



天虹國際集團有限公司 TEXHONG INTERNATIONAL GROUP LIMITED

(formerly known as Texhong Textile Group Limited 前稱天虹紡織集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：2678

年報 **2022**
ANNUAL REPORT

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OPERATING PERFORMANCE DATA

經營表現數據

		2022	2021		2020	2019	2018
		二零二二年	二零二一年	Change	二零二零年	二零一九年	二零一八年
For the year ended 31 December 截至十二月三十一日止年度		RMB'000 人民幣千元	RMB'000 人民幣千元	變動	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue	收入	23,805,354	26,521,193	-10.2%	19,576,938	22,002,943	19,155,709
Gross profit	毛利	2,755,622	5,851,971	-52.9%	2,707,118	2,993,437	3,145,825
Profit for the year	年度溢利	201,186	2,741,616	-92.7%	530,354	922,749	1,167,943
Profit attributable to shareholders	股東應佔溢利	156,808	2,685,170	-94.2%	517,065	883,726	1,163,092
Earnings per share	每股盈利						
— Basic	— 基本	RMB人民幣0.17元	RMB人民幣2.93元	-94.2%	RMB人民幣0.57元	RMB人民幣0.97元	RMB人民幣1.27元
— Diluted	— 攤薄	RMB人民幣0.17元	RMB人民幣2.93元	-94.2%	RMB人民幣0.56元	RMB人民幣0.97元	RMB人民幣1.27元

FINANCIAL POSITION DATA

財務狀況數據

		2022	2021		2020	2019	2018
		二零二二年	二零二一年	Change	二零二零年	二零一九年	二零一八年
As at 31 December 於十二月三十一日		RMB'000 人民幣千元	RMB'000 人民幣千元	變動	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total assets	總資產	26,151,299	24,442,884	7.0%	20,157,279	21,174,661	18,770,015
Non-current assets	非流動資產	12,522,445	11,394,265	9.9%	10,829,540	11,374,054	9,336,032
Current assets	流動資產	13,628,854	13,048,619	4.4%	9,327,739	9,800,607	9,433,983
Total liabilities	總負債	16,049,823	13,841,932	16.0%	11,684,541	13,075,286	11,933,193
Current liabilities	流動負債	12,166,884	10,089,446	20.6%	8,011,160	7,583,220	6,773,423
Non-current liabilities	非流動負債	3,882,939	3,752,486	3.5%	3,673,381	5,492,066	5,159,770
Net current assets	流動資產淨值	1,461,970	2,959,173	-50.6%	1,316,579	2,217,387	2,660,560
Net assets	資產淨值	10,101,476	10,600,952	-4.7%	8,472,738	8,099,375	6,836,822
Equity attributable to shareholders	股東應佔權益	9,501,623	10,038,270	-5.3%	7,863,267	7,473,456	6,738,637

FINANCIAL INDICATORS

財務指標

		2022	2021	2020	2019	2018
		二零二二年	二零二一年	二零二零年	二零一九年	二零一八年
For the year ended 31 December 截至十二月三十一日止年度						
Inventory turnover days	存貨周轉天數	126	95	95	98	101
Trade and bill receivables turnover days	應收貿易及票據款項周轉天數	28	25	30	27	32
Trade and bill payables turnover days	應付貿易及票據款項周轉天數	78	63	61	62	73
Current ratio	流動比率	1.1	1.3	1.2	1.3	1.4
Net debt to equity ratio (Note 1)	負債淨額權益比率(附註1)	0.63	0.45	0.52	0.86	0.88
Return on equity (Note 2)	權益回報率(附註2)	2%	30%	7%	12%	18%

Note 1: Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders at each year end.

附註1: 根據各年終時的借貸總額扣除現金及現金等值物以及已抵押銀行存款除以股東應佔權益計算得出。

Note 2: Based on each year's profit attributable to shareholders over the average of the equity attributable to shareholders at the beginning and ending of the financial year.

附註2: 根據各年的股東應佔溢利除以該財政年度年初及年終股東應佔權益之平均數計算得出。

企業簡介及架構

CORPORATE PROFILE AND STRUCTURE

CORPORATE PROFILE

Texhong International Group Limited (formerly known as Texhong Textile Group Limited) (the “Company”, together with its subsidiaries, the “Group”) (stock code: 2678) is one of the global largest cotton textile manufacturers and is a leading textile enterprise focusing on manufacturing high value-added core-spun textile products. The Group is principally engaged in the manufacture and distribution of quality yarns, grey fabrics, garment fabrics as well as garments. Since 1997, the Group has grown rapidly and has over 5,000 customers in the People’s Republic of China (“China” or “the PRC”) and overseas, with its sales network spanning across the PRC, Vietnam, North America, Europe, Brazil, Turkey, Bangladesh, Japan and South Korea. With its sales headquarter established in Shanghai, the Group has production bases in operation in the PRC, Vietnam, Turkey, the Americas respectively, with major production facilities comprising about 4.17 million spindles and over 2,100 weaving and knitting machines and the related dyeing equipment as of 31 December 2022.

企業簡介

天虹國際集團有限公司(前稱天虹紡織集團有限公司)(「本公司」, 連同其附屬公司統稱「本集團」)(股份代號: 2678)是全球最大的棉紡織品製造商之一, 更是領先的高附加值包芯紡織產品生產企業。本集團的主要業務為製造及銷售優質紗線、坯布、面料和服裝。自一九九七年始, 本集團業務發展迅速, 更擁有超過5,000個國內外客戶, 銷售網絡遍及中華人民共和國(「中國」)、越南、北美、歐洲、巴西、土耳其、孟加拉、日本及南韓。本集團以上海為銷售總部, 於中國、越南、土耳其、美洲均有運行中的生產基地, 截至二零二二年十二月三十一日, 主要生產設施包括大約417萬紗錠、逾2,100台梭織及針織織機及對應的染整設備。



TEXHONG

On behalf of the Company's board of directors (the "Board"), I am pleased to present the annual results of the Group for the year ended 31 December 2022 to the shareholders of the Company.

本人謹代表本公司董事會（「董事會」），欣然向本公司股東呈列本集團截至二零二二年十二月三十一日止年度的全年業績。

Hong Tianzhu 洪天祝
Chairman 主席



RESULTS

The textile industry underwent unprecedented challenges and changes in 2022. On the one hand, while most foreign countries and markets have gradually recovered from the impact of the COVID-19 pandemic, the Chinese market faced its most difficult period in the fight against the virus in 2022. Since the second quarter, the highly transmissible Omicron strain caused a serious situation in some cities and regions in the PRC, leading to the total or partial suspension of major commercial and trading hubs, whilst normal operations in different aspects of businesses such as procurement, production, logistics and retail were severely affected. On the other hand, the overall global consumption demand was weaker than expected in 2022. The weakened downstream market led to higher inventory levels in the textile and apparel industry, thereby exerting pressure on exports of textile products and apparels. Meanwhile, the significant fluctuation in the Renminbi exchange rate posed a huge challenge to export trade as well as corporate foreign exchange management. Regarding raw materials, with the Russia-Ukraine tension severely impacting the commodity price, coupled with multiple and frequent COVID-19 epidemic outbreaks weakening market demand in China, domestic and international cotton prices both continued to decline in the second half of 2022. Meanwhile, international cotton prices experienced a milder decline under the influence of global inflation, widening the gap between domestic and international cotton prices. Such a challenging macro environment resulted in a decline in the capacity utilization rate of many factories in the industry, and in turn a sharp decline in the output and profitability of textile and apparels.

In such a market environment, the Group swiftly adjusted its product structure and capacity deployment in response to market dynamics and demand to ensure maximum capacity utilization, while vigorously integrating resources and rectifying inefficient production capacity. To improve management efficiency, the Group took actions to strengthen internal management system and restructure personnel, so that the management system truly matches up with the business development strategy of the Group. The Group also proactively collaborated with downstream customers and brands to maintain information exchange, and minimize waste and conflicts in various parts of the supply chain. Thanks to the concerted efforts of all the Group's employees, the Group's sales revenue reached approximately RMB23.8 billion. Despite a slight decrease from the preceding year, the sales revenue remained at a reasonable level, considering the exceptionally positive circumstances of the market in the preceding year, and the market and raw material price challenges faced by the Group this year. Nonetheless, the Group's profitability was still affected. In 2022, profit attributable to shareholders of the Company amounted to approximately RMB156.8 million, and basic earnings per share were RMB0.17.

業績

二零二二年紡織行業面臨了前所未有的挑戰和變局。一方面，儘管絕大多數海外國家和市場都已經從新冠疫情帶來的影響中逐步恢復，但是對於中國市場來說，二零二二年卻是疫情攻堅戰役中最艱難的一年。自第二季度起，奧密克戎毒株的超強傳播性使得中國部分城市和地區防疫形勢嚴峻，主要商貿樞紐城市出現全部或局部停擺，對採購、生產、物流、零售等各個商業環節的正常運轉帶來了多重打擊。另一方面，二零二二年全球整體消費需求弱於預期，下游市場的疲弱導致紡織服裝行業庫存水平不斷攀升，對紡織品和服裝的出口都帶來了壓力。同時，人民幣匯率的大幅波動也為出口貿易以及企業外匯管理帶來巨大挑戰。原料方面，俄烏緊張局勢大幅影響大宗商品價格，加上中國國內疫情反覆使下游市場走弱，導致中國國內及國際棉花價格於二零二二年下半年持續下跌，與此同時國際棉花受全球通脹影響而跌勢有所收窄，導致內外棉價格差異擴大。大環境的嚴峻勢態導致許多業內工廠開工率下降，紡織服裝產量和盈利水平均有大幅下滑。

在這樣的市場環境中，本集團快速根據市場動態需求調整產品結構以及產能部署，確保產能利用率最大化，同時大力整合集團資源，整頓低效率的產能。為了提高管理效率，本集團進行了內部管理體系強化及人員結構調整，使之真正與集團戰略發展更好地匹配。本集團也積極團結下游客戶和品牌，保持信息互聯互通，儘可能減少供應鏈各個環節中的效率浪費和摩擦。在集團全體人員的共同努力下，本集團的銷售收入達到約人民幣238億元，雖然較之上一年度稍有下降，但考慮到上一年度市場情緒高昂的特殊性，疊加本年度本集團面臨的市場及原料價格挑戰，銷售收入尚能保持在合理水平。即便如此，本集團盈利水平仍然受到衝擊。二零二二年度股東應佔溢利約為人民幣1.568億元，每股基本盈利為人民幣0.17元。

OUTLOOK

Moving forward to 2023, domestic and foreign retail markets continue to encounter relatively notable challenges. The turnaround of the overall situation in the Chinese textile industry is uncertain, but with the relaxation of COVID-19 pandemic prevention policies in the PRC, business operations and consumption have gradually returned to normal. Concurrently, the trend and resolute policies aiming at driving economic development lend robust support to the industry's revitalization.

In the upcoming business year, the Group plans to vigorously adjust its organizational management and production structure to adapt to changes in the macro environment. The Group also intends to rationalize or even exit inefficient businesses and production capacity. While implementing lean operations, the Group will also enhance the efficiency of its middle and back office management and fully utilize its existing production capacity, thereby improving profitability. Given the influence of the global geopolitical situation, a significant shift in demand-driven textile production capacity is inevitable. The Group has already commenced the deployment for overseas production capacity many years ago and has laid a solid foundation for production and operation abroad. Such a foundation has enabled us to be better prepared for industry reshuffling, so that we can adjust the division of domestic and foreign production capacity to meet market demand rapidly. Meanwhile, we are joining forces with downstream parties, leveraging the advantages of our yarns to pave the way for adopting the major strategy of regional and platform-based development. The Group believes that with years of industry-leading experience and the first-mover advantage of global deployment, we will be able to persevere and move forward to embrace a brighter future in the midst of turbulence.

APPRECIATION

Lastly, on behalf of the Board, I would like to express my sincere gratitude to all of our shareholders for their continued interest in and support for the Group.

Hong Tianzhu
Chairman

28 March 2023

展望

步入二零二三年，海內外零售市場仍然面臨較大的挑戰，中國紡織行業的整體狀況是否能夠有所好轉尚不明朗。但是隨著中國防疫政策放鬆，商業及消費逐步恢復常態，同時也能看到政策推動經濟發展的勢態和決心，這都為行業恢復提供了有力支撐。

在新的經營年度中，本集團計劃大幅調整組織管理及生產架構，以應對大環境的變化，並計劃將低效能的業務及產能進行梳理甚至退出。精簡運營的同時提升集團中後台管理能效，充分發揮現有產能效率以提升盈利能力。在全球地緣政治影響下，由需求端拉動的紡織產能大轉移已成必然。本集團早在多年前就開啟了海外產能佈局，經過多年深耕已經打下了紮實的海外生產運營基礎，這使我們在面臨行業變局時更有準備，能夠通過調整海內外產能分工，快速跟上市場需求的腳步。同時以自身的紗線優勢聯合下游，以區域化、平台化作為主要發展戰略。相信以本集團多年的行業領先經驗，以及全球佈局的先發優勢，在動盪的局勢中能夠堅忍向前，撥雲見日。

鳴謝

最後，本人謹代表董事會向全體股東一直以來對本集團的關注和支持致以由衷的感謝！

洪天祝
主席

二零二三年三月二十八日

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is pleased to report its annual results for the year ended 31 December 2022 (the "Year") to its shareholders. During the Year, the Group's revenue decreased by 10.2% to approximately RMB23.8 billion as compared with the previous year. The Group's net profit was approximately RMB201.2 million, a decrease of 92.7% as compared with the previous year. Profit attributable to shareholders of the Company was approximately RMB156.8 million, a decrease of 94.2% as compared with the previous year. Basic earnings per share also decreased to RMB0.17 from RMB2.93 of previous year.

INDUSTRY REVIEW

According to statistics from the National Bureau of Statistics of the PRC, the aggregate sales achieved by sizeable textile enterprises amounted to approximately RMB2,615.8 billion in 2022, representing a 1.1% decrease year-on-year, with a net profit of approximately RMB100.1 billion in aggregate, down 17.8% year-on-year. The total sales of sizeable textile garment and apparel enterprises amounted to approximately RMB1,453.9 billion, representing a year-on-year decrease of 4.6%, with a net profit of approximately RMB76.4 billion, down 6.3% year-on-year. According to data from the General Administration of Customs of the PRC, the PRC exported around US\$156.8 billion worth of textile products in 2022, representing a year-on-year increase of 1.4%, while the value of garments exported reached approximately US\$184.1 billion, a year-on-year increase of 3.4%.

According to statistics from Vietnam Customs, the export volume of yarns and staple fibre manufactured in Vietnam fell by 16.8% to approximately 1.6 million tonnes in 2022, generating approximately US\$4.7 billion in revenue, a decrease of 16.0% as compared with 2021. Garments exports increased by 14.7% year-on-year to approximately US\$37.6 billion in 2022.

概覽

本集團欣然向股東報告本集團截至二零二二年十二月三十一日止年度（「本年度」）之年度業績。於本年度，本集團收入較去年減少10.2%至約人民幣238億元。本集團淨利潤約人民幣2.012億元，較去年減少92.7%；股東應佔溢利下降至約人民幣1.568億元，較去年減少94.2%。每股基本盈利亦由去年人民幣2.93元下降至人民幣0.17元。

行業回顧

根據中國國家統計局的數據顯示，二零二二年，紡織業規模企業累計實現營業收入約人民幣26,158億元，同比下降1.1%；實現淨利潤總額約人民幣1,001億元，同比減少17.8%。紡織服飾及服飾業規模企業錄得銷售總額約人民幣14,539億元，同比下降4.6%，淨利潤約人民幣764億元，同比減少6.3%。根據中國海關總署發布的數據顯示，二零二二年，中國出口紡織品總額約為1,568億美元，同比增長1.4%；服裝出口約1,841億美元，同比增長3.4%。

根據越南海關數據顯示，二零二二年於越南生產的紗線及短纖出口量下降16.8%至約160萬噸，收入較二零二一年下降16.0%至約47億美元。於二零二二年，服裝出口額增長14.7%至約376億美元。

BUSINESS REVIEW

With widespread vaccination and the relaxation of pandemic prevention policies around the world, the global economy has gradually emerged from the gloom of the novel coronavirus variant. However, due to the combined impacts of the Russia-Ukraine tension, high global inflation and aggressive interest rate hikes by central banks, demand from the textile industry has decreased since the second quarter, and the global economy slowed down extensively in 2022. For the Group, revenue in 2022 decreased to approximately RMB23.8 billion, a decline of 10.2% as compared with the previous year. During the Year, the Group's revenue was mainly derived from the sale of yarns, grey fabrics, garment fabrics and garments, which covered the entire industry chain. Revenue from the sale of yarns remained the primary source of the Group's revenue, accounting for approximately 73.9% of the Group's total revenue for the Year. Revenue from yarn sales amounted to approximately RMB17,587.5 million, representing a decrease of 13.8% when compared with the previous year, mainly due to the lower sales volume from weak demand. Also due to weaker demand and destock pressure as elaborated below, revenue from garment fabrics decreased to approximately RMB3,514.3 million, down 2.7% when compared with the previous year.

In 2022, although the economies of various countries around the world gradually emerged from the gloom of the epidemic, as cotton prices remained high from the beginning of the year until May 2022, the textile industry generally maintained high inventory levels to cope with the continued rise in prices of raw materials. Since the second half of the year, in the face of global inflation and central banks' tightening monetary policies of various nations resulting in a slowdown in demand, the textile industry was generally facing pressure of destocking and material costs were at relatively high levels. The yarn business, as an upstream industry of the textile industry, was the first to be affected by the slowdown in demand as the midstream and downstream industries were generally under pressure to destock. In view of the macroeconomic changes, the Group actively adjusted its product categories and structure to ensure its continued production, and actively eliminated inventory on the sales side, resulting in a final yarn sales volume of about 657,000 tonnes for the Year, representing a decrease of approximately 19.7% as compared with the previous year. Due to pressure to destock and weaker demand in the textile industry, the annual revenue of yarns for the Year decreased by 13.8% to approximately RMB17,587.5 million as compared with the previous year. Affected by the decline in raw material price and selling price as well as the weakened demand in midstream and downstream markets, coupled with poor logistics and short-term shutdowns in the PRC domestic market due to epidemic control measures, the Group was unable to fully utilize its yarn spindle scale of approximately 4.17 million spindles, resulting in a decrease in the gross profit margin of yarns to 10.6% for the Year.

業務回顧

隨著疫苗的普遍接種及各國疫情政策的放開，全球經濟從新型冠狀病毒肺炎變種病毒陰霾中逐步走出；但由於俄烏緊張局勢、全球通脹高企及各國央行積極加息等多重影響，紡織行業需求從第二季度開始有所降低，全球經濟在二零二二年廣泛放緩。就本集團而言，二零二二年收入較去年減少10.2%至約人民幣238億元。於本年度，本集團收入主要來自銷售紗線、坯布、面料及服裝，涵蓋整個產業鏈。紗線銷售收入仍為本集團主要收入來源，佔本年度總收入約73.9%。紗線銷售收入約為人民幣175.875億元，較去年下降13.8%，主要由於需求疲軟導致的銷量下降所致。同樣由於需求疲軟及如下所述的去庫存壓力，面料收入與去年相比下降2.7%，達人民幣約35.143億元。

二零二二年，雖然各國經濟從疫情陰霾中陸續走出，但由於年初以來直至二零二二年五月份的棉花價格維持高位運行，紡織行業普遍保持高位庫存以應對原材料價格的持續上漲；下半年以來，面對全球通脹及各國央行的貨幣緊縮政策導致的需求放緩，紡織行業普遍面臨去庫存壓力且材料成本處於相對高位狀態。紗線業務作為紡織行業上游產業，在中下游產業普遍面臨去庫存壓力導致需求放緩的影響下率先收到衝擊；面對宏觀經濟的變化，本集團積極調整品種結構以保證開臺，並在銷售端積極去化庫存，本年度最終紗線銷量約657,000噸，較去年減少約19.7%。由於紡織行業去庫存壓力及需求疲軟影響，本年度紗線之年度收入較去年降低13.8%至約人民幣175.875億元。受原材料價格及產品售價下跌以及中下游需求下降影響，再加之中國國內市場受疫情管控影響導致物流不暢及短期停工，集團約417萬紗錠規模無法充分運作，致本年度紗線毛利率降至10.6%。

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (Continued)

As for grey fabrics, the sales volume during the Year was approximately 50.3 million metres, a slight decrease of 6.5% as compared with the previous year. Benefiting from the adjustment of grey fabric varieties and the increase in raw material prices, sales revenue of grey fabrics increased by 23.7% to approximately RMB728.0 million despite the slight decrease in sales volume. However, due to the impact of relatively higher raw material prices, the gross profit margin of grey fabrics decreased to 10.2%.

Similarly, for woven garment fabrics, production volume and sales were both under pressure due to downstream destocking and lower demand, and the sales volume during the Year decreased by 15.2% to 116.3 million metres. Benefiting from the quality advantages of woven garment fabrics and the wide recognition by brand customers, the increase in raw material prices can be effectively transferred to clients. In addition, woven garment fabrics are traded in U.S. dollars and the appreciation of the U.S. dollar against Renminbi during the Year resulted in an increase of woven garment fabric prices in 2022 with an increase of sales revenue by 3.0% to approximately RMB2,647.9 million. Likewise, the gross profit margin climbed to 24.6% from 23.1% in 2021.

For knitted garment fabrics, the domestic sales market shrank significantly due to the epidemic control measures and lockdown in Shanghai and Guangzhou during the peak season for domestic orders in the PRC. Coupled with the slowdown in demand from overseas markets due to inflation, the sales volume of knitted garment fabrics decreased to approximately 15,000 tonnes from approximately 18,000 tonnes in previous year, and sales revenue decreased by 16.8% to approximately RMB866.4 million for the Year. The new factory in Vietnam was in the trial production stage in the first half of 2022, which had an impact on the gross profit margin in a considerable extent. Additionally, fewer orders were placed, so that the production capacity could not be fully utilized, resulting in a lower gross profit margin of 5.3% for the Year.

The jeanswear business generated sales revenue of approximately RMB91.3 million, mainly from the sales business of garment factories in the PRC. At the end of 2021, the Group sold a garment factory in Vietnam to a joint venture partner, resulting in a decrease in overall sales of jeanswear in 2022 by approximately RMB581.1 million as compared with the previous year. Due to the impact of higher raw material prices and shutdowns caused by domestic outbreaks, the gross profit margin was approximately 3.7%.

For the trading business, it mainly represented our U.S. garment fabrics and garments trading business. Gross profit margin was approximately 7.1%.

業務回顧(續)

坯布方面，全年銷量約為5,030萬米，較去年略降6.5%；受益於坯布品種的調整和原料價格的上升，坯布的銷售收入在銷量略降的情況下增加23.7%至約人民幣7.280億元。但由於受到原材料價格相對較高的影響，坯布之毛利率降至10.2%。

就梭織面料而言，同樣受下游去化庫存及需求下降影響，產量及銷售同步承壓，全年銷量下降15.2%至1.163億米；得益於梭織面料質量優勢及品牌客戶的廣泛認可度使得原材料價格的上漲可有效傳導至客戶端，加之本年度梭織面料以美元交易且美元對人民幣升值，使得梭織面料價格在二零二二年有所提升，銷售收入上漲3.0%至約人民幣26.479億元。同樣，毛利率也由二零二一年的23.1%攀升至24.6%。

針織面料方面，由於中國國內上海和廣州在下單旺季的疫情封控，導致國內內銷市場大幅縮減；加之海外市場由於通脹導致的需求放緩，針織面料的銷售量從去年的約1.8萬噸降至約1.5萬噸，本年度銷售收入減少16.8%至約人民幣8.664億元。由於越南新工廠在二零二二上半年處於試生產階段，在一定程度上影響了毛利率，加之訂單減少使得產能未能得到充分利用，本年度毛利率降至5.3%。

牛仔服裝業務之銷售收入約為人民幣9,130萬元，主要為中國服裝工廠的銷售業務。二零二一年年底本集團將越南服裝工廠出售予合營夥伴導致二零二二年牛仔服裝的整體銷售較去年降低約人民幣5.811億元。由於原材料價格上升及國內疫情導致的停工影響，毛利率約為3.7%。

貿易業務方面，這主要是我們的美國面料及服裝貿易業務。毛利率約為7.1%。

BUSINESS REVIEW (Continued)

The non-woven fabrics business is still in its initial stage, with sales revenue in 2022 amounting to approximately RMB62.1 million. The sales revenue was lower compared to the previous year, mainly due to the frequent domestic COVID-19 outbreaks and weak market demand in the textile industry. Currently, the Group is actively developing further strategic cooperation with well-known customers in the industry, and aims to achieve significant progress in 2023.

Based on the above analysis, mainly affected by the decline in raw material price and product selling price as well as the weaker market demand for yarns in 2022 as compared to previous year, coupled with poor logistics, short-term shutdowns due to the domestic epidemic and rising logistics costs, the overall gross profit margin of the Group decreased to 11.6% from 22.1% in 2021. Coupled with the rising interest costs and the exchange losses, profit attributable to shareholders for the Year was approximately RMB156.8 million, representing a decrease of 94.2% as compared with the previous year. Basic earnings per share were RMB0.17, representing a decrease of 94.2% as compared with the previous year.

PROSPECTS

As of 31 December 2022, the Group's major production facilities consist of approximately 4.17 million spindles, over 2,100 weaving and knitting machines and related dyeing equipment, of which 2.44 million spindles were in the PRC and 1.73 million spindles were located overseas. For the global textile market, lockdown and control on pandemic prevention in the PRC and Russia-Ukraine tension led to a surge in commodities prices, which in turn triggered global inflation. As such, demand had severely weakened in the second half of 2022 with supply exceeding demand in the short term. With the upward adjustment of interest rates in the United States coming to an end, inflation is expected to be gradually alleviated in the first half of 2023, and the high levels of inventory in the textile industry is expected to be resolved in the first half of 2023. In addition, with the full relaxation of pandemic prevention and control measures in the PRC since January 2023, it is believed that demand will gradually pick up in the first half of 2023 and the Group's profit margin would in turn achieve a better improvement in the second half year of 2023.

業務回顧(續)

無紡布業務尚在起步階段，二零二二年銷售收入約人民幣6,210萬元，主要受國內疫情頻發及紡織行業市場需求偏弱導致，銷售收入比去年同期有所減少；目前集團正積極推進與業內知名客戶更進一步的戰略合作關係，希望在二零二三年取得重大進展。

基於上述分析，本集團主要受原材料價格及產品售價下跌以及二零二二年市場對紗線需求較上年有所減弱影響，加之國內疫情導致的物流不暢、短期停工及物流成本的上升，本集團整體毛利率由二零二一年的22.1%下降至11.6%。加上利率上升及匯兌虧損，年內股東應佔溢利約為人民幣1.568億元，較去年同期減少94.2%；每股基本盈利為人民幣0.17元，較去年同期減少94.2%。

前景

於二零二二年十二月三十一日，本集團的主要生產設施包括約417萬紗錠、逾2,100臺梭織及針織織機及對應的染整設備，其中244萬紗錠位於中國及173萬紗錠位於海外。目前全球紡織市場受中國國內疫情封控及俄烏緊張局勢導致大宗商品價格上漲進而引起的全球通脹，以致需求在二零二二年下半年以來嚴重萎縮並導致短期內供大於求。隨著美國加息的腳步接近尾聲，通脹有望在二零二三年上半年得到緩解，紡織行業庫存高企壓力有望在二零二三年上半年得到緩解；再加上二零二三年一月份以來中國疫情防控全面放開，相信需求會在二零二三上半年逐步復甦，本集團的利潤率在二零二三年下半年也會有較大改善。

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PROSPECTS (Continued)

In 2022, the overall situation of the textile industry fluctuated against the backdrop of global inflation. High raw material cost and some adjustments to Sino-U.S. trade policies brought both challenges and opportunities to the Group. In 2023, the Group will further adjust its product structure and market regions through reorganization, and aims to further reduce production and administration costs and improve management efficiency via equipment upgrades and the establishment of platform-oriented functional business departments. Based on current market conditions, and excluding the sales volume of the trading business, the Group targets to sell 750,000 tonnes of yarns, 110 million meters of woven garment fabrics and 24,000 tonnes of knitted garment fabrics in 2023.

In terms of new investment, the Group will adopt an active plan and a relatively conservative strategy. Equipped with near-finished 230,000 spindles by the end of 2022, the production facilities of the Group will reach approximately 4.40 million spindles. The Group also aims to strengthen cooperation with industry leaders in the garment fabrics and non-woven fabrics business to strengthen its overall product quick reaction capability and gain further access to the industry chain for boosting sales revenue. In 2023, the Group will actively deploy restructuring of production facilities. It is expected to receive certain amount of proceeds from asset disposal, as well as the compensation from the government for demolition and relocation. Currently, the Group's on-going projects mainly include the construction of a yarn factory in Turkey and the production base in America including the factories for yarns and woven fabrics, the first phase of which is aimed to be completed by the end of 2023. With the commencement of the operation of the new production base in America, coupled with existing factories in America, it aims to establish an industry cluster with the cooperation of industry partners to achieve economies of scale with which logistics costs can be reduced and the Group's overall profitability can be improved.

