事會提出推薦建議；
- (4) 提名委員會應確保建議候選人將能加強董事會的多元化，尤其要關注性別平衡；
- (5) 就委任獨立非執行董事而言，提名委員會及／或董事會應獲取有關建議董事的所有資料，使董事會根據上市規則第3.08、3.09及3.13條(經聯交所可能不時作出的任何修訂)所載因素充分評估董事的獨立性；及
- (6) 董事會其後將根據提名委員會的推薦建議進行商討並決定是否委任。

Monitoring and reporting

The Nomination Committee monitors the implementation of the Nomination Policy and reports to the Board annually.

PROCEEDINGS OF GENERAL MEETINGS, BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

The Board may meet for the dispatch of business, adjourn and otherwise regulate its meeting and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. An AGM shall be called by at least 20 clear business days' notice in writing, and a general meeting of the Company, other than an AGM, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution).

At least four regular Board meetings involving active participation, either in person or through electronic means of communication, of a majority of Directors will be held at approximately quarterly intervals in each financial year to comply with code provision A.1.1 of the CG Code. All Directors will have the opportunity to include matters in the agenda for the regular board meetings. Written notice of at least 14 days will be given of a regular board meeting to all directors, and agenda and accompanying board papers will be sent to all directors at least 3 days before the intended date of meeting. Four Board meetings were held during the Reporting Period.

監察及匯報

提名委員會監察提名政策的執行情況，並每年向董事會匯報。

股東大會、董事會會議及董事會委員會會議的議事程序

董事會可按其認為合適的方式召開會議處理事務、續會及以其他方式規管其會議及議事程序，並可釐定處理事務所需的法定人數。本公司召開股東週年大會，須有為期最少20個完整營業日的書面通知，而除股東週年大會外，本公司的其他股東大會亦須有為期最少14日的書面通知，方可召開。通知期並不包括送達或視作送達當日，亦不包括發出通知當日，且通知須列明舉行會議的時間、地點及議程以及將於會上審議的決議案的詳情，倘有特別事項，則須說明有關事項的一般性質。

董事會或董事會轄下任何委員會可透過電話、電子或其他通訊設備（必須讓全體與會人士互相聆聽）舉行會議。

董事不得就有關其或其任何緊密聯繫人擁有重大權益的任何合約或安排或建議的任何董事會決議案投票或計入法定人數內，而倘董事就任何上述決議案投票，彼就該項決議案的投票將不計算在內，且該董事將不計入法定人數。

為遵守企業管治守則守則條文第A.1.1條，本公司將於各財政年度舉行至少四次定期董事會會議，大約每季一次，且相關會議將有過半數董事親身出席或以電子通訊方式積極參與。全體董事均將有機會將事項加入定期董事會會議的議程。定期董事會會議將至少提前14天書面通知全體董事，並且議程及隨附董事會文件將於會議擬定日期前至少3天發送予全體董事。本公司於報告期間舉行四次董事會會議。

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the Reporting Period are set out in the table below:

於報告期間，各董事於本公司舉行的董事會及董事會委員會會議的出席記錄載於下表：

| Name of Directors 董事姓名 | | Attendance/Number of Meetings 出席次數／會議次數 | | | |
|---|-------|--|-----------------------------|----------------------------------|------------------------------------|
| | | Board 董事會 | Audit Committee 審核委員會 | Nomination Committee 提名委員會 | Remuneration Committee 薪酬委員會 |
| Executive Directors 執行董事 | | | | | |
| Mr. Lin Minqiang | 林民強先生 | 4/4 | — | — | — |
| Mr. Lin Chaowei | 林朝偉先生 | 4/4 | — | — | — |
| Mr. Lin Chaowen | 林朝文先生 | 4/4 | — | — | — |
| Mr. Lin Bingzhong | 林秉忠先生 | 4/4 | — | — | — |
| Mr. Wei Cunzhuo | 魏存灼先生 | 4/4 | — | — | — |
| Ms. Lin Lili | 林莉莉女士 | 4/4 | — | 1/1 | — |
| Independent Non-Executive Directors 獨立非執行董事 | | | | | |
| Mr. Sheng Zijiu | 盛子九先生 | 4/4 | 2/2 | 1/1 | 1/1 |
| Mr. Chow Kit Ting | 周傑霆先生 | 4/4 | 2/2 | — | 1/1 |
| Mr. Yip Koon Shing | 葉冠成先生 | 4/4 | 2/2 | 1/1 | 1/1 |
| Mr. Wong Chun Sek Edmund | 黃俊碩先生 | 4/4 | 2/2 | 1/1 | 1/1 |

The management has been providing all members of the Board a monthly update in accordance with code provision C.1.2 of the CG Code.

管理層已根據企業管治守則的守則條文第C.1.2條向董事會全體成員提供每月更新。

BOARD COMMITTEES

The Board has established three committees, namely the audit committee (“**Audit Committee**”), the remuneration committee (“**Remuneration Committee**”) and the nomination committee (“**Nomination Committee**”), for overseeing particular aspects of the Company’s affairs. All committees have been established with defined written terms of reference, which were posted on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.ds-lace.com). All committees should report to the Board on their decisions or recommendations made. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

董事會委員會

董事會已成立三個委員會，即審核委員會（「**審核委員會**」）、薪酬委員會（「**薪酬委員會**」）及提名委員會（「**提名委員會**」），以監察本公司事務的特定方面。所有委員會均設有特定書面職權範圍，分別刊載於聯交所網站(www.hkex.com.hk)及本公司網站(www.ds-lace.com)。所有委員會須向董事會匯報其作出的決定或推薦建議。所有委員會均獲提供充足資源以履行其職責，並可於適當情況下提出合理要求以尋求獨立專業意見，費用由本公司支付。

Audit Committee

The Group established the Audit Committee on 16 December 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the Code as set forth in Appendix 14 to the Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee is chaired by Mr. Chow Kit Ting, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and have three other members, namely Mr. Sheng Zijiu, Mr. Yip Koon Shing and Mr. Wong Chun Sek Edmund.

The primary duties of the Audit Committee include, but are not limited to, the following: (i) assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iii) developing and reviewing the policies and practices on corporate governance; (iv) making recommendations to the Board; and (v) ensuring that good corporate governance practices and procedures are established.

During the Reporting Period, the Audit Committee held two meetings and the work performed by the Audit Committee was summarised as follows:

- (1) reviewed the Company's interim results and annual results;
- (2) reviewed the findings and recommendations from external auditors;
- (3) reviewed the independence and engagement of the external auditors;
- (4) reviewed the audit plan, the development in new accounting standards and their impact on the Group's financial performance and position;
- (5) reviewed the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting functions; and
- (6) reviewed the effectiveness of the Group's risk management and internal control systems.

審核委員會

本集團於2020年12月16日根據上市規則第3.21條及上市規則附錄十四所載守則第C3段及第D3段成立審核委員會，並訂明書面職權範圍。審核委員會的職權範圍可於聯交所及本公司網站查閱。

審核委員會主席為周傑靈先生，彼擁有上市規則第3.10(2)條及第3.21條規定的適當專業資格，另有三名其他成員，即盛子九先生、葉冠成先生及黃俊碩先生。

審核委員會的主要職責包括（但不限於）下列各項：(i)協助董事會就本集團財務申報流程、內部控制及風險管理系統的有效性向董事會提供獨立意見；(ii)監察審計流程以及履行董事會指派的其他職務及職責；(iii)制定及檢討企業管治政策及慣例；(iv)向董事會提出推薦建議；及(v)確保設立良好的企業管治常規及程序。

於報告期間，審核委員會已舉行兩次會議，審核委員會進行的工作概述如下：

- (1) 審閱本公司中期業績及全年業績；
- (2) 檢討外聘核數師的調查結果及推薦建議；
- (3) 檢討外聘核數師的獨立性及聘用；
- (4) 檢討審核計劃、新會計準則的發展及對本集團財務業績及狀況的影響；
- (5) 檢討本集團會計及財務報告職能的資源、員工資歷及經驗是否充足；及
- (6) 檢討本集團風險管理及內部控制系統的成效。

The Audit Committee has reviewed with the management of the Company the annual results and annual report of the Company for the Reporting Period, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Reporting Period comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

Remuneration Committee

The Company has established the Remuneration Committee on 16 December 2020 with written terms of reference in compliance with paragraph B1 of the Code as set forth in Appendix 14 to the Listing Rules. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee is chaired by Mr. Yip Koon Shing, and have three other members, namely Mr. Sheng Zijiu, Mr. Wong Chun Sek Edmund and Mr. Chow Kit Ting.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all executive Directors and senior management and making recommendations to the Board on the remuneration of non-executive Directors; and (iii) reviewing and approving the management's remuneration proposal with reference to corporate goals and objectives resolved by the Board from time to time.

During the Reporting Period, the Remuneration Committee held one meeting to review the performance and remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the Reporting Period.

審核委員會已與本公司管理層審閱本公司於報告期間的全年業績及年報，包括本集團採納的會計原則及慣例，並對內部控制及財務報告事宜進行討論。審核委員會認為，本集團於報告期間的綜合財務報表符合適用會計準則及上市規則，並已作出充分披露。

薪酬委員會

本公司於2020年12月16日根據上市規則附錄十四所載守則第B1段成立薪酬委員會，並訂明書面職權範圍。薪酬委員會的職權範圍可於聯交所及本公司網站查閱。

薪酬委員會主席為葉冠成先生，另有三名其他成員，即盛子九先生、黃俊碩先生及周傑靈先生。

薪酬委員會的主要職責包括(但不限於)下列各項：(i)就全體董事及高級管理層的薪酬政策及架構以及建立有關制訂薪酬政策的正式透明程序向董事會提供推薦建議；(ii)釐定全體執行董事及高級管理層的特定薪酬待遇，並就非執行董事的薪酬向董事會提供推薦建議；及(iii)參考董事會不時議決的公司目標，審查及批准管理層的薪酬建議。

於報告期間，薪酬委員會已舉行一次會議，以檢討董事及高級管理層表現以及薪酬待遇及酬金，並認為於報告期間屬公平合理。

Nomination Committee

The Company has established a Nomination Committee on 16 December 2020 with written terms of reference in compliance with paragraph A5 of the Code as set forth in Appendix 14 to the Listing Rules. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee is chaired by Ms. Lin Lili, and have three other members, namely Mr. Sheng Zijiu, Mr. Yip Koon Shing and Mr. Wong Chun Sek Edmund.

The primary duties of our Nomination Committee include, but are not limited to, the following: (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of independent non-executive Directors; (iii) making recommendations to the Board on matters relating to the appointment and re-appointment of Director; and (iv) reviewing the Board Diversity Policy.

During the Reporting Period, the Nomination Committee held one meeting and the Nomination Committee reviewed the structure, size and composition of the Board, assessing the independence of independence non-executive Directors, and reviewed the Board Diversity Policy and other matters of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”) which aims to ensure sustainable development of its business operations and to provide a favorable return to its shareholders.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to the Group’s business operation and financial performance, profitability, business development, prospect, capital requirements, and economic outlook. Declaration and payment of dividends is also subject to any applicable laws and the Articles. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. Currently, the Group does not have a fixed dividend policy and does not have a pre-determined dividend distribution action.

The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as the Board thinks fit and necessary. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

提名委員會

本公司於2020年12月16日根據上市規則附錄十四所載守則第A5段成立提名委員會，並訂明書面職權範圍。提名委員會的職權範圍可於聯交所及本公司網站查閱。

提名委員會主席為林莉莉女士，另有三名其他成員，即盛子九先生、葉冠成先生及黃俊碩先生。

提名委員會的主要職責包括(但不限於)下列各項：(i)檢討董事會的架構、人數及組成；(ii)評估獨立非執行董事的獨立性；(iii)就委任及重新委任董事的事宜向董事會提供推薦建議；及(iv)檢討董事會多元化政策。

於報告期間，提名委員會已舉行一次會議，提名委員會檢討董事會的架構、人數及組成，評估獨立非執行董事的獨立性，並檢討董事會多元化政策及本公司的其他事宜。

股息政策

本公司已採納股息政策(「**股息政策**」)，旨在確保其業務營運可持續發展，並為其股東提供可觀回報。

宣派及派付未來股息須由董事會決定，董事會會事先考慮多項因素，包括但不限於本集團的業務營運及財務表現、盈利能力、業務發展、前景、資本需求及經濟前景。宣派及派付股息亦受任何適用法律及細則所規限。過往分派的股息未必可作為日後董事會可能宣派或派付股息水平的參考或釐定基礎。目前，本集團並無固定的股息政策，亦無預先釐定的股息分派行動。

董事會將不時檢討股息政策，倘董事會認為合適或必要，可行使其全權酌情權隨時更新、修訂及／或修改股息政策。股息政策並非本公司就派付任何特定金額股息的具有法律約束力承諾及／或不會規定本公司於任何時間或不時宣派股息。

CORPORATE GOVERNANCE FUNCTION

The Board has delegated the corporate governance function to the Audit Committee, whose authorities include:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of the Group's operations with applicable laws and regulations.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code provision A.6.5, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company recommends and/or arranges the Directors to participate in Director's training courses in order to develop and refresh their knowledge and skills. In addition, the Company also provides relevant reading materials to the Directors for their studying and reference. All Directors, namely Mr. Lin Minqiang, Mr. Lin Chaowei, Mr. Lin Chaowen, Mr. Lin Bingzhong, Mr. Wei Cunzhuo, Ms. Lin Lili, Mr. Sheng Zijiu, Mr. Chow Kit Ting, Mr. Yip Koon Shing and Mr. Wong Chun Sek Edmund confirmed that they have complied with the CG Code provision A.6.5 during the Reporting Period by attending seminars and briefings and reading relevant materials.

企業管治職能

董事會已將企業管治職能授權予審核委員會，該等權限包括：

1. 制訂及檢討本公司的企業管治政策及常規；
2. 檢討及監察董事及高級管理層的培訓及持續專業發展；
3. 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
4. 制訂、檢討及監察適用於僱員及董事的行為守則及合規手冊(如有)；及
5. 檢討本公司遵守企業管治守則的情況及在企業管治報告內的披露。

企業管治政策的制定重點在於董事會質素、有效內部控制、嚴格披露慣例，以及對本公司所有股東的透明度及問責性。董事會致力遵守守則條文，並定期檢討其企業管治政策以維持高水平商業操守及企業管治，確保本集團營運全面符合適用法律及法規。

持續專業發展

根據企業管治守則條文第A.6.5條，全體董事應參與持續專業發展項目以發展及更新彼等的知識及技能，確保彼等對董事會作出明智及相關的貢獻。本公司推薦及／或安排董事參加董事培訓課程，以發展及更新其知識及技能。此外，公司亦提供相關閱讀資料供董事學習參考。全體董事(即林民強先生、林朝偉先生、林朝文先生、林秉忠先生、魏存灼先生、林莉莉女士、盛子九先生、周傑靈先生、葉冠成先生及黃俊碩先生)在報告期內通過出席研討會和簡報會及閱讀相關材料確認其遵守了企業管治守則條文第A.6.5條。

AUDITOR'S REMUNERATION

The Company engaged PricewaterhouseCoopers, as its external auditor for the Reporting Period. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. During the Reporting Period, the fees payable to PricewaterhouseCoopers, in respect of its audit services and non-audit services provided to the Company were approximately RMB1.8 million and nil, respectively.

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Reporting Period. In preparing the consolidated financial statements for the Reporting Period, the Directors:

- assessed the reasonableness of preparing the consolidated financial statements taking into consideration the Group's financial performance, position, cash flows and liquidity ratios;
- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates in a prudent, fair and reasonable manner.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the section headed "Independent Auditor's Report" from page 99 to page 101 of this annual report.

INTERNAL CONTROL

Risk management and internal control

The Group maintains an effective internal control and risk management system to safeguard the investment of the Company's shareholders and the Group's assets at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems will be conducted by the Board at least annually.

核數師薪酬

於報告期間，本公司委聘羅兵咸永道會計師事務所為其外部核數師。董事會與審核委員會對甄選、委任、辭任或解僱外部核數師並無意見分歧。於報告期間，就向本公司提供的審計服務及非審計服務而應付羅兵咸永道會計師事務所的費用分別約為人民幣1.8百萬元及無。

綜合財務報表的責任確認

董事確認彼等編製本公司於報告期間財務報表的責任。編製於報告期間的綜合財務報表時，董事已：

- 根據本集團的財務表現、狀況、現金流量及流動資金比率，評估編製綜合財務報表的合理性；
- 挑選適當會計政策及貫徹應用該等政策；及
- 作出審慎、公平及合理的判斷及估計。

就董事所知，並無任何重大不明朗事件或情況可能會嚴重影響本公司持續經營能力。本公司獨立核數師就其對綜合財務報表的申報責任聲明載於本年報第99頁至101頁「獨立核數師報告」一節。

內部控制

風險管理及內部控制

本集團維持有效的內部控制及風險管理系統，始終保障本公司股東的投資及本集團的資產。

董事確認彼等全面負責監察本公司內部控制、財務監控及風險管理系統，並須監督其持續經營基準的有效性。董事會將至少每年對風險管理及內部控制系統的有效性進行審閱。

The Company has established the following risk management procedures to provide reasonable assurance against material errors, losses or fraud:

- (1) Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;
- (2) Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and
- (3) Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each function or operation are documented to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company. The independent consultancy company has conducted analysis and independent assessment on the adequacy and the effectiveness of the internal control system and risk management of the Group, and has submitted the findings and recommendations to the Audit Committee and the Board. Over the Audit Committee meeting and Board meeting held on 25 March 2022, the Audit Committee and the Board reviewed the report issued by independent consultancy company and they are of the view that the internal control measures in place are adequate and effective to safeguard the interest of Company's shareholders and the Group's assets.

The Group does not have an internal audit function. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group.

本公司設立以下風險管理程序，以對重大錯誤、損失或欺詐提供合理保證：

- (1) 識別風險：識別可能影響達成本集團目標的主要及重大風險；
- (2) 風險評估：根據已識別風險的可能影響及其出現的可能性作出評估及評核；
- (3) 風險舒緩：策劃有效的監管活動，務求舒緩風險。

風險識別及評估會每年進行或更新，各職能或業務的風險評估、評核及舒緩結果會進行記錄，供董事會及管理層審閱。

然而，本集團的風險管理及內部控制系統的設計旨在管理而非消除未能達成業務目標的風險，僅可對重大失實聲明或損失提供合理而非絕對保證。

獨立顧問公司已對本公司的內部控制系統(包括財務、運營及合規控制以及風險管理職能)進行審閱。獨立顧問公司已對本集團內部控制系統及風險管理的充分性及有效性進行分析及獨立評估，並已向審核委員會及董事會遞交調查結果及推薦建議。於2022年3月25日舉行的審核委員會會議及董事會會議上，審核委員會及董事會審閱獨立顧問公司發出的報告，彼等認為，已制定的內部控制措施屬充分有效，可保障本公司股東及本集團資產的利益。

本集團並無內部審核職能。經考慮本集團業務的規模、性質及複雜程度，董事會擁有充足的能力監督風險管理及內部控制系統的設計及實施，並可評估其有效性，因此毋須即時於本集團建立內部審核職能。

The Group has implemented a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information. The policy provides guidelines to the Directors and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- (1) define the requirements of periodic financial and operational reporting to the Board to enable them to assess inside information and make timely disclosures, if necessary;
- (2) controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and
- (3) procedures of communicating with the Group's stakeholders in ways which are in compliance with the Listing Rules.

COMPANY SECRETARY

Ms. Xu Jing was appointed as the company secretary of the Company on 20 February 2020 and she is responsible for the Group's company secretarial duties and corporate governance matters in relation to the Company. Ms. Xu possesses the necessary qualification and experience, and is capable of performing the functions of a company secretary. During the Reporting Period, Ms. Xu confirmed that she has taken no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. The biographical details of Ms. Xu are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting.

本集團已實施有關內幕消息披露的政策，其中載有處理及發佈內幕消息的程序及內部控制。該政策為本集團董事及所有相關僱員提供指導方針，確保存在適當的保障設施，防止本公司違反法定披露要求。其亦載有適當的內部控制及報告系統，以識別及評估潛在內幕消息。

採取的主要程序包括：

- (1) 向董事會界定定期財務及經營報告要求，以使彼等能夠評估內幕消息及進行及時披露（倘需要）；
- (2) 按須知基準控制僱員獲悉內幕消息的途徑，向公眾恰當披露前確保內幕消息絕對保密；及
- (3) 按符合上市規則要求的方式與本集團持份者進行溝通的程序。

公司秘書

徐靜女士於2020年2月20日獲委任為本公司的公司秘書，負責本集團的公司秘書職務及有關本公司的企業管治事宜。徐女士具備必要資格及經驗，有能力履行公司秘書職務。於報告期間，徐女士確認彼已根據上市規則第3.29條的規定參與不少於15個小時的相關專業培訓。有關徐女士的履歷詳情載於本年報「董事及高級管理層履歷詳情」一節。

股東權利

本公司的股東大會為股東與董事會提供溝通機會。本公司每年舉行股東週年大會，地點由董事會釐定。股東週年大會以外的各股東大會均稱為股東特別大會。

SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 64 of the Articles, extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so 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 to the requisitionist(s) by the Company.

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may send written enquiries to the Company for the attention of the company secretary at the Company's principal place of business in Hong Kong.

PROCEDURES FOR PUTTING FORWARD PROPOSALS BY SHAREHOLDERS AT SHAREHOLDERS' MEETINGS

Shareholders of the Company are requested to follow article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Shareholders to convene an extraordinary general meeting".

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar and transfer office of the Company. The period for lodgement of such notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

股東召開股東特別大會

根據細則第64條，股東特別大會須在一名或以上於遞呈要求當日持有於本公司股東大會投票的本公司繳足股本不少於十分之一的股東要求下召開。有關要求須以書面向董事會或本公司秘書提出，述明要求董事會召開股東特別大會以處理要求內訂明的任何事項。該大會須於該項要求遞呈後兩個月內舉行。倘於有關遞呈後21日內，董事會未有召開該大會，則遞呈要求人士可以相同方式召開大會，而本公司須向遞呈要求人士償付所有由遞呈要求人士因董事會未能召開大會而產生的所有合理開支。

股東向董事會提問

股東可透過本公司的香港主要營業地點向本公司發出書面查詢，並註明收件人為公司秘書。

股東於股東大會提呈議案的程序

本公司股東向股東特別大會提呈決議案時須遵守細則第64條。規定及程序載於上文「股東召開股東特別大會」一段。

根據細則第113條，任何非退任董事的人士概無資格於任何股東大會上膺選董事職務（獲董事會推薦候選者除外），除非有意提名該人士候選董事的書面通知，以及被提名的人士表明願意參選的書面通知已送交至本公司的總辦事處或本公司香港股份過戶登記分處。提交該等通知的期間將不早於寄發指定進行選舉的股東大會通知的翌日開始，並在不遲於有關股東大會日期前七天完結，而向本公司發出有關通知的最短期間必須至少為七天。

The procedures for shareholders of the Company to propose a person for election as a Director is posted on the website of the Company. Shareholders or the Company may refer to the above procedures for putting forward any other proposals at general meetings.

INVESTORS RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;
- Publication of announcements on the annual and interim results on the website of the Company and the website of the Stock Exchange, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

The Company has in place a shareholder communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office. The Company also maintains a website at www.ds-lace.com where up-to-date information and updates of the Company's operations, performances and strategies are available to public access.

CONSTITUTIONAL DOCUMENTS

On 16 December 2020, the Company adopted an amended and restated memorandum and articles of association which had been uploaded to the websites of the Company and the Stock Exchange. Save as disclosed above, there had been no changes in the constitutional documents of the Company during the Reporting Period.

本公司股東提名某一人士參選董事的程序刊載於本公司網站。股東或本公司可參閱上述於股東大會提呈任何其他議案的程序。

投資者關係

本公司致力實行公開、定期溝通及向其股東合理披露資料的政策。本公司透過下列方式向股東傳達資料：

- 向所有股東送呈年度及中期業績及報告；
- 根據上市規則的持續披露責任，於本公司網站及聯交所網站刊登年度及中期業績公告，以及刊發其他公告及股東通函；及
- 本公司股東大會亦為董事會與股東的有效溝通橋樑。

本公司已訂立股東溝通政策以確保股東的意見及關注得到適當解決。該政策定期檢討以確保其有效性。

本公司持續促進投資者關係，加強與現有股東及潛在投資者的溝通，同時歡迎各位投資者、持份者及公眾提出建議。如對董事會或本公司有任何詢問，可郵寄至本公司總辦事處。本公司亦設有網站（網址為www.ds-lace.com），刊載最新資料及更新本公司營運、表現及策略，以供公眾查閱。

組織章程文件

於2020年12月16日，本公司採納經修訂及重列的組織章程大綱及細則，並已上載於本公司及聯交所網站。除上文所披露者外，本公司的組織章程文件於報告期間概無變動。

Environmental, Social and Governance Report

環境、社會及管治報告

COMPANY PROFILE

Deyun Holding Ltd. (the “**Company**” and its subsidiaries, collectively the “**Group**”) is an investment holding company. Fujian Deyun Technology Co., Ltd.* (福建德運科技有限公司) is the Group’s principal operating subsidiary and it is principally engaged in manufacturing and sales of lace. Its services and products can be broadly categorised into two types, namely, (i) dyeing services and (ii) lace manufacturing. As part of the Group’s business diversification strategies, the Group commenced its footwear trading business in Hong Kong during the year ended 31 December 2021.

REPORTING PERIOD AND SCOPE

The Group presents its Environmental, Social and Governance (the “**ESG**”) report. This report captures the ESG performance of the Group from 1 January 2021 to 31 December 2021.

Based on the principle of materiality, the scope of this report concentrates on the Group’s business in the People’s Republic of China (the “**PRC**”) where the Group principally derives its revenue. All the PRC companies of the Group were included in the assessment of ESG performance for the purpose of this report. The scope of this report does not cover the Group’s operations outside the PRC as they are immaterial and do not have significant environmental and social impacts.

BASIS FOR COMPILATION OF THE REPORT

This report was prepared with reference to the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

公司簡介

Deyun Holding Ltd. (德運控股有限公司*) (「本公司」及其附屬公司，統稱為「本集團」) 為一家投資控股公司。福建德運科技有限公司為本集團的主要營運附屬公司，主要從事花邊生產及銷售。其服務及產品可大致分為兩類，即(i)染整服務及(ii)花邊製造。作為本集團業務多元化策略的一部分，本集團於截至2021年12月31日止年度在香港開始其鞋類貿易業務。

報告期間及範圍

本集團謹此提呈其環境、社會及管治 (「**ESG**」) 報告。本報告總結了本集團自2021年1月1日至2021年12月31日的ESG表現。

基於重要性原則，本報告的範圍集中在本集團於中華人民共和國 (「**中國**」) 的業務，本集團主要於中國產生收入。就本報告而言，本集團所有中國公司均已納入ESG表現評估。本報告的範圍不涵蓋本集團於中國境外的業務，原因為其並不重要，且對環境及社會並無重大影響。

報告編製基準

本報告乃參考香港聯合交易所有限公司 (「**聯交所**」) 證券上市規則 (「**上市規則**」) 附錄27所載的環境、社會及管治報告指引 (「**ESG報告指引**」) 而編製。

* For identification purpose only

* 僅供識別

ESG REPORTING PRINCIPLES

Materiality: In compliance with the requirements of materiality principle defined by the Stock Exchange, the ESG issues considered by the board of directors (the “Board”) and the ESG working group, stakeholders communication, identification process of substantive issues and the substantive issues are disclosed in this report, further details of which are set out in the corresponding part of this report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained below.

Balance: This report shall provide an unbiased picture of the Group’s performance during the reporting period and should avoid selections, omissions, or presentation formats that may inappropriately influence the decision or judgment made by the report readers.

Consistency: The statistical methodologies applied to the data disclosed in this report shall be consistent.

ESG GOVERNANCE

The Group acknowledges the importance of ESG commitment and it takes ESG into consideration in its decision making process. The Group has developed an ESG governance structure to integrate ESG into its business operations and align ESG governance with its strategic growth. The ESG governance structure is divided into two components, namely the Board and an ESG working group.

The Board has overall responsibility for the Group’s ESG strategy and reporting. It oversees the overall governance and progress of the Group’s ESG management system, policies, commitments, strategies and objectives. It also participates in the evaluation and determination of ESG-related risks. The Group implemented ESG management system and policies to ensure compliance with the relevant environmental protection laws and regulations, achieve other ESG objectives and mitigate ESG-related risks. It also formed a designated ESG working group to oversee and monitor the implementation and effectiveness of the ESG management system and policies. The ESG working group reports to the Board regularly. In order to evaluate, prioritise and manage the Group’s material ESG issues, the Board discusses and reviews the Group’s ESG-related risks, performance, progress, goals and targets regularly with the assistance of the ESG working group. The Board reviewed the contents disclosed in this report.

ESG報告原則

重要性：本報告遵循聯交所重要性原則規定，本報告中披露董事會（「**董事會**」）及ESG工作小組審議的ESG事宜、利益相關方溝通、實質性議題識別過程及實質性議題，進一步詳情載於本報告相應部分。

量化：本報告中定量關鍵績效指標的統計標準、方法、假設及／或計算工具，以及轉換因素的來源，均在下文進行說明。

平衡：本報告不偏不倚地呈報本集團於報告期內的表現，避免可能會不恰當地影響報告讀者決策或判斷的選擇、遺漏或呈報格式。

一致性：本報告披露數據所使用的統計方法均保持一致。

ESG治理

本集團承認ESG承諾的重要性，並在其決策過程中考慮ESG。本集團已制定ESG治理結構，將ESG融入其業務運營。ESG治理架構分為董事會和ESG工作小組兩部分。

董事會全面負責本集團的ESG策略及報告。其監督本集團ESG管理系統、政策、承諾、策略及目標的全面治理及進度。其亦參與ESG相關風險評估及釐定。本集團實施ESG管理制度及政策，以確保遵守有關環保法律法規、實現其他ESG目標並減輕ESG相關風險。其亦成立一個專項ESG工作小組，以監督及監控ESG管理系統及政策的實施及成效。ESG工作小組定期向董事會報告。為了評估、優先考慮和管理本集團的重大ESG議題，董事會在ESG工作小組的協助下定期討論和審查本集團的ESG相關風險、績效、進度、目標和指標。董事會檢討本報告中披露的內容。

STAKEHOLDER ENGAGEMENT

The Group listens to its stakeholders as their contributions are critical to the Group's long-term success and development. The Group communicates with its stakeholders regularly through diverse channels to understand their concerns and respond in a timely manner. The table below sets forth the key stakeholders identified by the Group and provides the basis for identifying ESG substantive issues of the Group.

持份者參與

本集團傾聽持份者的意見，因為彼等的貢獻對本集團的長期成功及發展至關重要。本集團通過各種渠道定期與持份者溝通，以了解彼等的關切並及時做出回應。下表載列本集團識別的主要持份者，並為識別本集團的ESG實質性問題提供基礎。

| Stakeholders 持份者 | Expectations and concerns 期望及關切 | Management responses 管理層回應 |
|--|--|---|
| Shareholders 股東 | <ul style="list-style-type: none"> Act in the best interest of shareholders 為股東最佳利益行事 Return on investment 投資回報 Information disclosure 資料披露 Compliance with laws and regulations 遵守法律法規 | <ul style="list-style-type: none"> Actively identify attractive business opportunities 積極物色具吸引力的商機 Improve profitability 改善盈利能力 Regular information disclosure 定期資料披露 Enhance risk management and internal controls 加強風險管理及內部控制 |
| Governments and regulatory bodies 政府及監管機構 | <ul style="list-style-type: none"> Compliance with laws and regulations 遵守法律法規 Business and economic development 業務及經濟發展 Social contribution 社會貢獻 Fulfilment of tax obligations 履行稅務義務 Environment protection 環境保護 | <ul style="list-style-type: none"> Enhance risk management and internal controls 加強風險管理及內部控制 Regular update on relevant laws and regulations 定期更新相關法律法規 Pay tax in full and on time 按時足額繳稅 Purchase/upgrade facilities to reduce emissions arising from the production process 購買／升級設施以減少生產過程中產生的排放 |

| Stakeholders 持份者 | Expectations and concerns 期望及關切 | Management responses 管理層回應 |
|-----------------------------|---|---|
| Employees 僱員 | <ul style="list-style-type: none"> Employee compensation and benefits 員工薪酬及福利 Training and career development 培訓及職業發展 Safe working environment 安全工作環境 | <ul style="list-style-type: none"> Offer attractive salary and incentives based on performance 根據業績提供具吸引力的薪水及獎勵 Provide regular trainings for employees 提供定期員工培訓 Monitor work safety and make sure employees are familiar with the work safety handbook 監控工作安全並確保員工熟悉工作安全手冊 |
| Customers 客戶 | <ul style="list-style-type: none"> Quality products and services 優質產品及服務 Protection of customers rights 保障客戶權利 | <ul style="list-style-type: none"> Enhance quality control on production process and products 加強生產過程及產品的質量控制 Perform the contract according to law 依法履約 |
| Suppliers 供應商 | <ul style="list-style-type: none"> Integrity cooperation 誠信合作 Business ethics and credibility 商業操守與誠信 | <ul style="list-style-type: none"> Build a long-term reliable supply chain 建立長期可靠的供應鏈 Perform the contract according to law 依法履約 |
| Communities/public 社區／公眾 | <ul style="list-style-type: none"> Environmental protection 環境保護 Employment opportunities 就業機會 | <ul style="list-style-type: none"> Reduce environmental pollutions 減少環境污染 Purchase/upgrade facilities to reduce emissions arising from the production process 購買／升級設施以減少生產過程中產生的排放 Provide equal employment opportunities 提供平等的就業機會 |

MATERIALITY ASSESSMENT

The ESG working group reviews the Group's operations and identifies relevant ESG issues and assesses the importance of related matters to its businesses and stakeholders. The ESG working group collected information and views from relevant departments and stakeholders of the Group to identify significant ESG issues. The table below sets forth the Group's significant ESG issues based on their relative importance:

重要性評估

ESG工作小組審查本集團的運營並識別相關ESG議題，並評估相關事項對其業務及持份者的重要性。ESG工作小組自本集團相關部門及持份者收集資料及意見，以識別重大ESG議題。下表載列基於相對重要性的本集團重大ESG議題：

ESG aspects as set forth in ESG Reporting Guide ESG報告指引載列的ESG方面

The Group's significant ESG issues 本集團的重大ESG議題

(A) Environmental (A) 環境

A1 Emissions
A1排放

Air pollutant emissions
空氣污染物排放
Greenhouse gas ("GHG") emissions
溫室氣體(「溫室氣體」)排放
Sewage treatment
污水處理
Hazardous wastes management
有害廢棄物管理

A2 Use of Resources
A2資源利用

Energy management
能源管理
Water management
用水管理

A3 Environment and Natural Resources
A3環境及天然資源

Negative environmental impacts arising from business operations
業務運營產生的負面環境影響

A4 Climate Change
A4氣候變化

Global warming
全球變暖

ESG aspects as set forth in ESG Reporting Guide
ESG報告指引載列的ESG方面

The Group's significant ESG issues
本集團的重大ESG議題

(B) Social
(B) 社會

B1 Employment
B1僱傭

Recruitment, promotion, and dismissal Compensation and benefits
招聘、晉升及解僱薪酬及福利
Equal opportunities, diversity, and anti-discrimination
平等機會、多樣性及反歧視

B2 Health and Safety
B2健康及安全

Safety production management
安全生產管理

B3 Development and Training
B3發展及培訓

Employee development and training
員工發展及培訓

B4 Labour Standards
B4勞工準則

Prevention of child and forced labour
防止童工及強制勞工

B5 Supply Chain Management
B5供應鏈管理

Supply chain management
供應鏈管理

B6 Product Responsibility
B6產品責任

Product quality and safety
產品質量及安全
Customer satisfaction
客戶滿意度

B7 Anti-corruption
B7反貪污

Anti-corruption, fraud prevention and anti-money laundering
反貪污、反欺詐及反洗錢

B8 Community Investment
B8社區投資

Corporate social responsibility
企業社會責任

During the year ended 31 December 2021, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

截至2021年12月31日止年度，本集團確認其已就ESG議題制定適當且有效的管理政策及內部監控制度，並確認所披露內容符合ESG報告指引的規定。

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of this report or the Group's performances in sustainable development to No. 97 Longjiangnan Road Longxia Village, Songxia Town Changle District, Fuzhou Fujian, the PRC.

聯繫我們

本集團歡迎持份者提出意見及建議。您可以就本報告或本集團在可持續發展方面的表現向中國福建省福州長樂區松下鎮壠下村龍江南路97號提出寶貴意見。

A. ENVIRONMENT

The Group acknowledges its responsibility to protect the environment and it has implemented policies to reduce emissions and improve the efficiency in the use of resources.

The Group's business is subject to various PRC environmental protection laws and regulations as well as environmental regulations promulgated by the local governments where the Group operates. Under the prevailing laws and regulations in the PRC, the Group is subject to provisions including Environmental Protection Law of the PRC (中華人民共和國環境保護法), Promotion of Cleaner Production Law of the PRC (中華人民共和國清潔生產促進法), Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法), Prevention and Control of Environmental Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法), and Prevention and Control of Solid Waste Pollution Law of the PRC (中華人民共和國固體廢物污染環境防治法).

To ensure compliance with the latest environmental laws and regulations, the Group has implemented stringent environmental protection policies setting out its goals and policies in relation to environmental matters. The Group has also installed air filtration facilities and sewage treatment system to reduce emissions. The Group obtained a certificate for complying with the requirement of GB/T 24001 – 2016/ISO14001:2015 for its environmental management system on 11 October 2018.

The Group is required under the PRC law to obtain a valid pollutant discharge permit for its production facilities.

During the year ended 31 December 2021, the Group obtained all relevant pollutant discharge permit and it complied with all applicable PRC environmental laws and regulations in all material respects and had not been subject to any material penalty in relation to environmental protection.

A. 環境

本集團承認其保護環境的責任，並已實施政策減少排放及提高資源利用效率。

本集團的業務須遵守多項中國環境保護法律及法規，以及我們營運所在地方政府所頒佈的環境法規。根據現行中國法律及法規，本集團受中華人民共和國環境保護法、中華人民共和國清潔生產促進法、中華人民共和國水污染防治法、中華人民共和國環境噪聲污染防治法及中華人民共和國固體廢物污染環境防治法的條文所約束。

為確保遵守最新環境法律法規，本集團已實施嚴格的環境保護政策，載列與環境事項有關的目標及政策。本集團亦安裝空氣過濾設施及污水處理系統以減少排放。本集團已於2018年10月11日就其環境管理系統獲得符合GB/T 24001 – 2016/ISO14001:2015要求的認證。

根據中國法律，本集團須為其生產設施取得有效的污染物排放許可證。

截至2021年12月31日止年度，本集團已取得所有相關的污染物排放許可證，並在所有重大方面均已遵守所有適用中國環境法律法規，且並無受到任何與環境保護有關的重大罰款。

A.1 Emissions

Emissions from the Group's production process include air pollutants, sewage and solid waste.

In order to reduce the level of pollution, the Group has installed air filtration facilities to filter air pollutants generated from coal-burning-boiler and a sewage treatment system to collect and process sewage to reduce hazardous substance in the sewage generated during the dyeing process and in accordance with different national standards (GB 13271-2014 for air and GB 4287-2012 for wastewater) in the PRC, which are comparable to corresponding international standards. An online real-time monitoring system has also been installed to connect such facilities to environmental authority of the PRC government, ensuring that the Group can satisfy with the pollutant emission standard at all times. The Group has been spending continuous effort to enhance its equipment and facilities for satisfying the increasingly stringent environmental protection requirement. During the year ended 31 December 2021, the Group did not exceed any maximum pollutants emission standards under the monitoring system and maintained a clean record with the government.

During the year ended 31 December 2021, for compliance with the requirement of Fujian government, the Group upgraded its boilers to generate heat from natural gas for its dyeing services, which would significantly reduce the amount of air pollutants emitted.

To complement with the use of natural-gas-boiler, the Group also acquired some crucial waste treatment equipment, including flue gas purifying treatment machines which can transform and filter the concentrated smoke produced by its natural-gas-boiler to less harmful substances and water vapour. These new equipment allows the Group to control the amount of pollutants emitted to the environment in a more stable way and fulfil the discharge standard stipulated by the PRC government.

A.1 排放

本集團生產過程中的排放包括空氣污染物、廢水及固體廢棄物。

為減少污染程度，根據與相應國際標準可資比較的不同國家標準（就空氣而言為GB13271-2014及就污水而言為GB4287-2012），本集團已安裝空氣過濾設施過濾燃煤鍋爐所產生的空氣污染物，並設有污水處理系統以收集及處理廢水，減少我們染整過程中所產生廢水的有害物質。本集團亦已安裝網上實時監控系統，連接該等設備至中國政府的環保機關，確保我們任何時候均遵守污染物排放標準。本集團持續努力升級設備及設施，滿足日益嚴格的環保規定。截至2021年12月31日止年度，本集團並無超過監控制度下的最高污染物排放標準，並於政府保持清白記錄。

截至2021年12月31日，為遵守福建省政府的規定，本集團升級其鍋爐以利用天然氣產生熱量用於染整服務，此將顯著減少空氣污染物的排放量。

為配合使用天然氣鍋爐，本集團亦購置若干重要廢棄物處理設備，包括煙氣淨化處理機，可將天然氣鍋爐產生的濃縮煙霧轉化及淨化為危害較小的物質及水蒸汽。該等新設備使本集團可更穩定地控制排放至環境的污染物數量，以及符合中國政府規定的排放標準。

Besides, the Group has a number of vehicles for transportation of materials and products, which generate exhaust gas from the combustion of petrol and diesel. The Group's emission reduction measures for vehicles include:

- turn off the engine when the vehicle is not in use;
- plan routes ahead of time to reduce route repetition and optimise fuel consumption;
- undergo maintenance service regularly to ensure optimal engine performance and fuel use; and
- optimise operational procedures to increase efficiency and reduce vehicle idling rates

(i) Air pollutant emissions

During the year ended 31 December 2021, air pollutants generated from the use of the Group's coal-burning-boiler contributed to the emission of 28.33 kg (2020: 20.21 kg) of nitrogen oxides (NO_x), 29.09 kg (2020: 20.75 kg) of sulphur oxides (SO_x) and 4.74 kg (2020: 3.38 kg) of respiratory suspended particles (PM), and air pollutants generated from the use of the Group's motor vehicles contributed to the emission of 157.68 kg (2020: 101.02 kg) of nitrogen oxides (NO_x), 0.40 kg (2020: 0.18 kg) of sulphur oxides (SO_x) and 13.64 kg (2020: 9.72 kg) of respiratory suspended particles (PM). The Group targets that the amounts of air pollutants generated from the Group's coal-burning-boiler and motor vehicles in 2022 will not be significantly higher than 2021.

此外，本集團擁有大量用於運輸材料及產品的機動車，該等機動車通過燃燒汽油及柴油產生廢氣。本集團的機動車減排措施包括：

- 在機動車閒置時關閉發動機；
- 提前計劃路線，以減少路線重複並優化燃油消耗；
- 定期進行維護服務以確保最佳的發動機性能及燃油消耗；及
- 優化營運程序，以提高使用效率並減少汽車空轉率。

(i) 空氣污染物排放

截至2021年12月31日止年度，使用本集團的燃煤鍋爐產生的空氣污染物導致排放28.33千克(2020年：20.21千克)氮氧化物(NO_x)、29.09千克(2020年：20.75千克)硫氧化物(SO_x)及4.74千克(2020年：3.38千克)可吸入懸浮顆粒物(PM)以及使用本集團的機動車產生的空氣污染物導致排放157.68千克(2020年：101.02千克)氮氧化物(NO_x)、0.40千克(2020年：0.18千克)硫氧化物(SO_x)及13.64千克(2020年：9.72千克)可吸入懸浮顆粒物(PM)。本集團的目標為，於2022年本集團的燃煤鍋爐及機動車產生的空氣污染物排放量將不會顯著高於2021年。

(ii) GHG emissions

During the year ended 31 December 2021, the Group's activities contributed to 53,508.62 tonnes (2020: 43,162.72 tonnes) of carbon dioxide equivalent (carbon dioxide, methane, nitrous oxide and hydrofluorocarbons) GHG emissions. The table below sets forth details of the Group's GHG emissions by scope:

Scope of GHG emissions
溫室氣體排放範圍

Unit
單位

Scope 1 Direct emissions

範圍1直接排放

Consumption of coal during the use of coal-burning-boiler

燃煤鍋爐使用過程中的煤炭消耗

Consumption of petrol and diesel for mobile vehicles

機動車汽油及柴油消耗

Use of refrigerant
製冷劑使用

Scope 2 Indirect emissions

範圍2間接排放

Purchased electricity
外購電力

Scope 3 Other indirect emissions

範圍3其他間接排放

Paper waste disposal
廢紙處置

Water consumption
耗水量

Business air travel
商務空旅

Total GHG emissions

溫室氣體排放總量

Intensity

密度

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e

噸二氧化碳當量

tCO₂e/employee (note 3)

噸二氧化碳當量/僱員(附註3)

tCO₂e/product (tonnes) (note 4)

噸二氧化碳當量/產品(噸)(附註4)

(ii) 溫室氣體排放

截至2021年12月31日止年度，本集團業務活動產生53,508.62噸(2020年：43,162.72噸)二氧化碳當量(二氧化碳、甲烷、一氧化二氮及氫氟碳化物)的溫室氣體排放。下表載列本集團按範圍劃分的溫室氣體排放詳情：

For the year ended
31 December 2021
截至2021年
12月31日止年度

Emission
排放量

For the year ended
31 December 2020
截至2020年
12月31日止年度

Emission
排放量

38,226.33

27,267.03

64.44

29.30

-

90.50

14,932.53

15,661.26

0.96

0.96

284.36

113.27

-

0.40

53,508.62

43,162.72

108.10

92.03

5.27

3.34

Notes:

- (1) GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the latest released emission factors of China's regional power grid basis.
- (2) The above emission data does not include the removal of CO₂ contributed by recycling of paper.
- (3) As at 31 December 2021, the Group had 495 (2020: 469) fulltime employees in total. The data is also used for calculating other intensity data.
- (4) During the year ended 31 December 2021, the Group produced/processed 10,163 tonnes (2020: 12,935.68 tonnes) of products. The data is also used for calculating other intensity data.

Scope 1 – Direct emissions

Scope 1 direct emissions are generated from the use of the Group's coal-burning-boiler, motor vehicles and refrigerant. The Group is taking the proactive measures to reduce these emissions and these measures are set out in the section headed "A.1 Emissions" above.

Scope 2 – Indirect emissions

Scope 2 indirect emissions are generated from the use of purchased electricity. Measures to reduce these emissions are set out in the section headed "A.2 Use of resources" below.

Scope 3 – Other indirect emissions

Scope 3 other indirect emissions are generated from paper consumption, water consumption and business air travel. The Group will only choose air travel when considered necessary. Teleconferencing and network conferencing are the Group's preferred means of communication to reduce the frequency of travel. The measures to reduce paper and water consumption are set out in the section headed "A.2 Use of resources" below.

附註：

- (1) 溫室氣體排放數據乃按二氧化碳當量呈列，並參照包括但不限於世界資源研究所及世界可持續發展工商理事會刊發的《溫室氣體盤查議定書：企業會計與報告標準》、聯交所發佈的《如何準備環境、社會及管治報告—附錄二：環境關鍵績效指標匯報指引》及最新發佈的中國區域電網基準線排放因數。
- (2) 以上排放數據不包括因回收紙張而產生的二氧化碳排放量。
- (3) 於2021年12月31日，本集團共有495(2020年：469名)全職員工。該數據亦用於計算其他密度數據。
- (4) 截至2021年12月31日止年度，本集團生產／加工10,163噸(2020年：12,935.68噸)產品。該數據亦用於計算其他密度數據。

範圍1 – 直接排放

範圍1直接排放乃由使用本集團的燃煤鍋爐、機動車及製冷劑產生。本集團正採取積極措施以減少該等排放，該等措施載於上文「A.1排放」一節。

範圍2 – 間接排放

範圍2間接排放乃由外購電力產生。有關減少該等排放的措施載於下文「A.2資源利用」一節。

範圍3 – 其他間接排放

範圍3其他間接排放乃由紙張消耗、用水及商務空旅產生。本集團將僅於必要時選擇航空旅行。電話會議及網絡會議為本集團首選通訊方式以減少差旅頻率。有關減少紙張及水消耗的措施載於下文「A.2資源利用」一節。

(iii) Sewage discharge

Sewage is generated during the Group's dyeing process. Sewage is treated and discharged in accordance with the Discharge Standard of Water Pollutant for Dyeing and Finishing of Textile Industry (《紡織染整工業水污染物排放標準》). Measures to reduce hazardous substance in the sewage generated during the dyeing process are set out in the section headed "A.1 Emissions" above. The table below sets forth details of the Group's sewage discharge:

Sewage discharge
污水排放

Unit
單位

| | |
|------------------------|-----------|
| CODcr | Mg/L 毫克/升 |
| Ammonia nitrogen 氨氮 | Mg/L 毫克/升 |
| Total nitrogen 總氮 | Mg/L 毫克/升 |

The Group targets that the amounts of the Group's sewage discharge in 2022 will not be significantly higher than 2021.

(iv) Hazardous and non-hazardous waste

Hazardous waste of the Group includes waste mineral oil, effluent and packaging materials contaminated by dye. Non-hazardous waste of the Group includes residual coal, sludge, paper and packaging materials.

Apart from the above air pollutants and sewage treatments, the Group has adopted practices in relation to the separation, collection, storage and disposal of hazardous and non-hazardous waste in order to minimise environmental impact. In particular, the Group has engaged external service providers qualified by the relevant environmental authorities of the PRC government for (i) purification, transportation and disposal of the sludge generated from waste water; and (ii) collection and disposal of the residual coal produced from our coal-burning boiler for further recycling purpose.

(iii) 污水排放

本集團的染整過程中會產生污水。我們根據《紡織染整工業水污染物排放標準》處理及排放廢水。有關減少染整過程中所產生廢水的有害物質的措施載於上文「A.1排放」一節。下表載列本集團的污水排放詳情：

For the year ended
31 December 2021
截至2021年
12月31日止年度

Intensity
密度

For the year ended
31 December 2020
截至2020年
12月31日止年度

Intensity
密度

| | |
|--------------|-------|
| 26.00 | 29.89 |
| 2.00 | 3.89 |
| 3.20 | 4.66 |

本集團的目標為本集團於2022年的污水排放量將不會顯著高於2021年。

(iv) 有害及無害廢棄物

本集團的有害廢棄物包括廢礦物油、廢水及經染料污染的包裝材料。本集團的無害廢棄物包括殘留煤、污泥、紙張及包裝材料。

除上述空氣污染物及污水處理外，本集團已採取有關有害及無害廢棄物分離、收集、儲存及處置的常規，以最大程度地減少對環境的影響。尤其是，本集團已聘請經中國政府有關環境主管部門認可的外部服務供應商實施(i)淨化、運輸及處置廢水產生的污泥；及(ii)收集及處置自我們的燃煤鍋爐產生的殘留煤，以進一步回收利用。

The Group also adopted certain measures in relation to consumption of paper and packaging products including:

- Make use of computer system for general transaction notification and data transmission;
- Use both sides of paper as much as possible;
- Dispose of waste packaging boxes as recyclable waste; and
- Increase the use of recycled paper.

During the two years ended 31 December 2021, the Group did not receive any complaints or warnings on disposal of its hazardous and non-hazardous waste and the Group targets to reduce the amounts of hazardous and non-hazardous waste generated in 2022.

The table below sets forth details of hazardous and non-hazardous waste of the Group:

| Types of hazardous and non-hazardous waste 有害及無害廢棄物種類 | Unit 單位 | For the year ended 31 December 2021 截至2021年 12月31日止年度 | For the year ended 31 December 2020 截至2020年 12月31日止年度 |
|--|--|--|--|
| Waste mineral oil 廢礦物油 | tonnes 噸 | 0.78 | 0.89 |
| Effluent 污水 | tonnes 噸 | 0.46 | 0.53 |
| Packaging materials contaminated by dye 經染料污染的包裝材料 | tonnes 噸 | 0.64 | 0.66 |
| Residual coal 殘留煤 | tonnes 噸 | 786.54 | 797.81 |
| Sludge 污泥 | tonnes 噸 | 697.87 | 696.63 |
| Paper and packaging materials 紙張及包裝材料 | tonnes 噸 | 200.00 | 200.00 |
| Total waste 總廢棄物 | tonnes 噸 | 1,686.29 | 1,696.52 |
| Intensity 密度 | tonnes/employee 噸/僱員 | 3.41 | 3.62 |
| | tonnes/product (tonnes) 噸/產品(噸) | 0.17 | 0.13 |

本集團亦就紙張及包裝產品消耗採取若干措施，包括：

- 利用電腦系統進行一般交易通知及數據傳輸；
- 盡可能使用雙面紙；
- 將廢棄包裝箱按可回收廢棄物處理；及
- 增加使用回收紙。

截至2021年12月31日止的兩個年度，本集團尚未收到任何有關處置有害及無害廢棄物的投訴或警告，及本集團的目標為於2022年減少有害及無害廢棄物的產生量。

下表載列本集團的有害及無害廢棄物詳情：

A.2 Use of resources

The Group strives to minimise the impact of its business operations on the environment by adopting measures to conserve energy during the manufacturing and dyeing. Such measures include practices to limit electricity and water wastage, guidelines on permitted usage of electronic equipment by employees and utilisation of equipment which is energy-efficient.

Energy management

The Group actively implements the concept of energy saving, emission reduction, and maintain efficient use of resources through following the methods and measures for energy saving. Through practicing active management control in its operations, the Group strives to prevent pollution by using environmentally friendly materials, producing green products, and implementing technological innovations. The Group has also implemented strategies to reduce the consumption of petrol and diesel (see section headed "A.1 Emissions") and achieve electricity conservation and efficient use of electricity. The strategies to achieve electricity conservation and efficient use of electricity are as follows:

- Conserve electricity and turn off unnecessary lighting power;
- Minimise energy consumption when equipment is not in production;
- Avoid premature start-up of equipment and idling of equipment; and
- Assure the cooling effect of air conditioning equipment by proper maintenance.

A.2 資源利用

本集團通過採取措施於製造及染色過程中節約能源，努力將其業務運營對環境的影響降至最低。有關措施包括限制水電浪費的常規、員工獲准使用電子設備的指引以及使用節能設備。

能源管理

本集團積極貫徹節能減排的理念，通過遵循節能降耗的方法和措施，保持資源的有效利用。通過在運營中實行積極的管理控制，本集團致力透過使用環保材料，生產綠色產品和實施技術創新，以防止污染。本集團亦實施策略以減少汽油及柴油消耗(請參閱「A.1 排放」一節)及實現節約用電及高效用電的戰略。有關實現節約用電及高效用電的策略如下：

- 節約用電，關閉不必要的照明電源；
- 設備不生產時盡量減少能耗；
- 應避免過早啟動設備和設備空轉；及
- 對空調設備進行適當的維護，確保製冷效果。

The table below sets forth details of energy consumption of the Group:

下表載列本集團的能源消耗詳情：

| Types of energy consumption | Unit | For the year ended 31 December 2021 截至2021年 12月31日止年度 | For the year ended 31 December 2020 截至2020年 12月31日止年度 |
|------------------------------------|--|--|--|
| 能源消耗種類 | 單位 | | |
| Direct energy consumption | | | |
| 直接能源消耗 | | | |
| – Petrol and diesel – 汽油及柴油 | litre 升 | 26,295 | 12,324 |
| Intensity | litre/employee | 53.12 | 26.28 |
| 密度 | 升/僱員 | | |
| | litre/product (tonnes) | 2.59 | 0.95 |
| | 升/產品(噸) | | |
| Indirect energy consumption | | | |
| 間接能源消耗 | | | |
| – Purchased electricity – 外購電力 | kilowatt hours 千瓦時 | 17,846,940 | 18,717,889 |
| Intensity | kilowatt hours/employee | 36,054.42 | 39,910.21 |
| 密度 | 千瓦時/僱員 | | |
| | kilowatt hours/product (tonnes) | 1,756.07 | 1,447.00 |
| | 千瓦時/產品(噸) | | |

Water management

The Group consumes water during its production process and for office use. In addition to the aforesaid measures related to the discharge of sewage, the Group also encourages all employees to develop a habit of conscious water use and implements the following water-saving measures:

- Formulate specific guidelines and measures for water conservation based on the characteristics of water consumption; and
- Inspect and maintain water storage, distribution, and consumption facilities regularly, and promptly solve problems identified to prevent wastage of water resources.

During the two years ended 31 December 2021, the Group did not encounter any issues in water sourcing.

用水管理

本集團在生產過程中及辦公時會消耗水。除上述與排污有關的措施外，本集團亦鼓勵全體僱員養成自覺節水的習慣，並實施以下節水措施：

- 根據用水的特點，制訂具體的節約用水指引和措施；及
- 定期對蓄水、輸水及用水設施進行檢查及維護，發現問題及時解決，防止水資源的浪費。

截至2021年12月31日止兩個年度，本集團在水源方面概無任何問題。

The table below sets forth details of water consumption of the Group:

| | Unit | For the year ended 31 December 2021 截至2021年 12月31日止年度 | For the year ended 31 December 2020 截至2020年 12月31日止年度 |
|-----------------|------------------------------------|--|--|
| | 單位 | | |
| Water 用水 | tonnes 噸 | 339,856 | 135,377 |
| Intensity 密度 | tonnes/employee 噸／僱員 | 686.58 | 288.65 |
| | tonnes/product (tonnes) 噸／產品(噸) | 33.44 | 10.47 |

下表載列本集團的水耗詳情：

A.3 The environment and natural resources

The Group recognises its responsibility to minimise the negative environmental impacts arising from its business operations and it is committed to achieving the goal of environmental sustainability. The Group regularly assesses the environmental risks of its business operations, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations. The significant impact of activities of the Group on the environment and the actions taken to manage them are detailed in the sections headed "A.1 Emissions" and "A.2 Use of resources".

A.4 Climate change

Management of the Group regularly monitors and identifies climate change risk that is relevant to the Group's business operations. The climate-related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy and (ii) risks related to the physical impacts of climate change.

(i) Transition risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Group. Policy actions around climate change could continue to evolve. Transition risks related to policy change include any risk that the environmental laws and regulations in China may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules.

A3. 環境及天然資源

本集團意識到有責任將其業務運營中產生的任何負面環境影響減至最低，並致力於實現環境可持續性的目標。本集團定期評估其業務運營造成的環境風險，採取預防措施降低風險並確保遵守相關法律及法規。本集團業務對環境的重大影響及為管理有關影響已採取的行動於「A.1排放」及「A.2資源利用」章節詳述。

A.4 氣候變化

本集團管理層定期監控及識別與本集團業務運營有關的氣候變化風險。與氣候有關的風險可以分為兩大類：(i)與向低碳經濟轉型有關的風險，及(ii)與氣候變化的物理影響有關的風險。

(i) 轉型風險

向低碳經濟轉型可能引發廣泛的政策、法律、技術及市場變革，以解決與氣候變化有關的緩解及適應要求。視乎該等變化的性質、速度及重心，轉型風險可能令本集團面臨不同程度的財務及聲譽風險。圍繞氣候變化的政策行動或會持續發展。與政策變更有關的轉型風險包括中國環境法律法規可能不時修訂帶來的任何風險，而該等法律法規的變更可能導致我們產生額外費用以遵守更嚴格的規定。

(ii) Physical risks

Physical risks may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption. The Group's financial performance may be affected by changes in water availability, sourcing, and quality, or extreme temperature changes affecting the premises, operations, supply chain, transport needs, and employee safety. During the two years ended 31 December 2021, the Group did not encounter any difficulty in water availability, sourcing and quality, and it did not encounter any extreme temperature changes affecting the premises, operations, supply chain, transport needs, and employee safety that materially and adversely affecting business operation.

Moreover, the business of the Group as a dyeing service provider, has been categorised as one of the heavily polluting industries and may cause negative impact on the climate. In particular, the Group use coal-burning-boiler during our production process, that could emit air pollutants causing further warming of the planet.

The management recognised its social responsibility on climate change, and its role in assessing and managing these climate-related risks. The Group has implemented "coal-to-gas" transformation of its heating equipment from coal-burning-boiler to natural-gas-burning boiler during the year ended 31 December 2021. The management believes the natural-gas-burning boiler could significantly reduce the amount of air pollutants to be emitted in production, and will continue to assess and manage the climate-related risks posed to the Group in the future.

(ii) 物理風險

物理風險可能對本集團產生財務影響，例如資產直接損毀及供應鏈中斷產生的間接影響。本集團的財務表現可能會因供水、水源及水質變化，或影響場所、運營、供應鏈、運輸需求及員工安全的極端溫度變化而受到影響。截至2021年12月31日止兩個年度，本集團在供水、水源及水質方面並無遇到任何困難，亦無遇到影響場所、運營、供應鏈、運輸需求及員工安全的任何極端溫度變化而對業務運營造成重大不利影響。

此外，本集團作為染整服務供應商，業務已被分類為污染嚴重的行業之一，可能對氣候造成負面影響。尤其是，本集團在生產過程中使用燃煤鍋爐，可排放出空氣污染物，導致地球進一步變暖。

管理層認識到其對氣候變化的社會責任，以及在評估及管理該等與氣候相關的風險中的角色。本集團已於截至2021年12月31日止年度實施「煤轉氣」轉型，將其供熱設備由燃煤鍋爐轉換為天然氣鍋爐。管理層相信，天然氣鍋爐可大幅減少生產中排放的空氣污染物，並將於未來繼續評估及管理對本集團構成的與氣候相關的風險。

B. SOCIAL

B.1 Employment and labour practices

Employees are one of the Group's important assets. The Group provides a safe, fair and harmonious working environment for its employees. By upholding values of trust, respect and compassion, the Group believes that it will boost employees' sense of belonging and retain top talents.

The Group has a recruitment policy in place. New employees are recruited according to business needs and upon request from relevant departments. The Group generally recruits its workforce through online platforms, regional job fairs and referrals by existing employees. The candidates will be examined based on their relevant experiences, skills, knowledge, and integrity. According to the recruitment policy, the Group encourages its employees to refer potential candidates, rewards would be given if the candidates are successfully employed.

Each employee of the Group will receive an employee handbook which stipulates the rights and obligations of them. Basic rules such as dormitory rules, canteen management rules, factory access rules and resignation procedures will be included in the handbook and allow the employees to have constant references.

The Group also regularly reviews and updates its employment policy to ensure the applicability of its terms and condition and compliance with the latest labour laws and regulations. During the two years ended 31 December 2021, the Group complied with the Labour Law of the PRC and did not experience any significant labour disputes or any disruption to business operations due to labour disputes. In addition, the Group did not experience any difficulties in the recruitment and retention of experienced core staff or skilled personnel.

B. 社會

B.1 僱傭及勞工準則

僱員乃本集團的重要資產之一。本集團為僱員提供安全、公平及和諧的工作環境。通過堅持信任、尊重及同情的價值觀，本集團相信這將增強僱員的歸屬感並留住頂尖人才。

本集團已制定招聘政策。根據業務需要並按有關部門的要求招聘新僱員。本集團通常透過網上平台、地區性就業招聘會及現有僱員介紹等方式招聘員工。將根據求職者的相關經驗、技能、知識及誠信對其予以審查。根據招聘政策，本集團鼓勵僱員推介潛在候選人，倘候選人成功獲聘會給予獎勵。

本集團的每名僱員會獲得一本僱員手冊，當中列明其權利及責任。宿舍規則、食堂管理規則、進出工廠規則及呈辭程序等基本規則會載於手冊，隨時供僱員參考。

本集團亦定期檢討及更新其僱傭政策，以確保其條款及條件的適用性及遵守最新的勞工法律及法規。截至2021年12月31日止兩個年度，本集團遵守《中華人民共和國勞動法》，概無發生任何重大勞資糾紛或任何因勞資糾紛而中斷業務運營。此外，本集團在招聘及挽留經驗豐富的核心人員或技術人員方面概無遭遇任何困難。

Employee benefits and welfare

The Group's employees are generally remunerated by way of fixed salary. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amounts of bonuses. The team manager, person-in-charge of the factories and human resources department will be responsible for conducting performance appraisal. The Group's employees are also entitled to a number of subsidies, including but not limited to job-nature based subsidy, performance-based bonus, share options and paid leave.