On 12 July 2022, the Group continued to be included in the "Fortune 500 Chinese Companies 2022" list, which is a testament to the Group's growth and widespread recognition. The Group will continue to work tirelessly to bring long-term and sustainable returns to its shareholders.

With the above adjustment strategies and business development plans, the Group prepares itself to respond to market changes and seize new opportunities while maximizing its use of resources and production capacity, thereby preserving and generating value to the shareholders of the Company.

前景(續)

二零二二年的全球通脹、紡織行業綜合景氣有所波動、原料成本高位運行及中美貿易政策上的一些調整，對本集團來說既是挑戰也是機會，本集團將於二零二三通過重組進一步調整產品結構及市場區域；並希望進一步通過設備升級、職能業務部門平台化建設等進一步降低生產、管理成本，提升管理效率。根據目前市況，撤除貿易業務的銷量，本集團計劃於二零二三年銷售75萬噸紗線、1.1億米梭織面料及2.4萬噸針織面料。

在新增投資方面，本集團將會採取積極規劃並相對保守的策略，23萬紗錠在二零二二年底已經接近完工，本集團紗線產能將達到約440萬紗錠。本集團亦希望進一步在面料、無紡布業務與業內翹楚加強合作以提高整體產品反應能力，進一步打通產業鏈提高銷售收入。二零二三年本集團將積極佈局產能重組，預計會收到若干資產處置的資金和政府拆遷補償資金。本集團目前在進行的項目主要包括土耳其的紗線工廠和美洲生產基地的建設，包括紗線、梭織面料的廠房，第一期希望於二零二三年底前完工；希望通過美洲新的生產基地的投產，加之目前位於美洲現有的工廠，在美洲能夠與紡織行業合作夥伴一起打造產業集群並形成規模相應，降低物流成本，提升集團的整體盈利能力。

於二零二二年七月十二日，本集團繼續名列國際知名雜誌—《財富》之二零二二年中國500強排行榜，足以證明本集團成長並獲得廣泛認同。本集團將繼續努力不懈，致力為股東帶來長遠可持續的回報。

憑藉上述調整策略及業務發展計劃，本集團已做好準備應對市場變動及把握新機會，同時盡量提高其資源運用及產能，從而為本公司股東保值增值。

FINANCIAL REVIEW

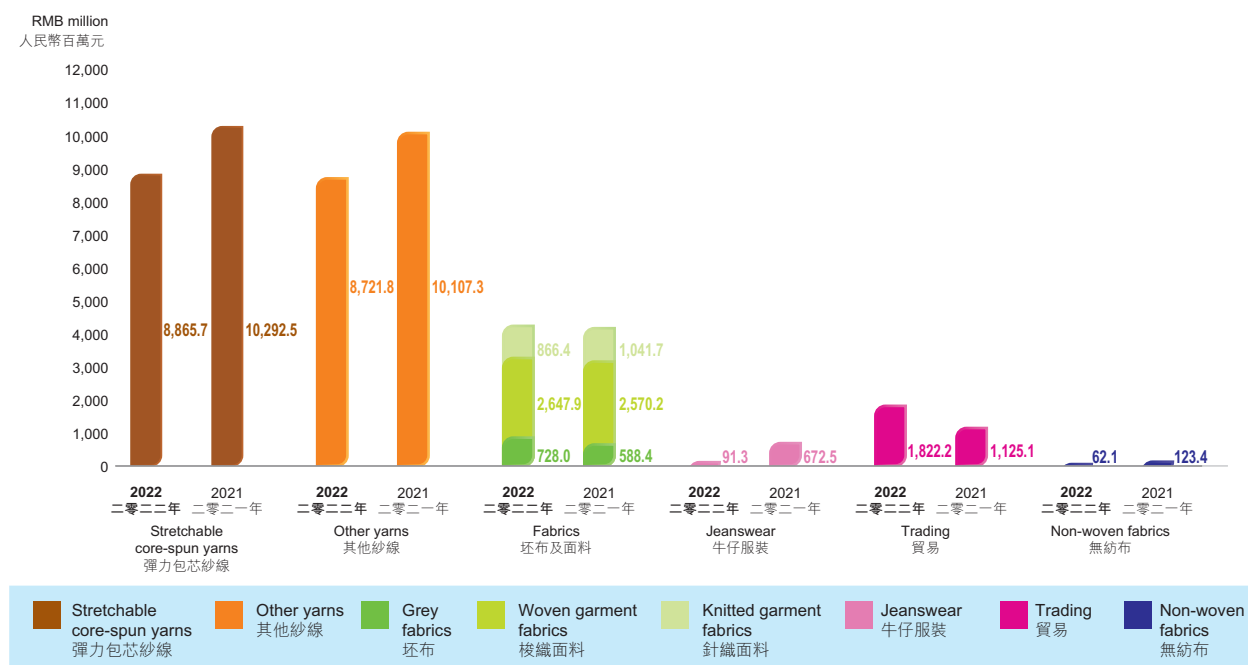
Sales

During the Year, the sales of the Group mainly comprised the sales of yarns, grey fabrics, non-woven fabrics, garment fabrics, as well as jeanswear. Yarns continued to be the Group's major product. Given the decrease in sales volume of yarns, the revenue of yarns in 2022 decreased by approximately 13.8% as compared to that of 2021. Sales analyses of the Group by products are shown below.

財務回顧

銷售

年內，本集團的銷售主要來自銷售紗線、坯布、無紡布、面料與牛仔服裝。紗線繼續為本集團的主要產品。由於紗線銷售數量的下降，二零二二年紗線銷售額較二零二一年下跌約13.8%。下列為本集團各種產品的銷售分析。



		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元	Revenue change 收入變動
Stretchable core-spun yarns	彈力包芯紗線	8,865,690	10,292,499	-13.9%
Other yarns	其他紗線	8,721,760	10,107,339	-13.7%
Grey fabrics	坯布	727,980	588,442	23.7%
Woven garment fabrics	梭織面料	2,647,893	2,570,170	3.0%
Knitted garment fabrics	針織面料	866,442	1,041,746	-16.8%
Jeanswear	牛仔服裝	91,344	672,485	-86.4%
Trading	貿易	1,822,180	1,125,067	62.0%
Non-woven fabrics	無紡布	62,065	123,445	-49.7%
Total	總計	23,805,354	26,521,193	-10.2%

管理層討論及分析(續) MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Sales (Continued)

財務回顧(續)

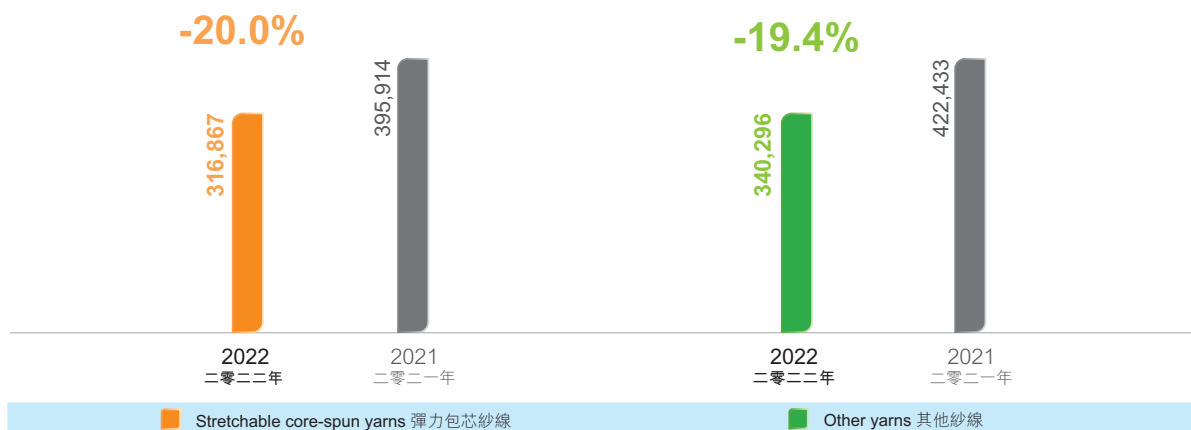
銷售(續)

Sales Volume

銷量

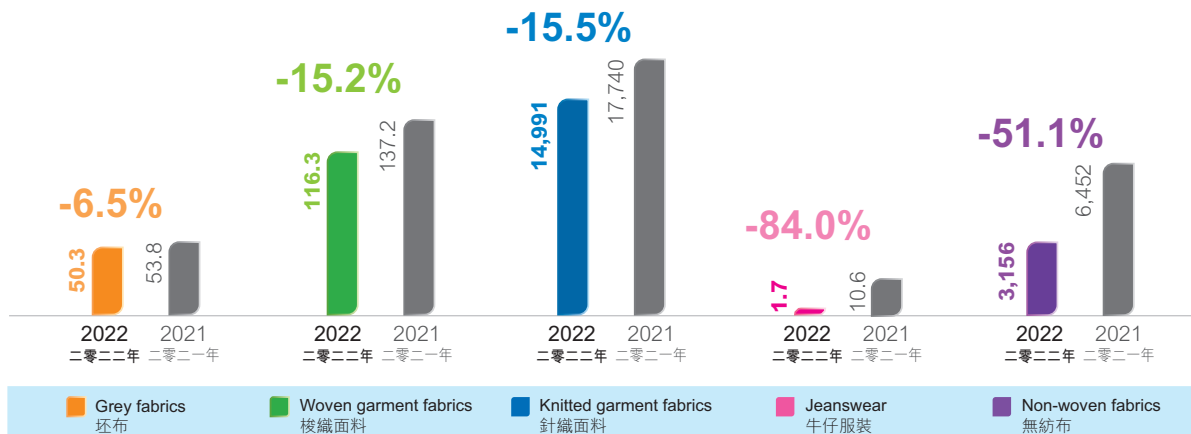
Stretchable core-spun yarns and other yarns 彈力包芯紗線及其他紗線

Tonne 噸



Grey fabrics, Woven garment fabrics, Knitted garment fabrics, Jeanswear and Non-woven fabrics 坯布、梭織面料、針織面料、牛仔服裝及無紡布

Million metres/Tonne/Million pieces/Tonne
百萬米/噸/百萬件/噸



管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Sales (Continued)

財務回顧(續)

銷售(續)

		Sales volume		Selling price		Gross profit margin	
		銷量		售價		毛利率	
		2022	2021	2022	2021	2022	2021
		二零二二年	二零二一年	二零二二年	二零二一年	二零二二年	二零二一年
Stretchable core-spun yarns (Tonne/RMB per tonne)	彈力包芯紗線(噸/ 人民幣每噸)	316,867	395,914	27,979	25,997	15.6%	22.6%
Other yarns (Tonne/RMB per tonne)	其他紗線(噸/ 人民幣每噸)	340,296	422,433	25,630	23,926	5.6%	24.0%
Grey fabrics (Million metres/ RMB per metre)	坯布(百萬米/ 人民幣每米)	50.3	53.8	14.5	10.9	10.2%	29.7%
Woven garment fabrics (Million metres/RMB per metre)	梭織面料(百萬米/ 人民幣每米)	116.3	137.2	22.8	18.7	24.6%	23.1%
Knitted Garment fabrics (Tonne/RMB per tonne)	針織面料(噸/ 人民幣每噸)	14,991	17,740	57,797	58,723	5.3%	16.0%
Jeanswear (Million pieces/ RMB per piece)	牛仔服裝(百萬件/ 人民幣每件)	1.7	10.6	53.7	63.4	3.7%	13.3%
Non-woven fabrics (Tonne/RMB per tonne)	無紡布(噸/ 人民幣每噸)	3,156	6,452	19,666	19,133	-32.0%	-12.4%

The Chinese textile market is the Group's major market, and accounted for 61.7% of our total sales of 2022. With the gradual recovery of overseas markets from the impact of the pandemic, the percentage for our overseas sales has increased in 2022.

As at the date of this annual report, the Group has more than 5,000 customers. As the Group produces differentiated products, the Group does not rely on orders from a particular customer. The top ten largest customers of the Group only accounted for 15.8% of the total sales of the Group for the year ended 31 December 2022.

中國紡織市場是本集團的主要市場，佔本集團二零二二年總銷售額的61.7%。二零二二年，隨着海外市場從疫情影響中逐步回暖，本集團海外銷售比例有所增加。

於本年報日期，本集團擁有客戶逾5,000家。由於本集團以生產差異化產品為重點，且本集團並不依賴單一客戶的訂單，截至二零二二年十二月三十一日止年度本集團前十大客戶僅佔本集團總銷售額的15.8%。

管理層討論及分析(續) MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

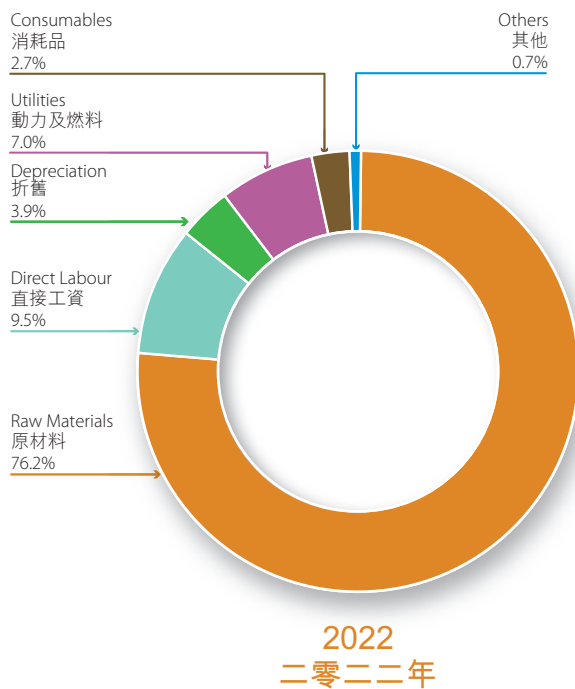
Gross profit and gross margin

For the year ended 31 December 2022, gross profit of the Group decreased from RMB5,852.0 million for 2021 to RMB2,755.6 million for 2022. The overall gross profit margin decreased by 10.5 percentage points to 11.6% as compared to that of 2021, mainly as a result of the decrease in the gross profit of the yarns business.

Cost structure

For the year ended 31 December 2022, cost of sales rose by 1.8% to RMB21,049.7 million when compared with 2021. Raw materials cost accounted for about 76.2% of the total cost of sales of 2022. Cotton is our major raw material.

The breakdown of our cost of sales in 2022 and 2021 is shown below:



財務回顧(續)

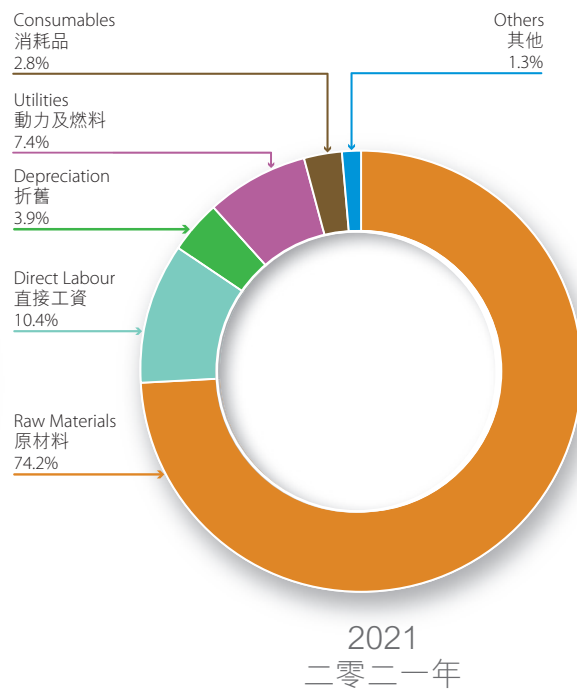
毛利及毛利率

截至二零二二年十二月三十一日止年度，本集團的毛利由二零二一年之人民幣58.520億元減少至二零二二年之人民幣27.556億元。整體毛利率較二零二一年下降10.5個百分點至11.6%，主要是受紗線業務毛利下降所致。

成本架構

截至二零二二年十二月三十一日止年度，銷售成本較二零二一年上升1.8%至人民幣210.497億元。於二零二二年之原材料成本佔總銷售成本約76.2%。棉花為我們的主要原材料。

下列為本集團於二零二二年及二零二一年的銷售成本明細：



Selling and distribution costs

For the year ended 31 December 2022, the Group's selling and distribution costs amounted to approximately RMB886.4 million, representing a decrease of 7.3% when compared to that of 2021. It was mainly due to a decrease in the costs of freight as a result of the significant decrease in sales volume of yarns.

General and administrative expenses

For the year ended 31 December 2022, the Group's general and administrative expenses amounted to approximately RMB1,316.1 million, which represented a decrease of 9.3% when compared with 2021, and accounted for 5.5% of the Group's revenue. The decrease was mainly due to the decrease in salaries of management personnel.

銷售及分銷開支

截至二零二二年十二月三十一日止年度，本集團之銷售及分銷開支較二零二一年下降7.3%至約人民幣8.864億元，主要是由於紗線銷售量大大幅下降，導致運費減少所致。

一般及行政開支

截至二零二二年十二月三十一日止年度，本集團之一般及行政開支約為人民幣13.161億元，較二零二一年減少9.3%，佔本集團收入的5.5%。減少乃主要由於管理人員薪資減少所致。

FINANCIAL REVIEW (Continued)

Cash flows

財務回顧(續)

現金流量

		2022	2021
		二零二二年	二零二一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	1,620,127	2,441,604
Net cash used in investing activities	投資活動所耗現金淨額	(1,725,984)	(2,362,774)
Net cash used in financing activities	融資活動所耗現金淨額	(30,664)	(257,036)
Effect of foreign exchange rate changes	匯率變動的影響	99,535	—
Cash and cash equivalents at end of the year	於年末的現金及現金等值物	2,468,421	2,505,407

For the year ended 31 December 2022, net cash generated from operating activities of the Group amounted to approximately RMB1,620.1 million, which represents a decrease comparing with 2021 mainly due to the significant decrease in the gross profit margin of the Group in 2022. Net cash used in investing activities amounted to approximately RMB1,726.0 million, which was mainly used for the payment of the new production capacity and equipment renovation of yarns and garment fabrics in the PRC, Vietnam and the Americas during the Year. During the Year, net cash used in financing activities amounted to approximately RMB30.7 million, which was mainly due to the adjustment of debt structure by the Group via increasing the amount of low-cost Renminbi short-term loan in replacement of letter of credit in U.S. dollar.

Liquidity and financial resources

As at 31 December 2022, the Group's bank and cash balances (including pledged bank deposits) amounted to approximately RMB2,580.1 million (as at 31 December 2021: RMB2,695.7 million). As at 31 December 2022, inventories and trade and bills receivables (including financial assets at fair value through other comprehensive income) of the Group increased by approximately RMB438.4 million to approximately RMB7,590.1 million and decreased by approximately RMB275.9 million to approximately RMB1,743.8 million respectively (as at 31 December 2021: approximately RMB7,151.7 million and approximately RMB2,019.7 million respectively). Turnover days for inventories and trade and bills receivables were 126 days and 28 days respectively, compared to 95 days and 25 days in 2021 respectively. The inventory turnover days significantly increased from last year, mainly due to the sharp decrease in market demand and thus the increase in inventory of finished products in the second half of 2022. The turnover days for trade and bills receivables were slightly higher than that of the previous year, which was mainly because of the increase in letter of credit receivables from overseas customers due to the increase in overseas sales in 2022.

截至二零二二年十二月三十一日止年度，本集團錄得經營活動所得現金淨額約人民幣16.201億元，相較二零二一年有所降低，主要是由於二零二二年本集團毛利大幅下降導致。投資活動所耗現金淨額約為人民幣17.260億元，主要用於本年度內中國、越南及美洲新增的紗線和面料產能及設備更新改造之付款。於本年度內，融資活動所耗現金淨額約為人民幣3,070萬元，主要由於本集團調整負債結構，增加低成本的人民幣短期借貸置換美金信用證所致。

流動資金及財務資源

於二零二二年十二月三十一日，本集團的銀行及現金結餘(包括已抵押銀行存款)約為人民幣25.801億元(於二零二一年十二月三十一日：人民幣26.957億元)。本集團於二零二二年十二月三十一日的存貨及應收貿易及票據款項(包括按公平值計量且其變動計入其他全面收益的金融資產)分別增加約人民幣4.384億元至約人民幣75.901億元及減少約人民幣2.759億元至約人民幣17.438億元(於二零二一年十二月三十一日：分別為約人民幣71.517億元及約人民幣20.197億元)。存貨周轉天數及應收貿易及票據款項周轉天數分別為126天及28天，而二零二一年則分別為95天及25天。存貨周轉天數較去年大幅增加，主要是因為二零二二年下半年市場需求大幅減少，產成品庫存增加。應收貿易及票據款項周轉天數略高於去年水平，主要是因為二零二二年海外銷售增加導致海外客戶信用證收款增加。

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

Trade and bills payables of the Group increased by approximately RMB21.1 million to approximately RMB4,597.5 million as at 31 December 2022 (as at 31 December 2021: RMB4,576.3 million), the payable turnover days was 78 days, compared to 63 days in 2021. The increase in trade and bills payables was mainly attributable to the increase in the purchase unit price of raw materials in 2022 as compared to that in 2021. Since the balance of trade and bills payables as at the end of 2020 was relatively low, the average balance of trade and bills payables in 2022 was significantly higher than that in 2021, and thus the turnover days for trade and bills payables significantly increased from that in 2021.

The total bank borrowings of the Group increased by approximately RMB1,328.3 million to approximately RMB8,543.4 million as at 31 December 2022. Current bank borrowings increased by approximately RMB1,323.5 million to approximately RMB5,155.2 million while non-current bank borrowings increased by approximately RMB4.8 million to approximately RMB3,388.2 million. Non-current bank borrowings as at 31 December 2022 had no significant change as compared to 31 December 2021.

As at 31 December 2022 and 2021 the key financial ratios of the Group were as follows:

		2022 二零二二年	2021 二零二一年
Current ratio	流動比率	1.12	1.29
Debt to equity ratio ¹	負債權益比率 ¹	0.90	0.72
Net debt to equity ratio ²	負債淨額權益比率 ²	0.63	0.45
Gearing ratio ³	資產負債比率 ³	0.61	0.57

¹ Based on total borrowings over equity attributable to shareholders

² Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders

³ Based on total liabilities over total assets

Borrowings

As at 31 December 2022, the Group's total bank borrowings amounted to approximately RMB8,543.4 million, among which approximately RMB3,495.2 million (40.9%) was denominated in Renminbi, approximately RMB2,444.8 million (28.6%) was denominated in U.S. dollars ("US\$" or "USD"), approximately RMB2,597.6 million (30.4%) was denominated in Hong Kong dollars ("HK\$" or "HKD") and approximately RMB5.8 million (0.1%) was denominated in Australian dollars ("AUD"). These bank borrowings have borne interest rates ranging from 0.80% to 7.23% per annum (2021: 0.80% to 5.05%).

財務回顧(續)

流動資金及財務資源(續)

於二零二二年十二月三十一日，本集團的應付貿易及票據款項增加約人民幣2,110萬元至約人民幣45.975億元(於二零二一年十二月三十一日：人民幣45.763億元)，應付款項周轉天數為78天，而二零二一年則為63天。應付貿易及票據款項增加主要是因為二零二二年原材料採購單價較二零二一年上漲所致。由於二零二零年年底，應付貿易及票據款項餘額偏低，導致二零二二年應付貿易及票據款項平均餘額遠高於二零二一年，因此應付貿易及票據款項周轉天數較二零二一年顯著增加。

於二零二二年十二月三十一日，本集團的銀行借貸總額增加約人民幣13.283億元至約人民幣85.434億元。流動銀行借貸增加約人民幣13.235億元至約人民幣51.552億元，而非流動銀行借貸則增加約人民幣480萬元至約人民幣33.882億元。於二零二二年十二月三十一日，非流動銀行借貸與二零二一年十二月三十一日無明顯變化。

於二零二二年及二零二一年十二月三十一日，本集團之主要財務比率如下：

¹ 根據總借貸除以股東應佔權益計算

² 根據總借貸(減去現金及現金等值物及已抵押銀行存款)除以股東應佔權益計算

³ 根據負債總值除以資產總值計算

借貸

於二零二二年十二月三十一日，本集團的銀行借貸總額約為人民幣85.434億元，其中約人民幣34.952億元(40.9%)以人民幣計值，約人民幣24.448億元(28.6%)以美元(「美元」)計值，約人民幣25.976億元(30.4%)以港元(「港元」)計值以及約人民幣580萬元(0.1%)則以澳大利亞元(「澳元」)計值。該等銀行借貸按年利率0.80%至7.23%(二零二一年：0.80%至5.05%)計息。

FINANCIAL REVIEW (Continued)

Borrowings (Continued)

As at 31 December 2022, the Group had outstanding current bank borrowings of approximately RMB5,155.2 million (2021: approximately RMB3,831.7 million). The increase in current bank borrowings was mainly because of the adjustment of debt structure by the Group via using the amount of low-cost Renminbi short-term loan in replacement of letter of credit in U.S. dollar.

In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants.

As at 31 December 2022, bank borrowings of approximately RMB5.8 million were secured by bank deposits with a net book amount of approximately RMB6.0 million, and bank borrowing of RMB200,000,000 were secured by export tax rebates entitled to be collected.

As at 31 December 2021, bank borrowings of approximately RMB40.0 million were secured by the Group's buildings with a net book amount of approximately RMB164.4 million and land use rights with a net book amount of approximately RMB34.4 million.

Foreign exchange risk

The Group mainly operates in the PRC and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in Renminbi, US\$ and HK\$. Foreign exchange risk may arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's exposure to foreign exchange risk is mainly attributable to its borrowings and raw material procurement denominated in US\$ or HK\$. The Group manages its foreign exchange risks by performing regular reviews and closely monitoring its foreign exchange exposures.

To mitigate the depreciation risk of RMB, the Group has purchased certain amount of currency option contracts and currency swap contracts so that a significant part of its foreign currency exposure is hedged.

Capital expenditure

For the year ended 31 December 2022, the capital expenditure of the Group amounted to approximately RMB2,391.0 million (2021: approximately RMB2,346.6 million). It mainly related to the development of new production capacity of yarns and garment fabrics and equipment renovation in China, Vietnam and the Americas during the Year.

Contingent liabilities

As at 31 December 2022, the Group had no material contingent liabilities.

財務回顧(續)

借貸(續)

於二零二二年十二月三十一日，本集團之未償還流動銀行借貸約為人民幣51.552億元(二零二一年：約人民幣38.317億元)。流動銀行借貸增加主要是由於本集團調整負債結構，用低成本的人民幣短期銀行借貸置換美金信用證所致。

本集團須就其借貸遵守若干財務限制條款。

於二零二二年十二月三十一日，約人民幣580萬元的銀行借貸以賬面淨值約為人民幣600萬元的銀行存款作抵押，以及人民幣2億元的銀行借貸以有權收取的出口退稅作抵押。

於二零二一年十二月三十一日，約人民幣4,000萬元的銀行借貸以賬面淨值約為人民幣1.644億元的本集團樓宇以及賬面淨值約為人民幣3,440萬元的土地使用權作抵押。

外匯風險

本集團主要在中國及越南營運。本集團大部分交易、資產及負債以人民幣、美元及港元計值。外匯風險可能來自於未來海外業務中的商業貿易、已確認資產及負債及投資淨額。本集團所面對的外匯風險主要來自其以美元或港元計值的借貸及原料採購貨款。本集團進行定期檢討及密切關注其外匯風險程度以管理其外匯風險。

為應對人民幣貶值風險，本集團透過購入若干的貨幣期權合同及貨幣掉期合同以令很大一部分的外幣敞口得以對沖。

資本開支

截至二零二二年十二月三十一日止年度，本集團之資本開支約為人民幣23.910億元(二零二一年：約人民幣23.466億元)，主要與本年度內於中國、越南、美洲發展新增的紗線和面料產能及設備更新改造相關。

或然負債

於二零二二年十二月三十一日，本集團並無重大或然負債。

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW (Continued)

Human resources

As at 31 December 2022, the Group had a total workforce of 30,206 employees (as at 31 December 2021: 33,639), of whom 17,359 employees were located in the sales headquarters and our manufacturing plants in Mainland China. The remaining 12,847 employees were stationed in regions outside Mainland China, including Vietnam, Turkey, the Americas, Hong Kong Special Administrative Region of the PRC and Macao Special Administrative Region of the PRC. The Group will continue to optimize its human resources structure and offer a competitive remuneration package to its employees, making reference to factors including the prevailing market conditions and the performance of the Group and the merits of the employees regardless of their gender, race, age or creed. As the Group's success is dependent on the contribution of a group of skillful and motivated employees who form functional departments, the Group is committed to creating a learning and sharing culture in the organization, placing strong emphasis on the training and development of individual staff and team building.

Dividend policy

The Board intends to maintain a long term, stable dividend payout ratio of about 30% of the Group's net profit for the year attributable to owners of the Company, providing shareholders with an equitable return. An interim dividend of 38 HK cents per ordinary share was paid on 14 October 2022. In the second half of 2022, the Group's results were affected by the decline in raw material price and product selling price as well as the weakened demand on yarn. The Board does not recommend a payment of final dividend for the year ended 31 December 2022.

Events after the Reporting Period

Change of Company name

Pursuant to a special resolution passed at an extraordinary general meeting held on 28 December 2022 and the issue of the Certificate of Incorporation on Change of Name issued by the Registrar of companies in the Cayman Islands on 4 January 2023, the English name of the Company has been changed from "Texhong Textile Group Limited" to "Texhong International Group Limited" and the dual foreign name of the Company in Chinese has been changed from "天虹紡織集團有限公司" to "天虹國際集團有限公司" with effect from 4 January 2023.

財務回顧(續)

人力資源

於二零二二年十二月三十一日，本集團擁有合共30,206名僱員(於二零二一年十二月三十一日：33,639名)，其中17,359名僱員位於中國內地之銷售總部及生產工廠。其餘12,847名僱員駐於中國內地境外地區，包括越南、土耳其、美洲、中國香港特別行政區及中國澳門特別行政區。本集團將繼續優化人力資源結構，並參考現行市況及本集團表現及僱員之優點等因素而不論性別、種族、年齡或信仰向僱員提供具競爭力的薪酬待遇。本集團的成功有賴由技巧純熟且士氣高昂的員工組成各職能部門，故此本集團致力於組織內建立學習及分享文化，重視員工的個人培訓及發展，以及建立團隊。

股息政策

董事會旨在維持長期、穩定的派息率，即本集團年內歸屬於本公司擁有人淨利潤約30%，為股東提供合理回報。本公司於二零二二年十月十四日派付每股普通股38港仙之中期股息。於二零二二年下半年，本集團業績受原料價格及產品售價下跌以及市場對紗線需求減弱影響，董事會並不建議派付截至二零二二年十二月三十一日止年度的末期股息。

報告期後事件

變更公司名稱

根據於二零二二年十二月二十八日舉行之股東特別大會上通過之特別決議案及開曼群島公司註冊處處長於二零二三年一月四日發出之更改名稱註冊證書，本公司之英文名稱已由「Texhong Textile Group Limited」改為「Texhong International Group Limited」，而本公司之雙重外文名稱則已由「天虹紡織集團有限公司」改為「天虹國際集團有限公司」，自二零二三年一月四日起生效。

FINANCIAL REVIEW (Continued)

Events after the Reporting Period (Continued)

Latest developments regarding acquisition of assets in Vietnam

As announced by the Company on 7 November 2022, 8 December 2022 and 3 February 2023 and the circular of the Company dated 9 December 2022, a wholly-owned subsidiary of the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Texhong Industrial Park Vietnam Limited for the acquisition (the "Acquisition") of certain parcels of land located inside Texhong Haiha Industrial Park and certain infrastructure erected thereon. Completion of the Acquisition is subject to the fulfilment of the conditions precedent set out in the Asset Purchase Agreement. The last outstanding condition precedent, being the obtaining of the land use right certificate for the land comprising Land Lot 2 (as defined in the circular of the Company dated 9 December 2022), has been fulfilled on 24 March 2023. As such, the parties to the Asset Purchase Agreement have scheduled for completion of the Acquisition to take place on 31 March 2023 and consequently, the continuing connected transactions announced by the Company on 3 February 2023 will also cease immediately upon completion of the Acquisition on 31 March 2023.

MATERIAL RISKS OF THE GROUP

The following are the key risks that the Group considers to be of great significance to the Group in its current status. These risks may have adverse effect on the Group's business.

For the possible impact of each risk on the Group should it occur, we have made a detail description and set down corresponding control measures and mitigation plan to manage the risk.

財務回顧(續)

報告期後事件(續)

有關收購越南資產的最新發展

誠如本公司於二零二二年十一月七日、二零二二年十二月八日及二零二三年二月三日公佈及本公司日期為二零二二年十二月九日之通函所載，本公司一間全資附屬公司與天虹工業園區越南有限公司訂立資產購買協議(「資產購買協議」)，以收購位於天虹海河工業區內的若干幅土地及建於其上的若干基建(「收購事項」)。收購事項須待達成資產購買協議所載之先決條件後，方告完成。最後一項尚未完成先決條件(即就由地塊2(定義見本公司日期為二零二二年十二月九日之通函)組成之土地取得土地使用權證)已於二零二三年三月二十四日達成。因此，資產購買協議之訂約方已定於二零二三年三月三十一日完成收購事項，故本公司於二零二三年二月三日公佈之持續關連交易亦將於緊隨收購事項於二零二三年三月三十一日完成後終止。

本集團的重大風險

以下為我們認為對本集團就其現狀而言意義重大的主要風險。該等風險可能會對本集團的業務造成不利影響。

對於每一類風險發生時可能對本集團產生的影響，我們都作了詳細描述，並制訂了相應的監控措施和對策來管理該等風險。

管理層討論及分析(續) MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL RISKS OF THE GROUP (Continued)

The impact of risk relating to the business of the Group will change over time. The size, complexity and coverage of our business and the changing environment in which the Group operates also mean that the list cannot be an exhaustive list of all material risks that could affect the Group.

本集團的重大風險(續)

與本集團業務有關的風險的影響將隨時間推移。我們業務的規模、複雜程度和覆蓋範圍以及經營環境的不斷變化也意味著此列表不可能包含所有影響本集團的重大風險。

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Business concentration 業務集中</p> <p>Product concentration: The Group has established its market position as a manufacturer of high value-added core-spun textile products and core-spun yarn is the major earning source of the Group. In the event of any change in fashion trend, customers may prefer other textile materials. Competition in such market may also intensify suddenly. If the Group fails to respond to the change in an efficient and effective manner, the profitability of the Group may be adversely affected.</p> <p>Geographical concentration: The Group has several production bases located in the Mainland China, which is the major market of the Group and, thus, the Group is subject to the economic, political and social condition and change in domestic demand for the products of the Group in China.</p> <p>產品集中：本集團已在市場建立其作為高附加值包芯紡織產品製造商的地位，包芯紗線為本集團主要盈利點。倘若時裝潮流有任何變化，客戶日後可能偏好其他紡織物料，又或者該市場的競爭突然變得更激烈，如果本集團未能迅速及有效回應變動，本集團的盈利能力或會受不利影響。</p> <p>地域集中：本集團在中國內地擁有多個生產基地，並且中國內地為本集團主要市場，因此本集團受到中國經濟、政治和社會狀況以及本集團產品於中國國內需求的改變的影響。</p>	<ul style="list-style-type: none"> Enhance customer communication with an outstanding marketing team which thoroughly and promptly understands the requirements of customers Step up cooperation with raw material suppliers and monitor the market trend of change in new textile materials Boost input for research and development team and improve product functionality and develop new products in response to market demands Explore downstream industries and increase the contribution of downstream products Facilitate the development of import and export business continuously to tap into overseas markets Promote diversified development in the industry so as to survive under adverse macro-environment, in view of the fact that the textile industry is large in scale despite its vulnerability to the economic and social environment <ul style="list-style-type: none"> 透過優秀的市場營銷團隊，加強與客戶溝通，充分及時瞭解客戶需求 加強與原料供應商的合作，關注市場新紡織物料變動趨勢 加大研發團隊投入，應市場需求改善產品功能及開發新產品 拓展下游產業，增加下游產品的比重 不斷加強進出口業務的開發，開拓海外市場 雖然紡織行業容易受到經濟及社會環境影響，但由於其規模龐大，透過在行業內多元化發展將有利於企業在不利的宏觀環境中生存 	<p>↓</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> With the continuous development of the Group's downstream industry, the proportion of income and revenue from non-woven fabrics to the Group's business has significantly increased <p>↓</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> 集團持續發展下游產業，面料收入及收益在集團業務中的佔比顯著提高

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Risk of fluctuation of cotton prices 棉花價格波動風險</p> <p>Cotton is the major production material of the Group and the fluctuation of cotton prices may not align with fluctuation of end-product prices at all times. In the event of intense fluctuation of cotton prices, the gross profit margin of the Group will be heavily affected.</p> <p>棉花是本集團主要的生產原料，棉花價格的波動幅度不一定與終端產品的價格波動完全同步。倘若棉花價格劇烈波動，將會對本集團毛利率造成巨大影響。</p>	<ul style="list-style-type: none"> • Closely monitor the dynamics of cotton futures and supply and demand balance and correlation in the spot market and hedge risks mainly through measures like maintaining stable procurement and inventory strategies • Diversify the development of the synthetic fiber category and reduce the Group's reliance on the cotton category • 密切關注棉花期貨動向以及現貨市場的供需平衡及相關性，主要以維持穩定的採購及存貨策略等措施來對沖風險 • 增加化纖產品品種開發，降低本集團對棉紗品種的依賴 	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> • Fluctuation of cotton market price has increased the difficulties of raw materials procurement of the Group <p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> • 棉花市場價格大幅波動增加了集團原材料採購的難度
<p>Foreign exchange and interest risk 外匯及利率風險</p> <p>Fluctuation of exchange rate may result in material losses on foreign currency and affect the raw material procurement costs and financing costs of the Group. In the event of intensified fluctuation of the exchange rate of USD/RMB, the profitability of the Group may be subject to material uncertainties.</p> <p>In the event of increase in prevailing interest rates of banks, liabilities at floating rates may cause an increase in financing costs of the Group.</p>	<ul style="list-style-type: none"> • Foster communication with financial institutions and market analysis institutions to interpret the dynamics of financial market and make specific adjustments to financing structure • Increase loans in RMB to reduce the ratio of loans in USD to directly mitigate risks • Lock up exposure of liabilities in foreign currencies, including foreign liabilities arising from daily operation and financing, using foreign exchange financial products, such as forward contracts and options • Closely monitor various important economic data published by the People's Bank of China and the Federal Reserve and keep abreast with its interest rate policy • Obtain quotations for interest rate swap from financial institutions regularly and utilize financial instruments in a timely manner to switch from floating to fixed interest rate 	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> • Inflation and employment data of the United States continues to affect the status of USD interest rate
<p>匯率波動可能導致重大外幣損失，影響本集團的原料採購成本以及融資成本。倘若美元/人民幣的匯率波動加劇，本集團的盈利能力可能將面臨重大不確定性。</p> <p>倘若銀行現行利率上升，浮動計息的負債或會導致本集團融資成本增加。</p>	<ul style="list-style-type: none"> • 加強與金融機構及市場分析機構的溝通，瞭解金融市場動向，針對性的調整融資結構 • 增加人民幣貸款以減低美元貸款比例，直接降低風險 • 利用遠期合約、期權等外匯金融產品來鎖定外幣負債敞口，包括日常經營的外幣負債及融資性外幣負債 • 密切關注中國人民銀行及美聯儲的各項重要經濟數據，對其利率政策持續關注 • 與金融機構保持常規利率掉期報價，適時利用金融工具將浮動利率變為固定利率 	<p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> • 美國通脹和就業數據持續影響美元利息政策

管理層討論及分析(續) MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Financing risk 融資風險</p> <p>The business scale of the Group is relatively large, but it also seizes the opportunities to increase its investment with higher financing needs. In the event that the financial institutions which provide the existing facilities cease to offer such financing to the Group or banking facilities on similar terms and the Group fails to obtain alternatives, the Group may not have sufficient funds for its commitment of capital projects and may restrict or hinder the business operation of the Group. In the event that the operating environment deteriorates, it may even affect the operation of the existing business of the Group.</p> <p>本集團業務規模較大，同時也會抓住一些機會增加投資，有較高的融資需要。倘若提供現有融資的金融機構停止向本集團提供有關融資或類似條款的銀行融資，而本集團亦未能另覓新的融資，則本集團或不能獲得足夠的資金用於資本項目投入，因而可能限制或阻礙本集團的業務營運。若經營環境惡化，甚至可能影響到本集團現有業務的營運。</p>	<ul style="list-style-type: none"> Enhance the transparency of the Group's operation for banks' understanding and maintain good working relationship between the Group and financial institutions Monitor various financing indicators in real-time and provide timely alerts to ensure compliance in respect of various indicators Diversify the portfolio of financial institutions and financing products Devise a reasonable spread for financing with different terms to strike a balance between financing costs and risks <ul style="list-style-type: none"> 增強銀行對於集團運行狀況瞭解的透明度，維護好本集團與融資機構的合作關係 實時監控各項融資指標，及時預警，確保各項指標不違約 增加融資機構和融資產品組合的多樣性 合理配置不同期限的融資，兼顧融資成本及融資風險 	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> Downturn in international market demand has affected the profitability of the Group's business <p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> 國際市場需求低迷影響本集團業務的盈利能力

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Customer credit management risk 客戶信用管理風險</p>	<ul style="list-style-type: none"> • Monitor and evaluate credit terms granted to customers regularly • Monitor the collectability of receivables in real-time and provide alerts and warnings for amount overdue and customers with abnormal business operation • Closely monitor market dynamics and operation of customers to devise plan for customer visit and collect the latest information of customers • Enhance customer reconciliation system • Adopt collectability of receivables as a criterion of staff performance assessment to promote staff members' awareness of payment demand • Arrange export credit insurance for all overseas customers with newly established relationship 	<p>↔ Unchanged</p>
<p>本集團以生產各式各樣的產品為重點，不依賴於某單一客戶。本集團擁有客戶逾5,000家，客戶眾多且地區分布分散。業務量及業務類型的不斷增加導致應收款總額增加。</p>	<ul style="list-style-type: none"> • 監察及定期評估客戶的賬期 • 實時監督應收款情況，對超期以及業務營運異常的客戶的應收賬款進行預警提示 • 密切關注市場動態和客戶經營情況，制定客戶拜訪的計劃，瞭解客戶最新信息 • 改善客戶對賬機制 • 將應收款的回收情況納入業務員績效考核，增強業務人員的催款意識 • 對於所有剛剛合作的海外客戶均辦理出口信用保險 	<p>↔ 無變動</p>

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Product liability risk 產品責任風險</p>	<ul style="list-style-type: none"> • Increase efforts on quality control and devise improvement solutions for quality fluctuation • Control production process using state-of-the-art measurement equipment and online quality control system • Improve production technology training for staff members and cultivate responsibility awareness of plant production staff and management members at each level • Actively reach out to customers for product liability incidents and coordinate for resolution and hold relevant staff accountable internally • 加大質量監控力度並針對出現的質量波動進行改進攻關 • 利用先進的檢測儀器及在線質量控制系統，對產品生產的過程進行控制 • 增加員工生產技術的培訓，提高工廠生產人員及各級管理人員的責任意識 • 就產品責任事件與客戶積極溝通，協調處理，對內追究相關人員責任 	<p>↔ Unchanged</p> <p>↔ 無變動</p>
<p>Tax risk 稅務風險</p>	<p>The operation presence of the Group covers various countries and regions, including the Mainland China, Hong Kong, Macau, Vietnam, Turkey and the Americas. In the course of tax planning and daily operation, we are subject to the following tax risks:</p> <ul style="list-style-type: none"> • Risk of tax incompliance caused by misunderstanding of regional tax policies; • The interpretation of tax policies and the legal conformity of tax preparation must be confirmed by the tax administration authority. In the course of such confirmation, the enforcement of tax administration may be different. <p>本集團目前經營區域涵蓋中國內地、香港、澳門、越南、土耳其及美洲等多個國家和地區，在稅務籌劃及日常運營過程中，我們面臨以下稅務風險：</p> <ul style="list-style-type: none"> • 對地區性稅務政策理解有誤而產生的稅務違規風險； • 稅務政策解讀與稅務籌劃的合法性需要得到稅務行政部門的確認。在這一確認過程中，稅務行政執法可能出現偏差。 	<p>↑ Causes of the trend:</p> <ul style="list-style-type: none"> • Intensifying tax regulations in different countries • Increasing international coverage of operation presence, resulting in mounting overseas tax risk • The requested implementation of the minimum tax rate jointly by the OECD countries around the world will increase our tax burdens and risks <p>↑ 形成趨勢的原因：</p> <ul style="list-style-type: none"> • 各國稅收監管不斷增加 • 經營區域日益國際化，凸顯海外稅務風險 • 全球OECD國家聯合倡議最低稅率的實施，有關要求將增加稅務負擔及風險

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Legal and other regulatory risk 法律及其他監管風險</p>	<ul style="list-style-type: none"> Engage qualified legal advisors or consultation institutions to review and provide advice on relevant documents to ensure legal compliance The company secretary is responsible for offering advice to the board of directors and board committees in respect of the latest legal, regulatory and governance matters and ensuring their awareness of such matters 	<p>↔ Unchanged</p>
<p>As a listed company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group must comply with the "Securities and Futures Ordinance" and the Rules Governing the Listing of Securities on the Stock Exchange as well as the laws and regulations in places which the Group operates in. As social and economic environment evolves, many countries and relevant authorities continue to promulgate laws and rules to update economic matters, such as corporate governance, foreign investment, commerce, tax and trade. The introduction or amendments of these laws and regulations may adversely affect the business and prospects of the Group.</p> <p>本集團作為一所於香港聯合交易所有限公司(「聯交所」)上市公司，必須遵守《證券及期貨條例》和《聯交所證券上市規則》以及本集團經營所在地的法律及法規。隨著社會經濟環境的變化，各國以及相關機構會不斷頒布更新公司管治、海外投資、商業、稅務及貿易等經濟事務的法律及規例。這些法律及法規的新增或變更均可能對本集團業務及前景造成負面影響。</p>	<ul style="list-style-type: none"> 聘請合資格的法律顧問或諮詢機構審閱相關文書並提出意見，確保遵從法律合規要求 公司秘書負責向董事會及董事委員會就最新的法律、監管及管治事宜提供意見及確保他們得悉該等事宜 	<p>↔ 無變動</p>
<p>Energy supply risk 能源供應風險</p>	<p>Electricity consumption of the Group's production process is huge and electricity shortage may adversely affect the operation of production facilities of the Group.</p> <ul style="list-style-type: none"> Equip production factories subject to potential electricity shortage with generators to minimize the duration of electricity shortage Conduct technological renovation on equipment to reduce energy consumption Liaise with the government to seek permit for uninterrupted electricity supply 	<p>↓ Causes of the trend:</p> <ul style="list-style-type: none"> With the increase in capital investment of clean energy for factories by the Group, the Group's energy costs are expected to be effectively reduced
<p>本集團於製造過程中耗用大量的電力，電力供應短缺可能對本集團生產設施的運轉造成不利影響。</p>	<ul style="list-style-type: none"> 為可能出現電力短缺的生產工廠配備發電機，盡可能縮短電力供應短缺的時間 對設備進行技術改造，降低能源消耗 與政府溝通，盡可能獲取持續供應電力的許可 	<p>↓ 形成趨勢的原因：</p> <ul style="list-style-type: none"> 本集團增加工廠清潔能源的資金投入，預計能有效降低集團的能源成本

管理層討論及分析(續)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Human resources risk 人力資源風險</p>	<ul style="list-style-type: none"> • Commence effective performance-based unit count in recognition of the principle of 'better reward comes with greater contribution' • Expand the scope of staff training to create a highly efficient and capable workforce • Prepare and work further ahead on any decisions related to employees and that any issue which may arise will be promptly dealt with • Address issue concerning the conditions of our canteen and staff quarters, enhance the quality of our employees' livelihood, and improve our backup supporting service • Train up and enhance the management capability of our management staff, roll out skill and capability reinforcement programme, strengthen the sense of belonging and honour of our staff • Improve staff retention through maintaining and expanding our presence in the locality <ul style="list-style-type: none"> • 高效開展績效計件，體現「多勞多得」的原則 • 擴大員工培訓範疇，使得每個員工都具備高效的工作能力 • 關係到員工方面的決策需提前做好預案，出現問題及時解決 • 改善食堂、宿舍問題，提高員工生活質素，做好後勤保障服務 • 培訓提升管理人員的管理水平，開展活動提升員工的質素，增強員工對企業的認同感、榮譽感 • 為提升員工保有率，維護並擴大公司在當地的影響力 	<p>↓</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> • The influence of COVID-19 epidemic on the movement of people tends to end, and the stability of people has increased <p>↓</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> • 新型冠狀病毒肺炎疫情對人員流動的影響趨於結束，人員穩定性增加
<p>The Group operates in a labour-intensive industry. While our new plant, with more advanced production facilities, has helped to reduce our deployment of labour force to a certain extent, our need in manpower remains relatively high compared to some other industrial segments. If we experience any labour shortage or technical inadequacy of its labour force, the efficiency in utilization of our production facilities will be impaired, and our profitability will be affected as a result.</p> <p>The Group has been expanding its operation abroad. The cultural difference between our foreign and Chinese employees may bring risk to the regular and normal operation of our Company.</p>	<p>• Commence effective performance-based unit count in recognition of the principle of 'better reward comes with greater contribution'</p> <p>• Expand the scope of staff training to create a highly efficient and capable workforce</p> <p>• Prepare and work further ahead on any decisions related to employees and that any issue which may arise will be promptly dealt with</p> <p>• Address issue concerning the conditions of our canteen and staff quarters, enhance the quality of our employees' livelihood, and improve our backup supporting service</p> <p>• Train up and enhance the management capability of our management staff, roll out skill and capability reinforcement programme, strengthen the sense of belonging and honour of our staff</p> <p>• Improve staff retention through maintaining and expanding our presence in the locality</p>	<p>↓</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> • The influence of COVID-19 epidemic on the movement of people tends to end, and the stability of people has increased
<p>本集團所處行業為勞動密集型行業，雖然新工廠配備了更為先進的生產設施，在一定程度上降低了勞工，但是相比其他行業，對於勞工的需求依然較高。若人員不足或人員生產技能不佳將導致生產設施利用效率降低，進而影響本集團的盈利能力。</p>	<ul style="list-style-type: none"> • 高效開展績效計件，體現「多勞多得」的原則 • 擴大員工培訓範疇，使得每個員工都具備高效的工作能力 • 關係到員工方面的決策需提前做好預案，出現問題及時解決 • 改善食堂、宿舍問題，提高員工生活質素，做好後勤保障服務 • 培訓提升管理人員的管理水平，開展活動提升員工的質素，增強員工對企業的認同感、榮譽感 • 為提升員工保有率，維護並擴大公司在當地的影響力 	<p>↓</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> • 新型冠狀病毒肺炎疫情對人員流動的影響趨於結束，人員穩定性增加
<p>本集團海外規模不斷擴大，海外員工與中國籍員工的文化差異可能為企業的正常運轉帶來風險。</p>	<ul style="list-style-type: none"> • 培訓提升管理人員的管理水平，開展活動提升員工的質素，增強員工對企業的認同感、榮譽感 • 為提升員工保有率，維護並擴大公司在當地的影響力 	

MATERIAL RISKS OF THE GROUP (Continued)

本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p>Environmental protection compliance risk 環保合規風險</p>	<ul style="list-style-type: none"> • Selectively pick our suppliers, enter into purchase agreements with suppliers which guarantee the raw materials supplied are in compliance with environmental protection standard (in particular dyestuff and chemicals) • Establish a factory internal check system and procedure in compliance with product-wise regular core environmental protection standard, set up a highly regulated control system and strictly implement it • Pay attention to news about development in environmental regulations, cause new factories to operate in strict compliance with any new regulations and existing factories to transform and upgrade their facilities in order to meet with environmental protection standard 	<p>↔ Unchanged</p>
<p>Changes in existing environmental protection laws and regulations may require the Group to incur substantial expenditure to upgrade its existing environmental protection facilities and the profitability of the Group may be adversely affected.</p>	<ul style="list-style-type: none"> • 優選供應商，與供應商簽訂保證原料環保達標的供貨協議，尤其是染化料及化學品方面 • 建立產品常規核心環保指標的工廠自檢系統與流程，建立嚴格規範的管理制度並嚴格執行 • 關注環境法規方面的變動信息，對於新建工廠嚴格按照新法規執行，對於老工廠積極進行改造及設施升級，以達到新的環保合規標準 	<p>↔ 無變動</p>
<p>現有環保法律及條例出現轉變，可能令本集團產生龐大的開支，以提升其現有環境保護設施的環保等級，本集團的盈利能力可能受不利影響。</p>		

企業管治報告

CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high level of corporate governance with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Group and the enhancement of shareholders' value.

CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Company is committed to maintaining high levels of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board currently comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the year ended 31 December 2022 (the "Year"), the Company had complied with the then applicable code provisions of the CG Code.

THE BOARD

The Board currently comprises six Directors and its composition is set out as follows:

Executive Directors:

Hong Tianzhu (*Chairman*)
Zhu Yongxiang (*Vice Chairman and Chief Executive Officer*)
Tang Daoping (*Chief Operation Officer*)
Hui Tsz Wai (resignation effective on 31 March 2022)

Independent non-executive Directors ("INEDs"):

Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, CTA(HK), FHKIoD
Professor Tao Xiaoming
Professor Cheng Longdi

The brief biographical details of the Directors are set out in the "Directors and Senior Management" section on pages 58 to 60. There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

To ensure that the Board has access to independent views and input, various mechanisms are adopted. The Company has three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each of the INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

本集團致力維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。董事會相信優良之企業管治對本集團之成功及提升股東價值至為重要。

企業管治守則（「企業管治守則」）

本公司一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。董事會現由三名執行董事及三名獨立非執行董事組成。董事會已採納載於聯交所證券上市規則（「上市規則」）附錄十四第二部分內企業管治守則的守則條文。截至二零二二年十二月三十一日止年度（「年內」），本公司已遵守當時適用的企業管治守則的守則條文。

董事會

董事會目前由六名董事組成，其成員載列如下：

執行董事：

洪天祝（主席）
朱永祥（副主席兼行政總裁）

湯道平（營運總裁）
許子慧（於二零二二年三月三十一日辭任）

獨立非執行董事（「獨立非執行董事」）：

丁良輝 MH, FCCA, FCPA (PRACTISING),
ACA, CTA(HK), FHKIoD
陶肖明教授
程隆棣教授

董事之履歷詳情載於第58至60頁之「董事及高級管理層」一節內。董事會成員間概無任何關係（包括財務、業務、家庭或其他重大／相關關係）。

為確保董事會可獲得獨立意見及投入，已採納多項機制。本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD (Continued)

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results. During the Year, six Board meetings and two general meetings were held and attendance of each Director at the Board meetings and the general meeting is set out as follows:

董事會(續)

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行六次董事會會議及兩次股東大會，各董事出席董事會會議及股東大會之情況載列如下：

		Number of Board meetings attended/held 出席/ 舉行董事會 會議次數	Number of General meetings attended/held 出席/ 舉行股東 大會次數
Executive Directors:	執行董事：		
Hong Tianzhu (Chairman)	洪天祝(主席)	6/6 (Note 1) (附註1)	2/2
Zhu Yongxiang (Vice Chairman and Chief Executive Officer)	朱永祥(副主席兼行政總裁)	6/6 (Note 1) (附註1)	2/2
Tang Daoping (Chief Operation Officer)	湯道平(營運總裁)	6/6	2/2
Hui Tsz Wai (resignation effective on 31 March 2022)	許子慧(於二零二二年三月三十一日辭任)	1/1 (Note 2) (附註2)	0/2 (Note 2) (附註2)
Independent Non-Executive Directors:	獨立非執行董事：		
Cheng Longdi	程隆棣	6/6	1/2
Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	丁良輝MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	6/6	2/2
Tao Xiaoming	陶肖明	6/6	2/2

The Board is responsible for considering and decision making for matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

董事會負責考慮和決策之事宜包括本集團整體策略、投資計劃、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重大政策及財務等事宜。董事會已將日常職責委派予高級管理層，並由董事會監督。

Notes:

- Each of Mr. Hong Tianzhu and Mr. Zhu Yongxiang had been interested in matters proposed for consideration at two of the board meetings held during the year ended 31 December 2022 which pertained to connected transactions of the Company. They had abstained from voting on the relevant board resolutions and were not counted towards the quorum of such board meetings in accordance with Article 107(H) of the Articles of Association of the Company but were in attendance. For further details of the connected transactions, please refer to the section headed "Connected Transactions" in this report.
- Mr. Hui Tsz Wai ceased to be an executive Director on 31 March 2022, his attendance was stated by reference to the number of board meetings and general meetings held during his tenure. However, he attended all subsequent board meetings and general meetings after his resignation in his capacity as company secretary.