During the two years ended 31 December 2021, the Group made timely and adequate social insurance contributions and housing provident fund contributions for its qualified employees in accordance with the relevant PRC laws and regulations.

Labour standards

The Group's recruitment policy sets out its recruitment procedures and standard. The Group strictly follows and regularly reviews such policy. The Group would carry out background checks to authenticate information provided by job applicants to confirm that they are at least 18 years old. During the two years ended 31 December 2021, the Group did not have non-compliance in relation to laws and regulations regarding prevention of child and forced labour. The Group also ensures that the working hours of its employees are reasonable and comply with the relevant laws and regulations and its employees would have sufficient rest periods.

Equal opportunity

The Group provides equal opportunities for employees in respect of recruitment, job advancement, training and development, etc. Employees are not discriminated against or deprived of such opportunities on the basis of race, nationality, religion, physical condition, disability, gender, pregnancy, sexual orientation, political status, age and any other discrimination prohibited by applicable law. Employees shall not act in discriminatory manner or they can be subject to disciplinary actions.

僱員福利

本集團的僱員一般以收取固定薪金的方式獲得薪酬。本集團為僱員採用一套評核系統，並於進行薪金檢討及釐定花紅金額時考慮個別僱員的評核結果。團隊經理、工廠負責人及人力資源部將負責進行年度績效評核。本集團的僱員亦有權收取若干補貼，包括但不限於按工作性質給予的補貼、績效花紅、購股權及有薪假期。

截至2021年12月31日止兩個年度，本集團根據中國相關法律法規為合資格僱員作出及時及足夠的社會保險金及住房公積金。

勞工準則

本集團的招聘政策載列其招聘程序及標準。本集團嚴格遵守並定期檢討有關政策。本集團將進行背景調查，以驗證求職者提供的資料，確認彼等至少滿18歲。截至2021年12月31日止兩個年度，本集團並無違反有關防止童工及強制勞工的法律及法規。本集團亦確保僱員的工作時間合理，符合有關法律及法規，僱員將有足夠的休息時間。

平等機會

本集團在招聘、晉升、培訓及發展等方面為僱員提供平等機會。僱員不會遭受種族、國籍、宗教、身體狀況、殘疾、性別、懷孕、性取向、政治地位、年齡及適用法律禁止的任何其他歧視。僱員不得以歧視的方式行事，否則可能會受到紀律處分。

(i) *Employee relations*

The Directors consider that it is important to maintain good relationship with employees. The Group maintains regular communications with its employees by arranging gatherings, celebration activities and trainings. Through these activities, the Group would collect feedback from its employees on job satisfactions and their expectations on the Group and would implement appropriate strategies to improve the work environment and its relationship with the employees.

(ii) *Employee health and safety*

The Group's principal raw materials are colouring dyes and additives. Although they are not hazardous chemicals as defined under the Catalog of Hazardous Chemicals (2015) 《危險化學品目錄(2015版)》, they can cause accidents and/or adverse impact on the environment unless they are properly stored and handled. In order to ensure the safe storage of the dyes and additives and to minimise the risk of the occurrences of any accidents, the Group has adopted certain measures in relation to the storage and handling of dyes and additives including:

- Storage facilities for dyes and additives must be (i) in specialised space or storage rooms; (ii) managed by designated personnel; (iii) labelled clearly; and (iv) kitted with sufficient fire safety equipment;
- Personnel and departments which handle different dyes and additives must strictly comply with the relevant management regulations, operational procedures and fire safety guidelines; and
- Specialised containers used for the storage of dyes and additives must be labelled accordingly.

(i) *僱員關係*

董事認為與僱員保持良好關係非常重要。本集團通過安排聚會、慶祝活動及培訓與僱員保持定期溝通。通過該等活動，本集團將收集僱員對工作滿意度的反饋及其對本集團的期望，並將實施適當的策略，改善工作環境及與僱員的關係。

(ii) *僱員健康與安全*

本集團的主要原材料為著色染料及添加劑。儘管著色染料及添加劑並非《危險化學品目錄(2015版)》界定的有害化學品，惟除非妥善存放及處理，否則可能導致事故及／或對環境造成不利影響。為妥善存放染料及添加劑並減少意外發生的風險，本集團已就儲存及處理染料及添加劑採納若干措施，其中包括：

- 染料及添加劑的儲存設施必須為(i)專門空間或儲物房；(ii)由指定人員管理；(iii)清晰標示用途；及(iv)配有足夠的消防安全設備；
- 處理不同染料及添加劑的人員及部門必須嚴格遵守有關管理規定，操作程序及消防安全指引；及
- 用於儲存染料及添加劑的專門容器必須標示用途。

The Group has established a series of safety guidelines, rules and procedures for different aspects of its production activities, including fire safety, operation safety, warehouse safety, work related injuries and emergency and evacuation procedures to promote occupational health and safety and to ensure compliance with applicable laws and regulations. Also, the Group provides suitable and necessary protection equipment to its employees, i.e., earplugs, protective suits and mask to ensure their safety during work. Furthermore, the Group will inspect its production facilities from time to time in order to ensure that such facilities are safe for use.

During the two years ended 31 December 2021, the Group complied in all material respects with relevant laws and regulations in the PRC relating to health and work safety and the Group did not record any material accidents. The Group was not involved in any material violations of health and safety laws or regulations in the PRC and it was not subject to material litigations, claims, administrative sanctions or penalties with regard to work safety and labour related issues. There were also no work-related fatalities or serious injuries, and no days were lost due to work injury for the three years ended 31 December 2021.

(iii) Development and training

In order to increase the overall competitiveness of workforce, the Group strives to ensure that its employees are equipped with the required skill and safety knowledge when performing their duties. It has been the Group's policy to provide all-round training to its employees. Usually it includes induction training with regard to factory rules, production flow and use of machineries which is held by manager or director; on-board training on the usage of machines and safety procedures required by its experienced senior staff for one to two months; and sometimes education opportunities depending on the job function of the employees.

本集團已就生產活動的不同方面(包括防火安全、營運安全、倉庫安全、因工受傷及緊急與逃生程序)訂立一系列安全指引、規則及程序，以推廣職業健康及安全，並確保遵守適用法律及法規。本集團亦為僱員提供合適及必須的保護裝備，即耳塞、保護衣及面罩，以確保其工作過程的安全。此外，本集團會不時檢查生產設施，確保該等設施可安全使用。

截至2021年12月31日止兩個年度，本集團已在所有重大方面均遵守中國有關健康與工作安全的相關法律及法規，本集團概無錄得任何重大事故。本集團在中國並無捲入任何重大違反健康與安全法律或法規的行為，亦無因工作安全及勞工相關問題遭受重大訴訟、索賠、行政制裁或處罰。截至2021年12月31日止三個年度，概無人員因工傷死亡、重傷，亦無人員因工傷缺勤。

(iii) 發展及培訓

為增強工作團隊的整體競爭力，本集團致力確保僱員於履行職務時具備所需技能及安全知識。本集團一向的政策為向僱員提供全面的培訓。培訓通常包括經理或主管舉行的入職培訓，內容有關廠房規則、生產流程及機器使用；為期一至兩個月，由資深高級員工主持的機器使用方法及必要之安全程序的實地培訓；及偶爾視乎僱員工作職能的教育機會。

The Group will also arrange management skills training to its potential mid-level staffs to increase their ability on management. Newly recruited employees are required to attend a safety training course so that they can be familiarised with the safety standards which they are required to meet during production and in their handling of production equipment. The Group will also hold events occasionally for its employees or allow its employees to join the trade fairs or seminars in difference provinces or cities, in order for them to catch up with market trend.

Set forth below is the number and percentage of training hours completed by the Group's employees by gender and employee category:

For the year ended 31 December 2021

| Employee category | Male | Female | Total | % of training hours by employee category |
|---|-----------------------------|-----------------------------|------------------------------|--|
| 僱員類別 | 男 Training hours 培訓時數 | 女 Training hours 培訓時數 | 總計 Training hours 培訓時數 | 按僱員類別劃分的佔培訓時數的百分比 |
| Senior management 高級管理層 | 648 | 136 | 784 | 9.4% |
| Middle management 中級管理層 | 792 | 216 | 1,008 | 12.0% |
| Other employees 其他僱員 | 4,644 | 1,940 | 6,584 | 78.6% |
| Total 總計 | 6,084 | 2,292 | 8,376 | 100.0% |
| % of training hours by gender 按性別劃分的佔培訓 時數的百分比 | 72.6% | 27.4% | 100.0% | |

本集團亦將向準中層員工安排管理技巧培訓，提升其管理能力。新獲聘的僱員必須出席安全培訓課程，讓彼等瞭解於生產過程及操作生產設備時須符合的安全標準。本集團亦不時為僱員舉行活動，或容許僱員參加在不同省份或城市舉辦的貿易博覽會或研討會，以緊貼市場趨勢。

以下為按性別及僱員類別劃分的本集團僱員完成的培訓時數及所佔百分比：

截至2021年12月31日止年度

For the year ended 31 December 2020

截至2020年12月31日止年度

| Employee category | Male | Female | Total | % of training hours by employee category |
|---|----------------|----------------|----------------|--|
| 僱員類別 | 男 | 女 | 總計 | 按僱員類別劃分的佔培訓時數的百分比 |
| | Training hours | Training hours | Training hours | |
| | 培訓時數 | 培訓時數 | 培訓時數 | |
| Senior management 高級管理層 | 648 | 36 | 684 | 8.3% |
| Middle management 中級管理層 | 792 | 216 | 1,008 | 12.2% |
| Other employees 其他僱員 | 4,644 | 1,940 | 6,584 | 79.5% |
| Total 總計 | 6,084 | 2,192 | 8,276 | 100.0% |
| % of training hours by gender 按性別劃分的佔培訓時數的百分比 | 73.5% | 26.5% | 100.0% | |

(iv) Employee distribution

As at 31 December 2021, the Group had 495 (2020: 469) full-time employees in total and they are employed for the Group's business operations in the PRC. The Group had no part-time employees. Set forth below are the distribution of the Group's employees as at 31 December 2021 by gender and age group:

| Category | 分類 | Number of employees 員工人數 | Percentage 百分比 |
|----------------------|----------------|-----------------------------|-------------------|
| By gender | 按性別劃分 | | |
| Male | 男性 | 288 | 58.2% |
| Female | 女性 | 207 | 41.8% |
| By age groups | 按年齡組別劃分 | | |
| 30 or below | 30歲或以下 | 100 | 20.2% |
| 31-40 | 31-40歲 | 140 | 28.3% |
| 41-50 | 41-50歲 | 117 | 23.6% |
| 51 or above | 51歲或以上 | 138 | 27.9% |

The table below sets forth the staff turnover rate of the Group classified by different categories:

| Category | 分類 | For the year ended 31 December 2021 截至2021年 12月31日止年度 | For the year ended 31 December 2020 截至2020年 12月31日止年度 |
|-------------------------------|----------------|--|--|
| By gender | 按性別劃分 | | |
| Male | 男性 | 5% | 23% |
| Female | 女性 | 12% | 32% |
| By age groups | 按年齡組別劃分 | | |
| 30 or below | 30歲或以下 | 5% | 35% |
| 31-40 | 31-40歲 | 7% | 28% |
| 41-50 | 41-50歲 | 8% | 17% |
| 51 or above | 51歲或以上 | 10% | 20% |
| By geographical region | 按地區劃分 | | |
| China | 中國 | 8% | 27% |

(iv) 僱員分佈

於2021年12月31日，本集團共有495(2020年：469)名全職僱員，並受僱從事本集團於中國的業務。本集團概無兼職僱員。下文載列本集團於2021年12月31日按性別及年齡組劃分的僱員分佈：

下表載列本集團按不同類別劃分的僱員流失比率：

B.2 Operating practices

(i) Supply chain management

Most of the Group's major suppliers are based in the PRC. The Group relies on the support from a wide variety of suppliers to provide raw materials and production equipment to carry out its business operations. It is very important for the Group to choose its suppliers carefully as such decision would directly affect the quality of its products and services.

The Group expects its suppliers to uphold the environmental, social and governance principles that the Group has adopted into the management of its business operations. In order to ensure that the components and raw materials meet the requisite safety and quality standards, the Group adopts stringent criteria in supplier selection (including but not limited to whether they provide high quality raw materials, whether they maintain a high standard on environmental protection and comply with relevant laws on environmental issues, whether price is comparable to market rate and location of their factories) and continuously monitors existing suppliers on an annual basis, based on criteria such as product quality, product defect ratio, delivery punctuality ratio and responsiveness.

B.2 營運慣例

(i) 供應鏈管理

本集團大多數主要供應商位於中國。本集團依賴眾多供應商的支持，以提供開展業務的原材料及生產設備。謹慎選擇供應商就本集團而言至關重要，因為有關決定會直接影響產品及服務的質量。

本集團希冀供應商遵守本集團在業務運營管理過程中所採納的環境、社會及管治原則。為確保零部件及原材料符合所需的安全及質量標準，本集團採納嚴格的供應商挑選標準（包括但不限於他們是否提供高品質原材料，是否保持高水平環境保護並遵守與環保問題相關的法律，其價格是否與市價可資比較，及其廠房所在地），並每年持續監察現有的供應商，標準包括產品質量、產品缺陷率、送貨準時比率及應對能力。

Whether the supplier will continue to be included in the Group's list of approved suppliers depends on the marks it achieved under annual evaluation. The awareness of environmental protection is one of the key criteria for us to evaluate the suppliers. The Group highly recognises suppliers that can provide international recognitions and certificates, including but not limited to (i) ISO 14001, recognising the environmental management system in place, (ii) Bluesign® certificate, recognising textile chemical providers and the products are responsible, sustainable and is greener textile chemicals for the environment, or (iii) Standard 100 of OEKO-Tex® recognition, mainly on product safety, which also attest to socially and environmentally sound conditions in production facilities.

If the aggregate marks of the supplier under the Group's annual evaluation (i) equals to or is more than 80 marks, then the supplier will remain in our list of approved suppliers for the following year; (ii) less than 80 marks, the Group would ask the suppliers to make corresponding amendments and conduct the evaluation again after three months. If its marks under the evaluation equals to or is more than 80 marks, the supplier will remain in the list of approved suppliers for the following year; or (iii) equals to or less than 70 marks, the supplier will be removed from the list of approved suppliers.

(ii) Product responsibility

Product assurance and recall

The Group believes that its reputation for product quality, timely delivery and customer service has contributed significantly to the success of its business operations.

供應商是否繼續列入本集團的經核准供應商名單需視乎其於年度評審下所取得分數而定。環保意識為我們評估供應商的關鍵標準之一。本集團高度認可能夠提供國際認可及證書的供應商，包括但不限於(i)認可制定環保管理體系的ISO 14001，(ii)認可紡織化學品供應商及產品為負責任、可持續及為環境友好型紡織化學品的Bluesign®認證，或(iii)主要為涉及產品安全亦證明生產設施社會及環境良好狀況的OEKO-Tex®標準100。

如供應商在本集團的年度評審下所取得總分(i) 等於或高於80分，則該供應商來年會繼續列入核准供應商名單；(ii) 低於80分，本集團會要求供應商作出相應改善，並在三個月後再作評審。如其在評審下得分等於或高於80分，供應商來年會繼續列入核准供應商名單；或(iii)等於或低於70分，該供應商會由核准供應商名單剔除。

(ii) 產品責任

產品保證與召回

本集團相信，本集團於產品質量、準時交付及客戶服務的聲譽對業務成功貢獻良多。

The Group adopts strict quality control measures which includes four stages, (i) initial quality check for raw materials, (ii) checking against prototype of greige fabrics according to the specification from customers, such as pattern and dimension of our lace and obtain approval from customers before bulk production; (iii) inspecting finished lace against any snagged yarns to ensure the number of weaving defects is below the agreed level and (iv) conduct various types of test to ensure appropriate elasticity of the products. In the event of anomalies discovered during inspection, the production staff would instantly report to the manager of the quality control department or to the general manager of the Group, so that the problem can be solved as quickly as possible.

The Group is currently using the total quality management system which can monitor the quality of products in an all-rounded respective. The Group's quality management system complies with the standard of GB/T 19001-2016/ISO9001:2015 Quality Management Systems Requirements and the Group was awarded a certificate for the design, and production of warp knitted lace (針織經編花邊). Also, the Group fully complies with domestic industry standards such as FZ/T 73027-2016 Textile Industry Standard (Warp Knitted Lace) of the PRC* (中華人民共和國紡織行業標準(針織經編花邊)). The Group has also been accredited with, among others, ISO 9001:2015 for quality management system for its design and production of lace and OEKO-TEX® Confidence in Textiles STANDARD 100, which shows that the quality of the Group's products can meet the international stringent requirements on product safety. In respect of dyeing services, the Group has obtained ISO14001:2015 for its environmental management system.

本集團採取嚴格的質量監控措施，當中包括四個階段：(i)原材料的初始質量檢驗；(ii)在大規模生產前根據客戶規格(如花邊圖案及尺寸)檢查坯布原型，並取得客戶批准；(iii)檢查花邊製成品是否有任何脫絲問題，確保紡織缺陷低於協定水平；及(iv)進行多種試驗，確保產品具有合適彈性。倘於檢驗過程中發現異常之處，生產人員會即時向品質監控部經理或本集團總經理匯報，以便盡快解決問題。

本集團目前採用全面品質管理系統，全面監察產品質素。本集團的品質管理系統符合GB/T 19001-2016/ISO 9001:2015 標準品質管理系統要求，本集團亦獲頒授針織經編花邊設計及生產證書。此外，本集團全面遵守國內行業標準，例如FZ/T 73027-2016中華人民共和國紡織行業標準(針織經編花邊)。本集團就花邊設計及生產的品質管理系統獲得ISO 9001:2015及獲得OEKO-TEX® Confidence in Textiles STANDARD 100認證，彰顯本集團產品的品質可符合國際嚴格的產品安全規定。就本集團的染整服務而言，本集團已就環境管理系統獲得ISO14001:2015認證。

* For identification purpose only

* 僅供識別

The Group also implements a series of repair and maintenance procedures of its machinery and equipment. The production team conducts basic routine checks on machinery and equipment regularly and detailed checks annually. The production team maintains detailed record on repair and maintenance work and the Group has its own hardware warehouse to increase the efficiency of repairing.

During the two years ended 31 December 2021, the Group did not have material non-compliance with laws and regulations in relation to product safety and receive any product return request, nor had it received any complaint from its customers on the quality of products, and no customers made any material warranty claims against the Group.

Intellectual property rights and privacy protection

To protect its intellectual property rights, the Group has entered into confidentiality and non-compete agreements with members of senior management, employees of the design and development team and technical support team and/or other employees who have access to secrets or confidential information of the Group. The confidentiality and non-compete agreements prohibit such members of senior management and/or the relevant employees from (i) disclosing confidential information of the Group such as technology know-how and trade secrets acquired or generated during the course of their employment with the Group; and (ii) engaging in activities and/or business that may potentially compete with the Group.

The Group has also established appropriate guidelines for its employees to regulate the use of personal information, safeguard confidential information and avoid leakage of customers' and suppliers' privacy.

During the two years ended 31 December 2021, the Group was not aware of any material infringement of any intellectual property rights nor material breach of data privacy.

本集團亦執行一系列機器及設備的維修及保養程序。生產團隊定期對機器及設備進行基本例行檢查，並每年進行詳細檢查。生產團隊保存詳細的維修及保養工程記錄，本集團擁有自家硬件倉庫，以提升維修效率。

截至2021年12月31日止兩個年度，本集團並無重大違反產品安全的法律法規，概無收到任何產品退貨要求，亦無收到任何客戶關於產品質量的投訴，且概無客戶向本集團提出任何重大保修索賠。

知識產權及私隱保護

為保障知識產權，本集團已與高級管理層成員、設計及開發團隊以及技術支援團隊的僱員及／或能接觸本集團的機密或秘密資料的僱員訂立保密及非競爭協議。保密及非競爭協議禁止高級管理層成員及／或相關僱員(i)披露本集團的機密資料，例如彼等受僱本集團過程中獲得或產生的工藝要領及／或商業秘密；及(ii)從事可能與本集團構成競爭的活動及／或業務。

本集團亦已為僱員制定適當的指引，規範個人信息的使用、保護機密信息並避免客戶及供應商私隱洩露。

截至2021年12月31日止兩個年度，本集團並無發現任何重大侵犯任何知識產權或重大違反數據私隱的情況。

(iii) Anti-corruption

The Group has implemented anti-corruption guides, policies and procedures for its employees to follow. A reporting mechanism is in place for any corruption or suspected corruption behaviour. Any contravention to these anti-corruption guides and policies identified with solid evidence, the Group will terminate the engagement with the contravened parties immediately and if needed, report to relevant regulatory authorities. The Group also provides trainings to its employees from time to time to ensure that they comply and familiar with the anti-corruption guides, policies and procedures of the Group.

During the two years ended 31 December 2021, the Group complied with all applicable laws on prohibiting corruption and bribery of the PRC and there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

B.3 Community investment

The Group acknowledges corporate social responsibility and allocates resources to satisfy the needs of the community. In achieving its social corporate goal in volunteering in the community, the Group has actively endeavoured in funding the development of less developed cities in the PRC by making donations to various charitable organisations occasionally.

During the two years ended 31 December 2021, the Group focused on environmental protection as well as cultural and sport promotion. Going forward, the Group will continue to focus on community needs and increase its investment in community. The Group has contributed a reasonable amount of time to environmental protection and cultural and sport promotion.

(iii) 反貪污

本集團已實施反貪污指引、政策及程序，供僱員遵循。對於任何腐敗或疑似腐敗行為設有一個報告機制。如有確鑿證據表明違反該等反貪污指引及政策，本集團將立即終止與違規方的接觸，並在必要時向相關監管機構報告。本集團亦不時為僱員提供培訓，確保彼等遵守並熟悉本集團的反貪污指引、政策及程序。

截至2021年12月31日止兩個年度，本集團已遵守中國所有關於禁止貪污受賄的適用法律，且本集團或其僱員並無任何已完結的貪污行為法律案件。

B.3 社區投資

本集團承認企業社會責任並分配資源以滿足社區的需求。為達成社區義務工作這一社會企業目標，本集團通過不時向不同慈善團體捐款，積極資助中國較落後城市的發展。

截至2021年12月31日止兩個年度，本集團關注環境保護及文體推廣。展望未來，本集團將繼續關注社區需求並加大對社區的投資。本集團已為環境保護及文體推廣投入合理的時間。

Directors' Report

董事會報告

The Directors are pleased to present to the shareholders of the Company the annual report and the audited consolidated financial statements for the year ended 31 December 2021.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 January 2019. The Company's shares were listed on the Main Board of the Stock Exchange on 13 January 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group provides dyeing services as well as sale and manufacture of lace to its customers. Details of the principal activities of the principal subsidiaries are set out in note 13 to the consolidated financial statements.

BUSINESS REVIEW, FUTURE PROSPECT AND DEVELOPMENT

The review of the business of the Group during the year ended 31 December 2021 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

PRINCIPAL RISK FACTORS AND UNCERTAINTIES

The following sets out the principal risks and uncertainties encountered by the Group in its business operations:

The Group as a dyeing service provider has been categorised as one of the heavily polluting industries. Any failure to comply with environmental regulations would expose the Group to penalties, fines, suspensions or actions in other forms.

The Group's business of providing dyeing services has been categorised as one of the heavily polluting industries and its operations are subjected to the environmental protection laws and regulations promulgated by the PRC government authorities. These laws and regulations require the Group to adopt effective measures to control and properly dispose of waste water and other environmental pollutants. The Group could be exposed to penalties, fines, suspensions or actions in other forms if we fail to comply with these laws and regulations.

董事欣然向本公司股東提呈截至2021年12月31日止年度的年報及經審核綜合財務報表。

一般資料

本公司於2019年1月4日於開曼群島註冊成立為獲豁免有限公司。本公司股份於2021年1月13日在聯交所主板上市。

主要業務

本公司為一間投資控股公司。本集團向其客戶提供染整服務以及花邊銷售及製造。主要附屬公司的主要業務詳情載於綜合財務報表附註13。

業務回顧、未來前景及發展

本集團截至2021年12月31日止年度的業務回顧以及有關本集團未來業務發展的討論載於本年報「主席報告」及「管理層討論及分析」章節。

主要風險因素及不確定因素

下文載列本集團及其業務營運面臨的主要風險及不確定因素：

作為染整服務供應商，本集團被分類為重污染產業之一。如未能遵守環境法規，本集團將面臨刑罰、罰款、停業或其他形式的法律行動。

本集團提供染整服務的業務被分類為重污染產業之一，而本集團的營運須遵守中國政府機關頒佈的環境保護法律法規。該等法律法規要求本集團採取有效措施控制及妥善處置廢水及其他環境污染物。倘本集團未能遵守該等法律法規，本集團或會面臨刑罰、罰款、停業或其他形式的法律行動。

The Group derives a significant portion of revenue from customers in Fujian and Guangdong. Failure to retain business relationships with existing customers or secure new business may materially affect the Group's results and financial performance.

The Group's revenue is concentrated in Fujian and Guangdong. The Group mainly provides lace manufacture and dyeing services on an order-by-order basis, there is no assurance that our business relationship with our customers in Fujian and Guangdong will continue in the future. The Group's results of operations, profitability and liquidity may be materially and adversely affected if it is unable to secure new orders from existing customers in Fujian and Guangdong or fail to procure similar level of business from new customers from other cities or countries on comparable commercial terms to offset the loss of revenue from customers in Fujian and Guangdong.

The Group's business depends on a stable and adequate supply of raw materials and the Group does not enter into any long-term agreements with suppliers, fluctuation in the price of raw materials may affect the Group's cost of sales and adversely affect business operation and profitability.

Since the Group does not enter into any long-term agreement with its raw material suppliers, if any interruption, reduction or termination of the supply of raw materials occurs, or the price of the raw material increase due to an increase in demand, the Group has to bear the risk of such fluctuations and may not be able to shift such risk to its customers.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Group does not have any important events occurring after the year ended 31 December 2021.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2021, sales to the Group's largest customer and five largest customers accounted for 6.0% (2020: 4.4%) and 21.0% (2020: 16.2%) of the total revenue, respectively.

Purchases from the Group's largest supplier and the five largest suppliers during the year ended 31 December 2021 accounted for 16.0% (2020: 17.1%) and 46.0% (2020: 56.1%) of the total purchases, respectively.

本集團大部分收益來自於福建及廣東的客戶。未能保留與現有客戶的業務關係或獲得新業務可對本集團的業績及財務表現構成重大影響。

本集團的收益集中在福建及廣東。本集團主要按訂單提供花邊製造及染整服務，概不能保證我們與位於福建及廣東的客戶的業務關係將於日後持續。倘本集團未能自於福建及廣東的現有客戶獲得新訂單，或未能以可比較商業條款從其他城市或國家的新客戶採購水平接近的業務以抵銷福建及廣東的客戶產生的收益損失，本集團的經營業績、盈利能力及流動資金可能受到重大不利影響。

本集團業務依賴穩定及充足的原材料供應，且本集團並無與供應商訂立長期協議，原材料價格的波動或會影響本集團的銷售成本，從而對業務營運及盈利能力造成不利影響。

由於本集團與其原材料供應商並無訂立任何長期協議，如原材料供應有任何中斷、減少或終止，或原材料價格因需求上升而增加，則本集團須承擔有關波動的風險，而未必能將風險轉嫁客戶。

報告期後事項

本集團沒有任何截至2021年12月31日止年度後發生的重要事項。

主要供應商及客戶

截至2021年12月31日止年度，本集團最大客戶及五大客戶的銷售額分別佔總收益的6.0% (2020年：4.4%)及21.0% (2020年：16.2%)。

截至2021年12月31日止年度，本集團最大供應商及五大供應商的採購額分別佔總採購額的16.0% (2020年：17.1%)及46.0% (2020年：56.1%)。

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers for the year ended 31 December 2021.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains good relationships with employees, customers and suppliers by making frequent communications with them to understand their needs. The Group provides safe work environment, competitive remuneration, good welfare benefits and continuous training for its employees. During the year ended 31 December 2021, there were no material disputes between the Group and its employees, customers and suppliers.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group. The Group also complied with (i) the requirements under the Hong Kong Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance; and (ii) the ordinances relating to occupational safety for the interest of its employees.

ENVIRONMENTAL POLICY AND SOCIAL RESPONSIBILITY

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 and the state of affairs of the Group at that date are set out in the financial statements on pages 102 to 105. The directors do not recommend the payment of dividend for the year ended 31 December 2021 (2020: nil).

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2021 are set out in note 13 to the consolidated financial statements.

本公司董事或彼等任何緊密聯繫人或就董事所知擁有本公司已發行股本5%以上的任何股東，概無於截至2021年12月31日止年度擁有本集團五大客戶或供應商任何實益權益。

與僱員、客戶及供應商的關係

本集團與僱員、客戶及供應商進行經常溝通，了解彼等的需求，維持良好關係。本集團為其僱員提供安全的工作環境、具有競爭力的薪酬、良好的福利待遇及持續培訓。截至2021年12月31日止年度，本集團與其僱員、客戶及供應商之間並無重大糾紛。

遵守法律及法規

截至2021年12月31日止年度，就董事所知，本集團已遵守對本集團有重大影響的一切相關法律及法規。本集團亦已遵守(i)香港公司條例、上市規則和證券及期貨條例(「證券及期貨條例」)有關披露資料及企業管治的規定；及(ii)有關職業安全的條例，以保障僱員權益。

環境政策及社會責任

本集團致力於履行社會責任、提升僱員福利及發展、保護環境及回饋社會，務求達致可持續增長。詳情載於本年報「環境、社會及管治報告」一節。

業績及股息

本集團截至2021年12月31日止年度的業績本集團於該日的事務狀況載於第102至105頁的財務報表。董事不建議就截至2021年12月31日止年度派付股息(2020年：無)。

附屬公司

於2021年12月31日，本公司的附屬公司詳情載於綜合財務報表附註13。

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2021 are set out in note 22 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2021 are set out in note 26 to the consolidated financial statements.

CHARGE ON ASSETS

Details of the Group's assets pledged as securities for current bank borrowings and bills payables as at 31 December 2021 are set out in note 31 to the consolidated financial statements.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 25 May 2022 (Wednesday), the register of members of the Company will be closed from 20 May 2022 (Friday) to 25 May 2022 (Wednesday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 19 May 2022 (Thursday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on 19 May 2022 (Thursday).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

物業、廠房及設備

截至2021年12月31日止年度，本集團的物業、廠房及設備變動詳情載於綜合財務報表附註14。

股本

截至2021年12月31日止年度，本公司的股本變動詳情載於綜合財務報表附註22。

銀行借款

截至2021年12月31日止年度，本集團的銀行借款詳情載於綜合財務報表附註26。

資產抵押

截至2021年12月31日止年度，本集團已抵押作為即期銀行借款及應付票據抵押品的資產詳情載於綜合財務報表附註31。

暫停辦理股份過戶登記手續

為確定股東符合資格出席本公司將於2022年5月25日(星期三)舉行的應屆股東週年大會並於會上表決，本公司將於2022年5月20日(星期五)至2022年5月25日(星期三)(包括首尾兩日)期間暫停辦理股份過戶登記手續。遞交過戶文件以辦理登記的最遲時間為2022年5月19日(星期四)下午四時三十分。於上述暫停辦理期間任何股份轉讓不得進行登記。為符合資格出席應屆股東週年大會並於會上表決，所有過戶文件連同有關股票及過戶表格必須於2022年5月19日(星期四)下午四時三十分前送達本公司的香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716號舖。

優先購買權

本公司細則或開曼群島法律概無有關優先購買權的條文，致使本公司有責任按比例向現有股東發售新股份。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

RESERVES AND DISTRIBUTABLE RESERVES

The movements in the reserves of the Group during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity of this annual report. The distributable reserves of the Company are set out in note 33 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities.

CHARITABLE DONATIONS

The Group made donations of RMB Nil during the year ended 31 December 2021 (2020: RMB100,000).