附註：

- 洪天祝先生及朱永祥先生各自於截至二零二二年十二月三十一日止年度內舉行的兩次董事會會議上提呈考慮的事宜中擁有權益，其與本公司關連交易相關。根據本公司組織章程細則第107(H)條，彼等已就相關董事會決議案放棄投票，且並無計入有關董事會會議的法定人數，惟均有出席會議。有關關連交易的進一步詳情，請參閱本報告「關連交易」一節。
- 許子慧先生於二零二二年三月三十一日不再擔任執行董事，其出席次數乃參考其任期內舉行的董事會會議及股東大會次數列示。然而，彼於辭任後以公司秘書身份出席所有後續董事會會議及股東大會。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD (Continued)

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman of the Board in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the company secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with code provision C.1.4 of the CG Code, the Company would arrange and fund suitable continuous professional development for the Directors to participate in order to develop and refresh their knowledge and skills.

During the Year, the Company had provided all the Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("the Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

A copy of the Securities Code has been sent to each Director of the Company first on his/her appointment and thereafter twice annually, 30 days and 60 days before the date of the Board meetings to approve the Company's interim results and annual results respectively, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published, and that all his dealings must be conducted in accordance with the Securities Code.

董事會(續)

董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等皆有機會提出商討事項列入會議議程。公司秘書協助董事會主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議(及就可行情況下，其他董事會會議)前至少三天發呈全體董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供全體董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

每名董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級管理層。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。

董事之持續專業發展

為確保董事在具備全面資訊及切合所需之情況下對董事會作出貢獻，符合企業管治守則第C.1.4條的規定，本集團為董事安排及出資支持適合之持續專業發展項目，供學習及更新知識及技能。

年內，本公司向全體董事提供有關本公司表現之定期更新，亦不時向全體董事提供有關上市規則以及其他相關法律及監管規定之最新修訂及發展之最新資料。

董事進行之證券交易

本公司已就有關董事及主要人員進行之證券交易採納一套操守守則(「《證券守則》」)，條款不遜於上市規則附錄十上市發行人董事進行證券交易的標準守則(「《標準守則》」)所載之要求標準。

《證券守則》之副本已於本公司每名董事首次獲委任時，及其後每年兩次(分別於批准本公司中期業績及全年業績而召開之董事會會議日期起30天及60天前)送交各董事，連同之備忘錄列明，在有關業績刊發前，董事不得買賣本公司證券及衍生工具，而一切買賣均須根據《證券守則》進行。

DIRECTORS' SECURITIES TRANSACTIONS *(Continued)*

Under the Securities Code, the Directors are required to notify Mr. Hong Tianzhu or Mr. Zhu Yongxiang or a Director (other than himself/herself) designated by the Board for the specific purpose (the "Designated Director") and receive a dated written acknowledgement from such Designated Director before dealing in the securities and derivatives of the Company.

During the Year, the Company, having made specific enquiry on all the Directors, confirms that all the Directors have complied with the required standard set out in the Securities Code and the Model Code.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Hong Tianzhu is the chairman of the Company. Mr. Zhu Yongxiang is the vice chairman and the chief executive officer of the Company.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Mr. Ting Leung Huel Stephen, Professor Cheng Longdi, Professor Tao Xiaoming has been appointed as an independent non-executive Director for an initial term of one year commencing from their respective date of appointment as an INED renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. The Company has paid an annual director's fee of HKD300,000 to Mr. Ting Leung Huel Stephen, HKD150,000 to Professor Cheng Longdi, and HKD180,000 to Professor Tao Xiaoming for the year ended 31 December 2022. Save for the above directors' fees, none of the independent non-executive Directors has received any other remuneration for holding their office as an independent non-executive Director.

BOARD COMMITTEES

The Board has established a remuneration committee (the "Remuneration Committee"), an audit committee (the "Audit Committee"), a nomination committee (the "Nomination Committee") and an environmental, social and governance committee (the "ESG Committee"), each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 30 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

董事進行之證券交易(續)

根據《證券守則》，董事在買賣本公司之證券及衍生工具前，須知會洪天祝先生或朱永祥先生或董事會就特定目的而指定之一名董事（「指定董事」）（除該董事本身外），並接獲該指定董事發出具有日期之書面確認。

年內，本公司經向全體董事作出特定查詢後，確認所有董事已一直遵守《證券守則》及《標準守則》所載之標準。

主席及行政總裁之角色

守則條文第C.2.1條規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

洪天祝先生為本公司的主席。朱永祥先生為本公司的副主席兼行政總裁。

獨立非執行董事之委任任期

丁良輝先生、程隆棣教授及陶肖明教授已獲委任為獨立非執行董事，首任年期為一年，由彼等各自獲委任為獨立非執行董事之日期開始，自當時委任任期屆滿翌日起自動連任一年，惟獨立非執行董事或本公司於首任到期時或之後任何時間以不少於三個月書面通知終止委任除外。本公司已就截至二零二二年十二月三十一日止年度分別向丁良輝先生、程隆棣教授及陶肖明教授支付年度董事袍金300,000港元、150,000港元及180,000港元。除上述董事袍金外，並無任何獨立非執行董事預期可就擔任其獨立非執行董事的職位收取任何其他酬金。

董事委員會

董事會已成立薪酬委員會（「薪酬委員會」）、審核委員會（「審核委員會」）、提名委員會（「提名委員會」）以及環境、社會及管治委員會（「ESG委員會」），並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需按其決定及建議（倘適合）向董事會匯報。董事會會議之程序及安排（於上文第30頁「董事會」一節提述）已按可行情況在每次委員會會議上採納。

企業管治報告(續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Remuneration Committee

The Company has established the Remuneration Committee since November 2004, which currently comprises three independent non-executive Directors of the Company, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. The chairman of the Remuneration Committee is Mr. Ting Leung Huel, Stephen. The Remuneration Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (c) to make recommendations to the board on the remuneration packages of individual executive Directors and senior management, this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

董事委員會(續)

薪酬委員會

本公司自二零零四年十一月起已成立薪酬委員會，現時該委員會由本公司三名獨立非執行董事組成，即丁良輝先生、陶肖明教授及程隆楛教授。薪酬委員會主席為丁良輝先生。薪酬委員會已採納符合企業管治守則守則條文的職權範圍。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (a) 就本公司全體董事及高級管理人員的薪酬政策及架構，及就設立正規而具透明度的程序制訂薪酬政策，向董事會提出建議；
- (b) 因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議；
- (c) 就個別執行董事及高級管理人員的薪酬待遇向董事會提供推薦建議。此應包括非金錢利益、退休金權利及賠償金額(包括喪失或終止職務或委任的賠償)；
- (d) 就非執行董事的薪酬向董事會提出建議；
- (e) 考慮同類公司支付的薪酬、須付出的時間及職責以及本集團內其他職位的僱用條件；
- (f) 檢討及批准向執行董事及高級管理人員就其喪失或終止職位或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，賠償亦須公平合理，不致過多；
- (g) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致；若未能與合約條款一致，有關賠償亦須合理適當；
- (h) 確保任何董事或其任何聯繫人不得參與釐定他自己的薪酬；及
- (i) 審閱及／或批准有關上市規則第17章項下股份計劃的事宜。

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

The Remuneration Committee shall meet at least once a year. One committee meeting was held during the Year to review and discuss the existing policy and structure for the remuneration of Directors, and make recommendations to the Board on the remuneration packages of both the executive and non-executive Directors and senior management and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1

In addition to the Committee meetings, the Remuneration Committee also dealt with matters by way of circulation during the Year. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the executive Directors, the Company adopted a share option scheme (the "Share Option Scheme") in April 2014 for a term of ten years. Details of the share option scheme are set out in the Directors' Report on pages 66 to 69 and note 18 to the financial statements.

Audit Committee

The Audit Committee has been established since November 2004, the current members of the Audit Committee are Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. The chairman of the Audit Committee is Mr. Ting Leung Huel, Stephen. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee has adopted terms of reference, which are in line with the code provisions of the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

董事委員會(續)

薪酬委員會(續)

薪酬委員會每年須至少召開一次會議。年內已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，並就執行董事及非執行董事及高級管理層之薪酬待遇向董事會提供建議，而各成員之出席情況載列如下：

除委員會會議外，薪酬委員會亦於年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。

本公司已於二零一四年四月採納一項購股權計劃(「購股權計劃」)以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)，為期十年。購股權計劃詳情載於董事會報告第66至69頁及財務報表附註18。

審核委員會

審核委員會自二零零四年十一月成立，現有成員為丁良輝先生、陶肖明教授及程隆棣教授。審核委員會主席為丁良輝先生。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會已採納符合企業管治守則守則條文的職權範圍。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

企業管治報告(續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The major roles and functions of the Audit Committee are:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, and to review the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss with the management the risk management and internal control systems and ensure that management has discharged its duty to have effective systems;
- (h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) to review the Group's financial and accounting policies and practices; and
- (j) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

董事委員會(續)

審核委員會(續)

審核委員會之主要角色及職能：

- (a) 主要負責向董事會就委任、重新委任及罷免外聘核數師提出建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該核數師辭任或辭退該核數師之問題；
- (b) 根據適用準則檢討及監察外聘核數師之獨立性及客觀性及審核程序之效率；
- (c) 研究及實施委任外聘核數師提供非審核服務的政策；
- (d) 監察本公司財務報表及本公司年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)的完整性，並審核其中的重大財務報告判斷，及於本公司的年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)呈交董事會之前先行審核；
- (e) 商議就中期審核及年終審核而產生之任何問題及保留事項，及核數師擬商討之任何事宜；
- (f) 檢討本公司之財務監控、風險管理及內部監控系統；
- (g) 與管理層討論風險管理及內部監控系統及確保管理層已盡其職責以達至有效之系統；
- (h) 考慮董事會授予或自發進行之風險管理內部監控事項之主要調查之任何結果以及管理層之回應；
- (i) 審核本集團的財務及會計政策及常規；及
- (j) 審核外聘核數師的管理函件、核數師就會計記錄、財務賬目或控制系統向管理層提出的任何重大提問，及管理層的回應。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee shall meet at least twice a year. Two committee meetings were held during the Year and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席/舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Tao Xiaoming	陶肖明	2/2
Cheng Longdi	程隆棣	2/2

During the meetings held in the Year, the Audit Committee had performed the work as summarised below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditor regarding the final audit of the Group for the year ended 31 December 2021 (the "2021 Final Audit");
- (ii) reviewed the external auditor's report of findings in relation to the 2021 Final Audit;
- (iii) reviewed the financial reports for the year ended 31 December 2021 and for the six months ended 30 June 2022; and
- (iv) reviewed the effectiveness of internal control system of the Group including financial, operational and compliance control and risk management functions of the Group.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

Nomination Committee

On 19 March 2012, the Board has approved the establishment of the Nomination Committee which became effective on 1 April 2012. The current members of Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

董事委員會(續)

審核委員會(續)

審核委員會每年須至少召開兩次會議。年內已舉行兩次委員會會議，而各成員之出席情況如下：

Committee member	委員會成員	Number of committee meeting attended/held 出席/舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Tao Xiaoming	陶肖明	2/2
Cheng Longdi	程隆棣	2/2

年內舉行之會議，審核委員會已履行之工作概述如下：

- (i) 檢討及批准外聘核數師建議之本集團截至二零二一年十二月三十一日止年度之年終審核(「二零二一年年終審核」)之核數範圍及費用；
- (ii) 檢討外聘核數師之二零二一年年終審核結果之報告；
- (iii) 檢討截至二零二一年十二月三十一日止年度及截至二零二二年六月三十日止六個月之財務報告；及
- (iv) 檢討本集團內部監控制度，包括本集團的財務、營運及合規控制情況及風險管理功能的有效性。

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

提名委員會

於二零一二年三月十九日，董事會批准成立提名委員會，於二零一二年四月一日生效。提名委員會現任成員包括執行董事兼本公司主席洪天祝先生，及三名獨立非執行董事，即陶肖明教授、程隆棣教授及丁良輝先生。提名委員會主席為洪天祝先生。提名委員會已採納與企業管治守則的守則條文一致的職權範圍。提名委員會獲提供足夠資源履行職務，並已考慮在適當情況下，根據本公司政策尋求獨立專業意見。

企業管治報告(續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

The major roles and functions of the Nomination Committee are:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of the independent non-executive Directors;
- (d) to make recommendations to the Board on:
 - (i) the role, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;
 - (ii) the policy on the terms of employment of non-executive Directors;
 - (iii) the composition of the Audit Committee, Remuneration Committee and other board committees of the Company;
 - (iv) proposed changes to the structure, size and composition of the Board;
 - (v) candidates suitably qualified to become members of the Board;
 - (vi) the selection of individuals nominated for directorship;
 - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;
 - (viii) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;
 - (ix) the appointment or re-appointment of Directors;

董事委員會(續)

提名委員會(續)

提名委員會的主要職位及功能如下：

- (a) 至少每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並為配合本公司的企業策略而擬對董事會作出調整向董事會提出建議；
- (b) 物色具備合適資格可擔任董事的人士，並挑選提名有關人士出任董事或就此向董事會提供意見；
- (c) 評估獨立非執行董事的獨立性；
- (d) 向董事會就下列事宜作出推薦建議：
 - (i) 作為董事會成員所應有的角色、責任、能力、技能、知識及經驗；
 - (ii) 委聘非執行董事條件的政策；
 - (iii) 本公司審核委員會、薪酬委員會及其他董事委員會的組成；
 - (iv) 董事會的架構、人數及組成擬作出的變動；
 - (v) 具備合適資格擔任董事的候選人；
 - (vi) 挑選被提名人士出任董事；
 - (vii) 由本公司股東重新委任輪流退任董事，於此，須考慮其工作表現及對董事會繼續作出貢獻的能力；
 - (viii) 在任多於九年的獨立非執行董事的去留問題，並就其是否贊成批准該等獨立非執行董事連任的決議案向本公司股東提供建議；
 - (ix) 委任或重新委任董事；

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

- (d) to make recommendations to the Board on: (Continued)
 - (x) succession planning for Directors in particular the chairman and the chief executive; and
 - (xi) the policy concerning diversity of Board members;
- (e) to give full consideration to the following in the discharge of its duties as mentioned above or elsewhere in these terms of reference:
 - (i) succession planning of Directors;
 - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;
 - (iii) changes in market environment and commercial needs of the market in which the Group operates;
 - (iv) the skills and expertise required from members of the Board;
 - (v) the Board's policy concerning diversity of Board members adopted from time to time; and
 - (vi) the relevant requirements of the Listing Rules with regard to directors of a listed issuer;
- (f) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (g) to ensure upon the appointment to the Board, non-executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, committee service and involvement outside meetings of the Board;

董事委員會 (續)

提名委員會 (續)

- (d) 向董事會就下列事宜作出推薦建議：(續)
 - (x) 董事接替計劃(尤其是主席及行政總裁)；及
 - (xi) 有關董事會成員多元化的政策；
- (e) 在履行上述責任或本職權範圍項下的其他責任，對下列各項給予充分考慮：
 - (i) 董事繼任計劃；
 - (ii) 本集團為保持或加強本集團的競爭優勢所需要的領導才能；
 - (iii) 市場環境的轉變及本集團營運市場的商業需要；
 - (iv) 董事會成員所須具備的技能及專才；
 - (v) 董事會不時採納有關董事會成員多元化的政策；及
 - (vi) 上市規則對上市發行人的董事的相關要求；
- (f) 檢討及就所有按上市規則第13.68條須事先取得本公司股東於股東大會上批准的現董事或建議委任董事與本集團任何成員的擬定服務合同，就該議定服務合同條款的公平及合理性、服務合同對本公司及股東而言是否整體有利及本公司股東應怎樣作出表決，向本公司股東(而身為董事並在該等服務合同中有重大利益的股東和彼等各自聯繫人除外)提呈建議；
- (g) 確保非執行董事獲邀加入董事會時收到正式的聘書，其中列明公司期望非執行董事投入的時間、應盡的服務和在董事會會議以外的參與；

企業管治報告(續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

- (h) to conduct interviews with any Director upon their resignation in order to ascertain the reasons for his departure; and
- (i) to consider other matters, as defined or assigned by the Board from time to time.

The Nomination Committee shall meet at least once a year. One committee meeting was held during the Year to review the structure and composition of the Board and the re-election of the retiring Directors and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席/舉行委員會會議之次數
Hong Tianzhu	洪天祝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1
Ting Leung Huel, Stephen	丁良輝	1/1

Environmental, Social and Governance Committee

The Company has established the ESG Committee since 23 August 2021, which currently comprises executive Director of the Company, namely Mr. Tang Daoping and three independent non-executive Directors of the Company, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. The chairman of the ESG Committee is Mr. Tang Daoping and Mr. Hui Tsz Wai ceased to be a member on 31 March 2022. The ESG Committee has adopted written terms of reference. The ESG Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

董事委員會(續)

提名委員會(續)

- (h) 會見辭去董事職責的董事並了解其離職原因；及
- (i) 考慮董事會不時確定或委派的其他事項。

提名委員會每年須至少召開一次會議。年內已舉行一次委員會會議，以檢討董事會的架構及組織，以及重選退任董事，而各成員之出席情況如下：

環境、社會及管治委員會

本公司已於二零二一年八月二十三日成立ESG委員會，其目前由本公司執行董事湯道平先生以及本公司三名獨立非執行董事丁良輝先生、陶肖明教授及程隆棣教授組成。ESG委員會主席為湯道平先生，而許子慧先生於二零二二年三月三十一日不再為成員。ESG委員會已採納書面職權範圍。ESG委員會獲提供足夠資源履行職務，並在適當情況下，可根據本公司政策尋求獨立專業意見。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMMITTEES (Continued)

Environmental, Social and Governance Committee (Continued)

The major roles and functions of the ESG Committee are:

- (i) to formulate and review the Company's concepts, strategies, frameworks, principles and policies in respect of environmental protection, corporate governance and corporate social responsibility, make relevant recommendations to the Board and implement the environmental protection, corporate governance and corporate social responsibility policies formulated by the Board;
- (ii) to review and monitor the Company's environmental protection, corporate governance and corporate social responsibility policies and practices to ensure compliance with legal and regulatory requirements;
- (iii) to take measures to promote the Company's environmental protection, corporate governance and corporate social responsibility, and formulate corporate objectives, goals, key performance indicators and measures to ensure performance in response to the areas of environmental protection, corporate governance and corporate social responsibility (as appropriate);
- (iv) to monitor expenditures arising from Company's environmental protection, corporate governance and corporate social responsibility work; and
- (v) to review the annual "Environmental, Social and Governance Report" and make recommendations to the Board for approval.

The ESG Committee shall meet at least once a year. One committee meeting was held during the Year and the attendance of each member is set out as follows:

董事委員會(續)

環境、社會及管治委員會(續)

ESG委員會的主要角色及職能為：

- (i) 制定及檢討本公司在環境保護、企業管治及企業社會責任方面的理念、策略、框架、原則及政策，向董事會提出相關推薦建議，並執行董事會制定的環境保護、企業管治及企業社會責任政策；
- (ii) 檢討及監察本公司的環境保護、企業管治及企業社會責任政策及常規，以確保遵守法律及監管規定；
- (iii) 採取措施促進本公司的環境保護、企業管治及企業社會責任，並制定企業方針、目標、關鍵績效指標及措施，以確保在環境保護、企業管治及企業社會責任(如適用)方面的表現；
- (iv) 監察本公司環境保護、企業管治及企業社會責任工作產生的開支；及
- (v) 審閱年度《環境、社會及管治報告》，並向董事會提出推薦建議供其批准。

ESG委員會每年須至少舉行一次會議。年內已舉行一次委員會會議，而各成員之出席情況載列如下：

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Tang Daoping	湯道平	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1
Ting Leung Huel, Stephen	丁良輝	1/1
Hui Tsz Wai	許子慧	1/1

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

DIRECTOR NOMINATION POLICY

The director nomination policy (the "Director Nomination Policy") of the Company aims to set out the criteria and process in the nomination and appointment of directors of the Company; ensure that the board (the "Board") of directors of the Company has a balance of skills, experience and diversity of perspectives appropriate to the Company; and ensure the Board continuity and appropriate leadership at Board level.

Criteria for nomination and appointment of Directors

The criteria for selecting any candidate for directorship are set out as follows:

- bringing an independent view and judgment and make constructive recommendation on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- taking the lead where potential conflicts of interests arise;
- serving on the Audit Committee, and the Remuneration Committee and the Nomination Committee (in the case of candidate for Non-Executive Director) and other relevant Board Committees, if invited;
- devoting sufficient time to the Board and/or any Committee(s) on which he or she serves so as to allow them to benefit from his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board;
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;
- ensuring the Nomination Committees on which he or she serves to perform their powers and functions conferred on them by the Board; and
- conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

董事提名政策

本公司董事提名政策(「董事提名政策」)旨在載列本公司提名及委任董事的準則及程序；確保本公司的董事會(「董事會」)成員具備切合本公司業務所需的技能、經驗及多元觀點；及確保董事會的持續性及維持其領導角色。

董事提名及委任標準

甄選董事候選人的標準如下：

- 就策略、政策、表現、職責、資源、主要委任及操守準則等事項作出獨立的觀點和判斷及提供建設性建議；
- 於發生潛在利益衝突時發揮領導作用；
- 服務於審核委員會、薪酬委員會及提名委員會(如為非執行董事候選人)以及其他相關董事委員會(如獲邀請)；
- 對董事會及／或所服務的任何委員會投入充足時間，從而透過出席及參與董事會而令董事會及任何委員會受惠於其技能、專長、各種背景及資格以及多元觀點；
- 監察本公司在達致議定企業宗旨及目標方面的表現以及監督相關表現的申報情況；
- 確保所服務的提名委員會履行董事會授予的權力及職能；及
- 遵守董事會不時訂定或本公司章程文件不時所載或法例或上市規則不時施加的任何規定、指示及規例(如適用)。

DIRECTOR NOMINATION POLICY (Continued)

If the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an INED with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

Nomination process

(a) Appointment of New Director

- (i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

董事提名政策(續)

如建議委任候選人為獨立非執行董事，則須根據(其中包括)上市規則第3.13條(經聯交所可能不時作出修訂)所載的因素評估其獨立性。如適用，則亦須評估該候選人的學歷、資格及經驗等整體情況，以考慮其是否具備合適的專業資格或會計或相關財務管理專長(即上市規則第3.10(2)條所規定的相關資格或專長)以擔任獨立非執行董事。

提名程序

(a) 委任新董事

- (i) 提名委員會及/或董事會應在收到委任新董事的建議及候選人的履歷資料(或相關詳情)後，依據上述準則評估該候選人，以判斷該候選人是否合資格擔任董事。
- (ii) 如過程涉及一個或多個合意的候選人，提名委員會及/或董事會應根據本公司的需要及各候選人的證明審查(如適用)排列彼等的優先次序。
- (iii) 提名委員會隨後應就委任合適人選擔任董事一事向董事會提出推薦意見(如適用)。
- (iv) 就任何經由股東提名於本公司股東大會上選舉為董事的人士，提名委員會及/或董事會應依據上述準則評估該候選人，以判斷該候選人是否合資格擔任董事。

倘適合，提名委員會及/或董事會應就於股東大會上選舉董事的提案向股東提出推薦意見。

DIRECTOR NOMINATION POLICY (Continued)

Nomination process (Continued)

(b) Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

(c) Re-election of INED at General Meeting

Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;
- (ii) if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
- (iii) the perspectives, skills and experience that the individual can bring to the Board; and
- (iv) how the individual contributes to diversity (including gender diversity) of the Board.

董事提名政策 (續)

提名程序 (續)

(b) 於股東大會上重選董事

- (i) 提名委員會及／或董事會應檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現。
- (ii) 提名委員會及／或董事會亦應檢討及確定退任董事是否仍然符合上文所載標準。
- (iii) 提名委員會及／或董事會其後應就於股東大會上重選董事的提案向股東提出推薦意見。

若董事會擬於股東大會上提呈決議案選舉或重選某候選人為董事，隨附有關股東大會通告的致股東通函及／或說明函件中，將會按上市規則及／或適用法律及法規要求披露候選人的相關資料。

(c) 於股東大會上重選獨立非執行董事

倘董事會提呈一項決議案於股東大會上選任某人士為獨立非執行董事，則須於相關股東大會通告隨附的致股東通函及／或說明函件內載明：

- (i) 用以物色該名人士的流程，董事會認為應選任該名人士的理由以及認為該名人士屬獨立人士的原因；
- (ii) 如建議獨立非執行董事將出任第七家(或以上)上市公司的董事，董事會認為該名人士仍可投入足夠時間履行董事責任的原因；
- (iii) 該名人士可為董事會帶來的觀點與角度、技能及經驗；及
- (iv) 該名人士如何促進董事會成員多元化(包括性別多元化)。

DIRECTOR NOMINATION POLICY (Continued)

Nomination process (Continued)

(c) Re-election of INED at General Meeting (Continued)

The Nomination Committee will conduct regular review on the structure, size and composition of the Board and the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs, to comply with all applicable laws and regulations from time to time and maintain good corporate governance practice.

BOARD DIVERSITY POLICY

On 5 August 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") which aims to set out the approach to achieve diversity on the Board. All Board appointments will be based on merit while taking into account diversity including gender diversity. The Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity on the Board. The following measurable objectives have been set for implementing the Board Diversity Policy:

- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender on selection of Directors and there shall be at least one female member on the Board;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board members with knowledge and skills in different aspects.

As at the date of this annual report, the above objectives have been achieved. 5 out of 6 members of the Board have overseas working experience and 1 out of 6 members of the Board have accounting or other professional qualifications. The Board is also a mixed-gender board with female representation brought by Professor Tao Xiaoming, an independent non-executive Director. The Board recognises the importance and benefits of gender diversity at Board level and shall continue to take initiatives to identify suitable female candidates for board succession planning and enhancement of gender diversity in the Board. To increase gender diversity on the Board, the Board has actively sought out candidates who are qualified and suitable. At present, the Nomination Committee considers that an appropriate balance of gender diversity of the Board is maintained. The Nomination Committee will monitor the Group's business needs and consider further appointment of female directors as appropriate. In order to build a pipeline of potential successors for the Board to increase gender diversity in the Board in the upcoming years, the Group will also proactively provide trainings to our senior managements to create an inclusive workplace and may also work with human resources firms to identify potential successors for the Board.

董事提名政策(續)

提名程序(續)

(c) 於股東大會上重選獨立非執行董事(續)

提名委員會將會定期為董事會的架構、規模及組成及董事提名政策舉行檢討，並在有需要時向董事會提出修訂建議，以完善本公司的企業策略及切合本公司的業務需要，以不時遵守所有適用的法律及法規以及維持良好企業管治常規。

董事會成員多元化政策

董事會於二零一三年八月五日採納董事會成員多元化政策(「董事會多元化政策」)，旨在羅列達成董事會成員多元化的方法。董事會內任命的原則是任人唯才，亦考慮到多元性，包括性別多元。提名委員會將定期審閱可計量目標，確保有效達成董事會多元化。已就執行董事會多元化政策而訂立以下可計量目標：

- 董事會的候選董事應包括具備海外(中國境外)工作經驗者；
- 應確保不限性別地選任董事，且董事會應至少有一名女性成員；
- 董事會的候選董事應包括具備其他行業工作經驗者；及
- 董事會的候選董事應具備不同領域的知識及技術。

於本年報日期，上述目標已達成。六名董事會成員中有五名具備海外工作經驗及六名董事會成員中有一名具備會計或其他專業資格。董事會成員亦由兩種性別組成，女性代表為獨立非執行董事陶肖明教授。董事會明白董事會層面性別多元化的重要性及好處，並將繼續採取措施物色合適的女性人選，作董事會繼任計劃用途，亦用以提升董事會性別多元化。為增加董事會性別多元性，董事會已積極尋求符合資格及適合的人選。目前，提名委員會認為董事會已維持適合性別多元性平衡。提名委員會將監察本集團的業務需要，並考慮於適合時進一步委任女性董事。為建立董事會潛在繼任人管道以於未來年度增加董事會性別多元性，本集團亦將積極培訓高級管理層以創造包容工作空間，亦可能會與人力資源公司合作識別董事會的潛在繼任人。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD DIVERSITY POLICY (Continued)

The Nomination Committee has adopted a written nomination procedure (the "Nomination Procedure") specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

Set forth below are the gender ratio in the Group's workforce as at 31 December 2022:

		Male (%) 男性 (%)	Female (%) 女性 (%)
Directors	董事	83.3	16.7
Workforce (including senior management)	工作團隊(包括高級管理層)	49.7	50.3

Based on the existing composition of the workforce, the management has deemed that the workforce has more or less achieved gender parity and no targets have been set. The targets will be revisited periodically based on a range of criteria, including current and expected size of each department in the future, changes in the number of female staff members in each department, and the needs of each department with reference to the Group's business development plans.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's businesses and activities.

CORPORATE GOVERNANCE PRACTICES AND ESG COMMITTEE

The Board is mainly responsible for keeping the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

董事會成員多元化政策(續)

提名委員會已採納一套以書面列載之提名程序(「提名程序」),具體列明本公司董事候選人之挑選及推薦程序及準則。提名委員會會根據提名程序所載之該等準則(如恰當資歷、個人專長及投放時間等)向董事會物色及建議人選以予批准委任。

以下載列本集團工作團隊於二零二二年十二月三十一日的性別比率:

基於現有工作團隊構成,管理層已視工作團隊已經大致上達致性別平等,且未有制定任何目標。該等目標將定期按多項準則重新審視,包括各部門的目前及日後預期規模、各部門女性員工人數變動及各部分的需要,並參照本集團的業務發展計劃進行。

新董事在獲委任後將會取得一套入職資料文件,載有所有主要法律及上市規則規定,以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理層其後將於有需要時提供說明,並為新董事提供本集團業務及活動之詳細資料。

企業管治常規及ESG委員會

董事會主要負責維持本集團的企業管治及內部非財務監控系統的有效性。董事會將就企業管治引用及建議相關守則,並審閱及釐定企業管治政策,以提高及確保本集團的高標準企業管治常規。

CORPORATE GOVERNANCE PRACTICES AND ESG COMMITTEE *(Continued)*

During the Year, the Board regularly reviewed and monitored the training and continuous professional development of the Directors, and the Company's policies and practices on compliance with legal and regulatory requirements the Board has also reviewed the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report. In August 2021, the Company established the ESG Committee to oversee and report to the Board on matters relating to environmental, social and governance ("ESG") practices of the Group and to ensure compliance with legal and regulatory requirements on ESG including corporate governance principles applicable to the Company. For details, please refer to the paragraph headed "Board Committees" above.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the Year, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditor, Messrs. PricewaterhouseCoopers, are set out in the Auditor's Report on pages 85 to 93.

Risk Management and Internal Control

Framework

The risk management and internal controls system will assist the Group to fully achieve its strategic objective by identifying and assessing all the risk exposure of the Group and setting down corresponding control measures, with a view to attain the long-term vision of the Group. We believe that effective risk management and internal controls system will enhance shareholders' value in the long term. The risk faced by the Group directly relates to its control measures and mitigation plan.

企業管治常規及ESG委員會(續)

年內，董事會定期檢討並監察董事的培訓及持續專業發展，以及本公司遵行法定及監管要求的政策及常規。董事會亦審閱本公司遵守企業管治守則的情況及本企業管治報告內的披露。於二零二一年八月，本公司成立ESG委員會，以監督並向董事會報告有關本集團環境、社會及管治(「ESG」)常規的事宜，並確保遵守ESG方面的法律及監管規定，當中包括適用於本公司的企業管治原則。有關詳情，請參閱上文「董事委員會」一段。

問責及核數

財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。年內之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師羅兵咸永道會計師事務所之匯報責任載於第85至93頁之核數師報告。

風險管理及內部監控

框架

風險管理及內部監控系統藉著識別和評估本集團所面臨的各項風險，並制定相關的監控措施，協助本集團全面實現戰略目標，進而達成本集團的長期願景。我們相信有效的風險管理及內部監控系統能提升長遠的股東價值。本集團所面對的風險與其監控措施及對策有直接關聯。

企業管治報告 (續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Framework (Continued)

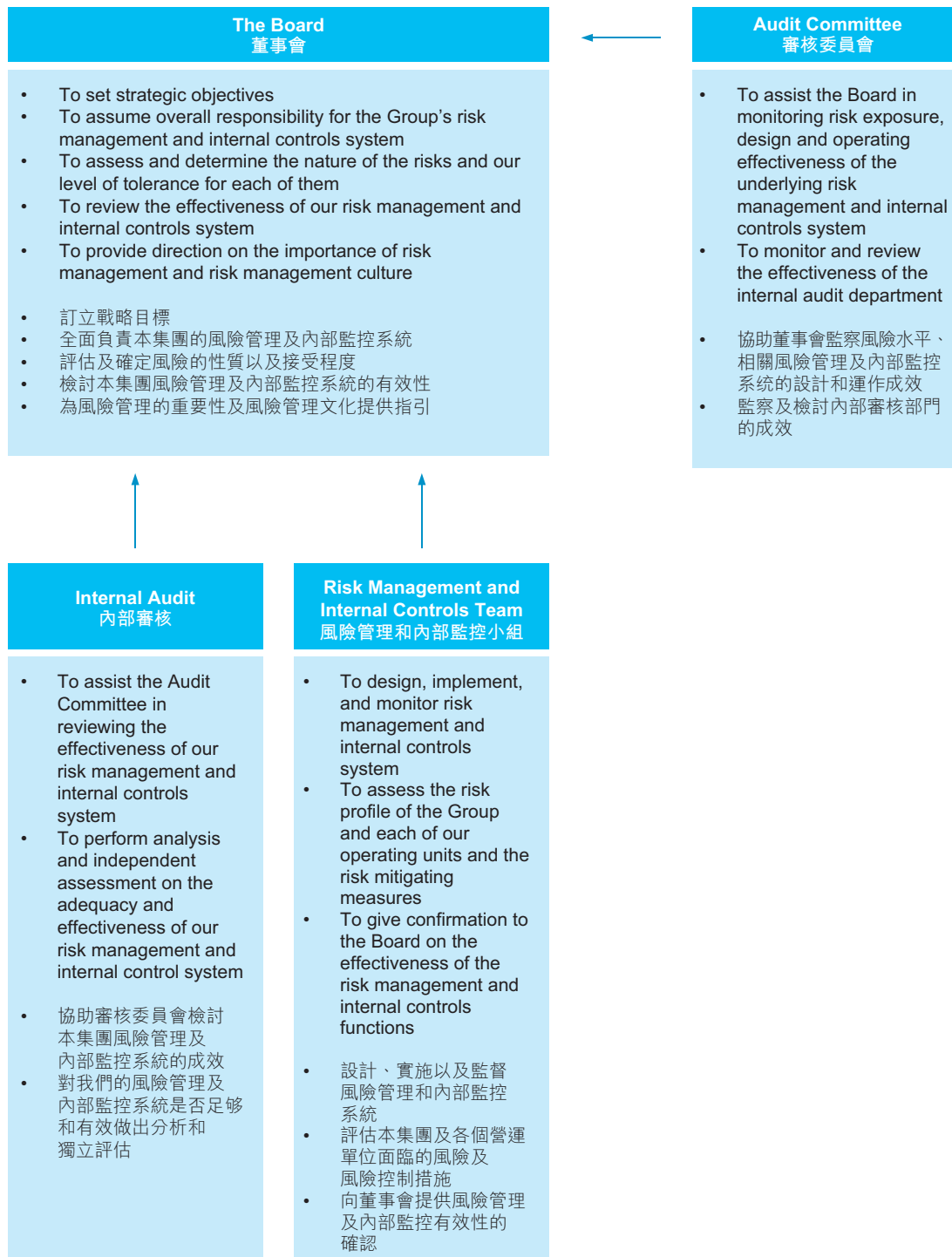
Accordingly, the risk management and internal controls framework of our Group is as follows:

問責及核數 (續)

風險管理及內部監控 (續)

框架 (續)

由此，本集團的風險管理及內部監控框架如下：



ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Framework (Continued)

The operating model of the Group's risk management and internal control framework conforms to the internal controls framework of COSO (the Committee of Sponsoring Organizations of the Treadway Commission) in the following five aspects:

- **Control Environment**

The Group has established a clear organization structure and delegated powers necessary to perform different business functions to management at different levels but it is subject to the limit set by the Board. The Board meets regularly to discuss and approve the business strategies and working plans set by each operating units. The Group will report our financial performance to the Board on monthly basis.

Our governance rules and requirements are very transparent to employees. We hope to build up risk awareness and internal controls responsibility in our corporate culture by creating an internal organizational environment driven by the management operating philosophy, risk awareness, integrity and ethical values.

- **Risk Assessment**

The Group identifies, assesses and grades the risks that are most relevant to the success of the Group based on the possibility of occurrence and the impact on the financial result of the risk. Risk management and internal controls team is responsible for setting the appropriate tone from the top, performing risk assessment, as well as taking care of the design, implementation and maintenance of internal controls. Meanwhile, it requires department heads from each of the operating units to identify operating risks from the bottom in order to determine the major risks and the risk levels of the Group.

- **Control Activities**

The Group has policy and procedure in place for all business functions, including authorization, approval and audit, recommendation, performance review, asset protection and division of duty, to ensure effective execution of organization objectives and mitigation of risk activities.

問責及核數(續)

風險管理及內部監控(續)

框架(續)

本集團風險管理及內部監控框架運作方式與 COSO委員會(the Committee of Sponsoring Organizations of the Treadway Commission)內部監控框架一致，包括下列五方面內容：

- **監控環境**

本集團已建立清晰的組織架構，授予各級管理層經營不同業務職能所需的權力，惟其權力範圍受到董事會設定的限制。董事會定期開會討論及通過各營運單位所制定的業務策略及工作計劃。本集團的財務表現亦會每月向董事會報告。

公司管治守則及制度規定對僱員均非常透明，我們希望在企業文化中建立風險意識及內部監控責任感，營造以管理運作理念、風險意識、誠信及道德價值驅動的內部組織環境。

- **風險評估**

本集團識別、評估、並就與本集團成功與否最為有關的風險進行評級(根據該等風險發生的可能性及其對財務結果的影響)。風險管理及內部監控小組負責「自上而下」為監控定調、風險評估及設計、執行、維護內部控制，同時「自下而上」要求各營運單位主管參與識別營運風險，從而釐定本集團的主要風險及風險等級。

- **監控活動**

本集團為各業務功能設定政策及程序，包括授權、批准及審核、建議、表現檢討、資產保障及職責分工，確保有效執行組織目標及減低風險活動。

企業管治報告(續)

CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Framework (Continued)

- **Information and Communication**

The risk management and internal controls team performs risk assessment and prepare the Annual Report of Risk Management on a semi-annual basis, which sets out the identified risks and related control procedures. The report will be submitted to the Board and reviewed by the Audit Committee annually.

- **Monitoring**

The Group self-assesses its controls and risks by internal review and circulating major control procedures to its employees to maintain continuous monitoring of the internal control procedures. Rectification will be made according to findings of the control procedures in order to improve internal monitoring.

Risk Management and Internal Controls Team

Composition

A risk management and internal controls team has been set up by the Group in 2016, which comprises Mr. Tang Daoping (executive Director and chief operation officer), and members including general manager and department head from each of our operating units, and general managers and department head of finance and human resources department of our subsidiaries. Mr. Hong Tianzhu, an executive Director and chairman of the Group and Mr. Zhu Yongxiang, an executive Director and vice chairman and chief executive officer of the Group act as advisors of the working team.

Major Tasks

Set out below are the major responsibilities of our risk management and internal control team:

- The team shall formulate proposal and plan for building and promotion of corporate culture in risk awareness and to lead in providing risk management training.
- The team shall prepare and conduct annual and interim reviews on risk profile and formulate mitigating measures.

問責及核數(續)

風險管理及內部監控(續)

框架(續)

- **資訊及溝通**

風險管理及內部監控小組每半年進行一次風險評估工作，編製《風險管理年度報告》，載明所識別的風險及其相關監控程序，報告將提交董事會，並由審核委員會每年審閱。

- **監察工作**

本集團實行自我評估監控及風險，透過內部評審及向僱員傳達關鍵的監控程序，以持續監控內部控制流程。因應監控過程的結果作出修正，以改善內部監控活動。

風險管理和內部監控小組

成員構成

本集團於二零一六年成立風險管理和內部監控小組，小組包括執行董事兼營運總裁湯道平先生，小組成員包括各營運單位總經理及主要負責人、各附屬公司總經理以及財務和人事部門主要負責人。本集團執行董事兼主席洪天祝先生和執行董事兼副主席及行政總裁朱永祥先生出任工作小組顧問。

主要工作內容

下文列載風險管理及內部監控團隊之主要職責：

- 制定公司風險文化培育與宣貫工作方案和計劃，組織風險管理培訓。
- 組織開展年度或階段性風險評估及應對工作。

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Risk Management and Internal Controls Team (Continued)

Major Tasks (Continued)

- The team shall summarize and analyze the findings of the review exercise, to advise any modification to the risk management strategy, to lead and assist relevant departments in formulating counter measures in addressing any material risks.
- It shall conduct annual internal evaluation on its own risk management function, to lead and mobilize the establishment and modification of risk management and internal controls system, to give guidance to subsidiaries on initiation of setting up of risk management system.
- It shall prepare the annual report on Risk Management and submit the same to our Audit Committee for review and approval.
- It shall be responsible to formulate or modify the relevant risk management and internal controls system and to oversee its implementation, to give guidance and assist the subsidiaries on setting up and optimizing their risk management practical measures.
- It shall be responsible for the organization, compiling of minutes and oversight of implementation of relevant resolutions concerning the risk management function in the meetings of the Audit Committee and Board meetings.
- It shall strictly comply its plan to counter risks by implementing the measures stipulated therein and to monitor the work rate and efficiency of such implementation on an ongoing basis, and advise on remedy in a timely manner.
- It shall monitor the status and development of any risk events and formulate and devise contingency plan in a timely manner, to forthwith report or inform the Audit Committee on such matters.

問責及核數 (續)

風險管理及內部監控 (續)

風險管理和內部監控小組 (續)

主要工作內容 (續)

- 對評估結果匯總分析，提出風險管理策略調整建議，組織並協助相關部門制定重大風險應對方案。
- 對年度風險管理工作情況進行自評估，組織推動風險管理及內部監控體系的建設和改進提升，指導附屬公司開展風險管理體系建設。
- 編製《風險管理年度報告》，並提交本集團審核委員會審核。
- 負責擬定或修訂風險管理及內部監控相關制度並監督落實，指導和協助附屬公司制定完善具體風險的管理辦法。
- 負責審核委員會會議及董事會會議有關風險管理部分的組織、會議紀要的整理和決議事項的督促落實。
- 嚴格根據風險應對計劃，實施應對措施，並持續監控應對計劃的執行效率和效果，及時提請修正。
- 監控風險事件的變化狀態，適時制定和啟動應急預案，並及時向審核委員會通報或備案。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Risk Management and Internal Controls Team (Continued)

Work Accomplished During the Year

Our risk management and internal controls team held two meetings during the Year, and reported twice to the Audit Committee and the Board on the annual risk assessment and findings of internal controls review. The team accomplished the following work during the Year:

1. issued relevant documents on risk assessment and internal controls within the Group to enhance its risk management culture;
2. performed a general review on the major risk exposure of the Group, especially in areas relating to raw material purchase, foreign exchange and exchange rate, credit management and taxation;
3. discussed the possible risk and impact on operating result with department heads from each of our operating units;
4. reviewed and improved corresponding internal controls measure;
5. prepared and submitted the annual report on risk assessment and internal controls to the Audit Committee and the Board.

Details of the major risks of the Group are set out in the "Management Discussion and Analysis" section on pages 20 to 28.

Review of Internal Controls Effectiveness

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. For the Year, our Board had conducted its annual review of the representations made by the management in respect of risk management and internal controls, and considered that our Group's risk management and internal controls system effective and adequate. No significant areas of weaknesses and deficiency that might have affected the financial, operational, compliance controls and risk management functions of the Group were identified. The Board is of the view that the resources, qualification and experience of staff of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Company's ESG performance and reporting and their training and budget are adequate.

問責及核數(續)

風險管理及內部監控(續)

風險管理和內部監控小組(續)

年內已完成工作

風險管理和內部監控小組於年內舉行了兩次會議，並就年度風險評估及內部監控檢討結果向審核委員會和董事會匯報兩次。該小組於年內已完成工作包括：

1. 本集團內部下刊發風險評估及內部監控相關文件，增強了本集團的風險管理文化；
2. 全面審視本集團面對的重大風險，尤其是有關原料採購、外匯及匯率、信用管理及稅務方面所涉及的風險；
3. 與各營運單位主管討論風險發生的可能性及對經營結果的影響；
4. 檢討及完善相應的內部監控措施；
5. 編製風險評估及內部監控年度報告，提報審核委員會及董事會。

有關本集團主要風險的詳情載列於第20至28頁之「管理層討論及分析」一節內。

檢討內部監控成效

董事會負責風險管理及內部監控系統並檢討其有效性。年內，董事會已就管理層關於風險管理及內部監控有效性的聲明進行其年度審閱，認為本集團風險管理及內部監控系統有效及足夠，未發現任何可能影響集團財務監控、運作監控、合規監控以及風險管理職能的重要風險監控缺失事項。董事會認為本集團會計、內部審核和財務匯報及有關本公司環境、社會及管治業績及報告職能方面的資源、員工資歷及經驗，以及員工所接受的培訓及預算是足夠的。

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Review of Internal Controls Effectiveness (Continued)

The risk management and internal controls system is designed to manage rather than eliminate the risk of failure to achieve our business objectives. Like all other systems, it could not entirely eliminate the impact of all unforeseeable risks and events beyond our control that might emerge and occur during the course of our operation. Consequently, the Board may only provide reasonable, but not absolute, assurance that there was no significant misrepresentation or deficiency as to the completeness and effectiveness of our Group's risk management and internal controls.

Disclosure of Inside Information

Regarding procedures and measures of internal controls for the handling and dissemination of inside information, the Group:

1. is aware of its obligation under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that inside information should be announced on a timely manner;
2. conducts its affairs in strict compliance with the applicable laws and regulations prevailing in Hong Kong;
3. has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, announcements and its website;
4. has included in the Code of Conduct a strict prohibition on the unauthorized use of non-public or inside information;
5. has communicated to all relevant staff regarding the implementation of the Continuous Disclosures Policy and relevant trainings are also provided.

問責及核數(續)

風險管理及內部監控(續)

檢討內部監控成效(續)

風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險。與所有其他系統一樣，該系統並不能完全排除經營過程中遇到的不可預測風險及不可控事件等因素的影響。因此，董事會只能對本集團風險管理及內部監控的完整及有效性不會有重大的失實陳述或損失作出合理而非絕對的保證。

內幕消息的披露

有關處理及發佈內幕消息的程序及內部監控措施，本集團：

1. 知悉根據證券及期貨條例、上市規則以及首要原則，其有責任及時公佈內幕消息；
2. 嚴格遵照香港現行適用法律及法規執行本公司事務；
3. 透過財務報告、公佈及其網站等途徑，向公眾廣泛及非獨家地披露資料，以實施及披露其公平披露政策；
4. 已將嚴格禁止非授權使用保密及內幕消息的規定納入其行為操守守則；
5. 已向所有相關人員傳達有關實施持續披露政策的執行情況並提供相關培訓。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY AND AUDIT (Continued)

External Auditor's Remuneration

During the Year, the remuneration paid and payable to the Company's external auditor, Messrs. PricewaterhouseCoopers, is set out as follows:

Services rendered to the Group	向本集團提供之服務	Paid/Payable 已付/應付費用 RMB'000 人民幣千元
Annual audit service	年度審核服務	3,500
Special audit service	特殊審核服務	3,000
Non-audit services (including consulting service for transfer pricing and environmental, social and governance report, agreed-upon procedures for selected financial information of the Group, and preliminary announcement of results)	非審核服務(包括轉移定價和環境、社會及管治報告的顧問服務及本集團特選財務資料及初步業績公佈的協定程序)	1,335
Total:	合計:	7,835

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars that are posted on the websites of the Company and the Stock Exchange.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The chairman actively participated in the AGM held during the year and personally chaired the meeting to answer any questions from the shareholders. A separate resolution had been proposed by the chairman in respect of each issue to be considered at the AGM. An AGM circular and AGM notice had been distributed to all shareholders in accordance with the requirements of the Articles of Association of the Company (the "Articles") and the Listing Rules, setting out details of each proposed resolution, voting procedures and other relevant information. The chairman explained the procedures for conducting a poll at the beginning of the AGM, and answered any questions from shareholders regarding voting by way of poll.

問責及核數(續)

外聘核數師之酬金

於年內，已付及應付本公司外聘核數師羅兵咸永道會計師事務所之酬金載列如下：

與股東之溝通

董事會了解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括於本公司及聯交所網站登載之中期報告及年報、公佈及通函。

本公司股東週年大會(「股東週年大會」)乃董事會直接與股東聯繫之寶貴機會。主席於年內舉行之股東週年大會上積極回應任何股東之查詢。主席已就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函及通告已根據本公司組織章程細則(「細則」)及上市規則之規定發送予全體股東，該通函及通告載列每項擬提呈決議案之詳情、投票程序及其他相關資料。主席於股東週年大會開始時，已解釋以投票方式進行表決之程序，已回答股東就按股數投票之任何提問。

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the Articles:

1. One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than 8% of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.
2. Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at main@texhong.com.
3. The EGM shall be held within two months after the deposit of such Requisition.
4. If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, 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 Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this annual report.
2. Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at main@texhong.com.
3. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

股東權利

股東召開股東特別大會之程序

下列本公司股東(「股東」, 各為一名「股東」)召開股東特別大會(「股東特別大會」)之程序, 乃根據細則第64條所編製:

1. 於遞呈要求日期持有不少於本公司繳足股本8%的任何一名或多名有權於股東大會上投票的股東(「呈請人」)通過書面通知有權要求董事會召開股東特別大會(「呈請」), 以處理有關要求中指明的任何事項。
2. 有關呈請須以書面形式並透過發送電郵至本公司電郵地址main@texhong.com向本公司董事會或公司秘書提出。
3. 股東特別大會將於遞呈呈請後兩個月內召開。
4. 倘董事未能在呈請遞交後21天內召開股東特別大會, 則呈請人以同樣方式可自行召開股東特別大會, 而因董事未能召開該大會令呈請人產生的所有合理費用, 本公司須向呈請人進行償付。

提出查詢的程序

1. 股東如對名下股權、股份轉讓、登記及派付股息有任何疑問, 應向本公司香港股份過戶登記分處提出, 其詳情載於本年報「公司資料」一節內。
2. 股東可隨時透過發送電郵本公司電郵地址main@texhong.com提出任何有關本公司的查詢。
3. 倘股東提出問題時, 務請留下彼等詳細聯絡資料以便本公司適時迅速回應。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDERS' RIGHTS (Continued)

Procedures and contact details for putting forward proposals at shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at main@texhong.com.
2. The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board determines whether to include the Proposal in the agenda for the general meeting to be set out in the notice of meeting.
3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
 - (i) Notice of not less than 21 clear days in writing if the Proposal requires approval in an annual general meeting;
 - (ii) Notice of not less than 14 clear days in writing if the Proposal requires approval in meeting other than an annual general meeting.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. Through the communication with Shareholders via various channels, the Board was able to receive invaluable feedback and opinion from Shareholders. The Board reviewed the implementation and effectiveness of the above shareholders' communication policy during the Year and concluded that it was effective. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and development. Any views and suggestions from our Shareholders are also welcome to enhance our transparency.

股東權利(續)

於股東大會提呈建議的程序及詳細聯絡資料

1. 為於本公司股東大會上提呈建議，股東須以書面提交該建議(「建議」)，連同詳細聯絡資料，透過電郵傳送至本公司電郵地址main@texhong.com。
2. 本公司會向本公司之香港股份過戶登記分處核實股東身份及其要求，於獲得股份過戶登記分處確認股東作出的要求為恰當及適當後，董事會釐定是否在大會通告內加入股東大會的議程內建議。
3. 就上述股東提出於股東大會考慮之建議而向全體股東發出通告之通知期因應建議之性質有所不同，詳情如下：
 - (i) 倘建議須於股東週年大會上批准，則須不少於21足日之書面通知；
 - (ii) 倘建議須於本公司大會而非於股東週年大會上獲得批准，則須不少於14足日之書面通知。

提升企業管治水平

提升企業管治水平並非只為應用及遵守企業管治守則，乃為推動及建立道德與健全之企業文化為依歸。董事會能透過多渠道與股東溝通，獲到股東寶貴之反饋及意見。董事會於本年度檢討上述股東溝通政策之執行情況及有效性，總括認為其有效。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

CHANGE OF COMPANY NAME AND STOCK SHORT NAME

Pursuant to a special resolution passed at an extraordinary general meeting held on 28 December 2022, the issue of the Certificate of Incorporation on Change of Name issued by the Registrar of companies in the Cayman Islands on 4 January 2023, the English name of the Company has been changed from “Texhong Textile Group Limited” to “Texhong International Group Limited” and the dual foreign name of the Company in Chinese has been changed from “天虹紡織集團有限公司” to “天虹國際集團有限公司” with effect from 4 January 2023.

The stock short name for trading in the Shares on the Stock Exchange has been changed from “TEXHONG TEXTILE” to “TEXHONG INTL GP” in English, and from “天虹紡織” to “天虹國際集團” in Chinese with effect from 9:00 a.m. on 2 February 2023. The stock code of the Company remains unchanged as “2678”.

For further details of the change of company name and stock short name, please refer to the announcement of the Company dated 7 November 2022 and 30 January 2023.

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

During the Year, the following amendments were made to the constitutional documents of the Company:

1. By a special resolution passed at the AGM held on 6 May 2022, the Articles were amended and a new set of Articles was adopted to (i) allow general meetings to be held as electronic meetings or hybrid meetings; (ii) bring the Articles in line with amendments made to Listing Rules and applicable laws of the Cayman Islands; and (iii) make certain minor housekeeping amendments for the purpose of clarifying existing practice and making consequential amendments in line with the aforesaid amendments.
2. By a special resolution passed at an EGM held on 28 December 2022, the Memorandum of Association and the Articles (collectively, the “Memorandum and Articles of Association”) were amended and a new set of Memorandum and Articles of Association was adopted to reflect the change of name of the Company as disclosed above.

更改公司名稱及股份簡稱

根據於二零二二年十二月二十八日舉行之股東特別大會上通過之特別決議案、開曼群島公司註冊處處長於二零二三年一月四日發出之更改名稱註冊證書，本公司之英文名稱已由「Texhong Textile Group Limited」改為「Texhong International Group Limited」，而本公司之雙重外文名稱則已由「天虹紡織集團有限公司」改為「天虹國際集團有限公司」，自二零二三年一月四日起生效。

股份在聯交所買賣的英文股份簡稱將由「TEXHONG TEXTILE」改為「TEXHONG INTL GP」，中文股份簡稱則由「天虹紡織」改為「天虹國際集團」，自二零二三年二月二日上午九時正起生效。本公司的股份代號維持不變，即「2678」。

有關更改公司名稱及股份簡稱之進一步詳情，請參閱本公司日期為二零二二年十一月七日及二零二三年一月三十日之公佈。

修訂組織章程文件

年內，本公司之組織章程文件已作出下列修訂：

1. 通過於二零二二年五月六日在股東週年大會上通過之特別決議案，細則已獲修訂且已採納一套新細則以(i)准許股東大會以電子會議形式舉行或以混合形式舉行會議；(ii)使組織章程細則符合上市規則所作出的修訂及開曼群島適用法律；及(iii)為澄清現行慣例，就組織章程細則進行若干細微的內務修訂，並根據上述修訂進行相應修訂。
2. 通過於二零二二年十二月二十八日在股東特別大會上通過之特別決議案，修訂組織章程大綱及細則(統稱「組織章程大綱及細則」)，並採納一套新組織章程大綱及細則以反映上文所披露之更改本公司名稱。

企業管治報告(續) CORPORATE GOVERNANCE REPORT (CONTINUED)

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

(Continued)

The respective versions of the amended and restated constitutional documents above are available on the websites of the Company and the Stock Exchange.

On behalf of the Board

Hong Tianzhu

Chairman

Hong Kong, 28 March 2023

修訂組織章程文件(續)

經修訂及重訂組織章程文件之相關版本在本公司網站及聯交所網站可供查閱。

代表董事會

洪天祝

主席

香港，二零二三年三月二十八日

DIRECTORS

Executive Directors

Mr. Hong Tianzhu, aged 55, is an executive Director and chairman of the Group. He is the founder of the Group. He is responsible for the strategic development and strategic deployment, project investment and decision-making for major issues, leadership and policy decision-making for establishment of corporate culture of the Group. He has over 20 years of experience in the textile industry. Prior to establishing the Group, Mr. Hong was a vice general manager of 晉江藝豐服裝織造有限公司 (Jinjiang Yifeng Garment Weaving Company Limited). Mr. Hong's interest in the shares of HK\$0.10 each in the share capital of the Company ("Shares") is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporations" in this annual report.