MANAGEMENT CONTRACTS

During the year ended 31 December 2021, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-Year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

購買、贖回或出售本公司上市證券

截至2021年12月31日止年度，本公司及其任何附屬公司概無購買、出售或贖回任何本公司上市證券。

儲備及可供分派儲備

本公司截至2021年12月31日止年度的儲備變動載於本年報綜合權益變動表。本公司可供分派儲備載於綜合財務報表附註33。

稅務減免及豁免

就董事所知，概無股東因持有本公司證券而享有任何稅務減免或豁免。

慈善捐贈

截至2021年12月31日止年度，本集團作出捐贈人民幣零元（2020年：人民幣100,000元）。

管理合約

截至2021年12月31日止年度，概無訂立或存在有關管理和經營本公司或附屬公司全部或任何重大部分業務的合約。

財務概要

本集團於過去五個財政年度的已刊發業績以及資產及負債的概要載於本年報「五年財務概要」一節。本概要並不構成經審核綜合財務報表其中一部分。

DIRECTORS

The directors of the Company during the year ended 31 December 2021 and up to the date of this annual report were:

Executive Directors

Mr. Lin Minqiang (*Chairman*)
Mr. Lin Chaowei
Mr. Lin Chaowen
Mr. Lin Bingzhong
Mr. Wei Cunzhuo
Ms. Lin Lili

Independent Non-Executive Directors

Mr. Sheng Zijiu
Mr. Chow Kit Ting
Mr. Yip Koon Shing
Mr. Wong Chun Sek Edmund

In accordance with the Articles, Mr. Wei Cunzhuo, Ms. Lin Lili, Mr. Yip Koon Shing and Mr. Wong Chun Sek Edmund will retire and, being eligible, will offer themselves for re-election at the forthcoming AGM.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the members of the Board and relationship between members of the Board are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

董事

截至2021年12月31日止年度及直至本年報日期，本公司的董事為：

執行董事

林民強先生(主席)
林朝偉先生
林朝文先生
林秉忠先生
魏存灼先生
林莉莉女士

獨立非執行董事

盛子九先生
周傑靈先生
葉冠成先生
黃俊碩先生

根據細則，魏存灼先生、林莉莉女士、葉冠成先生及黃俊碩先生將於應屆股東週年大會上退任並符合資格及願意膺選連任。

董事及高級管理層履歷詳情

董事會成員的履歷詳情及董事會成員之間的關係載於本年報「董事及高級管理層履歷詳情」一節。

EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICE EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

Details of the Group's employee benefit expenses and manpower service expenses for the year ended 31 December 2021 (including the emoluments of the Directors and senior management and the five highest paid individuals of the Group) are set out in note 9 to the consolidated financial statements of this annual report. The emoluments payable to the Directors are determined according to various factors, including but not limited to their performance, market conditions and the financial conditions of the Group. During the year ended 31 December 2021, no Directors have waived any emoluments. The remuneration of the senior management of the Group for the year ended 31 December 2021 falls within the following band:

僱員福利開支及人力資源服務開支， 包括董事酬金

截至2021年12月31日止年度，本集團的僱員福利開支及人力資源服務開支（包括本集團董事、高級管理層及五名最高薪酬人士的薪酬）詳情載於本年報綜合財務報表附註9。應付董事的酬金乃根據多種因素釐定，包括但不限於其表現、市況及本集團的財務狀況。截至2021年12月31日止年度，概無董事放棄任何酬金。截至2021年12月31日止年度，本集團的高級管理層薪酬處於以下範圍內：

| Remuneration band | 薪酬範圍 | Number of senior management 高級管理層人數 |
|----------------------------|-------------------|--|
| Not more than HKD1,000,000 | 不多於人民幣1,000,000港元 | 5 |

DIRECTORS' LETTERS OF APPOINTMENT

Each of the executive Directors and the independent non-executive Directors has signed a letter of appointment with our Company up to a term of three years commencing from 16 December 2020, which may be terminated in accordance with the terms of the letter of appointment.

Apart from the foregoing, no Directors proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment or compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Laws of the Cayman Islands) which he/she may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

董事委任函

各執行董事及獨立非執行董事已與本公司簽訂委任函，自2020年12月16日起計為期三年，可根據委任函的條款予以終止。

除上述者外，概無建議於股東週年大會重選的董事與本公司訂立不得由本公司於一年內終止而毋須支付款項或賠償（法定賠償除外）的服務合約。

獲准許的彌償條文

根據細則，各董事可（在開曼群島公司法准許下盡可能）就於或有關執行其職責或其他與此有關而蒙受或招致的所有損失或責任獲得以本公司資產作出的彌償。

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

As at 31 December 2021, interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the Company

| Name of Director 董事姓名 | Capacity/nature of interest 身份／權益性質 | Percentage of shareholding in the Company | |
|---|---|---|---|
| | | Number of shares held (Note 1) 持有的股份數目 (附註1) | (Approximate) 於本公司的 持股百分比 (概約) |
| Mr. Lin Minqiang (Note 2 and 3) 林民強先生(附註2及3) | Interest in a controlled corporation Interest held jointly with other persons 受控法團權益 與其他人士共同持有權益 | 850,500,000 (L) | 67.5% |
| Mr. Lin Bingzhong (Note 3) 林秉忠先生(附註3) | Interest held jointly with other persons 與其他人士共同持有權益 | 850,500,000 (L) | 67.5% |
| Mr. Lin Chaowei (Note 3) 林朝偉先生(附註3) | Interest held jointly with other persons 與其他人士共同持有權益 | 850,500,000 (L) | 67.5% |
| Mr. Lin Chaowen (Note 3) 林朝文先生(附註3) | Interest held jointly with other persons 與其他人士共同持有權益 | 850,500,000 (L) | 67.5% |

董事及最高行政人員於本公司或任何相關法團的股份、相關股份及債權證的權益及淡倉

於2021年12月31日，本公司董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債權證中擁有已根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例有關條文被當作或視為擁有的權益及淡倉)或根據證券及期貨條例第352條須載入本公司存置的登記冊的權益及淡倉，或根據標準守則須知會本公司及聯交所的權益及淡倉如下：

(i) 於本公司的權益

(ii) Interest in the ordinary shares of associated corporation (ii) 於相聯法團普通股的權益

| Name of Director | Name of associated corporation | Capacity/nature of interest | Number of shares held (Note 1) 持有的股份數目 (附註1) | Percentage of shareholding in the associated corporation (Approximate) 於相聯法團的持股百分比 (概約) |
|----------------------------|--|-----------------------------|---|--|
| 董事姓名 | 相聯法團名稱 | 身份／權益性質 | | |
| Mr. Lin Minqiang 林民強先生 | Deyong Investment Deyong Investment | Beneficial owner 實益擁有人 | 6,000 (L) | 60% |
| Mr. Lin Bingzhong 林秉忠先生 | Deyong Investment Deyong Investment | Beneficial owner 實益擁有人 | 1,160 (L) | 11.6% |
| Mr. Lin Chaowei 林朝偉先生 | Deyong Investment Deyong Investment | Beneficial owner 實益擁有人 | 922 (L) | 9.22% |
| Mr. Lin Chaowen 林朝文先生 | Deyong Investment Deyong Investment | Beneficial owner 實益擁有人 | 864 (L) | 8.64% |

Notes:

- The letter "L" denotes long position of the shares.
- These shares are held by Deyong Investment Co., Ltd ("Deyong Investment"). Deyong Investment is an investment holding company incorporated in the BVI and is owned by Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen as to 60%, 11.6%, 10.54%, 9.22% and 8.64%, respectively. Mr. Lin Minqiang is a director of Deyong Investment. Therefore, Mr. Lin Minqiang is deemed, or taken, to be interested in the shares of the Company held by Deyong Investment for the purposes of the SFO.
- On 31 December 2019, Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen entered into an acting in concert agreement to acknowledge and confirm (among other things) that they are parties acting in concert during the three years ended 31 December 2019 and six months ended 30 June 2020 and that to continue to act in the same manner in the Group after the Company's listing. As such, by virtue of the SFO, Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen are deemed to be interested in all the shares of the Company held by Deyong Investment.

附註：

- 「L」代表該名人士於股份的好倉。
- 該等股份由Deyong Investment Co., Ltd (「Deyong Investment」) 持有。Deyong Investment為於英屬處女群島註冊成立的投資控股公司，分別由林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生擁有60%、11.6%、10.54%、9.22%及8.64%。因此，根據證券及期貨條例，林民強先生被視為或當作於Deyong Investment所持有的本公司股份中擁有權益。
- 於2019年12月31日，林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生訂立一致行動協議，以承認及確認(其中包括)彼等於截至2019年12月31日止三個年度及截至2020年6月30日止六個月為一致行動人士，並將於本公司上市後繼續以同一方式於本集團行動。因此，根據證券及期貨條例，林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生被視為於Deyong Investment所持有的本公司所有股份中擁有權益。

Save as disclosed above, none of the Directors or chief executive of the Company had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at 31 December 2021, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Saved as disclosed in this annual report, at no time during the year ended 31 December 2021 and up to the date of this annual report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

除上文所披露者外，於2021年12月31日，概無本公司董事或最高行政人員於本公司或任何相聯法團的任何股份、相關股份及債券中，擁有記入本公司根據證券及期貨條例第352條須存置的登記冊或根據證券及期貨條例第XV部或標準守則須另行知會本公司及聯交所的任何權益或淡倉。

董事購買股份或債券的安排

除本年報所披露者外，於截至2021年12月31日止年度及直至本年報日期的任何時間，概無向本公司任何董事或彼等各自的配偶或未成年子女授出任何可藉收購本公司股份或債券而獲得利益的權利，彼等亦無行使任何該等權利，且本公司、其控股公司或其任何附屬公司概無訂立任何安排，致使本公司董事可藉收購本公司或任何其他法團股份或債務證券（包括債券）而獲得利益。

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2021, the following corporation/persons (other than the interests of the Directors or chief executives of the Company as disclosed above) had interests of 5% or more in the issued shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

主要股東及其他人士於本公司股份及相關股份中擁有的權益及淡倉

就董事所知，於2021年12月31日，下列法團／人士（上文所披露的本公司董事或最高行政人員權益除外）擁有本公司已發行股份中5%或以上的權益且根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露或須記入本公司根據證券及期貨條例第336條須存置的登記冊：

| Name | Capacity/nature of interest | Number of shares held (Note 1) | Percentage of shareholding in the Company (Approximate) |
|---|---|-----------------------------------|--|
| 姓名／名稱 | 身份／權益性質 | 股份數目 (附註1) | 於本公司的 持股百分比 (概約) |
| Deyong Investment (Note 2) | Beneficial owner | 850,500,000 (L) | 67.5% |
| Deyong Investment (附註2) | 實益擁有人 | 850,500,000 (L) | 67.5% |
| Mr. Lin Chaoji (Note 3) | Interest held jointly with other persons | 850,500,000 (L) | 67.5% |
| 林朝基先生 (附註3) | 與其他人士共同持有權益 | 850,500,000 (L) | 67.5% |
| Ms. Lin Yueyun (Note 4) | Interest of spouse | 850,500,000 (L) | 67.5% |
| 林月雲女士 (附註4) | 配偶權益 | 850,500,000 (L) | 67.5% |
| Ms. Jiang Yanyun (Note 5) | Interest of spouse | 850,500,000 (L) | 67.5% |
| 蔣艷雲女士 (附註5) | 配偶權益 | 850,500,000 (L) | 67.5% |
| Ms. Zheng Xiuqin (Note 6) | Interest of spouse | 850,500,000 (L) | 67.5% |
| 鄭秀欽女士 (附註6) | 配偶權益 | 850,500,000 (L) | 67.5% |
| Ms. Lin Yunzhen (Note 7) | Interest of spouse | 850,500,000 (L) | 67.5% |
| 林雲珍女士 (附註7) | 配偶權益 | 850,500,000 (L) | 67.5% |
| Ms. Lin Aimei (Note 8) | Interest of spouse | 850,500,000 (L) | 67.5% |
| 林愛美女士 (附註8) | 配偶權益 | 850,500,000 (L) | 67.5% |
| Glorious Way Investments Limited ("Glorious Way") (Note 9) | Beneficial owner | 94,500,000 (L) | 7.5% |
| Glorious Way Investments Limited ("Glorious Way") (附註9) | 實益擁有人 | 94,500,000 (L) | 7.5% |
| Mr. Tsoi Wing Sing (Note 10) | Interest in a controlled corporation and beneficial owner | 119,500,000 (L) | 9.48% |
| 蔡榮星先生 (附註10) | 受控法團權益與實益擁有人 | 119,500,000 (L) | 9.48% |
| Ms. Wu Chor Har (Note 11) | Interest of spouse | 119,500,000 (L) | 9.48% |
| 胡秋霞女士 (附註11) | 配偶權益 | 119,500,000 (L) | 9.48% |

Notes:

1. The letter "L" denotes long position of the shares.
2. Deyong Investment is an investment holding company incorporated in the BVI and is owned by Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen as to 60%, 11.6%, 10.54%, 9.22% and 8.64%, respectively.
3. On 31 December 2019, Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen entered into an acting in concert agreement to acknowledge and confirm (among other things) that they are parties acting in concert during the three years ended 31 December 2019 and six months ended 30 June 2020 and that to continue to act in the same manner in the Group after the Company's listing. As such, by virtue of the SFO, Mr. Lin Minqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen are deemed to be interested in all the shares of the Company held by Deyong Investment.
4. Ms. Lin Yueyun is the spouse of Mr. Lin Minqiang. Therefore, Ms. Lin Yueyun is deemed to be, or taken to be, interested in the shares of the Company which Mr. Lin Minqiang is interested in for the purposes of the SFO.
5. Ms. Jiang Yanyun is the spouse of Mr. Lin Bingzhong. Therefore, Ms. Jiang Yanyun is deemed to be, or taken to be, interested in the shares of the Company which Mr. Lin Bingzhong is interested in for the purposes of the SFO.
6. Ms. Zheng Xiuqin is the spouse of Mr. Lin Chaoji. Therefore, Ms. Zheng Xiuqin is deemed to be, or taken to be, interested in the shares of the Company which Mr. Lin Chaoji is interested in for the purposes of the SFO.
7. Ms. Lin Yunzhen is the spouse of Mr. Lin Chaowei. Therefore, Ms. Lin Yunzhen is deemed to be, or taken to be, interested in the shares of the Company which Mr. Lin Chaowei is interested in for the purposes of the SFO.
8. Ms. Lin Aimei is the spouse of Mr. Lin Chaowen. Therefore, Ms. Lin Aimei is deemed to be, or taken to be, interested in the shares of the Company which Mr. Lin Chaowen is interested in for the purposes of the SFO.
9. Glorious Way is an investment holding company incorporated in the BVI and is wholly owned by Mr. Tsoi Wing Sing.
10. Mr. Tsoi Wing Sing (i) directly and beneficially holds 1.98% of the shares of the Company; and (ii) beneficially owns 100% of the issued shares of Glorious Way, which in turn holds 7.5% of the shares of the Company. Mr. Tsoi Wing Sing is a director of Glorious Way. Therefore, Mr. Tsoi Wing Sing is deemed, or taken to be, interested in the shares of the Company held by Glorious Way for the purpose of the SFO and in aggregate holds 9.48% of the Shares of the Company.
11. Ms. Wu Chor Har is the spouse of Mr. Tsoi Wing Sing. Therefore, Ms. Wu Chor Har is deemed to be, or taken to be, interested in the shares of the Company which Mr. Tsoi Wing Sing is interested in for the purposes of the SFO.

附註：

1. 「L」代表該名人士於股份的好倉。
2. Deyong Investment為於英屬處女群島註冊成立的投資控股公司，分別由林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生擁有60%、11.6%、10.54%、9.22%及8.64%。
3. 於2019年12月31日，林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生訂立一致行動協議，以承認及確認（其中包括）彼等於截至2019年12月31日止三個年度及截至2020年6月30日止六個月為一致行動人士，並將於本公司上市後繼續以同一方式於本集團行動。因此，根據證券及期貨條例，林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生被視為於Deyong Investment所持有的本公司所有股份中擁有權益。
4. 林月雲女士為林民強先生的配偶。因此，根據證券及期貨條例，林月雲女士被視為或當作於林民強先生擁有權益的本公司股份中擁有權益。
5. 蔣艷雲女士為林秉忠先生的配偶。因此，根據證券及期貨條例，蔣艷雲女士被視為或當作於林秉忠先生擁有權益的本公司股份中擁有權益。
6. 鄭秀欽女士為林朝基先生的配偶。因此，根據證券及期貨條例，鄭秀欽女士被視為或當作於林朝基先生擁有權益的本公司股份中擁有權益。
7. 林雲珍女士為林朝偉先生的配偶。因此，根據證券及期貨條例，林雲珍女士被視為或當作於林朝偉先生擁有權益的本公司股份中擁有權益。
8. 林愛美女士為林朝文先生的配偶。因此，根據證券及期貨條例，林愛美女士被視為或當作於林朝文先生擁有權益的本公司股份中擁有權益。
9. Glorious Way為於英屬處女群島註冊成立的投資控股公司，由蔡榮星先生全資擁有。
10. 蔡榮星先生(i)直接及實益持有本公司1.98%股份；及(ii)實益擁有Glorious Way已發行股份100%，而Glorious Way持有本公司7.50%股份。蔡榮星先生為Glorious Way的董事。因此，根據證券及期貨條例，蔡榮星先生被視為或當作於Glorious Way所持有的本公司股份中擁有權益，故合共持有本公司9.48%股份。
11. 胡秋霞女士為蔡榮星先生的配偶。因此，根據證券及期貨條例，胡秋霞女士被視為或當作於蔡榮星先生擁有權益的本公司股份中擁有權益。

Save as disclosed above, as at 31 December 2021, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director or his/her connected entity has or had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party subsisting during or at the end of the year ended 31 December 2021.

CONTROLLING SHAREHOLDERS' INTEREST

No contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any controlling shareholders or any of its subsidiaries.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

Apart from the Group's business, none of the Directors, the controlling shareholders or any of their respective close associates was engaged in or had any interest in any business that competes or may compete with the principal business of the Group, which would require disclosure under Rule 8.10 of the Listing Rules, or has any other conflict of interest with the Group during the year ended 31 December 2021 and up to the date of this annual report.

除上文所披露者外，於2021年12月31日，本公司概無獲悉本公司已發行股本中根據證券及期貨條例第XV部第2及3分部條文須向本公司披露的任何相關權益或淡倉，或須記入本公司根據證券及期貨條例第336條須存置的登記冊的任何相關權益或淡倉。

董事於交易、安排或合約的權益

概無董事或其關連實體於截至2021年12月31日止年度內或年末時仍存續且由本公司或其任何附屬公司、同系附屬公司或其母公司所訂立並對本公司業務而言屬重要的任何交易、安排或合約中直接或間接擁有或曾擁有重大權益。

控股股東權益

本公司或其任何附屬公司並無與任何控股股東或其任何附屬公司訂立重大合約，亦無任何控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立的重大合約。

董事及控股股東於競爭業務的權益

截至2021年12月31日止年度及直至本年報日期，除本集團業務外，董事、控股股東或任何彼等各自的緊密聯繫人概無從事任何根據上市規則第8.10條須予披露的與本集團主要業務競爭或可能競爭的業務或擁有該等業務的任何權益，亦無與本集團有任何其他利益衝突。

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 16 December 2020 (the "Adoption Date"), which become effective on 13 January 2021.

(i) Purpose of Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to eligible participants; and to promote the success of the business of the Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent nonexecutive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.

(iii) Exercise price of share option

The exercise price of share option granted under the Share Option Scheme shall be a price solely determined by the Board and shall be at least highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HKD1.00.

購股權計劃

本公司於2020年12月16日（「採納日期」）有條件採納一項購股權計劃（「購股權計劃」），其於2021年1月13日生效。

(i) 購股權計劃的目的

購股權計劃旨在吸引及挽留最優秀的人員、向本集團僱員提供額外獎勵以及推動本集團業務創出佳績。

(ii) 參與者資格及條件

董事會可全權酌情按其認為適合的條款，向本集團任何僱員（全職或兼職）、董事、諮詢人或顧問、或本集團任何主要股東、或本集團任何分銷商、承包商、供應商、代理、客戶、商業夥伴或服務供應商授出購股權，使彼等可根據購股權計劃的條款，按下文第(iii)段計算的價格認購董事會可能指定數目的股份。董事會（或視情況而定包括獨立非執行董事）可不時根據個別參與者對本集團發展及增長所作出或可能作出的貢獻決定獲授任何購股權的參與者資格。

(iii) 購股權行使價

根據購股權計劃授出的購股權行使價由董事會全權釐定，但不得低於下列較高者：(i)於購股權授出日期於聯交所每日報價表所報的股份收市價；(ii)於緊接購股權授出日期前五個營業日在聯交所每日報價表所報的股份平均收市價；及(iii)於購股權授出日期的股份面值。

(iv) 授出購股權及接納要約

授出購股權的要約限於作出有關要約日期（包括該日）起計七日內接納。購股權承授人須於接納要約時就獲授的購股權向本公司支付1.00港元。

(v) Maximum number of shares that may be issued

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Adoption Date (i.e. 126,000,000 shares) unless approved by the shareholders of the Company.

The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Company's shareholders containing the information as required under the Listing Rules in this regard.

(vi) Maximum entitlement of each participant

Unless approved by shareholders of the Company in general meeting in the manner stipulated in the Listing Rules, the maximum entitlement for each eligible participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares in issue.

(v) 可發行的股份數目上限

因行使根據購股權計劃及本公司任何其他購股權計劃已授出但尚未行使的全部購股權而可能發行的股份總數，不得超過不時已發行股份的30%。如根據購股權計劃或本公司任何其他購股權計劃授出購股權後會超過有關30%的上限，則不得授出購股權。

在購股權計劃條款及條件的規限下，有關根據購股權計劃及任何其他計劃可能授出的購股權的股份數目上限合共不得超出於採納日期全部已發行股份的10%（即126,000,000股股份），除非本公司股東另行批准。

上文所述的10%上限可隨時經本公司股東在股東大會上批准後更新，惟因行使根據購股權計劃及本公司任何其他購股權計劃將予授出的全部購股權而可能發行的股份總數，不得超過批准經更新上限當日已發行股份的10%。就計算經更新10%上限而言，先前根據購股權計劃及本公司任何其他購股權計劃授出的購股權（包括根據購股權計劃及本公司任何其他購股權計劃的條款尚未行使、已註銷或已失效的購股權）將不會計算在內。一份載有上市規則就此方面規定的資料的通函，必須寄發予本公司股東。

(vi) 各參與者的配額上限

除非經本公司股東在按上市規則規定的方式舉行的股東大會上批准，各參與人士於任何12個月期間直至授出日期的配額上限（包括已行使及尚未行使的購股權）不得超過已發行股份總數的1%。

(vii) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(viii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting. As at 31 December 2021, the remaining life of the Share Option Scheme is approximately eight years and 11.5 months.

For further details on the principal terms of the Share Option Scheme, please refer to Appendix IV to the Prospectus.

As of 31 December 2021 and the date of this annual report, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, the total number of shares available for issue under the Share Option Scheme as of the date of this annual report was 126,000,000, representing 10% of the issued share capital of the Company as of the Adoption Date.

CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Company has not entered into or conducted any connected transactions, which were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions during the year ended 31 December 2021 are set out in note 32 to the consolidated financial statements. None of these related party transactions are connected transactions which are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

(vii) 行使購股權的時限

承授人可於董事會可能釐定的期間，隨時根據購股權計劃的條款行使購股權，惟有關期間不得超過授出日期起計十年，並受有關提前終止條文所規限。

(viii) 購股權計劃期限

購股權計劃將於採納日期起計十年內有效，除非在股東大會上遭股東提早終止，否則於緊接購股權計劃滿十週年前的營業日的營業時間結束時屆滿。於2021年12月31日，購股權計劃的剩餘年期約為八年11.5個月。

有關購股權計劃主要條款的進一步詳情，請參閱招股章程附錄四。

於2021年12月31日及本年報日期，概無根據購股權計劃授出或同意授出購股權。因此，於本年報日期，根據購股權計劃可發行的股份總數為126,000,000股，佔本公司於採納日期已發行股本的10%。

關連交易

截至2021年12月31日止年度，本公司概無訂立或進行須遵守上市規則項下任何申報、公告或獨立股東批准規定的關連交易。

關聯方交易

截至2021年12月31日止年度，本集團的關聯方交易詳情載於綜合財務報表附註32。概無該等關聯方交易為須遵守上市規則項下申報、公告或獨立股東批准規定的關連交易。

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as of the date of this report, the Company has maintained the public float as required under the Listing Rules.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, the Company has appointed Dakin Capital Limited ("Dakin Capital") to be the compliance adviser. Dakin Capital, being the sponsor of the Company in relation to the Listing, has declared its independence pursuant to Rule 3A.07 of the Listing Rules. Save as provided for in relation to the share offer and/or disclosed in the Prospectus, neither Dakin Capital nor any of its associates and none of the directors or employees of Dakin Capital who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the share offer, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

REVIEW OF AUDITED ANNUAL RESULTS

The Group's audited consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee.

購買、出售或贖回本公司上市證券

截至2021年12月31日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

企業管治常規

有關本公司企業管治常規的詳情載於本年報「企業管治報告」一節。

股權掛鉤協議

截至2021年12月31日止年度，除購股權計劃外，本公司概無訂立任何股權掛鉤協議。

充足公眾持股量

根據本公司公開可獲得的資料及就董事所知，於本報告日期，本公司已維持上市規則規定的公眾持股量。

合規顧問權益

根據上市規則第3A.19條，本公司已委聘德健融資有限公司（「德健融資」）作為合規顧問。作為本公司上市保薦人的德健融資已根據上市規則第3A.07條聲明其獨立性。除就股份發售規定及／或招股章程所披露者外，德健融資或其任何聯繫人士以及參與向本公司提供意見的德健融資任何董事或僱員（作為保薦人）概無因或可能因股份發售而於本公司或本集團任何其他公司的任何證券擁有權益（包括認購該等證券的購股權或權利）。

審閱經審核年度業績

本集團截至2021年12月31日止年度的經審核綜合財務報表已由審核委員會審閱。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code during the year ended 31 December 2021.

USE OF PROCEEDS FROM IPO

Details of the use of the proceeds from IPO are set out on page 15 of this annual report.

AUDITOR

The financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers who shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

By order of the Board
Deyun Holding Ltd.
Mr. Lin Minqiang
Chairman

Hong Kong, 25 March 2022

上市發行人董事進行證券交易的標準守則

本公司已採納上市規則附錄十載述的標準守則作為其有關董事進行證券交易的操守守則。經本公司作出具體查詢後，全體董事確認，彼等於截至2021年12月31日止年度已遵守標準守則所載的規定標準。

首次公開發售所得款項用途

有關首次公開發售所得款項用途的詳情載於本年報第15頁。

核數師

截至2021年12月31日止年度的財務報表已由羅兵咸永道會計師事務所審核，而其將於應屆股東週年大會上退任並符合資格及願意膺選連任。於應屆股東週年大會上將提呈一項決議案以續聘羅兵咸永道會計師事務所為本公司核數師。

承董事會命
Deyun Holding Ltd. (德運控股有限公司*)
主席
林民強先生

香港，2022年3月25日

* For identification purpose only

* 僅供識別

Independent Auditor's Report

獨立核數師報告



To the Shareholders of Deyun Holding Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Deyun Holding Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 102 to 177, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

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 2021, 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

致德運控股有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

德運控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第102至177頁的綜合財務報表，包括：

- 於2021年12月31日的綜合財務狀況表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策及其他解釋信息。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於2021年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition for manufacturing of lace and provision of dyeing services
- Impairment of contract assets, trade and bills receivables

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 製造花邊及提供染整服務收益確認
- 合約資產減值及貿易應收款項及應收票據減值

KEY AUDIT MATTERS (Continued)

Key Audit Matter 關鍵審計事項

Revenue recognition for manufacturing of lace and provision of dyeing services 製造花邊及提供染整服務收益確認

Refer to Notes 2.21 and 5 to the consolidated financial statements.

請參閱綜合財務報表附註2.21及5。

During the year ended 31 December 2021, revenue of approximately RMB150,405,000 was recognised for manufacturing of lace and provision of dyeing services in the Group's consolidated income statement.

截至2021年12月31日止年度，貴集團的綜合收益表已確認製造花邊及提供染整服務收益約人民幣150,405,000元。

Revenue from manufacturing of lace and provision of dyeing services is recognised over the period of the contract using the input method. For contracts in progress at the period end, the Group applies a percentage of completion to the contracted price and the percentage is determined with reference to the actual costs incurred and the total estimated costs on completion for the services.

製造花邊及提供染整服務收益於合約期間使用成本投入法確認。就期末在建合約而言，貴集團對合約價格採用完工百分比，而該百分比乃經參考已產生的實際成本及服務完成時的估計成本總額釐定。

We focused on this area due to the magnitude of revenue transactions occurred and hence, significant audit effort was spent in auditing this area.

我們著重此方面的原因在於所產生的收益交易金額龐大，因此，已就此方面耗用大量審計資源。

關鍵審計事項 (續)

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

Our audit procedures performed on revenue recognition for manufacturing of lace and provision of dyeing service included:

我們就製造花邊及提供染整服務收益確認所進行的審計程序包括：

- We understood, evaluated and tested the key controls in respect of revenue recognition for manufacturing of lace and provision of dyeing service and assessed the inherent risk of material misstatements by considering the degree of estimation uncertainty and level of other inherent risk factors;
- 通過考慮估計不確定性的程度及其他固有風險因素水平，我們了解、評估並測試有關製造花邊及提供染整服務收益確認的關鍵控制，並評估重大錯誤陳述的固有風險；
- We discussed with management and evaluated whether the method used by management to estimate revenue in relation to contracts in progress at period end is reasonable;
- 我們與管理層討論並評估管理層於期末估計在建合約收益所採用的方法是否合理；
- We assessed management's identification of performance obligations and the recognition of revenue over-time by examining the sales contracts with customers and with reference to our understanding of the client's business and industry practices;
- 通過檢查客戶的銷售合約並參考我們對客戶業務的了解及行業慣例，我們評估管理層識別履約責任及隨時間確認收益；

KEY AUDIT MATTERS (Continued)

Key Audit Matter 關鍵審計事項

關鍵審計事項 (續)

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

- We checked, on a sample basis, the contracted prices to the underlying sales invoices and sales contracts;
- 我們抽樣核查相關銷售發票及銷售合約的合約價格；
- We tested, on a sample basis, the actual costs incurred including direct material costs, direct labour costs and overhead costs to underlying supporting documents;
- 我們抽樣檢查相關支持文件的已產生實際成本，包括直接物料成本、直接勞工成本及營業成本；
- For contracts in progress at the year end, we assessed the estimated costs on completion of selected contracts with reference to total costs of the Group's similar sales contracts that are completed, and checking the total cost incurred in respect to those selected contracts subsequent to the year end; and
- 就年末在建合約而言，我們參考貴集團已完成的類似銷售合約的總成本，評估選定合約的估計成本，並檢查該等選定合約於年末後已產生的總成本；及
- We checked the calculation of the revenue recognition based on the contracted prices, the actual costs incurred and the total estimated costs on completion.
- 我們按照交易價格、已產生的實際成本及於完成時的估計成本總額核查收益確認的計算方式。

Based upon the above procedures performed, we considered that the recognition of revenue from manufacturing of lace and provision of dyeing service was supported by the available evidence.

基於上述所進程序，我們認為製造花邊及提供染整服務收益確認獲現有憑據支持。

KEY AUDIT MATTERS (Continued)

Key Audit Matter

關鍵審計事項

Impairment of contract assets, trade and bills receivables

合約資產減值及貿易應收款項及應收票據減值

Refer to Notes 3.1.3, 4.1 and 20 to the consolidated financial statements.

請參閱綜合財務報表附註3.1.3、4.1及20。

As at 31 December 2021, the carrying value of the Group's gross contract assets, trade and bills receivables amounted to RMB29,737,000, against which the provision for impairment of contract assets, trade and bills receivables amounted to RMB2,643,000 was made.

於2021年12月31日，貴集團的合約資產、貿易應收款項及應收票據總額的賬面值為人民幣29,737,000元，並就此計提合約資產、貿易應收款項及應收票據的減值撥備人民幣2,643,000元。

Management applied the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets, trade and bills receivables. In measuring the credit loss rates, management assess whether there are any significant changes in payment profiles and risk of default, and takes into consideration the current and forward-looking information, to adjust the expected losses rates.