Mr. Zhu Yongxiang, aged 56, is an executive Director, vice Chairman and chief executive officer of the Group. He is responsible for the strategy implementation, operational planning and decision-making, decision-making for major issues and organizational implementation of the Group. Mr. Zhu graduated from the 南通紡織工學院 (Nantong Textile Industry College) in 1987. Prior to joining the Group in 1997, Mr. Zhu was an assistant to the general manager of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory). Mr. Zhu's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

Mr. Tang Daoping, aged 57, is an executive Director and chief operation officer of the Group. He is responsible for the operation management of the Group. Mr. Tang graduated from 徐州廣播電視大學 (Xuzhou Radio and TV University) in 1996 majoring in accounting and administrative management. Mr. Tang has over 30 years of experience in the textile industry. He was a workshop manager of 睢寧棉紡織廠 (Suining Cotton Textile Factory) prior to joining the Group in 1998 as a vice general manager. Mr. Tang was promoted and became a director of Jiangsu Century Texhong in September 2002. Mr. Tang's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

董事

執行董事

洪天祝先生，55歲，本集團的執行董事及主席。洪先生是本集團創始人，負責本集團的戰略發展和戰略布局、項目投資和重要工作決策、企業文化建設的引領和決策。彼於紡織業擁有逾二十年經驗，在成立本集團前，彼曾任晉江藝豐服裝織造有限公司的副總經理。洪先生於本公司股本中每股面值0.10港元之股份（「股份」）之權益在本年報「董事會報告 — 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

朱永祥先生，56歲，本集團的執行董事、副主席兼行政總裁。彼負責本集團的戰略實施、營運策劃布局和決策、重要工作決策與組織實施。朱先生於一九八七年畢業於南通紡織工學院。於一九九七年加入本集團前，朱先生曾任南通第二棉紡織廠的總經理助理。朱先生於本公司的股份權益在本年報「董事會報告 — 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

湯道平先生，57歲，本集團執行董事兼營運總裁。彼負責本集團的營運管理。湯先生於一九九六年畢業於徐州廣播電視大學，主修會計及行政管理，並於紡織業擁有逾三十年經驗。彼曾於睢寧棉紡織廠出任工廠經理，後於一九九八年加入本集團為副總經理。湯先生於二零零二年九月晉升為江蘇世紀天虹的董事。湯先生於本公司的股份權益在本年報「董事會報告 — 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

董事及高級管理層(續)

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. Hui Tsz Wai, aged 49, is an executive Director and company secretary. He was responsible for the management of finance and treasury management of the Group before his resignation as Director. With effect from 31 March 2022, Mr. Hui ceased to be an executive Director and remained as the company secretary. Mr. Hui graduated from the Chinese University of Hong Kong with a bachelor of business administration (honours) degree. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has more than 20 years working experience in finance related area. Prior to first joining the Group in November 2004, Mr. Hui had been working at one of the big four international accounting firms for about nine years. Mr. Hui had been the chief financial officer of the Group.

Independent Non-executive Directors

Professor Tao Xiaoming, aged 65, was appointed as an independent non-executive Director on 3 March 2014. Professor Tao is an elected fellow of The Textile Institute, the American Society of Mechanical Engineers, the Royal Academy of Arts and Design and Commerce of the United Kingdom, and has been the chair professor in Textile Technology at the Institute of Textiles and Clothing of the Hong Kong Polytechnic University since April 2002. She was elected as the world president of The Textile Institute for a tenure of three years from May 2007. Professor Tao received a bachelor's degree in textile engineering from China Textile University (中國紡織大學) (currently known as Donghua University (東華大學) of the PRC in January 1982 and a doctorate degree in textile physics from University of New South Wales in August 1987. From September 1987 to September 1988 and from October 1990 to September 1994, she had been a scientist of the Commonwealth Scientific and Industrial Research Organisation of Australia. From October 1988 to January 1990, she had been a lecturer of Donghua University. Professor Tao was a recipient of prestigious individual awards of the field: the honorary fellowship of the Textile Institute in 2010, the founder award of the Fiber Society of the United States in 2013, and Guanghua Engineering Scientific and Technological Award of Chinese Academy of Engineering in 2020. With seven academic monographs, over 800 research papers published and over 41 patents granted, she has been internationally recognised in particular for her pioneering work on smart textiles and clothing and textile engineering such as low-twist yarns, solospun yarns and fabric sensing technology which have been widely applied in the textile industry.

董事(續)

執行董事(續)

許子慧先生，49歲，執行董事及公司秘書。彼於辭任為董事前負責本集團財務和資金的管理。自二零二二年三月三十一日起，許先生不再為執行董事，並繼續為公司秘書。許先生畢業於香港中文大學，獲頒工商管理(榮譽)學士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會執業會計師。彼於財務相關領域擁有逾二十年工作經驗。許先生於二零零四年十一月首次加盟本集團前，一直於其中一家四大國際會計師行任職約九年。

獨立非執行董事

陶肖明教授，65歲，於二零一四年三月三日獲委任為獨立非執行董事。陶教授為國際紡織學會會士、美國機械工程師學會會士以及英國皇家藝術、設計及商業研究院(Royal Academy of Arts and Design and Commerce of the United Kingdom)會士，並由二零零二年四月起，擔任香港理工大學紡織及製衣學系紡織技術講座教授。自二零零七年五月起，陶教授獲選為國際紡織學會世界會長，任期三年。陶教授於一九八二年一月獲中國紡織大學(現稱為東華大學)頒授紡織工程學士學位，並於一九八七年八月獲頒新南威爾士大學紡織物理學博士學位。由一九八七年九月至一九八八年九月，以及由一九九零年十月至一九九四年九月，彼為澳洲聯邦科學及工業研究組織之科研人員。由一九八八年十月至一九九零年一月期間，陶教授為東華大學講師。陶教授曾獲頒授業內多個地位崇高的個人獎項：於二零一零年獲國際紡織學會頒授榮譽會士、二零一三年獲美國纖維學會頒授奠基者獎、及二零二零年獲中國工程院頒授光華工程科技獎。陶教授曾出版七部學術專著，發表超過800篇研究論文，並獲得超過41項專利，成就廣受國際認同，尤其以其於智能紡織品及服裝與纖維工程方面的創舉(例如低捻紗、分束紡紗及織物傳感技術)最為突出，而該等技術已廣泛應用於紡織業內。

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Professor Cheng Longdi, aged 63, was appointed as an independent non-executive Director on 21 November 2004. Professor Cheng obtained his doctorate degree in textile engineering from Donghua University in 2002 and has obtained the membership of the China Textile Engineering Society. He is currently a professor (2nd grade) in College of Textiles and a deputy director of the Key Laboratory of Textile Science and Technology of Donghua University. Professor Cheng is a member of the expert committee of each of the following institutions: the China Cotton Textile Association of New Technology (as a deputy director), the China Knitting Industrial Association, the China Bast and Leaf Fibers Textile Association and the China Textile Machinery Association. Professor Cheng was an engineer of the China Textile Academy (formerly known as Textile Academy of Textile Ministry). Professor Cheng is currently an independent director of Hengli Petrochemical Co., Ltd. (stock code: 600346) which is a company listed on the Shanghai Stock Exchange.

Mr. Ting Leung Huel, Stephen, MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD, aged 69, was appointed as independent non-executive Director of the Company on 21 November 2004. Mr. Ting is an accountant in public practice and has more than 30 years' experience in this field. Currently he is a partner and director of Messrs Ting Ho Kwan & Chan, Certified Public Accountants (Practising) and Ting Ho Kwan & Chan CPA Limited respectively. He is currently an independent non-executive director of six other listed companies in Hong Kong, namely China SCE Group Holdings Limited (stock code: 01966), Computer and Technologies Holdings Limited (stock code: 00046), Dongyue Group Limited (stock code: 00189), New Silkroad Culturaltainment Limited (stock code: 00472), Tong Ren Tang Technologies Co., Ltd. (stock code: 01666) and Tongda Group Holdings Limited (stock code: 00698) respectively. He is also a non-executive director of Chow Sang Sang Holdings International Limited (stock code: 00116).

董事(續)

獨立非執行董事(續)

程隆棟教授，63歲，於二零零四年十一月二十一日獲委任為獨立非執行董事。程教授於二零零二年取得東華大學的紡織工程博士學位，另取得中國紡織工程學會會士，現為東華大學紡織學院二級教授、紡織面料技術教育部重點實驗室常務副主任。程教授為中國棉紡織行業協會新技術專家委員會副主任委員、中國針織行業協會專家委員會委員、中國麻紡織行業協會專家委員會委員、中國紡織機械與器材行業協會專家委員會委員等。程教授曾為中國紡織科學研究院（前稱紡織工業部紡織科學研究院）的工程師。程教授現為上海證券交易所上市公司恒力石化股份有限公司（股份代號：600346）之獨立董事。

丁良輝先生，MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, 69歲，於二零零四年十一月二十一日獲委任為本公司之獨立非執行董事。丁先生為執業會計師，於該行業積逾三十年經驗。彼現為丁何關陳會計師行及丁何關陳會計師事務所有限公司之合夥人及董事。現為其他六家香港上市公司之獨立非執行董事，分別為中駿集團控股有限公司（股份代號：01966）、科聯系統集團有限公司（股份代號：00046）、東岳集團有限公司（股份代號：00189）、新絲路文旅有限公司（股份代號：00472）、北京同仁堂科技發展股份有限公司（股份代號：01666）及通達集團控股有限公司（股份代號：00698）。彼亦擔任周生生集團國際有限公司（股份代號：00116）之非執行董事。

SENIOR MANAGEMENT

Mr. Sha Tao, aged 57, is a vice president of the Group and director of our grey fabric production and management center. Mr. Sha obtained his bachelor's degree in textile from 無錫輕工業學院 (Wuxi Light Industry University) in 1986. Mr. Sha has over 30 years of experience in the textile industry. Prior to joining the Group in 1998, he was a factory manager of one of the factories of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory).

Mr. Hu Zhiping, aged 59, is a vice president of the Group and general manager of Taizhou business segment. Mr. Hu graduated from 無錫職業大學 (Wuxi Professional University) in textile in 1984. Mr. Hu has over 30 years of experience in the textile industry. He was a vice general manager of 無錫協達織造有限公司 (Wuxi Xieda Weaving Company Limited) prior to joining the Group in 1998.

Mr. Cao Youchang, aged 54, is a vice president of the Group and director of the yarn production and management center of the Group. He is responsible for the yarn production of the Group. Mr. Cao graduated from 南通紡織工學院 (Nantong Textile Industry College) with a bachelor's degree in textile engineering in 1994. Mr. Cao has over 26 years of experience in the textile industry. He joined the Group in 2000, and served as the director of yarn technology of the Group.

高級管理層

沙淘先生，57歲，本集團的副總裁兼坯布生產管理中心總監。沙先生於一九八六年畢業自無錫輕工業學院紡工系，並取得學士學位。沙先生於紡織業擁有逾三十年經驗。彼於一九九八年加入本集團前，曾出任南通第二棉紡織廠其中一家廠房的廠長。

胡志平先生，59歲，本集團副總裁兼泰州業務部總經理。胡先生於一九八四年自無錫職業大學紡織系畢業。彼於紡織業擁有逾三十年經驗。於一九九八年加入本集團前，胡先生曾出任無錫協達織造有限公司的副總經理。

曹友常先生，54歲，本集團的副總裁兼集團紗線生產管理中心總監並負責本集團的紗線生產。曹先生於一九九四年畢業自南通紡織工學院紡織工程系，並取得學士學位。曹先生於紡織業擁有逾二十六年經驗。彼於二零零零年加入本集團，曾出任本集團紗線技術總監。

EXECUTIVE DIRECTORS

Mr. Hong Tianzhu (*Chairman*)
Mr. Zhu Yongxiang (*Vice chairman and chief executive officer*)
Mr. Tang Daoping (*Chief operation officer*)
Mr. Hui Tsz Wai (resignation effective on 31 March 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD (*Chairman*)
Professor Tao Xiaoming
Professor Cheng Longdi

REMUNERATION COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD (*Chairman*)
Professor Tao Xiaoming
Professor Cheng Longdi

NOMINATION COMMITTEE

Mr. Hong Tianzhu (*Chairman*)
Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD
Professor Tao Xiaoming
Professor Cheng Longdi

ESG COMMITTEE

Mr. Tang Daoping (*Chairman*)
Mr. Hui Tsz Wai (*Vice chairman*) (ceased on 31 March 2022)
Professor Tao Xiaoming
Professor Cheng Longdi
Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD

COMPANY SECRETARY

Mr. Hui Tsz Wai

AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu
Mr. Hui Tsz Wai

HEAD OFFICE

Room 03, 37/F
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
Hong Kong

執行董事

洪天祝先生 (*主席*)
朱永祥先生 (*副主席兼行政總裁*)
湯道平先生 (*營運總裁*)
許子慧先生 (於二零二二年三月三十一日辭任)

獨立非執行董事及審核委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD (*主席*)
陶肖明教授
程隆棣教授

薪酬委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD (*主席*)
陶肖明教授
程隆棣教授

提名委員會

洪天祝先生 (*主席*)
丁良輝先生 MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD
陶肖明教授
程隆棣教授

ESG委員會

湯道平先生 (*主席*)
許子慧先生 (*副主席*) (於二零二二年三月三十一日停任)
陶肖明教授
程隆棣教授
丁良輝先生 MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD

公司秘書

許子慧先生

授權代表

洪天祝先生
許子慧先生

總辦事處

香港
荃灣
海盛路9號
有線電視大樓
37樓03室

公司資料(續) CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Bank of China
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Industrial and Commercial Bank of China Limited
Citibank
Crédit Agricole Corporate and Investment Bank
United Overseas Bank Limited
China Merchants Bank Company Limited
DBS Bank

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B
21st Floor
148 Electric Road
North Point
Hong Kong

WEBSITE

www.texhong.com

STOCK CODE

2678

註冊辦事處

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

主要往來銀行

中國銀行
三井住友銀行
香港上海滙豐銀行有限公司
渣打銀行
中國工商銀行股份有限公司
花旗銀行
法國東方滙理銀行
大華銀行有限公司
招商銀行股份有限公司
星展銀行

核數師

羅兵咸永道會計師事務所
執業會計師及認可公眾利益實體核數師

法律顧問(香港法律)

趙不渝馬國強律師事務所

主要股份過戶登記處

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

香港股份過戶登記分處

寶德隆證券登記有限公司
香港
北角
電氣道148號
21樓
2103B

互聯網址

www.texhong.com

股份代號

2678

The Board of Directors of the Company is pleased to submit their report together with the audited financial statements of the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments. The principal activities of the principal subsidiaries of the Company are set out in note 41 to the accompanying financial statements.

Business segments

The Group is engaged in the manufacturing and sale of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments. Business analysis of revenue, segment results, total assets and capital expenditure are set out in note 5 to the accompanying financial statements.

Geographical segments

The Group mainly operates its business in China, Southeast Asia and the Americas. Geographical analysis of revenue, segment results, total assets, and capital expenditure are set out in note 5 to the accompanying financial statements.

BUSINESS REVIEW

For details of business review in relation to the development, performance, position and likely future development of the Company's business as well as principal risks facing the Company, please refer to the section headed "Management Discussion and Analysis" of this annual report.

The Group recognises the importance of compliance with rules and regulations and the impact of non-compliance of such rules and regulations on the business. During the year ended 31 December 2022, 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 in relation to its business including health and safety, workplace conditions, employment and the environment.

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group understands that a better future depends on everyone's participation and contribution in environmental protection. All employees are encouraged to participate in environmental and social activities which benefit the community as a whole.

本公司董事會同寅欣然將其截至二零二二年十二月三十一日止年度之報告連同經已審核之本公司財務報表呈覽。

主要業務及營運地區分析

本公司為一間投資控股公司。本集團主要從事生產及銷售紗線、坯布、無紡布及面料和服裝。本公司主要附屬公司之主要業務活動載於隨附之財務報表附註41。

業務分類

本集團從事製造及銷售紗線、坯布、無紡布及面料和服裝。收入、分部業績、資產總額及資本開支之業務分析載於隨附之財務報表附註5。

地區分類

本集團主要於中國、東南亞及美洲等地區經營業務。收入、分部業績、資產總額及資本開支之地區分析載於隨附之財務報表附註5。

業務回顧

關於本公司業務發展、表現、狀況及可能未來發展以及本公司所面臨主要風險之業務回顧詳情，請參閱本年報「管理層討論及分析」一節。

本集團知悉遵守規則及法規之重要性及不遵守該等規則及法規對業務之影響。於截至二零二二年十二月三十一日止年度，據董事所知本集團已遵守所有與其業務有關有重大影響的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦鼓勵所有僱員參與環境及社會活動，惠及整個社區。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

BUSINESS REVIEW *(Continued)*

The Group advocates cleaner production and pursues both environmental and economic benefits through means such as reducing pollutant emissions, improving energy efficiency and reducing material consumption. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

Details of the Group's environmental policies and performance can be found in the Environmental, Social and Governance Report of the Group dated 28 March 2023.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that employees are its valuable assets. Thus, the Group provides competitive remuneration packages to attract and motivate its employees. The Group regularly reviews the remuneration packages of its employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its business partners to achieve its long-term goals. Accordingly, the Directors or senior management have maintained good communication, exchanged feedback and shared business updates with them when appropriate. During the year ended 31 December 2022, there was no material and significant dispute between the Group and its business partners.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated income statement on page 96 of this annual report.

An interim dividend of 38 HK cents per ordinary share was paid by the Group on 14 October 2022. The Board does not recommend a payment of final dividend for the year ended 31 December 2022.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2022 are set out in note 19 to the accompanying financial statements.

業務回顧(續)

本集團主張清潔生產，通過減少污染物排放、提高能源利用率、減少物料消耗等手段，追求環境與經濟雙收益。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

本集團的環境政策及表現詳情載於本集團日期為二零二三年三月二十八日之環境、社會及管治報告。

與持份者的關係

本公司視僱員為其寶貴資產。因此，本集團提供具競爭力的薪酬待遇吸引及激勵僱員。本集團定期檢討其僱員薪酬待遇，並作出必要調整以配合市場標準。

本集團亦明白到與其業務夥伴維持良好關係對達成其長期目標而言實屬重要。因此，董事或高級管理層已於適當時候與彼等維持良好溝通、交換回饋及分享業務最新消息。截至二零二二年十二月三十一日止年度，本集團與其業務夥伴之間並無重大及顯著糾紛。

業績及分派

本集團於截至二零二二年十二月三十一日止年度之業績載列於本年報第96頁之綜合收益表。

本集團於二零二二年十月十四日派付每股普通股38港仙之中期股息。董事會並不建議派付截至二零二二年十二月三十一日止年度之末期股息。

儲備

本集團截至二零二二年十二月三十一日止年度之儲備變動詳情載於隨附之財務報表附註19。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 7 to the accompanying financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 17 to the accompanying financial statements.

DISTRIBUTABLE RESERVES

The Company's distributable reserves as at 31 December 2022 is set out in note 39 to the accompanying financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

TAX RELIEF

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SHARE OPTIONS

The Share Option Scheme was adopted by the shareholders of the Company at the annual general meeting on 7 April 2014 (the "Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

物業、廠房及設備

本集團截至二零二二年十二月三十一日止年度之物業、廠房及設備變動詳情載於隨附之財務報表附註7。

股本

本公司之股本變動詳情載於隨附之財務報表附註17。

可供分派儲備

本公司於二零二二年十二月三十一日之可供分派儲備詳情載於隨附之財務報表附註39。

優先購買權

細則中並無優先購股權之條文，而開曼群島之法例亦無規定本公司須按比例向現有股東發售新股的限制。

稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

財務概要

本集團過去五個財政年度之業績及資產負債摘要載於本年報第2頁。

購買、出售或購回上市證券

截至二零二二年十二月三十一日止年度，本公司或其附屬公司概無購買、出售或購回本公司上市證券。

購股權

購股權計劃於二零一四年四月七日(「採納日期」)舉行之股東週年大會獲本公司採納。

購股權計劃之目的乃讓本集團向指定參與者授予購股權，作為向此等人士對本集團作出之貢獻予以嘉獎或酬謝。所有董事、僱員、貨物或服務供應商、客戶、向本集團提供研究、發展或其他技術支援之人士或實體、本集團任何成員公司之股東、本集團之顧問或專業顧問及任何其他對本集團之發展曾作出貢獻或可透過合營企業、業務聯盟或其他業務安排作出貢獻之團體或類別之參與者均合資格參與購股權計劃。

董事會報告(續) REPORT OF THE DIRECTORS (CONTINUED)

SHARE OPTIONS *(Continued)*

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date with a remaining life of approximately one year.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 88,468,117 Shares, representing 10% of the Shares in issue on the Adoption Date and 9.64% of the Shares in issue as at the date of this annual report respectively (the "General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

As at 1 January 2022, 31 December 2022 and the date of this report, the number of Shares available for grant under the Share Option Scheme was 81,968,117 Shares, representing approximately 8.36% of the Shares in issue as at the date of this report.

The maximum 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 scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit").

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

購股權(續)

購股權計劃自採納日期起十年內有效，剩餘年期約為一年。

於購股權計劃及獲本集團採納之任何其他購股權計劃項下授出之全部購股權倘獲行使而可予配發及發行之股份總數不得超過88,468,117股股份，即採納日期已發行股份之10%及於本年報日期已發行股份9.64%（「一般計劃上限」）。本公司可於獲得股東批准下重訂該一般計劃上限，惟該重訂不得超過於獲股東通過之日本公司已發行股份之10%。

於二零二二年一月一日、二零二二年十二月三十一日及本報告日期，根據購股權計劃可供授出之股份數目為81,968,117股股份，相當於本報告日期之已發行股份約8.36%。

於購股權計劃及獲本集團採納之任何其他購股權計劃項下發行在外而尚未行使之全部購股權倘獲行使而可予發行之股份數目不得超過不時之已發行股份之30%。

除獲得本公司股東批准外，於購股權計劃及本集團之任何其他購股權計劃項下於任何十二個月內向各參與者授出之購股權（包括已行使或尚未行使者）倘獲行使而發行或可予發行之股份總數不得超過當時本公司已發行股份之1%（「個人上限」）。

參與者可於授出購股權要約日期起二十一日內接納購股權。於接納授出之購股權時，須繳付1港元之象徵代價。

SHARE OPTIONS *(Continued)*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

Further details of the Share Option Scheme as to the fair value of the share options granted are disclosed in note 17 to the financial statements. The fair values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The fair value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

購股權(續)

購股權可按照購股權計劃之條款於董事會釐定及通知各承授人之期限(期限由授出購股權要約當日之後一日開始,惟無論如何不得遲於購股權授出日期起計十年結束,並受購股權有關提早終止之條文限制)內隨時行使。除董事另有釐定並於向承授人發出之要約函件註明外,購股權計劃並無規定其行使前必須持有之最短時限。

根據購股權計劃,股份之認購價將由董事釐定,惟不得少於(以最高者為準)(i)授出購股權要約日期(須為營業日)在聯交所每日報價表上所示股份之收市價;(ii)緊接授出購股權要約日期前之五個交易日在聯交所每日報價表上所示股份之平均收市價;及(iii)股份之面值。

購股權計劃有關所授出購股權公平值的進一步詳情於財務報表附註17披露。由於模型的預期未來表現輸入數據之多項假設的主觀性質及不確定性,以及模型本身的若干固有限制使然,使用二項式模型計算的購股權公平值受若干基本限制所規限。購股權公平值隨若干主觀假設的不同變量而變化。所使用變量出現任何變動均可能對購股權公平值估計產生重大影響。

董事會報告(續) REPORT OF THE DIRECTORS (CONTINUED)

SHARE OPTIONS (Continued)

Movements of the share options granted under the Share Option Scheme during the year ended 31 December 2022 are summarised as follows and details of which are set out in note 18 to the consolidated financial statements:

購股權(續)

於截至二零二二年十二月三十一日止年度，根據購股權計劃授出之購股權之變動之概要如下，詳情載於綜合財務報表附註18：

List of grantees	Date of grant (Note)	Exercise period	Number of share options 購股權數目						Outstanding as at 31 December 2022 於二零二二年 十二月三十一日 未行使	Weighted average closing price immediately before the date(s) of exercise 加權平均收市價 HK\$ 港元	
			Closing price per Share immediately before the date of grant 緊接授出日期前 之每股收市價 HK\$ 港元	Exercise price per share 每股行使價 HK\$ 港元	Outstanding as at 1 January 2022 於二零二二年 一月一日 未行使	Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效			Cancelled during the year 於年內註銷
Related entity participant 關連實體參與者											
Mr. Hui Tsz Wai 許子慧先生	23 March 2015 二零一五年三月二十三日	1 January 2016 to 22 March 2025 二零一六年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	—	—	—	—	1,000,000	—
	23 March 2015 二零一五年三月二十三日	1 January 2017 to 22 March 2025 二零一七年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	—	—	—	—	1,000,000	—
	23 March 2015 二零一五年三月二十三日	1 January 2018 to 22 March 2025 二零一八年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	—	—	—	—	1,000,000	—
	28 December 2015 二零一五年十二月二十八日	1 January 2020 to 27 December 2025 二零二零年一月一日至 二零二五年十二月二十七日	5.84	5.70	200,000	—	—	—	—	200,000	—
	28 December 2015 二零一五年十二月二十八日	1 January 2021 to 27 December 2025 二零二一年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	—	—	—	—	300,000	—
Total 總計					3,500,000	—	—	—	—	3,500,000	

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

附註：購股權之歸屬期由授出日期起直至行使期間開始為止。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this report were:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Hui Tsz Wai (resignation effective on 31 March 2022)
Mr. Ting Leung Huel, Stephen*
Professor Cheng Longdi*
Professor Tao Xiaoming*

* Independent non-executive Directors

In accordance with Articles 108(A) and 108(B) of the Articles, Mr. Tang Daoping and Professor Cheng Longdi will retire as Directors by rotation and they, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang and Mr. Tang Daoping, all being executive Directors, has entered into a service contract with the Company for an initial term of one year commencing from 21 November 2015, and will continue thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter.

Each of Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi, all being independent non-executive directors, has been appointed for an initial term of one year commencing from their respective dates of appointment as an INED renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term, unless terminated by not less than three months' notice in writing at the end of the initial term or at any time thereafter.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

截至二零二二年十二月三十一日止年度及直至本報告日期，在任之董事如下：

洪天祝先生
朱永祥先生
湯道平先生
許子慧先生(於二零二二年三月三十一日辭任)
丁良輝先生*
程隆棣教授*
陶肖明教授*

* 獨立非執行董事

根據細則第108(A)及108(B)條，湯道平先生和程隆棣教授將輪值退任董事職務，彼等符合資格並願意於應屆股東週年大會上重選連任。

董事服務合約

執行董事洪天祝先生、朱永祥先生及湯道平先生已各自與本公司訂立服務合約，由二零一五年十一月二十一日起計，初步為期一年，將其後將繼續期一年，直至於初始期間結束時或其後任何時間，其中一方向另一方發出不少於三個月之書面通知終止為止。

丁良輝先生、陶肖明教授及程隆棣教授均為獨立非執行董事，分別獲委以一年初步任期，由獲委任為獨立非執行董事之日期起計，可於現有委任期屆滿後翌日自動續約一年，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

概無董事與本公司或其任何附屬公司訂立服務合同，而有關服務合同在未有支付法定賠償以外之賠償則不得由本集團於一年內予以終止。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

PERMITTED INDEMNITY PROVISION

The service contracts entered into by the Company with each of the Directors, which are currently in force and were in force during the year ended 31 December 2022, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the executive Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless any Directors on demand from and against any and all losses, claims, damages, liabilities, and expenses, including without limitation, any proceedings brought against such Directors, arising from the performance of his duties pursuant to or his appointment under the service contracts, so far as permitted by law, except in any case where the matter in respect of which indemnification is sought was caused by the default, neglect, omission or fraud of the executive Directors. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 December 2022, no claims were made against the Directors.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID DIRECTORS/EMPLOYEES AND SENIOR MANAGEMENT

Details of the emoluments of the Directors on a named basis during the year ended 31 December 2022 are set out in note 40 to the accompanying financial statements.

Details of the five highest paid individuals during the year ended 31 December 2022 are set out in note 29 to the accompanying financial statements.