管理層採用香港財務報告準則第9號的簡化方法計量預期信貸虧損，當中對所有合約資產、貿易應收款項及應收票據使用存續期預期信貸虧損撥備。計量信貸虧損率時，管理層評估付款情況及違約風險是否有任何重大變動，並考慮當前及前瞻性資料，以調整預期虧損率。

We focused on auditing the impairment of contract assets, trade and bills receivables because the estimation of loss allowance is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of contract assets, trade and bills receivables is considered significant due to subjectivity of significant assumptions used, and significant judgements involved in selecting data.

我們著重於審核合約資產減值及貿易應收款項及應收票據減值，原因是虧損撥備的估計具有高度不確定性。由於所使用之重要假設的主觀性，以及於選用數據時涉及重大判斷，因此與合約資產減值及貿易應收款項及應收票據減值評估有關的內在風險屬重大。

關鍵審計事項 (續)

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our audit procedures performed on impairment of contract assets, trade and bills receivables included: 我們就合約資產減值及貿易應收款項及應收票據減值所進行的審計程序包括：

- We obtained an understanding of the management's internal control and assessment processes for determining the provision for impairment of contract assets, trade and bills receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining the assumptions to be applied;
- 我們了解管理層釐定合約資產、貿易應收款項及應收票據減值撥備的內部監控及評估程序，並透過考慮估計不確定性的程度及釐定所使用的假設時涉及的判斷，藉此評估重大誤報的內在風險；
- We evaluated the outcome of prior period assessment of provision for impairment of contract assets, trade and bills receivables, by reviewing receivables settlement records, to assess the effectiveness of management's estimation process;
- 我們審查貿易應收款項結算記錄，藉此評估對合約資產、貿易應收款項及應收票據撥備的前期評估結果，以評估管理層之估算過程的有效性；
- We tested on a sample basis, the accuracy of ageing profile of trade receivables by checking to relevant supporting evidence;
- 我們透過檢查相關的支持證據，以抽樣方式測試貿易應收款項賬齡分析的準確性；
- We assessed the appropriateness of the expected credit loss methodology adopted by management and the reasonableness of the use of forward-looking information by management in determining the expected credit loss allowance;
- 我們評估管理層採用的預期信貸虧損方法的適當性，以及管理層釐定預期信貸虧損撥備時使用前瞻性資料的合理性；

KEY AUDIT MATTERS (Continued)

Key Audit Matter 關鍵審計事項

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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.

關鍵審計事項 (續)

How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

- We considered whether the judgements made in selecting the methods, significant assumptions and data would give rise to indicators of possible management bias.
- 我們考慮在選擇方法、重大假設及數據時作出的判斷是否會導致可能存在管理層偏差的跡象。

Based upon the above procedures performed, we considered that management's judgements and assumptions applied in respect of allowance for the provision for impairment of trade receivables were supportable by the evidence obtained and procedures performed.

基於上述所進程序，我們認為管理層對貿易應收款項減值撥備的判斷及假設可通過所獲得的憑證及所執行的程序支持。

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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 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, 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 HKSA's 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 HKSA's, we exercise professional judgment and maintain professional scepticism 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.

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

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

- 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.
- 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.

核數師就審計綜合財務報表承擔的 責任(續)

- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，用以消除對獨立性產生威脅的行動或採取的防範措施。

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

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 Ka Keung, Johnny.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2022

核數師就審計綜合財務報表承擔的 責任 (續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃家強。

羅兵咸永道會計師事務所
執業會計師

香港，2022年3月25日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2021 截至2021年12月31日止年度

| | | Notes | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|---------------------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Revenue | 收益 | 5 | 165,942 | 198,478 |
| Cost of sales | 銷售成本 | 6 | (126,748) | (124,621) |
| Gross profit | 毛利 | | 39,194 | 73,857 |
| Other income | 其他收入 | 7 | 1,944 | 5,328 |
| Other losses, net | 其他虧損淨額 | 8 | (3,689) | (1,584) |
| Selling and distribution expenses | 銷售及分銷開支 | 6 | (2,416) | (2,278) |
| Administrative expenses | 行政開支 | 6 | (10,333) | (22,089) |
| Net impairment losses on financial assets and contract assets | 金融資產及合約資產減值虧損淨額 | 6 | (1,974) | (425) |
| Operating profit | 經營溢利 | | 22,726 | 52,809 |
| Finance income | 融資收入 | 10 | 1,477 | 388 |
| Finance costs | 融資成本 | 10 | (123) | (604) |
| Finance income/(costs), net | 融資收入／(成本)淨額 | | 1,354 | (216) |
| Profit before income tax | 除所得稅前溢利 | | 24,080 | 52,593 |
| Income tax expense | 所得稅開支 | 11 | (2,898) | (8,772) |
| Profit for the year attributable to owners of the Company | 本公司擁有人應佔年內溢利 | | 21,182 | 43,821 |
| Earnings per share attributable to owners of the Company | 本公司擁有人應佔每股盈利 | | | |
| Basic and diluted (RMB cents) | 基本及攤薄(人民幣分) | 12 | 1.70 | 4.64 |

The above consolidated income statement should be read in conjunction with the accompanying notes.

上述綜合收益表應與隨附的附註一併閱讀。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2021 截至2021年12月31日止年度

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| Profit for the year | 年內溢利 | 21,182 | 43,821 |
| Other comprehensive loss: | 其他全面虧損： | | |
| <i>Item that may be reclassified to profit or loss</i> | <i>其後可能重新分類至損益的項目</i> | | |
| Exchange differences on translation of foreign operations | 換算海外業務的匯兌差額 | (19) | - |
| Total comprehensive income for the year attributable to owners of the Company | 本公司擁有人應佔年內全面收益總額 | 21,163 | 43,821 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述綜合全面收益表應與隨附的附註一併閱讀。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2021 於2021年12月31日

| | | Notes | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-------------------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Assets | 資產 | | | |
| Non-current assets | 非流動資產 | | | |
| Properties, plant and equipment | 物業、廠房及設備 | 14 | 147,476 | 146,651 |
| Right-of-use asset | 使用權資產 | 14 | 2,640 | 2,722 |
| Investment property | 投資物業 | 15 | 308 | 341 |
| Intangible assets | 無形資產 | 16 | 1,236 | 645 |
| Prepayments | 預付款項 | 18 | 7,807 | 277 |
| | | | 159,467 | 150,636 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 19 | 9,737 | 9,272 |
| Contract assets | 合約資產 | 20 | 8,320 | 7,556 |
| Trade and bills receivables | 貿易應收款項及應收票據 | 20 | 18,774 | 13,060 |
| Prepayments and other receivables | 預付款項及其他應收款項 | 18 | 1,623 | 10,013 |
| Cash and cash equivalents | 現金及現金等價物 | 21 | 182,294 | 109,483 |
| | | | 220,748 | 149,384 |
| Total assets | 資產總值 | | 380,215 | 300,020 |
| Equity | 權益 | | | |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | | |
| Share capital | 股本 | 22 | 10,511 | —* |
| Reserves | 儲備 | | 324,195 | 222,951 |
| Total equity | 權益總額 | | 334,706 | 222,951 |

* The balance was rounded to the nearest thousand

* 結餘約整至最接近千位

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2021 於2021年12月31日

| | | Notes | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-------------------------------------|----------------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Liabilities | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Other payables | 其他應付款項 | 23 | 1,478 | 1,533 |
| Deferred tax liabilities | 遞延稅項負債 | 24 | 535 | 346 |
| | | | 2,013 | 1,879 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 貿易應付款項 | 25 | 20,221 | 10,706 |
| Other payables and accruals | 其他應付款項及應計款項 | 23 | 17,242 | 37,859 |
| Contract liabilities | 合約負債 | 23 | 588 | 3,440 |
| Current income tax liabilities | 即期所得稅負債 | | 5,445 | 10,185 |
| Bank borrowings | 銀行借款 | 26 | – | 13,000 |
| | | | 43,496 | 75,190 |
| Total liabilities | 負債總額 | | 45,509 | 77,069 |
| Total equity and liabilities | 權益及負債總額 | | 380,215 | 300,020 |

The consolidated financial statements on pages 102 to 177 were approved by the Board of Director on 25 March 2022 and were signed on its behalf.

第102至177頁的綜合財務報表已經董事會於2022年3月25日批准刊發，並由以下人士代為簽署。

Lin Minqiang
林民強
Director
董事

Wei Cunzhuo
魏存灼
Director
董事

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

上述綜合財務狀況表應與隨附的附註一併閱讀。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2021 截至2021年12月31日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | |
|--|-----------------|---|---------------|-------------------|-------------------|------------------|-------------------|--------------|
| | | Share capital | Share premium | Other reserves | Statutory reserve | Exchange reserve | Retained earnings | Total equity |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 股本 | 股份溢價 | 其他儲備 | 法定儲備 | 匯兌儲備 | 保留盈利 | 權益總額 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| | | | | (Note a) (附註a) | | | | |
| Balance at 1 January 2021 | 於2021年1月1日的結餘 | -* | - | 104,466 | 16,620 | 2 | 101,863 | 222,951 |
| Profit for the year | 年內溢利 | - | - | - | - | - | 21,182 | 21,182 |
| Other comprehensive loss | 其他全面虧損 | - | - | - | - | (19) | - | (19) |
| Total comprehensive income | 全面收益總額 | - | - | - | - | (19) | 21,182 | 21,163 |
| Transactions with owners | 與擁有人的交易 | | | | | | | |
| Capitalisation issue (Note 22) | 資本化發行(附註22) | 7,883 | (7,883) | - | - | - | - | - |
| Issuance of ordinary shares of the Company (Note 22) | 本公司發行普通股(附註22) | 2,628 | 102,486 | - | - | - | - | 105,114 |
| Share issuance costs | 股份發行成本 | - | (14,522) | - | - | - | - | (14,522) |
| Appropriation (Note b) | 撥款(附註b) | - | - | - | 2,402 | - | (2,402) | - |
| Total transactions with owners | 與擁有人的交易總額 | 10,511 | 80,081 | - | 2,402 | - | (2,402) | 90,592 |
| Balance at 31 December 2021 | 於2021年12月31日的結餘 | 10,511 | 80,081 | 104,466 | 19,022 | (17) | 120,643 | 334,706 |

* The balance was rounded to the nearest thousand

* 結餘約整至最接近千位

Consolidated Statement of Changes in Equity 綜合權益變動表

For the year ended 31 December 2021 截至2021年12月31日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | Total |
|--|-----------------|---|--|--|---|--|------------------------------------|
| | | Share capital RMB'000 股本 人民幣千元 | Other reserves RMB'000 其他儲備 人民幣千元 (Note a) (附註a) | Statutory reserve RMB'000 法定儲備 人民幣千元 | Exchange reserve RMB'000 匯兌儲備 人民幣千元 | Retained earnings RMB'000 保留盈利 人民幣千元 | equity RMB'000 權益總額 人民幣千元 |
| Balance at 1 January 2020 | 於2020年1月1日的結餘 | 138 | 104,466 | 10,720 | 2 | 63,942 | 179,268 |
| Profit for the year | 年內溢利 | - | - | - | - | 43,821 | 43,821 |
| Total comprehensive income | 全面收益總額 | - | - | - | - | 43,821 | 43,821 |
| Transactions with owners | 與擁有人的交易 | | | | | | |
| Cancellation of ordinary shares of the Company (Note 22) | 本公司註銷普通股(附註22) | (138) | - | - | - | - | (138) |
| Issuance of ordinary shares of the Company (Note 22) | 本公司發行普通股(附註22) | -* | - | - | - | - | -* |
| Appropriation (Note b) | 撥款(附註b) | - | - | 5,900 | - | (5,900) | - |
| Total transactions with owners | 與擁有人的交易總額 | (138) | - | 5,900 | - | (5,900) | (138) |
| Balance at 31 December 2020 | 於2020年12月31日的結餘 | -* | 104,466 | 16,620 | 2 | 101,863 | 222,951 |

* The balance was rounded to the nearest thousand

* 結餘約整至最接近千位

Notes:

附註：

(a) Other reserves represent the combined share capital and capital reserve of the companies comprising the Group, after elimination of inter-company transactions and balances as at 31 December 2021 and 2020 in relation to the reorganisation.

(a) 其他儲備指於2021年及2020年12月31日，本集團旗下各公司經對銷集團內公司間交易及結餘後的有關重組的合併股本及資本儲備。

(b) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of 10% of statutory profits after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of shareholders.

(b) 中國法律及法規規定，中國註冊公司於向權益持有人作出溢利分派前，須就其各自法定財務報表所呈報的所得稅後溢利（抵銷過往年度的累計虧損後）轉撥的若干法定儲備計提撥備。所有法定儲備均就特定目的而設立。中國公司於分派其當前年度的稅後溢利前，須轉撥所得稅後法定溢利10%的金額至法定盈餘儲備。當法定盈餘儲備的總額超出註冊資本的50%時，公司可停止轉撥。法定盈餘儲備將僅用於彌補公司虧損、擴充公司營運或增加公司資本。此外，公司可根據股東決議案，進一步轉撥其稅後溢利至酌情盈餘儲備。

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述綜合權益變動表應與隨附的附註一併閱讀。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2021 截至2021年12月31日止年度

| | | Notes | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|--------------------|-------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Cash flows from operating activities | 經營活動現金流量 | | | |
| Cash generated from operations | 經營所得現金 | 28(a) | 30,488 | 87,736 |
| Income tax paid | 已付所得稅 | | (7,449) | (5,525) |
| Interest received | 已收利息 | | 1,477 | 388 |
| Net cash generated from operating activities | 經營活動所得現金淨額 | | 24,516 | 82,599 |
| Cash flows from investing activities | 投資活動現金流量 | | | |
| Purchase of properties, plant and equipment | 購買物業、廠房及設備 | | (35,231) | (2,014) |
| Proceeds from disposal of properties, plant and equipment | 出售物業、廠房及設備的所得款項 | 28(b) | 828 | 101 |
| Purchase of intangible assets | 購買無形資產 | | (1,069) | (70) |
| Net cash used in investing activities | 投資活動所用現金淨額 | | (35,472) | (1,983) |
| Cash flows from financing activities | 融資活動現金流量 | | | |
| Proceeds from bank borrowings | 銀行借款所得款項 | 28(c) | – | 13,000 |
| Repayments of bank borrowings | 償還銀行借款 | 28(c) | (13,000) | (13,000) |
| Gross proceeds from issuance of ordinary shares upon listing | 於上市時發行普通股的所得款項總額 | | 105,114 | – |
| Interest paid | 已付利息 | | (128) | (634) |
| Consideration paid for the acquisition of a subsidiary in respect to reorganisation | 就有關重組收購一家附屬公司的已付代價 | 28(c) | – | (5,000) |
| Payment of IPO listing expenses | 首次公開發售上市開支付款 | | (8,193) | (3,980) |
| Net cash generated from/(used in) financing activities | 融資活動所得/(所用)現金淨額 | | 83,793 | (9,614) |
| Net increase in cash and cash equivalents | 現金及現金等價物增加淨額 | | 72,837 | 71,002 |
| Cash and cash equivalents at beginning of the year | 年初現金及現金等價物 | | 109,483 | 38,480 |
| Currency translation differences | 貨幣換算差額 | | (26) | 1 |
| Cash and cash equivalents at end of the year | 年末現金及現金等價物 | 21 | 182,294 | 109,483 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與隨附的附註一併閱讀。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Deyun Holding Ltd. (the “**Company**”) was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The address of the Company’s registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) is principally engaged in (i) manufacturing of lace and provision of dyeing services (the “**Listing Business**”); and (ii) sales of shoes.

The ultimate holding company of the Company is Deyong Investment Co., Limited (“**Deyong Investment**”), a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholders are Mr. Lin Mingqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei, Mr. Lin Chaowen all of whom are acting in concert (together, the “**Controlling Shareholders**”).

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Listing**”) on 13 January 2021.

These consolidated financial statements are presented in unit of Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated.

1 一般資料、重組及呈列基準

1.1 一般資料

德運控股有限公司(「**本公司**」)於2019年1月4日根據開曼群島公司法(1961年第三號法例,經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands。

本公司為一家投資控股公司。本公司及其附屬公司(統稱「**本集團**」)主要從事(i)製造花邊及提供染整服務(「**上市業務**」);及(ii)鞋履銷售。

本公司的最終控股公司為於英屬處女群島(「**英屬處女群島**」)註冊成立的公司Deyong Investment Co., Limited(「**Deyong Investment**」)。最終控股股東為行動一致的林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生(統稱「**控股股東**」)。

本公司股份於2021年1月13日在香港聯合交易所有限公司主板上市(「**上市**」)。

該等綜合財務報表以單位人民幣(「**人民幣**」)呈列,除非另有指明,否則所有數值均約整至最接近千位(「**人民幣千元**」)。

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION (Continued)

1.2 Reorganisation

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent the reorganisation (the "Reorganisation") which mainly involved the following major steps:

- (a) On 4 January 2019, the Company was incorporated in the Cayman Islands. 10,000 shares of the Company were allotted and issued at par on 7 January 2019 to Deyong Investment which is held by Mr. Lin Mingqiang, Mr. Lin Bingzhong, Mr. Lin Chaoji, Mr. Lin Chaowei and Mr. Lin Chaowen.
- (b) On 29 January 2019, Deyun Investment Limited ("Deyun Investment (BVI)") was incorporated in the BVI and held by the Company.
- (c) On 13 March 2019, Deyun Holding (HK) Limited ("Deyun Holding (HK)") was incorporated in Hong Kong and held by Deyun Investment (BVI).
- (d) On 23 September 2019, Regal Star Holdings Limited ("Regal Star"), an investment holding vehicle of the pre-IPO investor, Mr. Tsoi Wing Sing ("Mr. Tsoi"), subscribed for 10% of equity interest of Fujian Deyun Technology Co., Ltd.* (福建德運科技有限公司) ("Deyun Technology") at 16,000,000 Hong Kong dollars ("HKD") (approximately RMB14,316,000). The amount was paid subsequently on 6 November 2019.
- (e) On 18 December 2019, Fujian Deyun Consulting Services Co., Ltd.* (福建德運諮詢服務有限公司) ("Deyun Consulting") was incorporated in the PRC and held by Deyun Holding (HK).
- (f) On 19 December 2019, Deyun Consulting acquired the entire equity interests in Deyun Technology from the Controlling Shareholders and Regal Star, at a total cash consideration of RMB5,000,000. The consideration was fully settled on 13 March 2020. Deyun Technology has since become an indirect wholly-owned subsidiary of the Company.
- (g) On 20 December 2019, the Company allotted and issued 8,000 and 2,000 new shares for cash consideration of 8,000 United States dollars ("USD") and USD2,000 respectively to Deyong Investment and Glorious Way Investments Limited ("Glorious Way"), which is controlled by Mr. Tsoi.

* For identification purposes only

1 一般資料、重組及呈列基準 (續)

1.2 重組

為籌備本公司股份於香港聯合交易所有限公司主板上市，本集團已進行重組（「重組」），當中主要涉及以下主要步驟：

- (a) 於2019年1月4日，本公司在開曼群島註冊成立。10,000股本公司股份於2019年1月7日按面值配發及發行予由林民強先生、林秉忠先生、林朝基先生、林朝偉先生及林朝文先生持有的Deyong Investment。
- (b) 於2019年1月29日，Deyun Investment Limited（「Deyun Investment (BVI)」）在英屬處女群島註冊成立，並由本公司持有。
- (c) 於2019年3月13日，Deyun Holding (HK) Limited（「Deyun Holding (HK)」）在香港註冊成立，並由Deyun Investment (BVI)持有。
- (d) 於2019年9月23日，首次公開發售前投資者蔡榮星先生（「蔡先生」）的投資控股工具星浩集團有限公司（「星浩」）以16,000,000港元（「港元」）（約人民幣14,316,000元）認購福建德運科技有限公司（「德運科技」）10%股權。該金額其後已於2019年11月6日支付。
- (e) 於2019年12月18日，福建德運諮詢服務有限公司（「德運諮詢」）在中國註冊成立，並由Deyun Holding (HK)持有。
- (f) 於2019年12月19日，德運諮詢自控股股東及星浩收購德運科技全部股權，現金代價總額為人民幣5,000,000元。代價已於2020年3月13日悉數清償。德運科技自此成為本公司的間接全資附屬公司。
- (g) 於2019年12月20日，本公司向Deyong Investment及由蔡先生控制的Glorious Way Investments Limited（「Glorious Way」）分別配發及發行8,000股及2,000股新股份，現金代價為8,000美元（「美元」）及2,000美元。

* 僅供識別

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap 622 of the Laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the directors of the Group to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Amended standards adopted by the Group

The Group has adopted the following amended standards for the first time for their annual reporting period commencing 1 January 2021:

| | |
|--|--|
| HKFRS 16 (Amendments) | Covid-19-Related Rent Concessions |
| HKFRS 9, HKAS 39, and HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform – Phase 2 |

2 主要會計政策概要

此附註提供編製該等綜合財務報表時所採用的主要會計政策。除非另有說明，否則於所呈列的所有年度一直貫徹採用該等政策。

2.1 編製基準

本集團綜合財務報表已按照香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」）及香港公司條例（香港法例第622章）的披露規定編製。綜合財務報表已根據歷史成本法編製。

編製符合香港財務報告準則的綜合財務報表需要使用若干關鍵會計估計，亦需要本集團董事在應用本集團會計政策的過程中作出判斷。涉及較多判斷或複雜程度較高的範疇或假設及估計對綜合財務報表屬重大的範疇已於附註4披露。

(a) 本集團採納的準則修訂本

本集團已於2021年1月1日開始的年度報告期間首次應用以下經修訂準則：

| | |
|--|----------------|
| 香港財務報告準則第16號（修訂本） | Covid-19相關租金寬減 |
| 香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號（修訂本） | 利率基準改革 – 第二階段 |

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group

The following new and amended standards, interpretation and accounting guideline have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) 已頒佈但本集團尚未採納的新訂及經修訂準則、解釋及會計指引

以下為已頒佈但於2021年12月31日之報告期間並未強制生效的新訂及經修訂準則、解釋及會計指引，而本集團亦無提前採用。

| | | Effective for accounting periods beginning on or after 於下列日期 或之後開始的 會計期間生效 |
|--|--|---|
| HKFRS 16 (Amendments) | Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| 香港財務報告準則第16號 (修訂本) | 於2021年6月30日後之Covid-19相關租金寬減 | 2021年4月1日 |
| HKFRS 3 (Amendment) | Reference to the Conceptual Framework | 1 January 2022 |
| 香港財務報告準則第3號 (修訂本) | 概念框架的提述 | 2022年1月1日 |
| HKFRS 16 (Amendment) | Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| 香港財務報告準則第16號 (修訂本) | 物業、廠房及設備 – 擬定用途前的所得款項 | 2022年1月1日 |
| HKAS 37 (Amendment) | Onerous Contracts – Costs of Fulfilling a Contract | 1 January 2022 |
| 香港會計準則第37號 (修訂本) | 虧損性合約 – 履行合約的成本 | 2022年1月1日 |
| HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 (Amendments) | Annual Improvements to HKFRS Standards 2018 to 2020 | 1 January 2022 |
| 香港財務報告準則第1號、 香港財務報告準則第9號、 香港財務報告準則第16號及 香港會計準則第41號 (修訂本) | 2018年–2020年週期年度改進 | 2022年1月1日 |
| Accounting Guideline 5 (Amendments) | Merger Accounting for Common Control Combinations | 1 January 2022 |
| 會計指引第5號 (修訂本) | 共同控制下的合併會計處理 | 2022年1月1日 |
| HKFRS 17 | Insurance Contracts | 1 January 2023 |
| 香港財務報告準則第17號 | 保險合約 | 2023年1月1日 |
| HKFRS 17 (Amendments) | Amendments to HKFRS 17 | 1 January 2023 |
| 香港財務報告準則第17號 (修訂本) | 香港財務報告準則第17號之修訂 | 2023年1月1日 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *New and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group (Continued)*

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) *已頒佈但本集團尚未採納的新訂及經修訂準則、解釋及會計指引 (續)*

| | | Effective for accounting periods beginning on or after 於下列日期或之後開始的會計期間生效 |
|--|---|--|
| HKAS 1 (Amendments) 香港會計準則第1號(修訂本) | Classification of Liabilities as Current or Non-current 負債按流動或非流動分類 | 1 January 2023 2023年1月1日 |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) 香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本) | Disclosure of Accounting Policies 會計政策之披露 | 1 January 2023 2023年1月1日 |
| HKAS 8 (Amendments) 香港會計準則第8號(修訂本) | Definition of Accounting Estimates 會計估計之定義 | 1 January 2023 2023年1月1日 |
| HKAS 12 (Amendments) 香港會計準則第12號(修訂本) | Deferred Tax related to Assets and Liabilities arising from a Single Transaction 與單一交易產生的資產及負債有關之遞延稅項 | 1 January 2023 2023年1月1日 |
| HK Interpretation 5 (2020) 香港詮釋第5號(二零二零年) | Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause 借入人對含有按要求償還條款的定期貸款的分類 | 1 January 2023 2023年1月1日 |
| HKFRS 10 and HKAS 28 (Amendment) 香港財務報告準則第10號及香港會計準則第28號(修訂本) | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營公司或合營企業之資產出售或注資 | To be determined 待定 |

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards, interpretation and accounting guideline issued but not yet adopted by the Group (Continued)

The Group will adopt the above new and amended standards, interpretation and accounting guideline as and when they become effective. The Group has already commenced an assessment of the impact of these new and amended standards, interpretation and accounting guideline, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurements of certain items in the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

(b) 已頒佈但本集團尚未採納的新訂及經修訂準則、解釋及會計指引 (續)

本集團將於上述新訂及經修訂準則、詮釋及會計指引生效時採用。本集團已開始評估該等新訂及經修訂準則、詮釋及會計指引的影響，其中若干有可能與本集團的業務有關並可能導致會計政策變動、披露變動以及重新計量綜合財務報表中若干項目。

2.2 附屬公司

2.2.1 綜合入賬

附屬公司為本集團擁有控制權的實體（包括結構實體）。當本集團透過參與該實體的活動而獲得或有權享有可變回報，且有能力透過其對實體的權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團當日起綜合入賬，並自控制權終止當日起終止綜合入賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9") in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 綜合入賬 (續)

(a) 業務合併

本集團採用收購法將業務合併入賬。收購附屬公司的轉讓代價為本集團已轉讓資產、所產生負債及發行的股本權益的公平值。所轉讓代價包括因或然代價安排而產生任何資產或負債的公平值。於業務合併中收購的可識別資產以及承擔的負債及或然負債初步按其於收購日期的公平值計量。本集團根據個別收購基準，按公平值或按非控股權益應佔被收購方可識別淨資產的確認金額的比例，確認於被收購方的任何非控股權益。

收購相關成本於產生時支銷。

倘業務合併分階段進行，收購方先前於被收購方持有的股權於收購日期的賬面值重新計量為收購日期的公平值；有關重新計量所產生的任何收益或虧損於損益中確認。

本集團將予轉讓的任何或然代價按收購日期的公平值確認。被視為一項資產或負債的或然代價的公平值後續變動，按照香港財務報告準則第9號「金融工具」(「香港財務報告準則第9號」)於損益中確認。分類為權益的或然代價毋須重新計量，而其後續結算於權益入賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combination (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries now comprising the Group have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 綜合入賬 (續)

(a) 業務合併 (續)

所轉讓代價、於被收購方的任何非控股權益金額及任何先前於被收購方的股權於收購日期的公平值超逾所收購可識別淨資產公平值的差額，乃入賬列作商譽。倘轉讓的代價、已確認非控股權益及先前持有的權益總額低於所收購附屬公司淨資產的公平值（於議價收購的情況下），則該差額會直接於損益中確認。

集團公司之間的公司間交易、結餘及交易的未變現收益均予以對銷。未變現虧損亦會對銷。本集團現時旗下附屬公司的會計政策已作出必要的變動以確保與本集團採用的政策一致。

(b) 控制權並無變動的附屬公司擁有權權益變動

不會導致失去控制權的非控股權益交易入賬列作權益交易，即與附屬公司擁有人以其作為擁有人的身份進行的交易。任何已付代價的公平價與相關應佔所收購附屬公司淨資產賬面值的差額計入權益。向非控股權益進行出售的收益或虧損亦計入權益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for by the Company at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors who make strategic decisions.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 綜合入賬 (續)

(c) 出售附屬公司

倘本集團不再擁有控制權，其於該實體的任何保留權益按其失去控制權當日的公平值重新計量，而賬面值變動則於損益內確認。就隨後入賬列作聯營公司或金融資產的保留權益而言，此公平值即初步賬面值。此外，先前於其他全面收益內確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。這可能意味著先前在其他全面收益內確認的金額重新分類至損益。

2.2.2 獨立財務報表

於附屬公司的投資由本公司按成本扣除減值入賬。成本包括直接應佔投資成本。附屬公司的業績由本公司按已收股息及應收股息入賬。

當收到於附屬公司的投資的股息時，倘股息超過附屬公司在宣派股息期間的全面收益總額，或倘於獨立財務報表的投資賬面值超過被投資公司淨資產（包括商譽）於綜合財務報表的賬面值時，則須對有關投資進行減值測試。

2.3 分部報告

經營分部的報告形式與向主要營運決策者（「主要營運決策者」）提供的內部報告形式一致。主要營運決策者負責分配資源及評估經營分部表現，其已被確定為作出策略決策的董事。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements is presented in RMB, which is the Company's functional currency and the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within “Other losses, net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognised in other comprehensive income.

2 主要會計政策概要 (續)

2.4 外幣換算

2.4.1 功能及呈列貨幣

本集團各實體財務報表所列的項目均採用該實體經營所在主要經濟環境的貨幣(「**功能貨幣**」)計量。綜合財務報表以本公司的功能貨幣及本集團的呈列貨幣人民幣呈列。

2.4.2 交易及結餘

外幣交易按交易當日現行匯率換算為功能貨幣。結算有關交易及按年末匯率換算以外幣計值的貨幣資產及負債所產生的外匯損益一般於損益內確認。

所有其他外匯收益及虧損一概按淨額基準於綜合收益表內的「其他虧損淨額」內呈列。

以外幣公平值計量的非貨幣項目採用釐定公平值當日的匯率換算。以公平值入賬的資產及負債的匯兌差額列報為公平值收益或虧損的一部分。例如，非貨幣資產及負債(如以公平值計量且其變動計入損益的權益)的匯兌差額在損益中確認為公平值收益或虧損的一部分，而非貨幣資產(如以公平值計量且其變動計入其他全面收益的權益)的匯兌差額在其他全面收益中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

2.4.3 Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 主要會計政策概要 (續)

2.4 外幣換算 (續)

2.4.3 集團公司

功能貨幣與呈列貨幣不同的所有集團實體(當中不涉及嚴重通脹經濟體系貨幣)的業績及財務狀況按以下方法換算為呈列貨幣:

- 每份呈列的財務狀況表內的資產及負債按該財務狀況表當日的收市匯率換算;
- 每份收益表及全面收益表內的收支按平均匯率換算(除非此平均匯率並非交易日期現行匯率的累計影響的合理約數,在此情況下,收支項目按交易日期的匯率換算);及
- 所有由此產生的匯兌差額於其他全面收益確認。

於綜合入賬時,換算任何於海外業務的投資淨額而產生的匯兌差額計入其他全面收益。當出售海外業務或償還構成該投資淨額部分的任何借款時,相關的匯兌差額於損益重新歸類為出售收益或虧損的一部分。

因收購海外業務而產生的商譽及公平值調整,均視作有關海外實體的資產及負債,並按收市匯率換算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Properties, plant and equipment

Properties, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of properties, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual value, over their estimated useful lives, as follows:

| | |
|---------------------|--|
| Buildings | Shorter of estimated useful lives or remaining lease terms |
| Plant and machinery | 5 to 15 years |
| Office equipment | 5 years |
| Motor vehicles | 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal are determined by comparing proceeds with carrying amount and are recognised in "Other losses, net" in consolidated income statement.