獲准許的彌償條文

本公司與各董事訂立之服務合約(目前生效及於截至二零二二年十二月三十一日止年度生效)載有的彌償條文,屬香港法例第622章公司條例的獲准許彌償條文,惟受當中第468及469條列明的若干限制所限,並以董事為受益人。根據該等條文,本公司應就任何董事在法律允許情況下,根據服務合約下的委任履行職務所產生的任何及所有損失、申索、損害、責任及開支,包括但不限於向該董事提出的任何訴訟,向該董事作出彌償及應要求使該董事免受其損害,惟倘因執行董事違約、疏忽、遺漏或欺詐而索取彌償的任何情況,則作別論。本公司亦已投購及維持適當保險,保障董事不承擔公司活動可能產生的責任。保險保障獲每年檢討。於截至二零二二年十二月三十一日止年度,概無對董事作出申索。

獨立非執行董事之獨立性

本公司已獲得各獨立非執行董事確認其獨立性,而根據上市規則第3.13條所載指引,本公司認為其各人均為獨立。

董事、五位最高薪之董事／僱員及高級管理層之酬金

截至二零二二年十二月三十一日止年度內根據指名基準之董事酬金詳情載於隨附之財務報表附註40。

截至二零二二年十二月三十一日止年度內之五位最高薪人士之詳情載於隨附之財務報表附註29。

EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID DIRECTORS/EMPLOYEES AND SENIOR MANAGEMENT (Continued)

During the year ended 31 December 2022, the remuneration of the senior management by band is set out as follows:

董事、五位最高薪之董事／僱員及高級管理層之酬金(續)

以下為截至二零二二年十二月三十一日止年度高級管理層之薪酬範圍分析：

Remuneration bands 薪酬範圍		Number of senior management 高級管理層人數
Below RMB1,000,000	人民幣1,000,000元以下	1
RMB1,000,001 to RMB2,000,000	人民幣1,000,001元至人民幣2,000,000元	1
RMB2,000,001 to RMB3,000,000	人民幣2,000,001元至人民幣3,000,000元	1
RMB3,000,001 to RMB4,000,000	人民幣3,000,001元至人民幣4,000,000元	0
RMB4,000,001 to RMB5,000,000	人民幣4,000,001元至人民幣5,000,000元	0
Above RMB5,000,000	人民幣5,000,000元以上	0

REMUNERATION POLICY

Remuneration policy of the Group is reviewed regularly, making reference to the legal framework, market condition and performance of the Group and individual staff including the Directors. The remuneration policy and remuneration packages of the executive Directors and the senior management of the Group are reviewed by the Remuneration Committee, which are contained in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" of this annual report.

薪酬政策

本集團參考法定架構、市場狀況及本集團及個別員工(包括董事)之表現，定期檢討其薪酬政策。薪酬委員會負責檢討本集團執行董事及高級管理層之薪酬政策及薪酬組合，詳情載於本年度報告「企業管治報告」一節「薪酬委員會」一段內。

RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 29 to the accompanying financial statements.

退休福利計劃

本集團退休福利計劃之詳情載於隨附之財務報表附註29。

All of the Group's retirement benefit schemes are defined contribution schemes. All contributions are vested immediately when contributed and no contribution may be forfeited to reduce the existing levels of contributions by the Group.

本集團所有退休福利計劃均為界定供款計劃。所有供款在供款時即時歸屬，不得就降低本集團現有供款水平放棄供款。

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "SHARE OPTIONS" above, there was no equity-linked agreement entered into by the Company, or which subsisted, during or at the end of the year ended 31 December 2022.

股權掛鈎協議

除上文「購股權」一節所披露者外，於截至二零二二年十二月三十一日止年度內或該日結束時，本公司概無訂立任何股權掛鈎協議或有關協議存續。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as at the date of this annual report are set out on pages 58 to 61 of this annual report.

董事及高級管理人員之個人簡歷

董事及高級管理人員於本年報日期之個人簡歷載於本年報第58至61頁。

董事會報告(續) REPORT OF THE DIRECTORS (CONTINUED)

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

As at 31 December 2022, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零二二年十二月三十一日，本公司各董事及主要行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條，紀錄於本公司須予存置之登記冊內之權益及淡倉，或根據上市規則所載的標準守則規定須以其他方式通知本公司及聯交所之權益及淡倉如下：

Name of directors of the Company 本公司董事姓名	Name of Group member/ associated corporation 本集團成員公司/ 相聯法團名稱	Nature of interest 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Approximate percentage 概約百分比
Mr. Hong Tianzhu 洪天祝先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人權益	544,742,400 (L) (Note 2) (附註2)	59.34%
	the Company 本公司	Beneficial owner 實益擁有人	5,400,000 (L)	0.59%
			550,142,400 (L)	59.93%
Mr. Zhu Yongxiang 朱永祥先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人權益	219,900,000 (L) (Note 3) (附註3)	23.95%
Mr. Tang Daoping 湯道平先生	the Company 本公司	Beneficial owner 實益擁有人	1,253,000 (L)	0.14%

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

(Continued)

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Among these 544,742,400 Shares, as to 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly owned by Mr. Hong Tianzhu and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited. Under the SFO, Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited. Mr. Hong Tianzhu is a director of Texhong Group Holdings Limited, New Green Group Limited and Trade Partner Investments Limited.
3. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited. Mr. Zhu Yongxiang is a director of Wisdom Grace Investments Limited and Trade Partner Investments Limited.

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

So far as the Directors are aware, as at 31 December 2022, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 「L」代表該人士於股份之好倉。
2. 該等544,742,400股股份中392,842,400股以New Green Group Limited(其全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited(洪天祝先生透過New Green Group Limited實益擁有其全部已發行股份的57.44%權益)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生被視為於New Green Group Limited及Trade Partner Investments Limited持有之所有股份佔有權益。洪天祝先生為Texhong Group Holdings Limited、New Green Group Limited及Trade Partner Investments Limited之董事。
3. 該等219,900,000股股份中68,000,000股以Wisdom Grace Investments Limited(其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited(朱永祥先生透過Wisdom Grace Investments Limited實益擁有其全部已發行股份的42.56%權益)名義及作為實益擁有人登記。朱永祥先生為Wisdom Grace Investments Limited及Trade Partner Investments Limited之董事。

主要股東在本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零二二年十二月三十一日，於本公司或其相聯法團股份、相關股份或債權證中擁有根據證券及期貨條例第336條紀錄於本公司須予存置之登記冊內之權益或淡倉的人士(惟本公司之董事或行政總裁除外)如下：

董事會報告(續) REPORT OF THE DIRECTORS (CONTINUED)

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

(Continued)

主要股東在本公司股份、相關股份及
債權證之權益及淡倉(續)

Ordinary Shares of the Company:

本公司之普通股：

Name of the substantial shareholders 主要股東姓名／名稱	Nature of interests 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Approximate percentage 概約百分比
New Green Group Limited	Beneficial owner 實益擁有人	392,842,400 (L) (Note 2) (附註2)	42.79%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.55%
		544,742,400 (L)	59.34%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	151,900,000 (L) (Note 3) (附註3)	16.55%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	68,000,000 (L) (Note 4) (附註4)	7.41%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.55%
		219,900,000 (L)	23.95%
Texhong Group Holdings Limited	Interest of controlled corporation(s) 所控制法人權益	544,742,400 (L) (Notes 2 and 3) (附註2及3)	59.34%
Ms. Ke Luping 柯綠萍女士	Interest of spouse 配偶權益	550,142,400 (L) (Note 5) (附註5)	59.93%
Ms. Zhao Zhiyang 趙志楊女士	Interest of spouse 配偶權益	219,900,000 (L) (Note 6) (附註6)	23.95%
Mr. Hui Ching Lau 許清流先生	Interest of controlled corporation(s) 所控制法人權益	64,200,000 (L) (Note 7) (附註7)	6.99%
Event Star Limited	Beneficial owner 實益擁有人	64,200,000 (L) (Note 7) (附註7)	6.99%

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

(Continued)

Notes:

- The letter "L" denotes the person's long position in the Shares.
- These 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Texhong Group Holdings Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.
- These 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited and 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited. Under the SFO, each of Mr. Hong Tianzhu, Texhong Group Holdings Limited, Mr. Zhu Yongxiang, New Green Group Limited and Wisdom Grace Investments Limited is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
- These 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
- Ms. Ke Luping is the spouse of Mr. Hong Tianzhu. Under the SFO, Ms. Ke Luping is deemed to be interested in the same number of Shares in which Mr. Hong Tianzhu is interested.
- Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited. Ms. Zhao Zhiyang is the spouse of Mr. Zhu Yongxiang. Under the SFO, Ms. Zhao Zhiyang is deemed to be interested in the same number of shares in which Mr. Zhu Yongxiang is interested.
- These 64,200,000 Shares are registered in the name of and beneficially owned by Event Star Limited, a company which is 100% controlled by Mr. Hui Ching Lau. Under the SFO, Mr. Hui Ching Lau is deemed to be interested in all the Shares held by Event Star Limited.

主要股東在本公司股份、相關股份及債權證之權益及淡倉(續)

附註：

- 「L」代表該人士於股份之好倉。
- 該等392,842,400股股份以New Green Group Limited(其全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記。根據證券及期貨條例，Texhong Group Holdings Limited及洪天祝先生均被視為於New Green Group Limited持有之所有股份佔有權益。
- 該等151,900,000股股份以Trade Partner Investments Limited(其全部已發行股本由洪天祝先生(透過New Green Group Limited)及朱永祥先生(透過Wisdom Grace Investments Limited)分別實益擁有57.44%及42.56%)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生、Texhong Group Holdings Limited、朱永祥先生、New Green Group Limited及Wisdom Grace Investments Limited分別被視為於Trade Partner Investments Limited持有之所有股份佔有權益。
- 該等68,000,000股股份以Wisdom Grace Investments Limited(其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於Wisdom Grace Investments Limited持有之所有股份佔有權益。
- 柯綠萍女士為洪天祝先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪天祝先生佔有權益之同樣數目股份佔有權益。
- 該219,900,000股股份中68,000,000股以Wisdom Grace Investments Limited(其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited(朱永祥先生透過Wisdom Grace Investments Limited實益擁有其全部已發行股份的42.56%權益)名義及作為實益擁有人登記。趙志揚女士為朱永祥先生之配偶。根據證券及期貨條例，趙志揚女士被視為於朱永祥先生佔有權益之同樣數目股份佔有權益。
- 該等64,200,000股股份以Event Star Limited之名義登記及由其實益擁有，而該公司完全由許清流先生控制。根據證券及期貨條例，許清流先生被視為於Event Star Limited持有之所有股份中擁有權益。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Options” above, at no time during or at the end of the year ended 31 December 2022 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of Shares in or debenture of the Company or any of its subsidiaries.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transactions as set out in note 38 of the financial statements and in the section headed “Connected transactions” in this annual report, no Director nor an entity connected with such director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year.

Save as disclosed in the related party transactions as set out in note 38 of the financial statements and in the section headed “Connected transactions” in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

In addition, no contract of significance for the provision of services to the Company or any of its subsidiaries was entered into between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year.

購買股份或債權證之安排

除上述「購股權」一節披露者外，截至二零二二年十二月三十一日止年度內或於該日結束時，本公司、其控股公司或其附屬公司概無參與訂立安排讓董事(包括其配偶或未滿十八歲之子女)以透過收購本公司或其任何附屬公司之股份或債權證之方法獲得利益。

重大合約

除本年報財務報表附註38及「關連交易」一節所載之關連方交易所披露之外，概無董事或與該董事有關連之實體於任何就本集團業務而言屬重大且本公司或其任何附屬公司為訂約方並於年終或年內任何時間存在的交易、安排或合約中擁有重大權益(不論直接或間接)。

除本年報財務報表附註38及「關連交易」一節所載之關連方交易所披露之外，本公司或其任何附屬公司及本公司或其任何附屬公司之控股股東(定義見上市規則)之間概無訂立重大合約。

此外，本公司或其任何附屬公司與控股股東或其任何附屬公司並無訂立向本公司或其任何附屬公司提供服務之重大合約。

管理層合約

概無有關本公司整體或任何重大部分業務之管理及行政之合約(並非與任何董事或獲本公司委聘擔任全職工作之任何人士)獲訂立或存續。

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, the percentages of purchases and sales attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	15.4%
— five largest suppliers combined	29.4%
Sales	
— the largest customer	3.2%
— five largest customers combined	11.0%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers of the Group noted above.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group had conducted the following connected transactions which were required to be disclosed pursuant to Rule 14A.71 of the Listing Rules:

Continuing connected transactions — Utilities, Wastewater Treatment Services and Administrative Services Agreement

On 25 August 2021, Texhong Industrial Park Vietnam Limited ("Texhong Industrial Park") and the Company entered into a master supply agreement (the "Master Supply Agreement") pursuant to which Texhong Industrial Park agreed to provide and supply utilities, wastewater treatment service and administrative services (the "Services") to the Group for its uses at the production facilities operated by the Group at the Texhong Haiha Industrial Park (the "Industrial Park") with effect from 1 January 2022 to 31 December 2022.

Consideration for the Services were determined with operating costs attributable to supply of the Service incurred by Texhong Industrial Park, and/or additional factors where applicable, such as government-prescribed prices (in the case of supply of power and water), the prevailing market price of the resource (in the case of supply of gas) and prevailing market prices of comparable services (in the case of wastewater treatment services provided).

The annual cap for the Master Supply Agreement was set at RMB430 million (equivalent to approximately HK\$517.2 million), which had been determined by reference to the Group's estimated demand for the Services. The actual cost of the Services under the Master Supply Agreement for the year ended 31 December 2022 was approximately RMB295 million (approximately HK\$330 million).

主要客戶及供應商

截至二零二二年十二月三十一日止年度，本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額	
— 最大供應商	15.4%
— 五位最大供應商合計	29.4%
銷售額	
— 最大客戶	3.2%
— 五位最大客戶合計	11.0%

董事、彼等之緊密聯繫人或任何股東(指據董事所知擁有本公司5%以上股本權益之股東)並無於上述之本集團主要供應商或客戶中擁有任何權益。

關連交易

於截至二零二二年十二月三十一日止年度，本集團已進行以下關連交易，須根據上市規則第14A.71條披露：

持續關連交易— 能源用水、污水處理服務及行政服務協議

於二零二一年八月二十五日，天虹工業園區越南有限公司(「天虹工業園區」)與本公司訂立供應總協議(「供應總協議」)，據此，天虹工業園區同意向本集團提供並供應水電、廢水處理服務及行政服務(「服務」)，於二零二二年一月一日至二零二二年十二月三十一日期間供本集團於天虹海河工業園(「工業區」)所營運生產設施使用。

服務的代價乃按天虹工業園區所產生提供服務應佔經營成本及/或政府訂明價格(就供應電力及水而言)、資源當前市價(就供應氣體而言)及可資比較服務當前市價(就提供污水處理服務而言)等額外因素(如適用)而釐定。

總供應協議之年度上限定為人民幣4.30億元(相等於約5.172億港元)，乃參考本集團對服務的估計需求而釐定。總供應協議項下服務於截至二零二二年十二月三十一日止年度之實際成本約為人民幣2.95億元(約3.30億港元)。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions — Utilities, Wastewater Treatment Services and Administrative Services Agreements *(Continued)*

Please refer to the announcement of the Company dated 25 August 2021 for further details of the Master Supply Agreement.

Listing Rules implications

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Company and an executive Director and Mr. Zhu Yongxiang, the chief executive officer of the Group and an executive Director. Therefore, the transactions contemplated under the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed and confirmed that the aforementioned continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. PricewaterhouseCoopers, the auditors of the Company, has issued a letter to the Company to confirm the matters stated in Rule 14A.56 of the Listing Rules.

Continuing connected transaction entered into subsequent to 31 December 2022 — Utilities Supply Framework Agreement

Since the completion of the Acquisition had been expected to take place on or around 31 March 2023, in the meantime, to secure continual supply of utilities by Texhong Industrial Park to the Group for its operations at the Industrial Park and to ensure compliance with Listing Rules for setting an annual cap for continuing connected transactions, on 3 February 2023, Texhong Industrial Park and the Company entered into an agreement (the “Utilities Supply Framework Agreement”) pursuant to which Texhong Industrial Park supplied utilities to the Group for its production facilities at the Industrial Park with effect from 1 January 2023 up to the completion date of the Asset Purchase Agreement.

The Directors had anticipated that the aggregate annual fee payable by the Company to Texhong Industrial Park under the Utilities Supply Framework Agreement for the year ending 31 December 2023 would be RMB26 million. The annual cap had been determined by the Directors with reference to the Group’s estimated demand for supply of utilities for production for the year ending 31 December 2023 assuming the completion under the Asset Purchase Agreement shall take place on or around 31 March 2023.

關連交易(續)

持續關連交易— 能源用水、污水處理服務及行政服務協議(續)

有關總供應協議之進一步詳情，請參閱本公司日期為二零二一年八月二十五日之公佈。

上市規則之涵義

天虹工業園區為本公司主席兼執行董事洪天祝先生及本集團行政總裁兼執行董事朱永祥先生之聯繫人，故屬本公司之關連人士。因此，供應總協議項下擬進行交易構成上市規則第14A章項下本公司之持續關連交易。

就上市規則第14A.55條而言，獨立非執行董事已檢討及確認本集團上述持續關連交易(i)乃於本集團日常及一般業務過程中；(ii)按正常或更佳商業條款；及(iii)根據規範交易的相關協議按公平合理條款訂立，符合本公司股東整體利益。本公司核數師羅兵咸永道會計師事務所已向本公司發出函件，確認上市規則第14A.56條所述事項。

於二零二二年十二月三十一日後訂立之持續關連交易 — 能源用水供應框架協議

由於預期收購事項將於二零二三年三月三十一日或前後完成，同時，為確保天虹工業園區向本集團持續供應能源用水以供其於工業園營運之用，並確保遵守上市規則有關設定持續關連交易之年度上限之規定，於二零二三年二月三日，天虹工業園區與本公司訂立協議（「能源用水供應框架協議」），據此，天虹工業園區將向本集團供應能源用水以供其於工業園之生產設施之用，自二零二三年一月一日起至資產購買協議完成日期止生效。

董事預期，本公司根據能源用水供應框架協議就截至二零二三年十二月三十一日止年度應付天虹工業園區之全年費用總額為人民幣2,600萬元。該年度上限乃由董事經參考本集團於截至二零二三年十二月三十一日止年度就供應用於生產之能源用水之估計需求，並假設將於二零二三年三月三十一日或前後根據資產購買協議完成而釐定。

CONNECTED TRANSACTIONS (Continued)

Continuing connected transaction entered into subsequent to 31 December 2022 — Utilities Supply Framework Agreement (Continued)

As disclosed in the section headed “Events after the Reporting Period” in this report, the parties to the Asset Purchase Agreement have scheduled for completion of the Acquisition to take place on 31 March 2023 and consequently, the continuing connected transactions contemplated under the Utilities Supply Framework Agreement will also cease immediately upon completion of the Acquisition on 31 March 2023.

Please refer to the announcement of the Company dated 3 February 2023 for further details of the Utilities Supply Framework Agreement and Master Supply Agreement.

Continuing connected transaction entered into subsequent to 31 December 2022 — Wastewater Treatment and Administrative Services Framework Agreement

As the Master Supply Agreement had expired on 31 December 2022, to ensure continual provision of wastewater treatment services and administrative services by Texhong Industrial Park to the Group, on 17 January 2023, Texhong Industrial Park and the Company entered into a framework agreement (the “Wastewater Treatment and Administrative Services Framework Agreement”) pursuant to which Texhong Industrial Park shall provide wastewater treatment services and administrative services to the Group with effect from 1 January 2023 to 31 December 2025.

The Directors anticipate that the aggregate annual fee payable by the Company to Texhong Industrial Park under the Wastewater Treatment and Administrative Services Framework Agreement for the three years ending 31 December 2025 are RMB29 million, RMB33 million and RMB36 million, respectively. The annual caps were determined by the Directors with reference to the Group’s estimated demand for wastewater treatment services and administrative services for the three years ending 31 December 2025, which have been assessed with reference to the estimated output from the available production capacity of the Group’s production facilities at the Industrial Park and the business development needs of the Group, respectively.

Please refer to the announcement of the Company dated 17 January 2023 and the section headed “Connected Transactions” for further details of the Wastewater Treatment and Administrative Services Framework Agreement and Master Supply Agreement, respectively.

關連交易(續)

於二零二二年十二月三十一日後訂立之持續關連交易 — 能源用水供應框架協議(續)

誠如本報告「報告期後事件」一節所披露，資產購買協議之訂約方已定於二零二三年三月三十一日完成收購事項，故能源用水供應框架協議項下擬進行之持續關連交易亦將於緊隨於二零二三年三月三十一日完成收購事項後終止。

有關能源用水供應框架協議及供應總協議的進一步詳情，請參閱本公司日期為二零二三年二月三日之公佈。

於二零二二年十二月三十一日後訂立之持續關連交易 — 污水處理及行政服務框架協議

由於供應總協議已於二零二二年十二月三十一日屆滿，為確保天虹工業園區繼續向本集團提供污水處理服務及行政服務，於二零二三年一月十七日，天虹工業園區與本公司訂立框架協議（「污水處理及行政服務框架協議」），據此，天虹工業園區將自二零二三年一月一日起至二零二五年十二月三十一日向本集團提供污水處理服務及行政服務。

董事預期，本公司根據污水處理及行政服務框架協議就截至二零二五年十二月三十一日止三個年度應付天虹工業園區之全年費用總額分別為人民幣2,900萬元、人民幣3,300萬元及人民幣3,600萬元。該等年度上限乃由董事經參考本集團截至二零二五年十二月三十一日止三個年度就污水處理服務及行政服務的估計需求（已分別參考本集團於工業園之生產設施的可用產能的估計產量及本集團的業務發展需求進行評估）而釐定。

有關污水處理及行政服務框架協議及供應總協議的進一步詳情，請參閱本公司日期為二零二三年一月十七日之公佈及「關連交易」一節。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS *(Continued)*

Connected transaction — acquisition of assets in Vietnam

On 7 November 2022, the Hong Kong Subsidiary entered the Asset Purchase Agreement pursuant to which the Hong Kong Subsidiary conditionally agreed to purchase and Texhong Industrial Park conditionally agreed to sell two parcels of industrial land located in the Industrial Park with an aggregate site area of approximately 141,609.88 square meters and certain infrastructure erected thereon (the “Assets”) at a maximum consideration of US\$54.6 million. The purpose of acquiring the Assets was mainly to allow the Group to internally generate supply of certain utilities for use by members of the Group, instead of paying monthly fee to Texhong Industrial Park for procuring the same and thereby reduce the Group’s reliance on Texhong Industrial Park.

The consideration shall be paid in instalments and was determined after arm’s length negotiation between the Group and Texhong Industrial Park on normal commercial terms with reference to (i) the aggregate valuation of the Assets as at 30 September 2022; and (ii) the estimated costs of the Assets being constructed incurred or to be incurred during 1 October 2022 and up to completion of the acquisition of the Assets in accordance with the terms of the Asset Purchase Agreement.

For the connected relationship between Texhong Industrial Park and the Company, please refer to section headed “Connected transaction — lease of land in Texhong Industrial Park” above.

Please refer to the announcements of the Company dated 7 November 2022 and 8 December 2022 for further details.

For subsequent developments in regards to the Asset Purchase Agreement since 31 December 2022, please refer to the section headed “Subsequent Events after the Reporting Period”.

Related-party transactions disclosed in note 38 to the consolidated financial statements constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal of subsidiaries or, associates and joint ventures by the Company during the year ended 31 December 2022.

關連交易(續)

關連交易 — 收購越南資產

於二零二二年十一月七日，香港附屬公司訂立資產購買協議，據此，香港附屬公司有條件同意購買而天虹工業園區有條件同意出售兩幅總地盤面積約141,609.88平方米位於工業區之工業土地以及建於其上之若干基建（「該等資產」），最高代價為5,460萬美元。收購該等資產之目的主要為容許本集團內部產生若干能源用水以供本集團成員公司使用，而毋須向天虹工業園區支付月費以採購能源用水，因而減少本集團依賴天虹工業園區。

代價將分期支付，並由本集團與天虹工業園區按一般商業條款公平磋商釐定，並已參考(i)該等資產於二零二二年九月三十日之獨立估值；及(ii)該等資產於二零二二年十月一日及截至完成根據資產購買協議之條款收購該等資產產生或將產生之估計成本。

有關天虹工業園區與本公司之間的關連關係，請參閱上文「關連交易 — 租賃天虹工業園區的土地」一節。

有關進一步詳情，請參閱本公司日期為二零二二年十一月七日及二零二二年十二月八日之公佈。

有關自二零二二年十二月三十一日起資產購買協議的後續發展，請參閱「報告期後事項」一節。

綜合財務報表附註38披露的關聯方交易構成上市規則第14A章項下關連交易或持續關連交易。本公司已根據上市規則第14A章遵守適用的披露規定。

重大收購及出售事項

本公司於截至二零二二年十二月三十一日止年度無重大收購及出售附屬公司或聯營公司和合營公司事項。

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held during the year ended 31 December 2022, and the Company does not have any future plan for material investments or capital assets as at the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the financial year ended 31 December 2022.

AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Ting Leung Huel, Stephen is the chairman of the Audit Committee. The rights and duties of the Audit Committee comply with the code provisions of the CG Code. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The Audit Committee had reviewed the audited results of the Group for the year ended 31 December 2022.

NOMINATION COMMITTEE

The Company has established the Nomination Committee pursuant to a resolution of the Directors passed on 19 March 2012. The Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

所持重大投資及有關重大投資或資本資產的未來計劃

截至二零二二年十二月三十一日止年度並無重大投資，於本報告日期，本公司並無有關重大投資或資本資產的未來計劃。

公眾持股量

根據於本年報刊發前之最後實際可行日期本公司獲得之公開資料及據董事所知，本公司於截至二零二二年十二月三十一日止財政年度任何時間已發行股份均有充分之指定公眾持股量，符合上市規則。

審核委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立審核委員會。審核委員會由三名獨立非執行董事組成，包括丁良輝先生、陶肖明教授及程隆棣教授，丁良輝先生為審核委員會主席。審核委員會所採納的權力及職責符合企業管治守則之守則條文。審核委員會負責審閱及監督本集團之財務匯報程序及內部監控制度，並向董事會提供意見及推薦建議。

審核委員會已審閱本集團截至二零二二年十二月三十一日止年度之經審核業績。

提名委員會

根據董事於二零一二年三月十九日通過的一項決議案，本公司已成立提名委員會。提名委員會由執行董事兼本公司主席洪天祝先生及三名獨立非執行董事組成，該三名獨立非執行董事分別為陶肖明教授、程隆棣教授及丁良輝先生。洪天祝先生為提名委員會主席。提名委員會所採納的職權範圍符合企業管治守則之守則條文。提名委員會獲提供充分資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

董事會報告(續)

REPORT OF THE DIRECTORS (CONTINUED)

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Ting Leung Huel, Stephen is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the code provisions of the CG Code. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Company has established the ESG Committee on 23 August 2021. The ESG Committee currently comprises four members, namely, Mr. Tang Daoping (chairman), Prof. Tao Xiaoming, Prof. Cheng Longdi and Mr. Ting Leung Huel, Stephen. Mr. Hui Tsz Wai ceased to be a member on 31 March 2022. The ESG Committee is mainly responsible for overseeing and reporting to the Board on matters relating to ESG of the Group and ensuring compliance with legal and regulatory requirements on ESG including corporate governance principles applicable to the Company.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2022, the Group made charitable contributions amounted to approximately RMB4,765,000.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries that would have a material adverse effect on the financial condition or results of operation of the Group during the year ended 31 December 2022.

薪酬委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立薪酬委員會。薪酬委員會由三名獨立非執行董事丁良輝先生、陶肖明教授及程隆棣教授組成。丁良輝先生為薪酬委員會主席。薪酬委員會已採納與企業管治守則之守則條文一致的權力及職責。薪酬委員會主要負責擬訂本集團董事及高級管理層的所有酬金政策及架構，向董事會提供意見及建議。

環境、社會及管治委員會

本公司於二零二一年八月二十三日成立ESG委員會。ESG委員會目前由四名成員組成，分別為湯道平先生(主席)、陶肖明教授、程隆棣教授及丁良輝先生。許子慧先生於二零二二年三月三十一日起不再為成員。ESG委員會主要負責監督並向董事會彙報與本集團ESG有關之事宜，並負責確保遵守包括適用於本公司企業管治原則在內有關ESG之法律及監管規定。

慈善捐款

截至二零二二年十二月三十一日止年度，本集團作出慈善捐款約人民幣4,765,000元。

訴訟

於截至二零二二年十二月三十一日止年度，本公司或其任何附屬公司概無牽涉於任何重大訴訟或仲裁，而據董事所知，本公司或其任何附屬公司並無涉及任何會對本集團財務狀況或經營業績構成重大不利影響之待決或面臨威脅之重大訴訟或索償。

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Hong Tianzhu

Chairman

Hong Kong, 28 March 2023

核數師

財務報表已經由羅兵咸永道會計師事務所審核。該核數師將任滿告退，其合資格並願意於即將舉行的股東週年大會上獲續聘。

承董事會命

洪天祝

主席

香港，二零二三年三月二十八日



To the Shareholders of Texhong International Group Limited
(formerly known as Texhong Textile Group Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Texhong International Group Limited (formerly known as Texhong Textile Group Limited) (the "Company") and its subsidiaries (the "Group"), which are set out on pages 94 to 228, comprise:

- the consolidated balance sheet as at 31 December 2022;
- 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 cash flow statement 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 2022, 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

致天虹國際集團有限公司
(前稱天虹紡織集團有限公司)全體股東
(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核

列載於第94至228頁天虹國際集團有限公司(前稱天虹紡織集團有限公司)(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，其中包括：

- 於二零二二年十二月三十一日的綜合資產負債表；
- 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，其中包括重要會計政策及其他說明資料。

我們的意見

我們認為，綜合財務報表已根據香港會計師公會(「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」)真實而公平地反映貴集團於二零二二年十二月三十一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，並已按照香港公司條例的披露規定妥為編製。



羅兵咸永道

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We 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 MATTER

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.