2 主要會計政策概要 (續)

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊列賬。歷史成本包括收購該等項目直接應佔的開支。

僅當與資產有關的未來經濟利益可能流入本集團，而該項目的成本能夠可靠地計量時，方會將該項目其後產生的成本計入該項資產的賬面值或確認為獨立資產(如適當)。單獨資產中任何組成部分的賬面值在更換時終止確認。所有其他維修及保養成本乃於其產生的財政期間自損益扣除。

物業、廠房及設備的折舊按以下估計可使用年期以直線法分攤其成本並扣除其剩餘價值計算：

| | |
|-------|----------------------|
| 樓宇 | 估計可使用年期或餘下租期(以較短者為準) |
| 廠房及機器 | 5至15年 |
| 辦公設備 | 5年 |
| 汽車 | 10年 |

資產的剩餘價值及可使用年期均於各報告期末進行檢討，並作出適當的調整。倘資產的賬面值高於其估計可收回金額，則即時將資產賬面值撇減至其可收回金額。

出售收益或虧損乃透過比較所得款項與賬面值釐定，並於綜合收益表內的「其他虧損淨額」內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Properties, plant and equipment (Continued)

Construction-in-progress (the “CIP”) represents properties and plant under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to relevant categories of properties, plant and equipment and depreciated in accordance with the policy as stated above.

2.6 Investment property

Investment property is stated at historical cost less accumulated depreciation. Investment property, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Depreciation is recognised so as to write-off the cost of investment property over the shorter of its estimated useful life of 30 years or the related leasing period and after taking into account of its estimated residual value, using the straight-line method.

The asset’s residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within “Other losses, net” in consolidated income statement.

2 主要會計政策概要 (續)

2.5 物業、廠房及設備 (續)

在建工程(「在建工程」)指建設中的物業及廠房，按成本減累計減值虧損呈列(如有)。成本包括建造及收購成本及資本化借款成本。在建工程之折舊撥備只會於有關資產竣工及可作擬定用途之時方才計提。倘有關資產可供使用，則成本轉撥至相關物業、廠房及設備類別，並根據上述政策計提折舊。

2.6 投資物業

投資物業按歷史成本減累計折舊呈列。投資物業乃持有以賺取長期租金收入或作為資本增值或兩者兼具，並非由本集團佔用。投資物業初步按成本計量，包括相關交易費用及借款成本(如適用)。投資物業在計及估計剩餘價值後，於估計使用年期30年或相關租賃期間(以較短者為準)以直線法確認折舊，以撇銷投資物業成本。

資產的剩餘價值及可使用年期均於各報告期末進行檢討，並作出適當的調整。

倘資產的賬面值高於其估計可收回金額，則即時將資產賬面值撇減至其可收回金額。

出售收益或虧損乃透過比較所得款項與賬面值釐定，並於綜合收益表內的「其他虧損淨額」內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

Software

Computer software licenses for own use are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is carried at cost less accumulated amortisation and impairment, if any. These costs are amortised over their estimated useful lives of 5 years.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets as assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassified debt investments when and only when its business model for managing those assets changes.

2 主要會計政策概要 (續)

2.7 無形資產

軟件

電腦軟件使用許可按購入和使該特定軟件達到可使用時所產生的成本作資本化處理。電腦軟件按成本減累計攤銷及減值列賬。此等成本按不超過5年之估計可使用年期攤銷。

2.8 非金融資產減值

當有事件發生或情況改變顯示賬面值可能無法收回時，則須就資產減值進行檢討。減值虧損按資產賬面值超出其可收回金額之差額確認。可收回金額為資產公平值減銷售成本及使用價值兩者之較高者。評估減值時，資產按個別可識別現金流量(現金產生單位)之最低層次分類。於各報告日期，已減值商譽以外之資產將就撥回減值之可能性進行檢討。

2.9 金融資產

2.9.1 分類

本集團將其金融資產分類為按攤銷成本計量的資產。

分類視乎實體管理金融資產的業務模式及現金流量合約條款而定。

本集團僅當管理該等資產的業務模式變動時重新分類債務投資。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

2.9.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments to be measured at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

2.9.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and reward of ownership.

2 主要會計政策概要 (續)

2.9 金融資產 (續)

2.9.2 確認及計量

於初步確認時，本集團按公平值加（倘金融資產並非按公平值計入損益）收購金融資產直接產生的交易成本計量金融資產。按公平值計入損益的金融資產交易成本於損益支銷。

釐定現金流量是否僅為本金及利息付款時，附有嵌入式衍生工具的金融資產獲整體考慮。

債務工具

債務工具的隨後計量視乎本集團管理資產的業務模式及資產現金流量特點而定。本集團將其債務工具分類為按攤銷成本計量。

持作收取合約現金流量，而現金流量僅為本金及利息付款的資產按攤銷成本計量。當資產終止確認或減值時，隨後按攤銷成本計量且並非對沖關係的債務投資的收益或虧損於損益中確認。該等金融資產的利息收入以實際利率法列入其他收入。

2.9.3 終止確認

當從投資收取現金流量的權利屆滿或已被轉讓，且本集團已轉讓所有權的絕大部分風險及回報時，終止確認金融資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

The Group's financial assets measured at amortised cost are subject to HKFRS 9's expected credit loss model. The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1.3 sets out the details on how the Group determines whether there has been a significant increase in credit risk.

For contract assets, trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets, trade and bills receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For other receivables, the Group measures the impairment as either 12-month expected credit losses or life-time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of the other receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2 主要會計政策概要 (續)

2.10 抵銷金融工具

當有可合法強制執行權利抵銷已確認金額，並有意按淨額基準結算或同時變現資產及結算負債時，金融資產與負債可互相抵銷，並在綜合財務狀況表呈報其淨額。

2.11 金融資產減值

本集團按攤銷成本計量的金融資產受香港財務報告準則第9號的預期信貸虧損模式規限。本集團以前瞻性基準評估與其按攤銷成本計量的資產相關的預期信貸虧損。採用的減值方式視乎信貸風險是否大幅增加而定。附註3.1.3呈列本集團如何釐定是否有重大信貸風險增加詳情。

就合約資產、貿易應收款項及應收票據而言，本集團採用香港財務報告準則第9號准許的簡化方式，該方式要求自初始確認起確認預期存續期虧損。撥備矩陣根據有類似信貸風險特徵的合約資產、貿易應收款項及應收票據於預期年期內的過往觀察所得違約率釐定，並按未來估計調整。於各報告日期更新過往觀察所得違約率及分析未來估計變動。

就其他應收款項而言，視乎信貸風險自初步確認後有否大幅上升，本集團計量減值為12個月預期信貸虧損或存續期預期信貸虧損。倘其他應收款項的信貸風險自初步確認後大幅上升，減值按存續期預期信貸虧損計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bills and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.13 Inventories

The Group's inventories comprise solely raw materials which stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 主要會計政策概要 (續)

2.12 貿易應收款項、應收票據及其他應收款項

貿易應收款項及應收票據乃於日常業務過程中向客戶銷售貨品或提供服務而應收的款項。倘貿易應收款項、應收票據及其他應收款項預期將在一年或以內收回(若更長則在業務正常經營週期內)，則歸類為流動資產，否則呈列為非流動資產。

貿易應收款項、應收票據及其他應收款項初步按公平值確認，其後以實際利率法按攤銷成本計量，並扣減減值撥備。

2.13 存貨

本集團存貨僅包含原材料，按成本與可變現淨值較低者列賬。成本乃採用加權平均法釐定。可變現淨值按日常業務過程中的估計售價減完成產品估計成本及進行銷售所需的估計成本計算。

2.14 現金及現金等價物

就於綜合現金流量表呈列而言，現金及現金等價物包括手頭現金以及原定到期日為三個月或以內的銀行通知存款。

2.15 股本

普通股分類為權益。

發行新股份或購股權直接應佔的新增成本於權益中列作所得款項的減項(扣除稅項)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in interest expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 主要會計政策概要 (續)

2.16 貿易應付款項及其他應付款項

貿易應付款項指就於一般業務過程中自供應商購得貨品或服務付款的責任。倘款項於一年或以內(若更長則在業務正常經營週期內)到期,則貿易應付款項及其他應付款項分類為流動負債。否則,貿易應付款項呈列為非流動負債。

貿易應付款項及其他應付款項初步按公平值確認,其後以實際利率法按攤銷成本計量。

2.17 借款

借款最初按公平值(扣除已產生交易成本)確認。借款其後按攤銷成本列賬;所得款項(扣除交易成本)與贖回價值的任何差額,於借款期採用實際利率法於利息開支確認。

除非本集團有權無條件延遲償還負債至報告日期後至少十二個月,否則借款分類為流動負債。

直接歸屬於收購、建設或生產合資格資產的一般及特定借款成本,乃於完成及準備有關資產以作其擬定用途或作銷售所須的期間內撥充資本,合資格資產指必須經過一段長時間籌備以作其擬定用途或出售的資產。

有待用以支付合資格資產有關款項的特定借款用作臨時投資賺取的投資收入,應在合資格資本化時自借款成本中扣除。

其他借款成本於產生期間支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2.19.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 主要會計政策概要 (續)

2.18 撥備

當本集團因過往事件須承擔當前法定或推定責任，而履行責任可能需要有資源流出，且能夠可靠地估計有關金額，則會確認撥備。日後經營虧損不會確認撥備。

倘出現多項類似責任，履行責任需要資源流出的可能性乃經整體考慮責任類別後釐定。即使同類責任中就任何一項流出資源的可能性可能偏低，仍會確認撥備。

撥備採用除稅前利率按照履行有關責任預期所需支出的現值計量，有關利率反映當時市場對貨幣的時間價值及該責任特有風險的評估。因時間推移而增加的撥備確認為融資成本。

2.19 即期及遞延所得稅

期內所得稅開支或抵免按當期應課稅收入以各司法權區的適用稅率計算，並就由於暫時性差異及未抵扣稅務虧損而導致的遞延稅項資產及負債作出調整。

2.19.1 即期所得稅

即期所得稅支出乃根據公司的附屬公司及聯營公司營運及產生應課稅收入的國家於報告期末已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務規例受詮釋所規限的情況定期評估報稅表的狀況，並在適當情況下根據預期須向稅務機關支付的金額設定撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Current and deferred income tax (Continued)

2.19.2 Deferred income tax

Deferred income tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 主要會計政策概要 (續)

2.19 即期及遞延所得稅 (續)

2.19.2 遞延所得稅

遞延所得稅利用負債法按資產及負債的稅基與資產及負債在綜合財務報表的賬面值之間產生的暫時性差額撥備。然而，倘遞延所得稅負債來自對商譽的初步確認，則不會確認遞延稅項負債。倘遞延所得稅來自在交易（不包括業務合併）中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅溢利或虧損，則亦不會將遞延所得稅列賬。遞延所得稅採用於報告期末或之前已頒佈或實質上已頒佈，並在有關的遞延稅項資產變現或遞延稅項負債結算時預期將會適用的稅率（及法例）而釐定。

遞延稅項資產僅於可能有未來應課稅溢利可使用暫時性差額及虧損抵銷時確認。

倘本集團有能力控制撥回暫時性差額的時間及該等差額很可能不會於可見將來撥回，則不會就海外業務投資的賬面值及稅基之間的暫時性差額確認遞延稅項負債及資產。

倘有可依法強制執行權利將即期稅項資產與負債相互抵銷而遞延所得稅結餘涉及同一稅務機關，則遞延稅項資產及負債相互抵銷。倘有關實體有可依法強制執行權利抵銷及有意按淨值基準結算，或有意同時變現資產及結算負債，則即期稅項資產及負債互抵銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

2.20.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

2.20.2 Other long-term employee benefit obligations

The obligations are presented as current liabilities in the consolidated statements of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.20.3 Defined contribution plans

The Group pays contributions to state-managed pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.20.4 Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 主要會計政策概要 (續)

2.20 僱員福利

2.20.1 短期責任

預計將於僱員提供相關服務的期間末後十二個月全部清償的工資、薪金(包括非貨幣福利)及累計病假負債就截至報告期間末僱員提供的服務確認並按清償負債時預計將支付的金額計量。相關負債於綜合財務狀況表中按即期僱員福利責任確認。

2.20.2 其他長期僱員福利責任

倘實體沒有無條件權利延遲償還至於報告期間後最少十二個月，而不論預期何時會實際償還，責任會於綜合財務狀況表呈列為流動負債。

2.20.3 界定供款計劃

本集團向由國家管理的退休金保險計劃支付強制、合約或自願性供款。本集團在支付供款後即無進一步付款責任。供款於到期時確認為僱員福利開支。倘若有現金退款或未來供款額出現下調，預付供款確認為資產。

2.20.4 花紅計劃

本集團按照計及本集團股東應佔溢利並作出若干調整後的公式確認花紅負債及開支。本集團於有合約責任或過往慣例已產生推定責任時確認撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount for the goods sold or service rendered in the ordinary course of the Group's activity.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customers and the payment by the customers exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

When either party to a contract has performed, the Group presents the contract in the consolidated statements of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer. Incremental costs incurred to obtain a contract, if recoverable, are capitalised and presented as assets and subsequently amortised when the related revenue is recognised.

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

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Revenue is recognised when specific criteria have been met for the Group's activity as described below:

Manufacturing of lace and provision of dyeing services

Revenue from manufacturing of lace and provision of dyeing services is recognised when the control of the goods or services is transferred to the customer.

2 主要會計政策概要 (續)

2.21 收益確認

收益按已收或應收代價的公平值計量，即於本集團一般業務過程中就銷售貨品或提供服務已收及應收的款項。

本集團預計將不會有任何轉讓承諾貨品或服務予客戶與客戶付款之間期限超過一年的合約。因此，本集團並未就資金的時間價值調整任何交易價格。

當合約任何一方已履約，本集團根據本集團履約與客戶付款的關係於綜合資產負債表呈列合約為合約資產或合約負債。

合約資產指本集團已向客戶轉讓貨品或服務而有權收取代價的權利。為取得合約產生的增量成本(如可收回)將資本化並呈列為資產，並於隨後確認有關收益時攤銷。

合約負債指本集團已收取或應收相關代價而應向客戶轉讓承諾貨品或服務的義務。

應收款項於本集團對代價擁有無條件權利時入賬。倘僅須待時間過去便可收取代價，收取代價的權利即為無條件。

收益於滿足下文所載本集團活動的特定標準時確認：

製造花邊及提供染整服務

製造花邊及提供染整服務之收益於貨品或服務控制權轉移予客戶時確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may transfer over time or at a point in time. Control of the goods or services is transferred over time if 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Revenue recognised over time uses the input method with reference to the costs incurred for the goods or services.

Sales of shoes

Revenue from trading of casual and sports footwear is recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. 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 have 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.

As 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.

2.22 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2 主要會計政策概要 (續)

2.21 收益確認 (續)

根據合約條款及適用於合約之法律，則貨品或服務控制權可能隨時間或於某時間點轉移。倘本集團於履約中創造的資產無可替代用途且本集團有就至今已完履約取得付款的可強制執行權力，則貨品或服務控制權隨時間轉移。

倘貨品或服務控制權隨時間轉移，則收益於合約期間按完全履行履約責任之進度確認。否則，收益於客戶取得資產控制權時確認。

收益乃經參考貨品或服務產生之成本隨時間使用輸入法確認。

鞋履銷售

買賣休閒鞋履及運動鞋履的收益於產品的控制權已轉移(即產品交付予客戶)，而客戶全權擁有產品，且並無未履行的責任而可能影響客戶接收產品時確認。當產品運送至指定地點，陳舊及損失的風險已轉移予客戶，且客戶已按照銷售合約接收產品，或接收條款已經失效，或本集團有客觀證據證明所有接收準則已經達成時，即發生交付。

應收款項於產品交付時確認，乃因代價於該時間點變為無條件，僅須等待款項到期支付。

2.22 利息收入

利息收入乃根據時間比例基準按實際利率法確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Leases

The Group leases land for the manufacturing of lace and provision of dyeing services. The consideration paid for the lease is treated as a right-of-use asset, which is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Lease land is amortised over the remaining lease term using straight-line method.

Leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the entity's incremental borrowing rate.

2 主要會計政策概要 (續)

2.23 租賃

本集團就製造花邊及提供染整服務租賃土地。為租賃支付的代價按使用權資產方式處理，按成本減累計攤銷及累計減值虧損(如有)呈列。租賃土地於剩餘租賃期內使用直線法攤銷。

租賃於租賃資產可供本集團所用之日期確認為使用權資產及相應負債。每期租金均分攤為負債及融資成本。融資成本將在有關租賃期間於損益中支銷，以藉此制定每個期間對負債餘額之穩定期間利息率。

自租賃產生的資產及負債初步按現值基準計量。租賃負債包括以下租賃付款的現值淨額：

- 固定付款(包括實物固定付款)，減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的承租人的預期支付款項；
- 採購權的行使價格(倘承租人合理地確定行使該權利)；及
- 支付終止租賃的罰款(倘租賃期限反映承租人行使該權)。

租賃付款使用租賃所隱含的利率(倘該利率可被釐定)或該實體增量借款利率予以折現。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Leases (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise assets with value below RMB5,000.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

2.24 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the periods in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in the consolidated income statement within "Other income" on a systematic basis in the same periods in which the expenses are recognised.

2.26 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 主要會計政策概要 (續)

2.23 租賃 (續)

與短期租賃相關的支付及低價值資產的租賃以直線法於損益中確認為開支。短期租賃指租賃期為少於12個月的租賃。低價值資產包括價值低於人民幣5,000元的資產。

來自本集團作為出租人的經營租賃之租賃收入於租期內按直線法於收入確認。取得經營租賃產生的初步直接成本乃加於相關資產的賬面值上，並在租期內按租賃收入相同基準確認為開支。

2.24 股息分派

向股東分派的股息在本公司股東或董事(如適用)批准有關股息的期間內於確認為負債。

2.25 政府補助

當能夠合理地保證將可收取政府補助，而本集團將會符合所有附帶條件時，政府補助會按其公平值確認。

補償本集團產生的開支之補助有系統地於與確認開支相同之期間在綜合收益表「其他收入」內確認。

2.26 或然負債

或然負債乃因過往事項可能產生的責任，而其存在與否僅能透過發生或未有發生一宗或多宗本集團不能完全控制的不明朗未來事項確定。或然負債亦可為因不大可能須流出經濟資源或未能可靠計量有關責任金額而不予確認的過往事項所產生的現時責任。

或然負債不予確認，惟須在財務報表中披露。當流出資源的可能性有變，致使可能流出資源，則或然負債將被確認為撥備。

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

3.1.1 Foreign exchange risk

The majority of assets and liabilities are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than RMB, which is the functional currency of the major operating companies within the Group. The Group currently does not hedge its foreign currency exposure.

The Group's foreign currency transactions are mainly denominated in USD. At 31 December 2021, if USD had weakened/strengthened by 5% against the RMB with all other variables held constant, profit before income tax for the year then ended would have been approximately RMB566,000 lower/higher (2020: RMB440,000 lower/higher), mainly as a result of the foreign exchange difference on the translation of USD denominated contract assets, trade and bills receivables and cash and cash equivalents.

At 31 December 2021, if HKD had weakened/strengthened by 5% against the RMB with all other variables held constant, profit before income tax for the years then ended would have been approximately RMB1,452,000 lower/higher (2020: RMB374,000 lower/higher), mainly as a result of the foreign exchange difference on the translation of HKD denominated cash and cash equivalents.

3 財務風險管理

本集團業務承受多種財務風險：市場風險（包括外匯風險及利率風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃重點關注金融市場的不可預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。

3.1 市場風險

3.1.1 外匯風險

大部分資產及負債以人民幣、美元及港元計值，並無其他重大資產及負債以其他貨幣計值。本集團面臨因日後商業交易以及確認以人民幣以外之貨幣（為本集團內主要營運公司之功能貨幣）計值的資產及負債而產生的外幣匯率風險。本集團現時並無對沖其外幣風險。

本集團之外幣交易主要以美元計值。於2021年12月31日，倘美元兌人民幣貶值／升值5%而所有其他可變因素保持不變，截至有關日期止年度的除所得稅前溢利將減少／增加約人民幣566,000元（2020年：減少／增加約人民幣440,000元），主要因換算以美元計值的合約資產、貿易應收款項及應收票據以及現金及現金等價物之外匯差額。

於2021年12月31日，倘港元兌人民幣貶值／升值5%而所有其他可變因素保持不變，截至有關日期止年度的除所得稅前溢利將減少／增加約人民幣1,452,000元（2020年：減少／增加約人民幣374,000元），主要因換算以港元計值的現金及現金等價物之外匯差額。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

3.1.2 Interest rate risk

The Group's interest rate risk is mainly attributable to its cash at banks and bank borrowings with floating interest rates. Details of the Group's cash at banks and bank borrowings have been disclosed in Note 21 and Note 26 to the consolidated financial statements respectively.

Other than cash at banks and bank borrowings, the Group does not have significant interest-bearing assets or liabilities.

As at 31 December 2021, if interest rates on cash at banks and bank borrowings had been 100 basis points higher/lower with all variables held constant, profit before income tax for the years then ended would have been approximately RMB1,823,000 higher/lower (2020: RMB965,000 higher/lower), mainly as a result of higher/lower of interest income on the cash at banks netted with higher/lower interest expenses on the bank borrowings.

3.1.3 Credit risk

The credit risk of the Group mainly arises from cash at banks, contract assets, trade and bills receivables and other receivables. The carrying amounts of each financial asset represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk management

The Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

The credit risk on pledged bank deposits and cash and cash equivalents are limited because deposits are in banks with sound credit ratings and management does not expect any loss from non-performance by these counterparties.

3 財務風險管理 (續)

3.1 市場風險 (續)

3.1.2 利率風險

本集團的利率風險主要來自其以浮動利率計息的銀行現金及銀行借款。本集團銀行現金以及銀行借款的詳情分別於綜合財務報表附註21及附註26披露。

除銀行現金以及銀行借款外，本集團並無重大計息資產或負債。

於2021年12月31日，倘銀行現金及銀行借款的利率增加／減少100個基點而所有其他變量保持不變，截至有關日期止年度的除所得稅前溢利會增加／減少約人民幣1,823,000元（2020年：增加／減少約人民幣965,000元），主要由於銀行現金的利息收入增加／減少（經扣除銀行借款的利息開支增加／減少）所致。

3.1.3 信貸風險

本集團的信貸風險主要來自銀行現金、合約資產、貿易應收款項及應收票據以及其他應收款項。各金融資產的賬面值指本集團就金融資產所面臨的最大信貸風險。

風險管理

本集團已制定政策確保信貸期乃向具有良好信用記錄的客戶作出，本集團對其客戶進行定期信貸評估。

已抵押銀行存款以及現金及現金等價物的信貸風險有限，原因是該等存款存放於信貸評級甚佳的銀行，故管理層預期不會因該等對手方違約而產生任何虧損。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

3.1.3 Credit risk (Continued)

Risk management (Continued)

(a) Impairment of financial assets

The Group has two types of financial asset that is subject to the expected credit loss models:

- Contract assets, trade and bills receivables
- Other financial assets carried at amortised cost

Contract assets, trade and bills receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets, trade and bills receivables. The Group measures the expected credit losses on a combination of both individual and collective basis.

To measure the expected credit losses, contract assets, trade and bills receivables have grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3 財務風險管理 (續)

3.1 市場風險 (續)

3.1.3 信貸風險 (續)

風險管理 (續)

(a) 金融資產減值

本集團有兩類金融資產乃按預期信貸虧損模式計算：

- 合約資產、貿易應收款項及應收票據
- 按攤銷成本列賬的其他金融資產

合約資產、貿易應收款項及應收票據

本集團應用香港財務報告準則第9號簡化方法計量預期信貸虧損，對所有合約資產、貿易應收款項及應收票據採用整個存續期的預期虧損撥備。本集團通過結合個別及共同方式計量預期信貸虧損。

為計量預期信貸虧損，已根據共同信貸風險特徵及逾期日數將合約資產、貿易應收款項及應收票據分組。合約資產涉及未入賬服務，且與相同類型合約的應收貿易款項具有大致相同的風險特徵。因此，本集團認為，應收貿易款項的預期虧損率與合約資產虧損率合理相若。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

3.1.3 Credit risk (Continued)

Measurement of expected credit loss on individual basis

Contract assets, trade and bills receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. As at 31 December 2021, the balance of loss allowance in respect of these individually assessed receivables was approximately RMB2,169,000 (2020: RMB569,000).

Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are estimated on the basis of historical credit losses experienced, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

As at 31 December 2021, the balance of loss allowance in respect of these collectively assessed receivables was approximately RMB474,000 (2020: RMB100,000).

Impairment losses on contract assets, trade and bills receivables are presented as “net impairment losses on financial assets and contract assets” in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 財務風險管理 (續)

3.1 市場風險 (續)

3.1.3 信貸風險 (續)

個別計量預期信貸虧損

已知無法償還的合約資產、貿易應收款項及應收票據乃進行個別評估以提撥減值撥備，並於合理預期無法收回時撇銷。於2021年12月31日，就該等個別評估應收款項之虧損撥備結餘約為人民幣2,169,000元(2020年：人民幣569,000元)。

共同計量預期信貸虧損

經計及客戶性質及其賬齡類別，本集團亦通過按共同信貸風險特徵對剩餘應收款項分組及共同評估收回的可能性估計預期信貸虧損，並將預期信貸虧損率應用至各應收款項賬面總值。

預期信貸虧損率乃根據歷史信貸虧損經驗估計，並作出調整以反映目前市況及影響客戶結算應收款項能力的宏觀經濟因素的前瞻性資料。

於2021年12月31日，該等共同評估應收款項的虧損撥備結餘約為人民幣474,000元(2020年：人民幣100,000元)。

合約資產、貿易應收款項及應收票據減值虧損乃於綜合收益表內以「金融資產及合約資產減值虧損淨額」列賬。當應收款項無法收回時，即對應收款項撥備賬撇銷。其後收回過往撇銷款項乃抵銷相同項目。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

3.1.3 Credit risk (Continued)

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include other receivables in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

As at 31 December 2021 and 2020, management considered the credit risk of other receivables to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these other receivables were immaterial under 12-month expected losses method. Therefore, the loss allowance provision for these balances was immaterial and no provision was recognised.

3.1.4 Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term.

As at 31 December 2021, the Group held cash and cash equivalents amounting to approximately RMB182,294,000 (2020: RMB109,483,000), that are expected to be readily available to generate cash inflows for managing liquidity risk.

3 財務風險管理 (續)

3.1 市場風險 (續)

3.1.3 信貸風險 (續)

按攤銷成本列賬的其他金融資產

本集團按攤銷成本列賬的其他金融資產包括綜合財務狀況表的按金及其他應收款項。按攤銷成本列賬的其他金融資產的減值虧損乃按12個月的預期信貸虧損計量。12個月的預期信貸虧損為報告日期後12個月內可能發生的與金融工具相關的違約事件所導致的存續期預期信貸虧損的一部分。然而，倘信貸風險自產生後出現顯著增長，該撥備將以存續期預期信貸虧損為基準。

於2021年及2020年12月31日，管理層認為其他應收款項的信貸風險較低，因為對手方具備在短期內履行合約現金流量責任的強大能力，本集團已評估，根據12個月的預期虧損法，該等其他應收款項的預期信貸虧損並不重大。因此，該等結餘的虧損並不重大，且並無確認任何撥備。

3.1.4 流動資金風險

本集團的政策為定期監察現時及預期的流動資金需求，以確保維持足夠的現金儲備以應付其短期及長期流動資金需求。

於2021年12月31日，本集團持有的現金及現金等價物約為人民幣182,294,000元（2020年：人民幣109,483,000元），預期可產生現金流入以管理流動資金風險。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Market risk (Continued)

3.1.4 Liquidity risk (Continued)

The Group maintains liquidity by a number of sources including orderly realisation of receivables that the Group considers appropriate and adequate amount of available financing including short-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay.

3 財務風險管理 (續)

3.1 市場風險 (續)

3.1.4 流動資金風險 (續)

本集團透過多種來源維持流動資金，包括有序變現本集團認為適當的應收款項，及本集團在其資本建構過程中亦會考慮短期借款等足額可用融資。本集團旨在透過維持充足的銀行結餘、已承諾可用信貸額及計息借款來維持資金的靈活性，以便本集團於可見將來繼續其業務營運。

下表列示本集團非衍生金融負債按照相關到期組別，根據由財務狀況表日至合約到期日的剩餘期間進行分析。

表內披露的金額為合約未貼現現金流量及本集團須按要求支付的最早日期。

| | | Less than 1 year RMB'000 少於1年 人民幣千元 | More than 1 year RMB'000 超過1年 人民幣千元 | Total RMB'000 總計 人民幣千元 |
|---|--|---|---|---------------------------------|
| At 31 December 2021 | 於2021年12月31日 | | | |
| Trade payables | 貿易應付款項 | 20,221 | - | 20,221 |
| Other payables and accruals (excluding accrued employee benefits, deposits received from customers and other tax payables) | 其他應付款項及應計款項(不包括 應計僱員福利、自客戶收取得按金 及其他應付稅項) | 12,386 | 2,606 | 14,992 |
| | | 32,607 | 2,606 | 35,213 |
| At 31 December 2020 | 於2020年12月31日 | | | |
| Trade payables | 貿易應付款項 | 10,706 | - | 10,706 |
| Other payables and accruals (excluding accrued employee benefits, deposits received from customers and other tax payables) | 其他應付款項及應計款項(不包括 應計僱員福利、自客戶收取得按金 及其他應付稅項) | 31,125 | 2,661 | 33,786 |
| Bank borrowings – principal portion | 銀行借款 – 本金部份 | 13,000 | - | 13,000 |
| Bank borrowings – interest portion | 銀行借款 – 利息部份 | 504 | - | 504 |
| | | 55,335 | 2,661 | 57,996 |

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis of total debt to total capital ratio. Total debt and total capital represent total borrowings and total equity, as shown in the consolidated statement of financial position. The total debt to total capital ratios at 31 December 2021 and 2020 were as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----------------------------------|-----------|-----------------------------------|-----------------------------------|
| Total borrowings | 總借款 | – | 13,000 |
| Total equity | 總權益 | 334,706 | 222,951 |
| Total debt to total capital ratio | 總債務對總資本比率 | N/A不適用 | 5.8% |

The decrease in total debt to total capital ratio from 5.8% as at 31 December 2020 to nil as at 31 December 2021 was mainly due to the repayment of bank borrowings during the year ended 31 December 2021.

3 財務風險管理 (續)

3.2 資本管理

本集團管理資本的目標是保障本集團按持續經營基準繼續營運的能力，以為股東帶來回報，同時兼顧其他利益相關者的利益，並維持最佳的資本架構以減低資金成本。

為維持或調整資本架構，本集團或會調整向股東派付的股息金額，向股東退回資本或出售資產以減低債務。

本集團按照總負債對總資本比率監控資本。總負債及總資本指綜合財務狀況表所列示的總借貸及總權益。於2021年及2020年12月31日的總負債對總資本比率如下：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----------------------------------|-----------|-----------------------------------|-----------------------------------|
| Total borrowings | 總借款 | – | 13,000 |
| Total equity | 總權益 | 334,706 | 222,951 |
| Total debt to total capital ratio | 總債務對總資本比率 | N/A不適用 | 5.8% |

總債務對總資本比率由2020年12月31日的5.8%下降至2021年12月31日的零，乃主要由於截至2021年12月31日止年度償還銀行借款所致。

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The Group did not have any financial assets or financial liabilities at the consolidated statement of financial position which is measured at fair value.

The carrying amounts of the Group's financial assets, including trade and bills receivables, other receivables, amounts due from shareholders and cash and cash equivalents; and the Group's financial liabilities including trade payables, other payables and accruals, amounts due to shareholders and bank borrowings, approximate their fair values due to their short maturities.

The nominal values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 財務風險管理 (續)

3.3 公平值估計

本集團於綜合財務狀況表內並無按公平值計算的任何金融資產或金融負債。

本集團金融資產包括貿易應收款項及應收票據、其他應收款項、應收股東款項及現金及現金等價物；而本集團金融負債包括貿易應付款項、其他應付款項及應計款項、應付股東款項以及銀行借款，由於該等金融資產及金融負債屬短期性質，其賬面值與其公平值相若。

到期日少於一年的金融資產及負債之賬面值減任何估計信貸調整假設與其公平值相若。用以披露的金融負債公平值透過按本集團就類似金融工具可得的當時市場利率將未來合約現金流量貼現予以估計。

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Impairment of receivables and contract assets

The Group makes provision for impairment of receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical default rates, existing market conditions as well as forward-looking estimates at the end of each reporting period. The identification of impairment of receivables and contract assets requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and contract assets and loss for the impairment of receivables and contract assets recognised in the periods in which such estimates have been changed.

4 關鍵會計估計及假設

估計及判斷乃根據過往經驗及其他因素（包括在相關情況下認為屬合理的未來事件預期）持續評估。

本集團對未來作出多項估計及假設。根據定義，就此產生的會計估計很少會與有關實際結果相符。具重大風險導致須於下一個財政年度對資產及負債賬面值作出重大調整的估計及假設論述如下。

4.1 應收款項及合約資產減值

本集團根據有關違約風險及預期虧損率的假設計提應收款項及合約資產減值撥備。本集團於作出該等假設時動用判斷，並根據本集團於各報告期末的過往違約率、現行市況及前瞻性估計，挑選用於減值計算的輸入資料。識別應收款項及合約資產減值須運用判斷及估計。倘預期與原本估計存在差異，該等差額將會影響於有關估計變動的期間確認的應收款項及合約資產賬面值以及應收款項及合約資產減值虧損。

5 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in

- (i) manufacturing of lace and provision of dyeing services; and
- (ii) sales of shoes.

The chief operating decision-maker has been identified as the directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segment based on these reports.

In previous years, the directors consider the Group's operation from a business perspective and determine that the Group has two reportable operating segments being manufacturing of lace and provision of dyeing services. During the year, a new subsidiary was incorporated in Hong Kong which is principally engaged in sales of shoes. Therefore, the Board currently considers the Group's operation from a business perspective and determines that the Group has three reportable operating segments being,

- (i) Manufacturing of lace – principally engaged in manufacturing of lace based on customers' orders for lingerie and other products;
- (ii) Provision of dyeing services – principally engaged in provision of dyeing services of lace and swim wear fabrics based on customers' orders; and
- (iii) Sales of shoes – principally engaged in trading of casual and sports footwear

The directors assess the performance of the operating segments based on a measure of revenue and gross profit.

5 收益及分部資料

本公司為一家投資控股公司及本集團主要從事：

- (i) 製造花邊及提供染整服務；及
- (ii) 鞋履銷售。

主要營運決策者已確定為本公司董事。董事審閱本集團的內部報告以評估表現及分配資源。董事已根據該等報告決定經營分部。

於過往年度，董事從業務角度考慮本集團的營運，並確定本集團有兩個可呈報經營分部，即製造花邊及提供染整服務。年內，一間新附屬公司於香港成立，主要從事鞋履銷售。因此，董事會目前從業務角度考慮本集團的經營，並確定本集團有三個可呈報的經營分部，分別是：

- (i) 製造花邊—主要從事根據客戶的女性內衣及其他產品訂單製造花邊；
- (ii) 提供染整服務—主要從事根據客戶訂單提供花邊及泳裝染整服務；及
- (iii) 鞋履銷售—主要從事休閒及運動鞋履的貿易

董事按照收益及毛利的計量評估經營分部的表現。

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5 REVENUE AND SEGMENT INFORMATION (Continued)

5 收益及分部資料(續)

(a) Segment revenue by operating segments

(a) 按經營分部劃分的分部收益

The segment information provided to the directors for the reportable segments for the years ended 31 December 2021 and 2020 is as follows:

向董事所提供的截至2021年及2020年12月31日止年度的可呈報分部的分部資料如下：

| | | Manufacturing of lace 製造花邊 | | Provision of dyeing services 提供染整服務 | | Sales of shoes 鞋履銷售 | | Total 總計 | |
|--|----------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
| Segment revenue | 分部收益 | 56,161 | 76,675 | 94,244 | 121,803 | 15,537 | - | 165,942 | 198,478 |
| Segment results | 分部業績 | 18,572 | 33,579 | 18,995 | 40,278 | 1,627 | - | 39,194 | 73,857 |
| Other segmental information: Depreciation of properties, plant and equipment | 其他分部資料： 物業、廠房及 設備的折舊 | 7,425 | 7,522 | 8,023 | 7,209 | - | - | 15,448 | 14,732 |
| Additions to non-current segment assets | 非流動分部資產 的增加 | 2,477 | 127 | 24,295 | 16,203 | - | - | 26,772 | 16,330 |

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5 REVENUE AND SEGMENT INFORMATION

(Continued)

(b) Disaggregation of revenue from contracts with customers

The Group derived revenue from the sales of goods at a point in time and provision of services over time as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-------------------------------------|--------------|-----------------------------------|-----------------------------------|
| Timing of revenue recognition | 收益確認時間 | | |
| Over time – provision of services | 隨時間 – 提供服務 | 150,405 | 198,478 |
| At a point in time – sales of goods | 某個時間點 – 銷售貨品 | 15,537 | – |
| | | 165,942 | 198,478 |

(c) Segment revenue by customers' geographical location

The Group is domiciled in the PRC. The Group's revenue by geographical location, which is determined by the location of customers, is as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----------|----|-----------------------------------|-----------------------------------|
| The PRC | 中國 | 148,577 | 196,672 |
| Hong Kong | 香港 | 16,232 | 1,124 |
| Others | 其他 | 1,133 | 682 |
| | | 165,942 | 198,478 |

(d) Information about major customers

Revenue derived from any single external customer was less than 10% of the Group's total revenue during the years ended 31 December 2021 and 2020.

5 收益及分部資料 (續)

(b) 客戶合約收益分拆

本集團的收益來自於某個時間點銷售貨品及隨時間提供服務，如下：

(c) 按客戶地理位置劃分的分部收益

本集團在中國註冊成立。本集團按地理位置（基於客戶位置釐定）劃分的收益如下：

(d) 主要客戶資料

截至2021年及2020年12月31日止年度，任何單一外部客戶產生的收益佔本集團總收益10%以下。

5 REVENUE AND SEGMENT INFORMATION (Continued)

(e) Details of contract liabilities

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--------------------------------|------------|-----------------------------------|-----------------------------------|
| Contract liabilities (Note 23) | 合約負債(附註23) | 588 | 3,440 |

Notes:

- (a) Contract liabilities represent advanced payments received from the customers for services that have not yet been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2021 and 2020 due to fluctuation in sales orders with advanced payments.
- (b) During the years ended 31 December 2021 and 2020, all brought-forward contract liabilities at the beginning of the financial years were fully recognised as revenue.

(f) Unsatisfied performance obligations

As at 31 December 2021 and 2020, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied performance obligations was not disclosed.

(g) Non-current assets by geographical location

All of the Group's non-current assets were located in the PRC.

5 收益及分部資料(續)

(e) 合約負債詳情

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--------------------------------|-----------------------------------|-----------------------------------|
| Contract liabilities (Note 23) | 588 | 3,440 |

附註：

- (a) 合約負債指就尚未轉讓予客戶的服務從客戶收取的預收款項。由於附有預收款項的銷售訂單波動，合約負債於截至2021年及2020年12月31日止年度有所波動。
- (b) 截至2021年及2020年12月31日止年度，所有於財政年度初未結清的合約負債已悉數確認為收益。

(f) 尚未履行的履約責任

於2021年及2020年12月31日，本集團所有尚未履行的履約責任均來源於原預期持續時間少於一年的合約。因此，誠如香港財務報告準則第15號「客戶合約收益」相關實際權宜之計所准許，並未披露分配予該等尚未履行的履約責任的交易價。

(g) 按地理位置劃分的非流動資產

本集團的所有非流動資產均位於中國。

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綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial assets and contract assets are analysed as follows:

6 按性質劃分的開支

計入銷售成本、銷售及分銷開支、行政開支及金融資產及合約資產減值虧損淨額的開支分析如下：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-------------------------------------|-----------------------------------|-----------------------------------|
| Raw materials and merchandise used (Note 19) | 原材料及商品消耗(附註19) | 58,270 | 54,562 |
| Employee benefit expenses, including directors' emoluments (Note 9) | 僱員福利開支(包括董事酬金)(附註9) | 37,056 | 37,703 |
| Manpower service expenses (Note 9) | 人力資源服務開支(附註9) | 1,841 | 1,872 |
| Amortisation of intangible assets (Note 16) | 無形資產攤銷(附註16) | 451 | 258 |
| Utilities | 水電費 | 9,806 | 9,863 |
| Depreciation of properties, plant and equipment and right-of-use asset (Note 14) | 物業、廠房及設備及使用權資產折舊(附註14) | 16,086 | 15,389 |
| Depreciation of investment property (Note 15) | 投資物業折舊(附註15) | 33 | 41 |
| Auditor's remuneration | 核數師薪酬 | 1,843 | 1,600 |
| Listing expenses | 上市開支 | - | 13,319 |
| Professional fees | 專業費用 | 2,761 | 3,105 |
| Other tax and surcharges | 其他稅項及附加費 | 1,439 | 1,830 |
| Packaging expenses | 包裝開支 | 1,722 | 1,569 |
| Commission expenses | 佣金費用 | 921 | - |
| Waste handling charges | 廢物處理費 | 4,001 | 4,068 |
| Net impairment losses on financial assets and contract assets | 金融資產及合約資產減值虧損淨額 | 1,974 | 425 |
| Others | 其他 | 3,267 | 3,809 |
| Total cost of sales, selling and distribution expenses, administrative expenses and net impairment losses on financial assets and contract assets | 銷售成本、銷售及分銷開支、行政開支及金融資產及合約資產減值虧損淨額總額 | 141,471 | 149,413 |

7 OTHER INCOME

7 其他收入

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--------------------------|------------|-----------------------------------|-----------------------------------|
| Government grants (Note) | 政府補助(附註) | 1,800 | 5,065 |
| Rental income (Note 15) | 租金收入(附註15) | 17 | 34 |
| Others | 其他 | 127 | 229 |
| | | 1,944 | 5,328 |

Note: Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

附註：政府補助全部與收入相關，目前並無附帶該等政府補助的未達成條件或其他或然事項。

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8 OTHER LOSSES, NET

8 其他虧損淨額

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Losses on disposal of properties, plant and equipment | 出售物業、廠房及設備的虧損 | (3,174) | (620) |
| Exchange differences | 匯兌差額 | (515) | (964) |
| | | (3,689) | (1,584) |

9 EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICE EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

9 僱員福利開支及人力資源服務開支(包括董事酬金)

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 工資及薪金 | 34,234 | 34,667 |
| Pension costs – defined contribution plans (Note a) | 退休金成本 – 界定供款計劃 (附註a) | 2,719 | 2,877 |
| Other staff welfares | 其他員工福利 | 103 | 159 |
| Total employee benefit expenses (including directors' remunerations) | 僱員福利開支總額 (包括董事酬金) | 37,056 | 37,703 |
| Manpower service expenses (Note b) | 人力資源服務開支 (附註b) | 1,841 | 1,872 |
| | | 38,897 | 39,575 |

Notes:

(a) Pension costs – defined contribution plans

The PRC

As stipulated under the relevant rules and regulations in the PRC, the subsidiary operating in the PRC contributes to state-sponsored retirement plans for its employees. For the years ended 31 December 2021 and 2020, depending on the provinces of the employees' registered residences and their current region of work, the subsidiary contributed certain percentages of the salaries of its employees and had no further obligations for the actual payment of pensions or postretirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

附註：

(a) 退休金成本 – 界定供款計劃

中國

按照中國相關規則及法規規定，於中國營運的附屬公司須為其僱員向國家資助的退休計劃作出供款。截至2021年及2020年12月31日止年度，視乎僱員的登記戶籍省份及其目前工作地區，附屬公司須作出其僱員薪金若干百分比的供款，且並無進一步責任就該等供款外的退休金或退休後福利作出實際支付。該等國家資助的退休計劃負責應付退休僱員的全部退休金責任。

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9 EMPLOYEE BENEFIT EXPENSES AND MANPOWER SERVICE EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

Notes: (Continued)

(b) Manpower service expenses

During the years ended 31 December 2021 and 2020, the Group entered into certain manpower service arrangements with an external manpower service organisation in the PRC. Under these arrangements, certain of the Group's manpower requirements were fulfilled by this organisation at agreed service fees whereas the human resources provided were directly employed by the service organisation. The individuals providing services to the Group did not have any employment relationship with the Group.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include nil and one director for the years ended 31 December 2021 and 2020 respectively, whose emoluments are reflected in the analysis presented in Note 34. The emoluments payable to the remaining five and four individuals for the years ended 31 December 2021 and 2020 are as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 工資及薪金 | 673 | 759 |
| Pension costs – defined contribution plans | 退休金成本—界定供款計劃 | 84 | 44 |
| | | 757 | 803 |

The emoluments fell within the following band:

| Emolument band | 酬金範圍 | Number of individuals 人數 | |
|----------------------------|----------------|-----------------------------|---------------|
| | | 2021 2021年 | 2020 2020年 |
| Not more than HKD1,000,000 | 不多於1,000,000港元 | 5 | 5 |

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9 僱員福利開支及人力資源服務 開支(包括董事酬金)(續)

附註：(續)

(b) 人力資源服務開支

截至2021年及2020年12月31日止年度，本集團與一家中國外部人力資源服務機構訂立若干人力資源服務安排。根據有關安排，該機構按協定服務價格滿足了本集團若干人手需求，而所提供的人力資源由該服務機構直接聘請。向本集團提供服務的人士與本集團並無任何僱傭關係。

(c) 五名最高薪酬人士

截至2021年及2020年12月31日止年度，本集團五名最高薪酬人士分別包括零名及一名董事，其酬金反映在附註34呈列的分析中。截至2021年及2020年12月31日止年度，應付餘下五名及四名人士的酬金如下：

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Wages and salaries | 673 | 759 |
| Pension costs – defined contribution plans | 84 | 44 |
| | 757 | 803 |

酬金範圍如下：

| Emolument band | 酬金範圍 | Number of individuals 人數 | |
|----------------------------|----------------|-----------------------------|---------------|
| | | 2021 2021年 | 2020 2020年 |
| Not more than HKD1,000,000 | 不多於1,000,000港元 | 5 | 5 |

截至2021年及2020年12月31日止年度，本集團概無向任何董事或五名最高薪酬人士發放任何酬金作為加盟或在加盟本公司時的獎勵或作為離職補償。

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10 FINANCE INCOME/(COSTS), NET

10 融資收入／(成本)淨額

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|--------------------|-----------------------------------|-----------------------------------|
| Finance income | 融資收入 | | |
| Interest income | 利息收入 | 1,477 | 388 |
| Finance costs | 融資成本 | | |
| Unwinding of discount on other payables | 其他應付款項的折現回撥 | (10) | (8) |
| Interest expenses on bank borrowings | 銀行借款利息開支 | (118) | (626) |
| Less: capitalised on qualifying assets | 減：合資格資產資本化 | 5 | 30 |
| | | (123) | (604) |
| Finance income/(costs), net | 融資收入／(成本)淨額 | 1,354 | (216) |

Borrowing costs have been capitalised at rates 4.35% of and 4.93% per annum on qualifying assets for the years ended 31 December 2021 and 2020 respectively.

截至2021年及2020年12月31日止年度，銀行借款利息開支分別對合資格資產按加權平均比率的4.35%及4.93%的年利率資本化。

11 INCOME TAX EXPENSE

11 所得稅開支

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

稅項已按本集團經營所在的司法權區之適當稅率計提。

During the years ended 31 December 2021 and 2020, Deyun Technology, the Group's subsidiary in the PRC, has qualified for high and new technology enterprises status and is therefore subject to a preferential income tax rate of 15%.

截至2021年及2020年12月31日止年度，本集團在中國的附屬公司德運科技合資格獲頒高新技術企業地位，因此享有優惠所得稅率15%。

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2020/21 onwards, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%.

根據香港稅務局制定的利得稅兩級制，由2020/21課稅年度起，合資格集團實體的首200萬港元溢利將按8.25%稅率課稅，而200萬港元以上的溢利將按16.5%稅率課稅。

During the year ended 31 December 2021, Hope Faith Limited, the Group's subsidiary in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime with assessable profits less than HKD2 million and is therefore subject to a tax rate of 8.25%.

截至2021年12月31日止年度，本集團的香港附屬公司合誠有限公司為合資格使用利得稅兩級制的實體，其應課稅溢利低於200萬港元，因此按8.25%稅率課稅。

During the year ended 31 December 2020, no provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable profit in Hong Kong.

截至2020年12月31日止年度，由於本集團並無香港應課稅溢利，故並無於綜合財務報表作出香港利得稅計提撥備。

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11 INCOME TAX EXPENSE (Continued)

11 所得稅開支(續)

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Current income tax | 即期所得稅 | | |
| – PRC corporate income tax | – 中國企業所得稅 | 2,618 | 8,859 |
| – Hong Kong profits tax | – 香港利得稅 | 91 | – |
| | | 2,709 | 8,859 |
| Deferred income tax (Note 24) | 遞延所得稅(附註24) | 189 | (87) |
| Income tax expense | 所得稅開支 | 2,898 | 8,772 |
| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
| Profit before income tax | 除所得稅前溢利 | 24,080 | 52,593 |
| Tax calculated at tax rates applicable to profits of the respective subsidiaries | 按各附屬公司溢利適用的稅率計算的稅項 | 3,431 | 7,661 |
| Tax effect of: | 以下項目的稅務影響： | | |
| Expenses not deductible for tax purpose | 不可扣稅開支 | 1,009 | 2,505 |
| Super deductions from research and development expenditure (Note) | 研發開支超額抵扣(附註) | (1,542) | (1,394) |
| Income tax expense | 所得稅開支 | 2,898 | 8,772 |

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 150% to 175% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

附註：

根據中國國家稅務總局頒佈的相關法律及法規，從事研發活動的企業有權在釐定其年度應課稅溢利時，將所產生的研發開支的150%至175%申報作可扣稅開支。

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For the year ended 31 December 2021 截至2021年12月31日止年度

12 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the capitalisation issue which took place on 16 December 2020.

| | |
|---|-------------------------|
| Profit for the year attributable to owners of the Company (RMB'000) | 本公司擁有人應佔年內溢利 (人民幣千元) |
| Weighted average number of ordinary shares in issue (thousands of shares) | 已發行普通股的加權平均數 (千股) |
| Basic and diluted earnings per share (RMB cents) | 每股基本及攤薄盈利 (人民幣分) |

There were no differences between the basic and diluted earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020.

12 每股盈利

每股基本盈利按本公司擁有人應佔溢利除以截至2021年及2020年12月31日止年度的已發行普通股加權平均數計算。就此目的使用的普通股加權平均數已根據於2020年12月16日進行與資本化發行有關的股份發行的影響進行追溯調整。

| | 2021 2021年 | 2020 2020年 |
|--|------------------|---------------|
| | 21,182 | 43,821 |
| | 1,249,644 | 945,000 |
| | 1.70 | 4.64 |

由於截至2021年及2020年12月31日止年度並無發行在外的潛在攤薄普通股，故每股基本及攤薄盈利並無差異。

Notes to the Consolidated Financial Statements

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13 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2021 and 2020 are set out below.

13 附屬公司

本集團於2021年及2020年12月31日的主要附屬公司載列如下。

| Name of subsidiary 附屬公司名稱 | Place of incorporation and kind of legal entity 註冊成立地點及法人實體類別 | Principal activities and place of operation 主要活動及經營地點 | Particulars of paid up capital 繳足股本詳情 | Percentage of effective interest held/controlled by the Group 本集團持有/控制的實際權益百分比 | |
|--|--|---|--|---|---------------|
| | | | | 2021 2021年 | 2020 2020年 |
| Direct Interests: 直接權益： | | | | | |
| Deyun Investment Limited | BVI, limited liability company 英屬處女群島，有限公司 | Investment holding in BVI 在英屬處女群島投資控股 | USD1 1美元 | 100% | 100% |
| Circle Time Limited | BVI, limited liability company 英屬處女群島，有限公司 | Investment holding in BVI 在英屬處女群島投資控股 | USD1 1美元 | 100% | — |
| Indirect Interests: 間接權益： | | | | | |
| Deyun Holding (HK) Limited | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 在香港投資控股 | HKD1 1港元 | 100% | 100% |
| Fujian Deyun Consulting Services Co. Ltd.* 福建德運諮詢服務有限公司 | The PRC, limited liability company 中國，有限公司 | Investment holding in the PRC 在中國投資控股 | RMB10,000,000 人民幣10,000,000元 | 100% | 100% |
| Fujian Deyun Technology Company Limited* 福建德運科技股份有限公司 | The PRC, limited liability company 中國，有限公司 | Manufacturing of lace and provision of dyeing services in the PRC 在中國製造花邊及提供染整服務 | RMB98,670,000 人民幣98,670,000元 | 100% | 100% |
| Hope Faith Limited 合誠有限公司 | Hong Kong, limited liability company 香港，有限公司 | Sales of shoes in Hong Kong 在香港銷售鞋履 | HKD1 1港元 | 100% | — |

* For identification purposes only

* 僅供識別

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14 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

14 物業、廠房及設備及使用權資產

| | | Buildings RMB'000 樓宇 人民幣千元 | Plant and machinery RMB'000 廠房及機器 人民幣千元 | Office equipment RMB'000 辦公設備 人民幣千元 | Motor vehicles RMB'000 汽車 人民幣千元 | Construction in progress RMB'000 在建工程 人民幣千元 | Sub-total RMB'000 小計 人民幣千元 | Right-of- use asset RMB'000 使用權資產 人民幣千元 | Total RMB'000 總計 人民幣千元 |
|------------------------------------|-------------------------|-------------------------------------|---|---|---|---|-------------------------------------|---|---------------------------------|
| At 1 January 2020 | 於2020年1月1日 | | | | | | | | |
| Cost | 成本 | 40,997 | 258,809 | 3,808 | 1,090 | 1,513 | 306,217 | 4,121 | 310,338 |
| Accumulated depreciation | 累計折舊 | (10,262) | (145,831) | (2,591) | (700) | - | (159,384) | (1,317) | (160,701) |
| Net book amount | 賬面淨值 | 30,735 | 112,978 | 1,217 | 390 | 1,513 | 146,833 | 2,804 | 149,637 |
| Year ended 31 December 2020 | 截至2020年12月31日止年度 | | | | | | | | |
| Opening net book amount | 期初賬面淨值 | 30,735 | 112,978 | 1,217 | 390 | 1,513 | 146,833 | 2,804 | 149,637 |
| Additions | 添置 | 96 | 7,904 | 86 | - | 8,645 | 16,731 | - | 16,731 |
| Transfers | 轉讓 | - | 1,530 | 357 | - | (1,887) | - | - | - |
| Depreciation (Note 6) | 折舊(附註6) | (2,079) | (12,763) | (361) | (104) | - | (15,307) | (82) | (15,389) |
| Disposals | 出售 | - | (1,606) | - | - | - | (1,606) | - | (1,606) |
| Closing net book amount | 期末賬面淨值 | 28,752 | 108,043 | 1,299 | 286 | 8,271 | 146,651 | 2,722 | 149,373 |
| At 31 December 2020 | 於2020年12月31日 | | | | | | | | |
| Cost | 成本 | 41,093 | 264,444 | 4,251 | 1,090 | 8,271 | 319,149 | 4,121 | 323,270 |
| Accumulated depreciation | 累計折舊 | (12,341) | (156,401) | (2,952) | (804) | - | (172,498) | (1,399) | (173,897) |
| Net book amount | 賬面淨值 | 28,752 | 108,043 | 1,299 | 286 | 8,271 | 146,651 | 2,722 | 149,373 |
| Year ended 31 December 2021 | 截至2021年12月31日止年度 | | | | | | | | |
| Opening net book amount | 期初賬面淨值 | 28,752 | 108,043 | 1,299 | 286 | 8,271 | 146,651 | 2,722 | 149,373 |
| Additions | 添置 | 1,382 | 13,896 | 248 | 1,832 | 3,473 | 20,831 | - | 20,831 |
| Transfers | 轉讓 | - | 11,744 | - | - | (11,744) | - | - | - |
| Depreciation (Note 6) | 折舊(附註6) | (2,104) | (13,453) | (386) | (61) | - | (16,004) | (82) | (16,086) |
| Disposals | 出售 | - | (4,002) | - | - | - | (4,002) | - | (4,002) |
| Closing net book amount | 期末賬面淨值 | 28,030 | 116,228 | 1,161 | 2,057 | - | 147,476 | 2,640 | 150,116 |
| At 31 December 2021 | 於2021年12月31日 | | | | | | | | |
| Cost | 成本 | 42,475 | 279,053 | 4,499 | 2,922 | - | 328,949 | 4,121 | 333,070 |
| Accumulated depreciation | 累計折舊 | (14,445) | (162,825) | (3,338) | (865) | - | (181,473) | (1,481) | (182,954) |
| Net book amount | 賬面淨值 | 28,030 | 116,228 | 1,161 | 2,057 | - | 147,476 | 2,640 | 150,116 |

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14 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET (Continued)

During the years ended 31 December 2021 and 2020, depreciation expenses have been charged in cost of sales, selling and distribution expenses and administrative expenses as below:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----------------------------------|---------|-----------------------------------|-----------------------------------|
| Cost of sales | 銷售成本 | 15,448 | 14,731 |
| Selling and distribution expenses | 銷售及分銷開支 | 7 | 7 |
| Administrative expenses | 行政開支 | 631 | 651 |
| | | 16,086 | 15,389 |

15 INVESTMENT PROPERTY

| | | | |
|-----------------------|---------|------|------|
| At 1 January | 於1月1日 | 341 | 382 |
| Depreciation (Note 6) | 折舊(附註6) | (33) | (41) |
| At 31 December | 於12月31日 | 308 | 341 |

The Group leased out an investment property through operating lease. The lease typically runs for an initial period of 5 years. The lease does not include variable lease payments.

As at 31 December 2021 and 2020, the fair value of the Group's investment property was approximately RMB1,270,000 and RMB1,240,000. These fair values are determined by the directors of the Company mainly with reference to a valuation performed by an independent qualified professional valuer, using the income capitalisation approach.

14 物業、廠房及設備及使用權資產(續)

截至2021年及2020年12月31日止年度，折舊開支已自銷售成本、銷售及分銷開支及行政開支扣除如下：

15 投資物業

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----------------------|-----------------------------------|-----------------------------------|
| At 1 January | 341 | 382 |
| Depreciation (Note 6) | (33) | (41) |
| At 31 December | 308 | 341 |

本集團透過經營租賃出租一項投資物業。租賃一般初步為期5年。租賃並無包含浮動租賃付款。

於2021年及2020年12月31日，本集團投資物業之公平值約為人民幣1,270,000元及人民幣1,240,000元。該等公平值乃本公司董事主要參考獨立合資格專業估值師使用收入資本化法進行的估值後釐定。

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For the year ended 31 December 2021 截至2021年12月31日止年度

15 INVESTMENT PROPERTY (Continued)

The following amounts have been recognised in the consolidated income statement:

15 投資物業(續)

下列金額已於綜合收益表確認：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|--------------------------|-----------------------------------|-----------------------------------|
| Rental income from investment property (Note 7) | 投資物業租金收入(附註7) | 17 | 34 |
| Direct operating expenses attributable to investment property that generates rental income | 產生租金收入的投資物業 應佔的直接經營開支 | (7) | (8) |
| | | 10 | 26 |

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For the year ended 31 December 2021 截至2021年12月31日止年度

16 INTANGIBLE ASSETS

16 無形資產

| | | Software RMB'000 軟件 人民幣千元 |
|------------------------------------|-------------------------|---|
| At 1 January 2020 | 於2020年1月1日 | |
| Cost | 成本 | 1,402 |
| Accumulated amortisation | 累計攤銷 | (569) |
| Net book amount | 賬面淨值 | 833 |
| Year ended 31 December 2020 | 截至2020年12月31日止年度 | |
| Opening net book amount | 期初賬面淨值 | 833 |
| Additions | 添置 | 70 |
| Amortisation (Note 6) | 攤銷(附註6) | (258) |
| Closing net book amount | 期末賬面淨值 | 645 |
| At 31 December 2020 | 於2020年12月31日 | |
| Cost | 成本 | 1,472 |
| Accumulated amortisation | 累計攤銷 | (827) |
| Net book amount | 賬面淨值 | 645 |
| Year ended 31 December 2021 | 截至2021年12月31日止年度 | |
| Opening net book amount | 期初賬面淨值 | 645 |
| Additions | 添置 | 1,042 |
| Amortisation (Note 6) | 攤銷(附註6) | (451) |
| Closing net book amount | 期末賬面淨值 | 1,236 |
| At 31 December 2021 | 於2021年12月31日 | |
| Cost | 成本 | 2,514 |
| Accumulated amortisation | 累計攤銷 | (1,278) |
| Net book amount | 賬面淨值 | 1,236 |

During the years ended 31 December 2021 and 2020, amortisation of approximately RMB96,000 and RMB51,000 has been charged in administrative expenses and approximately RMB355,000 and RMB207,000 has been charged in cost of sales respectively.

截至2021年及2020年12月31日止年度，分別約人民幣96,000元及人民幣51,000元之攤銷已自行政開支扣除，而約人民幣355,000元及人民幣207,000元已自銷售成本扣除。

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綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

17 FINANCIAL INSTRUMENTS BY CATEGORY

17 按類別劃分的金融工具

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|-----------------------|-----------------------------------|-----------------------------------|
| Financial assets | 金融資產 | | |
| <i>Financial assets at amortised cost</i> | <i>按攤銷成本列賬的金融資產</i> | | |
| Trade and bills receivables (Note 20) | 貿易應收款項及應收票據 (附註20) | 18,774 | 13,060 |
| Other receivables (Note 18) | 其他應收款項(附註18) | 1,011 | 2,167 |
| Cash and cash equivalents (Note 21) | 現金及現金等價物(附註21) | 182,294 | 109,483 |
| | | 202,079 | 124,710 |
| Financial liabilities | 金融負債 | | |
| <i>Financial liabilities at amortised cost</i> | <i>按攤銷成本列賬的金融負債</i> | | |
| Trade payables (Note 25) | 貿易應付款項(附註25) | 20,221 | 10,706 |
| Other payables and accruals | 其他應付款項及應計款項 | 13,853 | 32,649 |
| Bank borrowings (Note 26) | 銀行借款(附註26) | - | 13,000 |
| | | 34,074 | 56,355 |

18 PREPAYMENTS AND OTHER RECEIVABLES

18 預付款項及其他應收款項

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|---------------------|-----------------------------------|-----------------------------------|
| Current portion | 即期部分 | | |
| Prepayments to suppliers | 預付供應商款項 | 370 | 613 |
| Other prepayments | 其他預付款項 | 242 | 9 |
| Other tax receivables | 其他應收稅項 | - | 895 |
| Other receivables (Note a) | 其他應收款項(附註a) | 1,011 | 2,167 |
| Prepaid listing expenses (Note b) | 預付上市開支(附註b) | - | 6,329 |
| | | 1,623 | 10,013 |
| Non-current portion | 非即期部分 | | |
| Prepayments of acquisition of properties, plant and equipment | 收購物業、廠房及設備的 預付款項 | 7,807 | 277 |

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For the year ended 31 December 2021 截至2021年12月31日止年度

18 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes:

- (a) As at 31 December 2021 and 2020, the carrying amounts of other receivables approximated their fair values.
- (b) The prepaid listing expenses as at 31 December 2020 were incurred in connection with the listing of the Group and will be deducted from equity upon listing.

The carrying amounts of the Group's prepayments and other receivables were denominated in the following currencies:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----|-----|-----------------------------------|-----------------------------------|
| RMB | 人民幣 | 9,259 | 4,653 |
| HKD | 港元 | 171 | 5,637 |
| | | 9,430 | 10,290 |

19 INVENTORIES

Raw materials 原材料

The cost of inventories recognised as expense and included in cost of sales during the years ended 31 December 2021 and 2020 amounted to approximately RMB58,270,000 and RMB54,562,000 respectively.

18 預付款項及其他應收款項(續)

附註：

- (a) 於2021年及2020年12月31日，其他應收款項的賬面值與其公平值相若。
- (b) 於2020年12月31日的預付上市開支與本集團上市有關，並將於上市後從權益中扣除。

本集團預付款項及其他應收款項的賬面值以下列貨幣計值：

19 存貨

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-------------------|-----------------------------------|-----------------------------------|
| Raw materials 原材料 | 9,737 | 9,272 |

截至2021年及2020年12月31日止年度，金額分別約為人民幣58,270,000元及人民幣54,562,000元的存貨成本確認為開支並計入銷售成本。

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20 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

20 合約資產、貿易應收款項及應收票據

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Contract assets | 合約資產 | 8,348 | 7,564 |
| Less: Provision for impairment of contract assets | 減：合約資產減值撥備 | (28) | (8) |
| Contract assets, net | 合約資產淨額 | 8,320 | 7,556 |
| Trade receivables | 貿易應收款項 | 21,289 | 10,461 |
| Bills receivables | 應收票據 | 100 | 3,260 |
| Less: Provision for impairment of trade receivables | 減：貿易應收款項減值撥備 | (2,615) | (661) |
| Trade and bills receivables, net | 貿易應收款項及應收票據淨額 | 18,774 | 13,060 |
| | | 27,094 | 20,616 |

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional which generally take one to three months. The balances of contract assets fluctuated from year-to-year during the years ended 31 December 2021 and 2020 as the Group provided varying amount of goods or services that were unbilled before the year-ends.

As at 31 December 2021 and 2020, the carrying amounts of contract assets, trade and bills receivables approximated their fair values.

The Group's sales were generally on credit terms primarily from 30 to 60 days.

合約資產指本集團就其業務已完成但未開票貨物和服務收取代價的權利。當權利成為無條件時（一般需時一至三個月），合約資產轉撥至貿易應收款項。由於本集團於年末之前所提供貨物或服務的未開票金額不同，故於截至2021年及2020年12月31日止年度的合約資產結餘按年浮動。

於2021年及2020年12月31日，合約資產、貿易應收款項及應收票據的賬面值與其公平值相若。

本集團銷售的信貸期一般主要介乎30至60日。

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20 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES (Continued)

Movements on the Group's provision for impairment of contract assets are as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|
| As at 1 January | 於1月1日 | 8 | - |
| Provision for impairment on a collective basis | 按共同基準計提的減值撥備 | 20 | 8 |
| As at 31 December | 於12月31日 | 28 | 8 |

Movements on the Group's provision for impairment of trade receivables are as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| As at 1 January | 於1月1日 | 661 | 612 |
| Provision for impairment on an individual basis | 按個別基準計提的減值撥備 | 1,617 | 386 |
| Provision for impairment on a collective basis | 按共同基準計提的減值撥備 | 354 | 92 |
| Reversal of provision for impairment | 減值撥備撥回 | (17) | (61) |
| Written-off of provision for impairment | 撤銷減值撥備 | - | (368) |
| As at 31 December | 於12月31日 | 2,615 | 661 |

20 合約資產、貿易應收款項及應收票據(續)

本集團合約資產減值撥備的變動如下：

本集團的貿易應收款項減值撥備變動詳情如下：

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20 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2021 and 2020, the aging analysis of trade and bills receivables, based on invoice date, was as follows:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| 1 to 3 months | 1至3個月 | 16,659 | 10,768 |
| Over 3 months | 3個月以上 | 4,730 | 2,953 |
| | | 21,389 | 13,721 |
| Less: Provision for impairment of trade receivables | 減：貿易應收款項減值撥備 | (2,615) | (661) |
| | | 18,774 | 13,060 |

The carrying amounts of the Group's contract assets, trade and bills receivables were denominated in the following currencies:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----|-----|-----------------------------------|-----------------------------------|
| RMB | 人民幣 | 26,806 | 20,328 |
| USD | 美元 | 288 | 288 |
| | | 27,094 | 20,616 |

The maximum exposure to credit risk as at 31 December 2021 and 2020 was the carrying value of the receivables and contract assets mentioned above. The Group did not hold any collateral as security.

20 合約資產、貿易應收款項及應收票據(續)

於2021年及2020年12月31日，貿易應收款項及應收票據按發票日期的賬齡分析如下：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| 1 to 3 months | 1至3個月 | 16,659 | 10,768 |
| Over 3 months | 3個月以上 | 4,730 | 2,953 |
| | | 21,389 | 13,721 |
| Less: Provision for impairment of trade receivables | 減：貿易應收款項減值撥備 | (2,615) | (661) |
| | | 18,774 | 13,060 |

本集團合約資產、貿易應收款項及應收票據的賬面值以下列貨幣計值：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----|-----|-----------------------------------|-----------------------------------|
| RMB | 人民幣 | 26,806 | 20,328 |
| USD | 美元 | 288 | 288 |
| | | 27,094 | 20,616 |

於2021年及2020年12月31日的最高信貸風險為上文所述應收款項及合約資產的賬面值。本集團並無持有任何抵押品作為抵押。

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21 CASH AND CASH EQUIVALENTS

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---------------------------|----------|-----------------------------------|-----------------------------------|
| Cash on hand | 手頭現金 | 9 | 36 |
| Cash at banks | 銀行現金 | 182,285 | 109,447 |
| Cash and cash equivalents | 現金及現金等價物 | 182,294 | 109,483 |

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

現金及現金等價物就綜合現金流量表而言包括以下項目：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---------------------------|----------|-----------------------------------|-----------------------------------|
| Cash and cash equivalents | 現金及現金等價物 | 182,294 | 109,483 |

The carrying amounts of the Group's cash and cash equivalents were denominated in the following currencies:

本集團現金及現金等價物的賬面值以下列貨幣計值：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----|-----|-----------------------------------|-----------------------------------|
| RMB | 人民幣 | 124,973 | 93,485 |
| USD | 美元 | 10,484 | 8,519 |
| HKD | 港元 | 46,837 | 7,479 |
| | | 182,294 | 109,483 |

Cash at banks earned interest at floating rates based on daily bank deposit rate. As at 31 December 2021 and 2020, the carrying amounts of cash and cash equivalents approximated their fair values.

銀行現金根據每日銀行存款利率按浮息賺取利息。於2021年及2020年12月31日，現金及現金等價物的賬面值與其公平值相若。

As at 31 December 2021 and 2020, cash and cash equivalents of the Group amounting to approximately RMB180,455,000 and RMB109,447,000, respectively, were deposited with the banks in the PRC where the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

於2021年及2020年12月31日，本集團的現金及現金等價物分別約為人民幣180,455,000元及人民幣109,447,000元，存於中國境內的銀行，而將資金匯出中國受中國政府頒佈外匯管理規則及法規規管。

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22 SHARE CAPITAL

22 股本

| | | Number of shares | Nominal value | Nominal value |
|---|-----------------------------|-----------------------------|-------------------------------|---------------------------------|
| | | 股份數目 | HKD'000 面值 千港元 | RMB'000 面值 人民幣千元 |
| Share capital | 股本 | | | |
| Authorised: | 法定： | | | |
| As at 1 January 2020 | 於2020年1月1日 | 50,000 | 390 | 345 |
| Decrease in authorised ordinary shares of USD1.00 each on 16 January 2020 | 於2020年1月16日減少每股1.00美元的法定普通股 | (50,000) | (390) | (345) |
| Increase in authorised ordinary share of HKD0.01 each on 16 January 2020 | 於2020年1月16日增加每股0.01港元的法定普通股 | 38,000,000 | 380 | 337 |
| As at 31 December 2020 and 1 January 2021 | 於2020年12月31日及2021年1月1日 | 38,000,000 | 380 | 337 |
| Increase in authorised ordinary share (Note a) | 增加法定普通股(附註a) | 9,962,000,000 | 99,620 | 83,840 |
| As at 31 December 2021 | 於2021年12月31日 | 10,000,000,000 | 100,000 | 84,177 |
| | | Number of shares | Nominal value | Nominal value |
| | | 股份數目 | HKD'000 面值 千港元 | RMB'000 面值 人民幣千元 |
| Issued: | 已發行： | | | |
| As at 1 January 2020 | 於2020年1月1日 | 20,000 | 156 | 138 |
| Cancellation of ordinary shares of USD1.00 each on 16 January 2020 | 於2020年1月16日註銷每股1.00美元的普通股 | (20,000) | (156) | (138) |
| Issuance of ordinary shares of HKD0.01 each on 16 January 2020 | 於2020年1月16日發行每股0.01港元的普通股 | 20,000 | —* | —* |
| As at 31 December 2020 and 1 January 2021 | 於2020年12月31日及2021年1月1日 | 20,000 | —* | —* |
| Capitalisation issue (Note b) | 資本化發行(附註b) | 944,980,000 | 9,450 | 7,883 |
| Issuance of shares upon listing (Note c) | 於上市時發行股份(附註c) | 315,000,000 | 3,150 | 2,628 |
| As at 31 December 2021 | 於2021年12月31日 | 1,260,000,000 | 12,600 | 10,511 |

* The amount was rounded to the nearest thousand.

* 金額約整至最接近千位

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For the year ended 31 December 2021 截至2021年12月31日止年度

22 SHARE CAPITAL AND SHARE PREMIUM (Continued)

Notes:

- (a) On 13 January 2021, the authorised share capital of the Company was increased to HKD100,000,000 comprising 10,000,000,000 shares of HKD0.01 each.
- (b) Pursuant to the written resolution passed by the shareholders on 16 December 2020, a total of 944,980,000 shares of HKD0.01 each were allotted and issued to the shareholders of the Company whose names appear on the register of members of the Company as at 31 December 2020 on a pro rata basis by way of capitalisation of HKD9,449,800 (approximately RMB7,953,000) from the Company's share premium account on the Listing Date. The capitalisation issue was completed on 13 January 2021.
- (c) On 13 January 2021, pursuant to the listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued a total of 315,000,000 ordinary shares at a price of HKD0.4 per share for a total gross proceeds (before related share issuance costs) of HKD126,000,000.

22 股本及股份溢價(續)

附註：

- (a) 於2021年1月13日，本公司法定股本增至100,000,000港元，包括10,000,000,000股每股面值0.01港元的股份。
- (b) 根據股東於2020年12月16日通過的書面決議案，透過將本公司股份溢價賬中的9,449,800港元(約人民幣7,953,000元)撥充資本，已於上市日期向於2020年12月31日名列本公司股東名冊的本公司股東，按比例配發及發行合共944,980,000股每股面值0.01港元的股份。資本化發行已於2021年1月13日完成。
- (c) 於2021年1月13日，根據於香港聯合交易所有限公司主板上市，本公司以每股0.4港元的價格發行合共315,000,000股普通股，募集資金總額(於扣除相關股份發行成本前)為126,000,000港元。

23 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

23 合約負債、其他應付款項及應計款項

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Current portion | 即期部分 | | |
| Payables for acquisition of properties, plant and equipment | 購買物業、廠房及設備的應付款項 | 9,648 | 16,550 |
| Other tax payables | 其他應付稅項 | 972 | - |
| Other payables | 其他應付款項 | 622 | 369 |
| Accruals for auditor's remuneration | 應計核數師薪酬 | 1,494 | 1,600 |
| Accruals for employee benefit expenses | 應計僱員福利開支 | 2,632 | 2,744 |
| Accruals for professional fees | 應計專業費用 | 457 | 1,677 |
| Other accruals | 其他應計款項 | 154 | 173 |
| Accrued listing expenses | 應計上市開支 | - | 10,747 |
| Deposits from customers | 客戶預收款項 | 1,263 | 3,999 |
| Contract liabilities (Note 5(e)) | 合約負債(附註5(e)) | 588 | 3,440 |
| | | 17,830 | 41,299 |
| Non-current portion | 非即期部分 | | |
| Other payables | 其他應付款項 | 1,478 | 1,533 |

As at 31 December 2021 and 2020, the carrying amounts of the Group's other payables and accruals approximated their fair values.

於2021年及2020年12月31日，本集團其他應付款項及應計款項的賬面值與其公平值相若。

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23 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS (Continued)

The carrying amounts of the Group's contract liabilities, other payables and accruals were denominated in the following currencies:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|-----|-----|-----------------------------------|-----------------------------------|
| RMB | 人民幣 | 16,947 | 32,633 |
| USD | 美元 | 376 | 553 |
| HKD | 港元 | 1,985 | 9,646 |
| | | 19,308 | 42,832 |

23 合約負債、其他應付款項及應計款項(續)

本集團合約負債、其他應付款項及應計款項的賬面值以下列貨幣計值：

24 DEFERRED TAX LIABILITIES

Deferred tax liabilities 遞延稅項負債

The movement in deferred tax liabilities during the years ended 31 December 2021 and 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

24 遞延稅項負債

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--------------------------|--------|-----------------------------------|-----------------------------------|
| Deferred tax liabilities | 遞延稅項負債 | 535 | 346 |

遞延稅項負債於截至2021年及2020年12月31日止年度的變動(未經計及對銷相同稅務司法權區結餘)如下：

| Deferred tax (liabilities)/assets | | Accelerated tax | | | Total |
|--|--------------|------------------|--------------|--------------|--------------|
| | | Contracts assets | depreciation | Others | |
| 遞延稅項(負債)/資產 | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 合約資產 | 加速稅務折舊 | 其他 | 總計 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2020 | 於2020年1月1日 | (229) | (175) | (29) | (433) |
| Charged to the consolidated income statement | 於綜合收益表扣除 | 181 | (61) | (33) | 87 |
| At 31 December 2020 | 於2020年12月31日 | (48) | (236) | (62) | (346) |
| Charged to the consolidated income statement | 於綜合收益表扣除 | 44 | (188) | (45) | (189) |
| At 31 December 2021 | 於2021年12月31日 | (4) | (424) | (107) | (535) |

Notes to the Consolidated Financial Statements 綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

24 DEFERRED TAX LIABILITIES (Continued)

The Group had undistributed earnings of RMB143,067,000 as at 31 December 2021 (2020: RMB119,284,000), which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred liability has been recognised as the parent entity is able to control the timing of distributions of dividends from the PRC subsidiary and is not expected to distribute these profits in the foreseeable future.

25 TRADE PAYABLES

Trade payables 貿易應付款項

As at 31 December 2021 and 2020, the aging analysis of trade payables, based on invoice date, was as follows:

| | |
|---------------|-------|
| 1 to 3 months | 1至3個月 |
| Over 3 months | 3個月以上 |

As at 31 December 2021 and 2020, the carrying amounts of the Group's trade payables were denominated in RMB and approximated their fair values.

24 遞延稅項負債(續)

於2021年12月31日，本集團的未分派盈利為人民幣143,067,000元（2020年：人民幣119,284,000元），如作為股息派付，收款人須繳納稅項。由於母公司有能力控制中國附屬公司分派股息的時機，且可預見未來不會分派股息，存在可評稅暫時差額，但並無確認遞延負債。

25 貿易應付款項

於2021年及2020年12月31日，貿易應付款項按發票日期的賬齡分析如下：

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|----------------|-----------------------------------|-----------------------------------|
| Trade payables | 20,221 | 10,706 |

| | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---------------|-----------------------------------|-----------------------------------|
| 1 to 3 months | 17,728 | 9,631 |
| Over 3 months | 2,493 | 1,075 |
| | 20,221 | 10,706 |

於2021年及2020年12月31日，本集團貿易應付款項的賬面值乃以人民幣計值，並與其公平值相若。

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26 BANK BORROWINGS

| Current portion | 即期部份 |
|---------------------------|-------------|
| Bank borrowings – secured | 銀行借款－有抵押 |

As at 31 December 2020, the Group's bank borrowings were carried at a floating rate of 4.4% per annum.

As at 31 December 2020, the carrying amounts of the bank borrowings were denominated in RMB and approximated their fair values.

As at 31 December 2020, the above bank borrowings were secured by the Group's properties, plant and equipment with carrying amounts of RMB19,360,000.

At 31 December 2020, the Group's bank borrowings were repayable within one year.

As at 31 December 2021, the Group has no undrawn banking facilities (2020: RMB62,000,000).

27 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2021 and 2020.

26 銀行借款

| 2021 | 2020 |
|----------------|----------------|
| RMB'000 | RMB'000 |
| 2021年 | 2020年 |
| 人民幣千元 | 人民幣千元 |
| – | 13,000 |

於2020年12月31日，本集團的銀行借款按年利率為4.4%的浮動利率計息。

於2020年12月31日，銀行借款的賬面值以人民幣計值，並與其公平值相若。

於2020年12月31日，上述銀行借款以本集團賬面值為人民幣19,360,000元的物業、廠房及設備作抵押。

於2020年12月31日，本集團的銀行借款須於一年內償還。

於2021年12月31日，本集團並無未提取銀行融資(2020年：人民幣62,000,000元)。

27 股息

本公司於截至2021年及2020年12月31日止年度並無派付或宣派股息。

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

28 綜合現金流量表附註

(a) Reconciliation of profit before income tax to net cash generated from operations

(a) 除所得稅前溢利與經營產生的現金淨額對賬

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Profit before income tax | 除所得稅前溢利 | 24,080 | 52,593 |
| Adjustments for: | 就以下各項作出調整： | | |
| Interest income | 利息收入 | (1,477) | (388) |
| Interest expenses | 利息開支 | 123 | 604 |
| Depreciation of properties, plant and equipment | 物業、廠房及設備折舊 | 16,004 | 15,307 |
| Depreciation of right-of-use asset | 使用權資產折舊 | 82 | 82 |
| Depreciation of investment property | 投資物業折舊 | 33 | 41 |
| Amortisation of intangible assets | 無形資產攤銷 | 451 | 258 |
| Losses on disposal of properties, plant and equipment | 出售物業、廠房及設備的虧損 | 3,174 | 620 |
| Provision for impairment of trade receivables and contract assets | 貿易應收款項及合約資產減值撥備 | 1,991 | 486 |
| Reversal of provision for impairment of trade receivables | 貿易應收款項減值撥備撥回 | (17) | (61) |
| | | 44,444 | 69,542 |
| Changes in working capital: | 營運資金變動： | | |
| – Trade and bills receivables | – 貿易應收款項及應收票據 | (7,540) | 2,210 |
| – Contract assets | – 合約資產 | (764) | 9,029 |
| – Prepayments and other receivables | – 預付款項及其他應收款項 | 2,073 | (2,621) |
| – Inventories | – 存貨 | (465) | 650 |
| – Trade payables | – 貿易應付款項 | 9,410 | (3,352) |
| – Other payables and accruals | – 其他應付款項及應計款項 | (13,818) | 10,145 |
| – Contract liabilities | – 合約負債 | (2,852) | 2,133 |
| Net cash generated from operations | 經營產生的現金淨額 | 30,488 | 87,736 |

28 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

28 綜合現金流量表附註(續)

(b) In the consolidated statements of cash flows, proceeds from disposal of properties, plant and equipment comprise:

(b) 於綜合現金流量表中，出售物業、廠房及設備的所得款項包括：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Net book amount disposed | 出售的賬面淨值 | 4,002 | 1,606 |
| Losses on disposal of properties, plant and equipment | 出售物業、廠房及設備的虧損 | (3,174) | (620) |
| | | 828 | 986 |
| Proceeds from disposal of properties, plant and equipment | 出售物業、廠房及設備的所得款項 | 828 | 101 |
| Non-cash movement | 非現金變動 | - | 885 |
| | | 828 | 986 |

(c) The reconciliations of liabilities arising from financing activities are as follows:

(c) 融資活動產生的負債對賬如下：

| | | Amounts due to shareholders RMB'000 應付股東款項 人民幣千元 | Bank borrowings RMB'000 銀行借款 人民幣千元 | Total RMB'000 總計 人民幣千元 |
|---|----------------------|---|--|---------------------------------|
| As at 1 January 2020 | 於2020年1月1日 | 5,000 | 13,000 | 18,000 |
| Cash flows | 現金流量 | | | |
| - Proceeds from bank borrowings | - 銀行借款所得款項 | - | 13,000 | 13,000 |
| - Repayments of bank borrowings | - 償還銀行借款 | - | (13,000) | (13,000) |
| - Consideration paid for the acquisition of a subsidiary in respect to reorganisation | - 就有關重組收購一家附屬公司的已付代價 | (5,000) | - | (5,000) |
| As at 31 December 2020 | 於2020年12月31日 | - | 13,000 | 13,000 |
| Cash flows | 現金流量 | | | |
| - Repayments of bank borrowings | - 償還銀行借款 | - | (13,000) | (13,000) |
| As at 31 December 2021 | 於2021年12月31日 | - | - | - |

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29 CONTINGENT LIABILITIES

As at 31 December 2021 and 2020, the Group did not have any material contingent liabilities.

29 或然負債

於2021年及2020年12月31日，本集團並無任何重大或然負債。

30 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the years but not yet incurred is as follows:

30 資本承擔

於年末已訂約但未產生的資本開支如下：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---------------------------------|----------|-----------------------------------|-----------------------------------|
| Contracted but not provided for | 已訂約但尚未撥備 | 185 | 2,781 |

31 ASSETS PLEDGED AS SECURITIES

The carrying amounts of assets pledged as securities for current bank borrowings are:

31 已抵押作為抵押品的資產

已抵押作為即期銀行借款抵押品的資產的賬面值如下：

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Non-current portion | 非流動部分 | | |
| Charge at floating rate | 按浮動利率收款 | | |
| Properties, plant and equipment (Note 26) | 物業、廠房及設備(附註26) | — | 19,360 |
| Total assets pledged as securities for bank borrowings | 已抵押作為銀行借款抵押品的資產總額 | — | 19,360 |

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control or joint control.

Members of key management and their close family members are also considered as related parties.

(a) Parent entity

The ultimate holding company and controlling shareholders are disclosed in Note 1.1.

(b) Key management compensation

Key management includes directors and a senior management who have the responsibility for the planning, directing, controlling and the execution of the activities of the Group. The compensation paid or payable to key management is shown below:

| | | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|----------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 工資及薪金 | 535 | 488 |
| Pension costs – defined contribution plan | 退休金成本 – 界定供款計劃 | 71 | 30 |
| | | 606 | 518 |

32 關聯方交易

如果一方有能力直接或間接控制另一方，或對另一方的財務或經營決策施加重大影響力，則被視為關聯方。

假如各方受到共同控制或聯合控制，亦被視為關聯方。

主要管理層成員及其近親亦視為關聯方。

(a) 母方實體

最終控股公司及控股股東於附註1.1披露。

(b) 主要管理層薪酬

主要管理層包括負責計劃、指示、控制及執行本集團業務的董事及高級管理層。已付或應付主要管理層的薪酬列示如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31 December 2021

33 本公司的財務狀況表及儲備變動

本公司於2021年12月31日的財務狀況表

| | | Note | 2021 RMB'000 2021年 人民幣千元 | 2020 RMB'000 2020年 人民幣千元 |
|---|-------------------|------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| Assets | 資產 | | | |
| Non-current asset | 非流動資產 | | | |
| Interests in subsidiaries | 於附屬公司的權益 | | 186,371 | 186,371 |
| Current assets | 流動資產 | | | |
| Prepayments | 預付款項 | | 171 | 6,329 |
| Amounts due from subsidiaries | 應收附屬公司款項 | | 88,400 | — |
| Cash and cash equivalents | 現金及現金等價物 | | 1,366 | — |
| | | | 89,937 | 6,329 |
| Total assets | 資產總值 | | 276,308 | 192,700 |
| Equity | 權益 | | | |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | | |
| Share capital | 股本 | | 10,512 | —* |
| Share premium | 股份溢價 | | 80,081 | — |
| Reserves | 儲備 | (a) | 186,373 | 186,373 |
| Accumulated losses | 累計虧損 | (a) | (28,249) | (22,423) |
| Total equity | 權益總額 | | 248,717 | 163,950 |
| Liabilities | 負債 | | | |
| Current liabilities | 流動負債 | | | |
| Accruals | 應計款項 | | 1,981 | 12,616 |
| Amounts due to subsidiaries | 應付附屬公司款項 | | 25,610 | 16,134 |
| Total liabilities | 負債總額 | | 27,591 | 28,750 |
| Total equity and liabilities | 權益及負債總額 | | 276,308 | 192,700 |

The statement of financial position of the Company was approved by the Board of Directors on 25 March 2022 and was signed on its behalf.

Lin Minqiang
林民強
Director
董事

Wei Cunzhuo
魏存灼
Director
董事

本公司的財務狀況表已經董事會於2022年3月25日批准刊發，並由以下人士代為簽署。

* The balance was rounded to the nearest thousand.

* 金額約整至最接近千位

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2021 截至2021年12月31日止年度

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

33 本公司的財務狀況表及儲備變動(續)

(a) Reserves movement of the Company

(a) 本公司儲備變動

| | | Share premium RMB'000 股份溢價 人民幣千元 | Capital reserve RMB'000 資本儲備 人民幣千元 | Exchange reserves RMB'000 匯兌儲備 人民幣千元 | Accumulated losses RMB'000 累計虧損 人民幣千元 | Total reserves RMB'000 總權益 人民幣千元 |
|--|------------------------|---|---|---|--|---|
| At 1 January 2020 | 於2020年1月1日 | - | 186,371 | 2 | (7,243) | 179,130 |
| Loss and total comprehensive losses for the year | 年內虧損及全面虧損總額 | - | - | - | (15,180) | (15,180) |
| At 31 December 2020 and 1 January 2021 | 於2020年12月31日及2021年1月1日 | - | 186,371 | 2 | (22,423) | 163,950 |
| Loss for the year | 年內虧損 | - | - | - | (5,826) | (5,826) |
| Total comprehensive loss | 全面虧損總額 | - | - | - | (5,826) | (5,826) |
| Transactions with owners | 與擁有人交易 | | | | | |
| Capitalisation issue | 資本化發行 | (7,883) | - | - | - | (7,883) |
| Issuance of ordinary shares of the Company | 發行本公司普通股 | 102,486 | - | - | - | 102,486 |
| Share issuance costs | 股份發行成本 | (14,522) | - | - | - | (14,522) |
| Total transactions with owners | 與擁有人交易總額 | 80,081 | - | - | - | 80,081 |
| At 31 December 2021 | 於2021年12月31日 | 80,081 | 186,371 | 2 | (28,249) | 238,205 |

Note:

The capital reserve of the Company represents the aggregated net asset values of the subsidiaries acquired by the Company pursuant to the Reorganisation as set out in Note 1.2.

附註：

本公司的資本儲備指本公司根據附註1.2所載的重組收購的附屬公司的資產淨值總額。

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director is set out below:

| Name of Director | Fees RMB'000 | Salary RMB'000 | Discretionary bonus RMB'000 | Allowances benefits in kind RMB'000 | Employer's contribution to pension scheme RMB'000 | Total RMB'000 |
|--|------------------------------|-------------------|-----------------------------------|--|---|------------------|
| 董事姓名 | 袍金 人民幣千元 | 薪金 人民幣千元 | 酌情花紅 人民幣千元 | 津貼及 實物福利 人民幣千元 | 僱主對退休金 計劃的供款 人民幣千元 | 總計 人民幣千元 |
| For the year ended 31 December 2021 | 截至2021年 12月31日止年度 | | | | | |
| Executive directors: | 執行董事： | | | | | |
| – Lin Bingzhong | – | 87 | – | – | – | 87 |
| – Lin Mingqiang | – | 97 | – | – | – | 97 |
| – Lin Chaowei | – | 97 | – | – | 19 | 116 |
| – Lin Chaowen | – | 97 | – | – | 17 | 114 |
| – Wei Cunzhuo | – | 97 | – | – | 19 | 116 |
| – Lin Lili | – | 60 | – | – | 16 | 76 |
| | – | 535 | – | – | 71 | 606 |
| For the year ended 31 December 2020 | 截至2020年 12月31日止年度 | | | | | |
| Executive directors: | 執行董事： | | | | | |
| – Lin Bingzhong | – | 97 | – | – | 8 | 105 |
| – Lin Mingqiang | – | 37 | – | – | – | 37 |
| – Lin Chaowei | – | 97 | – | – | 8 | 105 |
| – Lin Chaowen | – | 97 | – | – | 7 | 104 |
| – Wei Cunzhuo | – | 97 | – | – | – | 97 |
| – Lin Lili | – | 63 | – | – | 7 | 70 |
| | – | 488 | – | – | 30 | 518 |

Lin Mingqiang, Lin Bingzhong, Lin Chaowei, Lin Chaowen, Wei Cunzhuo and Lin Lili were appointed as executive directors of the Company on 20 March 2020. The directors' emoluments are presented as if the executive directors had been appointed throughout the year ended 31 December 2020.

Sheng Zijiu, Chow Kit Ting, Yip Koon Shing and Wong Chun Sek Edmund were appointed as independent non-executive directors of the Company on 16 December 2020. During the years ended 31 December 2021 and 2020, the independent non-executive directors have received nil directors' remuneration in the capacity of directors.

34 董事福利及權益

(a) 董事酬金

各董事的薪酬載列如下：

| Name of Director | Fees RMB'000 | Salary RMB'000 | Discretionary bonus RMB'000 | Allowances benefits in kind RMB'000 | Employer's contribution to pension scheme RMB'000 | Total RMB'000 |
|--|------------------------------|-------------------|-----------------------------------|--|---|------------------|
| 董事姓名 | 袍金 人民幣千元 | 薪金 人民幣千元 | 酌情花紅 人民幣千元 | 津貼及 實物福利 人民幣千元 | 僱主對退休金 計劃的供款 人民幣千元 | 總計 人民幣千元 |
| For the year ended 31 December 2021 | 截至2021年 12月31日止年度 | | | | | |
| Executive directors: | 執行董事： | | | | | |
| – Lin Bingzhong | – | 87 | – | – | – | 87 |
| – Lin Mingqiang | – | 97 | – | – | – | 97 |
| – Lin Chaowei | – | 97 | – | – | 19 | 116 |
| – Lin Chaowen | – | 97 | – | – | 17 | 114 |
| – Wei Cunzhuo | – | 97 | – | – | 19 | 116 |
| – Lin Lili | – | 60 | – | – | 16 | 76 |
| | – | 535 | – | – | 71 | 606 |
| For the year ended 31 December 2020 | 截至2020年 12月31日止年度 | | | | | |
| Executive directors: | 執行董事： | | | | | |
| – Lin Bingzhong | – | 97 | – | – | 8 | 105 |
| – Lin Mingqiang | – | 37 | – | – | – | 37 |
| – Lin Chaowei | – | 97 | – | – | 8 | 105 |
| – Lin Chaowen | – | 97 | – | – | 7 | 104 |
| – Wei Cunzhuo | – | 97 | – | – | – | 97 |
| – Lin Lili | – | 63 | – | – | 7 | 70 |
| | – | 488 | – | – | 30 | 518 |

林民強、林秉忠、林朝偉、林朝文、魏存灼及林莉莉於2020年3月20日獲委任為本公司執行董事。董事酬金乃按猶如執行董事已於整個截至2020年12月31日止年度內獲委任的基準呈列。

盛子九、周傑霆、葉冠成及黃俊碩於2020年12月16日獲委任為本公司獨立非執行董事。截至2021年及2020年12月31日止年度，獨立非執行董事並無就董事身份收取任何董事酬金。

34 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

During the years ended 31 December 2021 and 2020, none of the directors of the Company (i) received or paid any remuneration in respect of accepting office; (ii) received or paid emoluments in respect of services in connection with the management of the affairs of the Company or its subsidiaries undertaking; or (iii) waived or has agreed to waive any emolument.

(b) Directors' retirement benefits and termination benefits

During the years ended 31 December 2021 and 2020, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2021 and 2020, no consideration was provided to third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2021 and 2020, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors.

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

34 董事福利及權益 (續)

(a) 董事酬金 (續)

截至2021年及2020年12月31日止年度，概無本公司董事(i)就接納職位收取或獲付任何薪酬；(ii)管理就本公司事務或其附屬公司業務的服務收取或獲付酬金；或(iii)放棄或已同意放棄任何酬金。

(b) 董事退休福利及終止福利

截至2021年及2020年12月31日止年度，概無有關終止董事服務的酬金、退休福利、付款或福利向董事直接或間接支付或作出；亦無任何應付款項。

(c) 就獲提供董事服務而向第三方提供代價

截至2021年及2020年12月31日止年度，概無就獲提供董事服務而向第三方提供代價。

(d) 有關以董事、由有關董事控制的法團及與其有關連的實體為受益人的貸款、準貸款及其他交易的資料

於2021年及2020年12月31日，概無有關以董事、由有關董事控制的法團及與其有關連的實體為受益人的貸款、準貸款及其他交易安排。

(e) 董事於交易、安排或合約中的重大權益

除綜合財務報表另有披露者外，概無訂立本公司董事於當中直接或間接擁有重大權益而於年末或年內任何時間存續且與本集團業務有關的重大交易、安排及合約。

Deyun Holding Ltd.
德運控股有限公司*