意見基準

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。我們於該等準則下的責任於我們的報告的核數師就審核綜合財務報表須承擔的責任一節內詳述。

我們相信，我們所獲得的審核憑證能充分和適當地為我們的意見提供基礎。

獨立性

根據香港會計師公會的「專業會計師道德守則」(「守則」)，我們獨立於貴集團，並已遵循守則履行其他道德責任。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在審核整體綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

獨立核數師報告(續)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)



羅兵咸永道

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

我們在審核中識別出關鍵審核事項概述如下：

- Revenue recognition: Sales of goods
- Income recognition: Goods sales
- Impairment provision for inventories
- Inventory impairment provision

Key Audit Matter 關鍵審核事項

How our audit addressed the Key Audit Matter 我們在審核中處理關鍵審核事項的方法

Revenue recognition: Sales of goods 收入確認：商品銷售

Refer to Note 2.29 and Note 5 to the consolidated financial statements
請參閱綜合財務報表附註2.29及附註5

During the year ended 31 December 2022, the Group recognised RMB23,805,354,000 of revenue from sales of goods.
於截至二零二二年十二月三十一日止年度，貴集團已確認商品銷售收入為人民幣23,805,354,000元。

Revenue is recognised when control of the underlying products has been transferred to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

收入於相關產品的控制權已轉嫁予客戶時確認。當產品船運至指定地點、陳舊風險及損失已轉移至客戶，且客戶已根據銷售合同接納產品，則發生交付。

We understood, evaluated and validated management's key controls in respect of the Group's process of recognition of sales transactions, including contract approval, recording of sales based on contract terms, and reconciliations with cash receipts and customers' goods receipt notes.

我們就貴集團確認銷售交易之程序，包括合約批准、記錄按合約條款之銷售及已收現金及客戶商品收據對賬，理解、評估及核實管理層之關鍵控制。

We tested the revenue derived from different customers and different locations for selected samples by examination of the relevant supporting documents, including sales orders, invoices, goods delivery notes and customer's receipt notes to revenue recorded.

透過檢查銷售訂單、發票及已記賬收入之送貨單及客戶收據等相關證明文件，我們按經挑選的樣本測試不同客戶及不同地點產生的收入。

We confirmed selected trade receivables balances as at the balance sheet date. The items tested were selected on a sample basis by considering the amount, nature and characteristics of the customers.

我們詢證經挑選的於資產負債表日的應收貿易款項結餘。測試項目經考慮客戶的數額、性質及特點後抽樣選擇。



Key Audit Matter
關鍵審核事項

How our audit addressed the Key Audit Matter
我們在審核中處理關鍵審核事項的方法

We focused on this area due to the huge volume of sales transactions generated in various locations and from decentralised customers, and thus significant audit time and resources were devoted in this area, in particular relating to the occurrence, accuracy and timely recording of such transactions.

由於自不同地區及分散的客戶產生大量銷售交易，故我們著重此方面，並投入大量審核時間與資源到此領域中，尤其是與有關交易的發生、準確性及及時記錄相關的事宜。

We tested sales transactions that took place shortly before and after the balance sheet date to assess whether revenue was recognised in the correct reporting periods. 我們測試資產負債表日前後不久發生的銷售交易，以評估收入是否在正確的報告期內確認。

We tested post balance sheet date sales return, on a sample basis, by tracing to the relevant supporting documents of the original sales and the sales return. 我們透過追蹤原始銷售及銷售退貨的相關證明文件，抽樣測試資產負債表日期後的銷售退貨。

Based on our audit procedures, we found the Group's revenue recognition in relation to sales of goods was supported by the relevant evidence that we have gathered. 基於審核程序，我們發現貴集團關於商品銷售的收入確認得到所收集相關證據支持。

Impairment provision for inventories
存貨減值撥備

Refer to Note 2.16, Note 4.1 and Note 13 to the consolidated financial statements.
請參閱綜合財務報表附註2.16、附註4.1及附註13。

We understood, evaluated and validated management's key controls and assessment process of impairment provision for inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

我們透過計量估計不確定性的程度及其他固有風險因素的水平，例如複雜性、主觀性、變動及對管理層偏見或欺詐的敏感度，以理解、評估及核實管理層的存貨減值撥備關鍵控制及評估流程，並評估重大錯報的固有風險。

As at 31 December 2022, the Group's balance of gross inventories was RMB8,194,991,000, against which a provision of RMB604,886,000 was made.
於二零二二年十二月三十一日，貴集團的總存貨結餘為人民幣8,194,991,000元，並就此作出人民幣604,886,000元的撥備。

We discussed with management and evaluated the appropriateness of the method and assumptions used in impairment provision for inventories. 我們已與管理層進行討論，並評估存貨減值撥備所使用的方法及假設的適當性。

Inventories are stated at the lower of cost and net realisable value. 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.

存貨以成本及可變現淨值的較低者列賬。可變現淨值為日常業務過程中估計售價(扣除估計完成成本及銷售所需的估計成本)。

We evaluated the outcome of prior period assessment to assess the effectiveness of management's estimation process. 我們評價過往期間評估的結果，以衡量管理層估計過程的有效性。



Key Audit Matter
關鍵審核事項

How our audit addressed the Key Audit Matter
我們在審核中處理關鍵審核事項的方法

The estimation of impairment provision for inventories involves significant management judgements based on the consideration of key factors such as aging profile, prior experiences, estimated future selling prices and selling expenses.
存貨減值撥備估算涉及管理層根據關鍵因素考量的重大判斷，例如賬齡狀況、過往經驗、預計未來售價及銷售費用。

We focused on this area due to the size of the balances and the judgement exercised by management in determining the net realisable value of the inventories. 我們專注於此範疇，是基於該等結餘的規模以及管理層在釐定存貨的可變現淨值時涉及判斷。

We tested the aging profile of inventories items on a sample basis by checking to relevant documents including goods receipt notes.
我們通過核對相關文件(包括收貨單)，按抽樣基準對存貨項目的賬齡狀況進行測試。

We checked the mathematical accuracy of the calculation of the provision for inventories.
我們已檢查存貨撥備計算在數理上的準確性。

We compared the selling price used in the determination of net realisable value to actual selling price subsequent to year end. We assessed the reasonableness and the accuracy of the estimated selling expenses, estimated costs to completion and other costs necessary to make the sale by comparing with the historical selling expenses, costs to completion, and other costs necessary to make the sale for the similar inventories.
我們比較用以釐定可變現淨值的售價與年末以後的實際售價。我們評估估計銷售開支、完成的估計成本及作出銷售所需的成本的合理性及準確性，方式為比較類似存貨的歷史銷售開支、完成成本及作出銷售所需的其他成本。

We observed the physical condition of inventories during stocktake to identify if any inventories were damaged and inquired management if appropriate inventories provision has been made.
我們在存貨盤點期間觀察存貨的實際狀況，以確定存貨是否出現損壞，並詢問管理層是否已作出適當的存貨撥備。

Based on our audit procedures, we found the assumptions adopted and judgement applied by management in the determination of impairment provision for inventories was supported by the relevant evidence that we have gathered.
根據我們的審計程序，我們發現，管理層在釐定存貨減值撥備所採納的假設及應用的判斷均有我們收集所得的相關證據可依。



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.

羅兵咸永道

其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的所有資料(惟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作出的意見並無涵蓋其他資料，而我們不會並對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若我們基於對我們進行的工作認為其他資料出現重大錯誤陳述，我們須報告有關事實。就此，我們毋須作出報告。

獨立核數師報告(續) INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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 HKSAAs 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.

羅兵咸永道

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佈的香港財務報告準則及按照香港公司條例的披露規定，編製真實而公平的綜合財務報表，以及董事釐定屬必要的內部監控，以使編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)及採用以持續經營為基礎的會計法，除非董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法則作別論。

審核委員會負責監督貴集團的財務報告流程。

核數師就審核綜合財務報表須承擔的責任

我們的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們意見的核數師報告。我們僅向閣下(作為整體)報告，除此以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。合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。



羅兵咸永道

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

根據香港審計準則進行審計的過程中，我們運用專業判斷，保持專業懷疑態度。我們亦：

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.
- 識別及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該等風險，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、虛假陳述或凌駕內部監控的情況，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。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估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，並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。倘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。倘有關披露不足，則修訂我們意見。我們的結論乃基於截至核數師報告日期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無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公平反映相關交易和事項。

獨立核數師報告(續) INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2023

羅兵咸永道

- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審核意見承擔全部責任。

我們與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括我們在審計過程中識別的內部監控的任何重大缺失。

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及(如適用)已採取的行動以消除威脅或已應用的防範措施。

從與審核委員會溝通的事項中，我們釐定對本期綜合財務報表的審計至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計合夥人為陶宏。

羅兵咸永道會計師事務所
執業會計師

香港，二零二三年三月二十八日

綜合資產負債表

CONSOLIDATED BALANCE SHEET

As at 31 December 2022
於二零二二年十二月三十一日

			2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
	Note 附註			
ASSETS		資產		
Non-current assets		非流動資產		
Freehold land	6	永久產權土地	188,492	163,957
Property, plant and equipment	7	物業、廠房及設備	9,606,778	9,229,119
Investment properties	8	投資物業	268,891	—
Right-of-use assets	9	使用權資產	1,581,210	1,227,190
Intangible assets	10	無形資產	65,417	69,078
Long-term receivables	15	長期應收賬款	146,000	292,000
Investments accounted for using the equity method	11	以權益法入賬之投資	360,040	320,938
Deferred income tax assets	24	遞延所得稅資產	305,617	91,983
			12,522,445	11,394,265
Current assets		流動資產		
Inventories	13	存貨	7,590,105	7,151,667
Properties under development	13	發展中物業	340,796	235,113
Trade and bills receivables and financial assets at fair value through other comprehensive income		應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產	1,743,761	2,019,660
Prepayments, deposits and other receivables	14	預付款項、按金及		
	15	其他應收賬款	1,274,771	890,817
Derivative financial instruments	22	衍生金融工具	99,353	55,653
Pledged bank deposits	16	已抵押銀行存款	111,647	190,302
Cash and cash equivalents	16	現金及現金等值物	2,468,421	2,505,407
			13,628,854	13,048,619
Total assets		資產總值	26,151,299	24,442,884
EQUITY		權益		
Equity attributable to owners of the Company		本公司擁有人應佔權益		
Share capital: nominal value	17	股本：面值	96,958	96,958
Share premium	17	股份溢價	462,059	462,059
Other reserves	19	其他儲備	999,848	907,534
Retained earnings	19	保留溢利	7,942,758	8,571,719
			9,501,623	10,038,270
Non-controlling interests		非控制性權益	599,853	562,682
Total equity		權益總額	10,101,476	10,600,952

綜合資產負債表(續) CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 2022
於二零二二年十二月三十一日

			2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
	Note 附註			
LIABILITIES		負債		
Non-current liabilities		非流動負債		
Borrowings	21	借貸	3,388,214	3,383,377
Lease liabilities	9	租賃負債	258,695	82,627
Deferred income tax liabilities	24	遞延所得稅負債	236,030	286,482
			3,882,939	3,752,486
Current liabilities		流動負債		
Trade and bills payables	25	應付貿易及票據款項	4,597,463	4,576,337
Contract liabilities		合約負債	659,458	361,634
Accruals and other payables		預提費用及其他應付 賬款	884,143	903,579
Current income tax liabilities		當期所得稅負債	123,880	188,766
Borrowings	21	借貸	5,155,158	3,831,662
Supply chain financing	20	供應鏈融資	549,041	—
Derivative financial instruments	22	衍生金融工具	142,054	165,975
Lease liabilities	9	租賃負債	55,687	31,622
Long-term payables due within 1 year		1年內到期之長期應付 賬款	—	29,871
			12,166,884	10,089,446
Total liabilities		負債總值	16,049,823	13,841,932
Total equity and liabilities		總權益及負債	26,151,299	24,442,884

The notes on pages 102 to 228 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 94 to 228 were approved by the Board of Directors on 28 March 2023 and the consolidated balance sheet was signed on its behalf by:

於第102至228頁之附註為此等綜合財務報表之一部分。

於第94至228頁之綜合財務報表已於二零二三年三月二十八日獲董事會批准，並由下列董事代表董事會簽署其中的綜合資產負債表：

Hong Tianzhu
Director

Zhu Yongxiang
Director

洪天祝
董事

朱永祥
董事

綜合收益表

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

Year ended 31 December
截至十二月三十一日止年度

		Note 附註	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Revenue	收入	5	23,805,354	26,521,193
Cost of sales	銷售成本	28	(21,049,732)	(20,669,222)
Gross profit	毛利		2,755,622	5,851,971
Selling and distribution costs	銷售及分銷開支	28	(886,380)	(956,333)
General and administrative expenses	一般及行政開支	28	(1,316,058)	(1,451,697)
Net accrual of impairment losses on financial assets	預提金融資產 減值虧損淨額		(39,615)	(30,873)
Other income	其他收入	27	123,052	95,543
Other losses — net	其他虧損 — 淨額	27	(34,760)	(85,414)
Operating profit	經營溢利		601,861	3,423,197
Finance income	財務收入	30	37,743	44,589
Finance costs	財務費用	30	(504,604)	(167,252)
Finance costs — net	財務費用 — 淨額	30	(466,861)	(122,663)
Share of profits less losses of investments accounted for using the equity method	分佔使用權益法入賬之 投資溢利減虧損	11	36,159	39,617
Profit before income tax	除所得稅前溢利		171,159	3,340,151
Income tax credit/(expense)	所得稅抵免/(開支)	32	30,027	(598,535)
Profit for the year	年度溢利		201,186	2,741,616
Attributable to:	由以下各方應佔：			
Owners of the Company	本公司擁有人		156,808	2,685,170
Non-controlling interests	非控制性權益		44,378	56,446
			201,186	2,741,616
Earnings per share for profit attributable to owners of the Company	本公司擁有人應佔溢利之每股盈利			
— Basic earnings per share	— 每股基本盈利	33	RMB人民幣0.17	RMB人民幣2.93
— Diluted earnings per share	— 每股攤薄盈利	33	RMB人民幣0.17	RMB人民幣2.93

The notes on pages 102 to 228 are an integral part of these consolidated financial statements.

於第102至228頁之附註為此等綜合財務報表之一部分。

綜合全面收益表

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
	Note 附註		
Profit for the year	年度溢利	201,186	2,741,616
Other comprehensive losses	其他全面虧損		
<i>Items that will not be reclassified subsequently to profit or loss</i>	其後不會重新分類至損益之項目		
Revaluation of buildings	樓宇重估		
— Gross	— 總額	8,198	—
— Deferred income tax	— 遞延所得稅	23,662	—
<i>Item that may be reclassified subsequently to profit or loss</i>	其後可能會重新分類至損益之項目		
Currency translation differences	貨幣兌換差額	52,626	(1,838)
Total comprehensive income for the year	年度全面收益總額	285,672	2,739,778
Attributable to:	由以下各方應佔：		
Owners of the Company	本公司擁有人	229,789	2,683,332
Non-controlling interests	非控制性權益	55,883	56,446
		285,672	2,739,778

The notes on pages 102 to 228 are an integral part of these consolidated financial statements.

於第102至228頁之附註為此等綜合財務報表之一部分。

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔					Non- controlling interests 非控制性 權益 RMB'000 人民幣千元	Total equity RMB'000 人民幣千元
		Share capital	Share premium	Other reserves	Retained earnings			
		Note 附註	股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	其他儲備 RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元		
Balance at 1 January 2021	於二零二一年一月一日的 結餘		96,709	433,777	942,310	6,390,471	609,471	8,472,738
Comprehensive income	全面收益							
Profit for the year	年度溢利		—	—	—	2,685,170	56,446	2,741,616
Other comprehensive income:	其他全面收益：							
Currency translation differences	貨幣兌換差額	19	—	—	(1,838)	—	—	(1,838)
Total comprehensive income for the year	年度全面收益總額		—	—	(1,838)	2,685,170	56,446	2,739,778
Transactions with owners	與股權持有人之交易							
Shares issued upon exercise of share options	行使購股權時發行股份		249	28,282	(9,284)	—	—	19,247
Capital withdrawn by non-controlling shareholders of subsidiaries	附屬公司非控股股東撤資		—	—	—	—	(5,478)	(5,478)
Dividend paid for non-controlling interests	向非控制性權益派付之 股息		—	—	—	—	(87,191)	(87,191)
Dividends relating to 2020	二零二零年之股息	34	—	—	—	(150,461)	—	(150,461)
Dividends relating to 2021	二零二一年之股息	34	—	—	—	(377,115)	—	(377,115)
Transfer to statutory reserves	轉撥至法定儲備	19	—	—	105,679	(105,679)	—	—
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留 溢利		—	—	—	—	—	—
— Gross	— 總額		—	—	(11,279)	11,279	—	—
— Deferred income tax	— 遞延所得稅		—	—	2,575	(2,575)	—	—
Disposal of subsidiaries	出售附屬公司		—	—	(120,629)	120,629	(10,566)	(10,566)
Total transactions with owners	與股權持有人之交易總額		249	28,282	(32,938)	(503,922)	(103,235)	(611,564)
Balance at 31 December 2021	於二零二一年十二月 三十一日的結餘		96,958	462,059	907,534	8,571,719	562,682	10,600,952

綜合權益變動表(續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔					Non-controlling interests 非控制性權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元			
Balance at 1 January 2022	於二零二二年一月一日的結餘	96,958	462,059	907,534	8,571,719	562,682	10,600,952	
Comprehensive income	全面收益							
Profit for the year	年度溢利	—	—	—	156,808	44,378	201,186	
Other comprehensive income:	其他全面收益：							
Surplus on revaluation of buildings	重估樓宇之盈餘							
— Gross	— 總額	—	—	8,198	—	—	8,198	
— Deferred income tax	— 遞延所得稅	—	—	23,662	—	—	23,662	
Currency translation differences	貨幣兌換差額	—	—	41,121	—	11,505	52,626	
	Note 附註							
	19							
Total comprehensive income for the year	年度全面收益總額	—	—	72,981	156,808	55,883	285,672	
Transactions with owners	與股權持有人之交易							
Capital withdrawn by non-controlling shareholders of subsidiaries	附屬公司非控股股東撤資	—	—	—	—	(3,476)	(3,476)	
Capital injection from non-controlling shareholders of subsidiaries	附屬公司非控股股東注資	—	—	—	—	30,273	30,273	
Dividend paid for non-controlling interests	向非控制性權益派付之股息	—	—	—	—	(45,509)	(45,509)	
Dividends relating to 2021	二零二一年之股息	—	—	—	(447,492)	—	(447,492)	
Dividends relating to 2022	二零二二年之股息	—	—	—	(318,944)	—	(318,944)	
Transfer to statutory reserves	轉撥至法定儲備	—	—	27,137	(27,137)	—	—	
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利	—	—	—	—	—	—	
— Gross	— 總額	—	—	(10,097)	10,097	—	—	
— Deferred income tax	— 遞延所得稅	—	—	2,293	(2,293)	—	—	
Total transactions with owners	與股權持有人之交易總額	—	—	19,333	(785,769)	(18,712)	(785,148)	
Balance at 31 December 2022	於二零二二年十二月三十一日的結餘	96,958	462,059	999,848	7,942,758	599,853	10,101,476	

The notes on pages 102 to 228 are an integral part of these consolidated financial statements.

於第102至228頁之附註為此等綜合財務報表之一部分。

綜合現金流量表

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

Year ended 31 December
截至十二月三十一日止年度

			2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
		Note 附註		
Cash flows from operating activities	來自經營活動的現金流量			
Cash generated from operations	經營所產生之現金	35(a)	1,935,434	2,842,501
Interest received	已收利息		37,743	44,589
Income tax paid	已付所得稅		(353,050)	(445,486)
Net cash generated from operating activities	經營活動所得現金淨額		1,620,127	2,441,604
Cash flows from investing activities	來自投資活動的現金流量			
Net proceeds on disposal of subsidiaries	出售附屬公司所得款項淨額	15	186,764	108,734
Purchases of property, plant and equipment	購買物業、廠房及設備		(1,833,211)	(2,340,133)
Purchases of land use rights	購買土地使用權		(244,589)	(63,738)
Purchase of freehold land	購買永久產權土地		(9,147)	—
Proceeds from sale of property under development	出售發展中物業所得款項		—	934
Proceeds from sale of property, plant and equipment	出售物業、廠房及設備所得款項	35(a)	235,839	56,877
Inflow of cash to acquire subsidiaries, net of cash acquired	收購附屬公司的現金流入，扣除已收購現金		—	7,854
Loans to related parties	授予關連方之貸款	38(a)	(91,433)	—
Net proceeds/(payment on) from settlement of financial instruments	金融工具結算所得／(支付)款項淨額		16,559	(133,302)
Decrease in pledge of bank deposits	已抵押銀行存款減少	16	13,234	—
Net cash used in investing activities	投資活動所耗現金淨額		(1,725,984)	(2,362,774)

綜合現金流量表(續)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
		Note 附註	
Cash flows from financing activities	來自融資活動的現金流量		
Proceeds from shares issued under the employee share option scheme	根據僱員購股權計劃發行之股份所得款項		19,247
Proceeds from borrowings	借貸所得款項	35(c)	6,493,800
Repayments of borrowings	償還借貸	35(c)	(6,083,040)
Principal elements of lease payments	租賃付款之本金部分	35(c)	(56,455)
Payment of long-term payables due within 1 year	支付於一年內到期的長期應付款項	35(c)	—
Dividends paid	已付股息		(527,576)
Capital injection from non-controlling shareholders of subsidiaries	附屬公司非控股股東注資		—
Capital withdrawn by non-controlling shareholders of subsidiaries	附屬公司非控股股東撤資		(5,478)
Dividend paid to non-controlling interests	向非控制性權益派付之股息		(87,191)
Interest paid	已付利息		(210,343)
Loan from a minority shareholder	來自一名少數股東之貸款		—
(Increase)/decrease in pledged bank deposits	已抵押銀行存款(增加)/減少	16	200,000
Net cash used in financing activities	融資活動所耗現金淨額		(257,036)
Net decrease in cash and cash equivalents	現金及現金等值物減少淨額		(178,206)
Cash and cash equivalents at beginning of the year	年初之現金及現金等值物	16	2,683,613
Effect of foreign exchange rate changes	匯率變動之影響		—
Cash and cash equivalents at end of the year	年終之現金及現金等值物	16	2,505,407

The notes on pages 102 to 228 are an integral part of these consolidated financial statements.

於第102至228頁之附註為此等綜合財務報表之一部分。

1. GENERAL INFORMATION

Texhong International Group Limited (formerly known as Texhong Textile Group Limited) (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 9 December 2004.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors of the Company on 28 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. 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 Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its 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.

1. 一般資料

天虹國際集團有限公司(前稱天虹紡織集團有限公司)(「本公司」)及其附屬公司(統稱「本集團」)主要業務為製造及銷售紗線、坯布、無紡布及面料和服裝。

本公司乃於二零零四年七月十二日在開曼群島根據開曼群島公司法註冊成立為一間獲豁免有限公司。其註冊辦事處之地址為Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

自從二零零四年十二月九日起，本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明外，該等綜合財務報表乃以人民幣(「人民幣」)呈報。該等綜合財務報表於二零二三年三月二十八日獲本公司董事會批准及授權刊發。

2. 重要會計政策概要

編製此等綜合財務報表採用的主要會計政策列載如下。除另有說明外，該等政策在所呈報的所有年度內已被貫徹應用。

2.1 編製基準

本公司之綜合財務報表已根據所用適用香港財務報告準則(「香港財務報告準則」)編製，並已遵照香港公司條例的披露規定妥為編製。綜合財務報表按照歷史成本法編製，並就按公平值計量且其變動計入損益之樓宇、金融資產及金融負債(包括衍生工具)的重估、按公平值計量且其變動計入其他全面收益的金融資產(均按公平值列賬)而作出修訂。

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估算。這亦需要管理層在應用本集團會計政策過程中行使其判斷。涉及高度判斷或複雜性之範疇，或涉及對綜合財務報表屬重大假設和估計之範疇，於附註4披露。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies and disclosures

(a) Amendments to HKFRSs adopted by the Group in 2022

A number of amendments to existing standards became applicable for the current reporting period. These amendments to existing standards did not give rise to any significant impact on the Group's financial statements. These amendments are set out below:

- (i) Property, Plant and Equipment: Proceeds before intended use — Amendments to HKAS 16
- (ii) Reference to the Conceptual Framework — Amendments to HKFRS 3
- (iii) Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
- (iv) Annual Improvements to HKFRS Standards 2018–2020

(b) The following new standard and amendments to HKFRSs have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

- (i) HKFRS 17 'Insurance Contracts', effective for annual periods beginning on or after 1 January 2023.
- (ii) Amendments to HKAS 1 regarding classification of liabilities as current or non-current, effective for annual periods beginning on or after 1 January 2024.

2. 重要會計政策概要(續)

2.1 編製基準(續)

會計政策變更及披露

(a) 本集團於二零二二年採納之香港財務報告準則修訂

多項現有準則的修訂於本報告期間適用。該等現有準則的修訂並無對本集團的財務報表產生任何重大影響。該等修訂列示如下：

- (i) 物業、廠房及設備：作擬定用途前之所得款項 — 香港會計準則第16號之修訂
- (ii) 概念框架之提述 — 香港財務報告準則第3號之修訂
- (iii) 虧損性合約 — 有關履行合約之成本 — 香港會計準則第37號之修訂
- (iv) 香港財務報告準則二零一八年至二零二零年之年度改進

(b) 以下已頒佈的香港財務報告準則的新訂準則及修訂但尚未於二零二二年一月一日起之財政年度生效，且未獲本集團提前採納：

- (i) 香港財務報告準則第17號「保險合約」，自二零二三年一月一日或之後起年度期間生效。
- (ii) 香港會計準則第1號有關將負債分類為流動或非流動之修訂，自二零二四年一月一日或之後起年度期間生效。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.1 Basis of preparation** (Continued)**Changes in accounting policies and disclosures**
(Continued)**(b)** (Continued)

- (iii) Amendments to HKAS 1 and HKFRS Practice Statement 2 regarding disclosure of Accounting Policies, effective for annual periods beginning on or after 1 January 2023.
- (iv) Amendments to HKAS 8 regarding definition of Accounting Estimates, effective for annual periods beginning on or after 1 January 2023.
- (v) Amendments to HKAS 12 regarding deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual periods beginning on or after 1 January 2023.
- (vi) Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.
- (vii) Hong Kong Interpretation 5 (2020) regarding presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, effective for annual periods beginning on or after 1 January 2023.
- (viii) Amendments to HKFRS 16 regarding Lease liability in a sale and leaseback, effective for annual periods beginning on or after 1 January 2024.
- (ix) Amendments to AG 5 Merger Accounting for Common Control Combinations, effective for annual periods beginning on or after 1 January 2023.

2. 重要會計政策概要(續)**2.1 編製基準(續)****會計政策變更及披露(續)****(b)** (續)

- (iii) 香港會計準則第1號及香港財務報告準則實務報告第2號有關會計政策披露之修訂，自二零二三年一月一日或之後起年度期間生效。
- (iv) 香港會計準則第8號有關會計估計定義之修訂，自二零二三年一月一日或之後起年度期間生效。
- (v) 香港會計準則第12號有關與單一交易產生的資產及負債相關的遞延稅項之修訂，自二零二三年一月一日或之後起年度期間生效。
- (vi) 香港財務報告準則第10號及香港會計準則第28號有關投資者與其聯營公司或合營企業之間的資產出售或注資之修訂，原訂自二零一六年一月一日或之後起年度期間生效。有關生效日期現已押後/刪除。
- (vii) 香港詮釋第5號(二零二零年)有關財務報表之呈列 — 借款人對含有按要求償還條款之定期貸款的分類之修訂，自二零二三年一月一日或之後起年度期間生效。
- (viii) 香港財務報告準則第16號有關銷售及租回的租賃責任之修訂，自二零二四年一月一日或之後起年度期間生效。
- (ix) 會計指引第5號共同控制合併的合併會計法之修訂，自二零二三年一月一日或之後起年度期間生效。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting subsidiaries

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of change in equity and consolidated balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

2. 重要會計政策概要(續)

2.2 附屬公司合併及權益會計處理原則

(a) 附屬公司

附屬公司指本集團對其有控制權之所有實體(包括結構實體)。於本集團藉對實體之參與而面臨可變回報之風險或取得可變回報之權利，並藉對該實體行使權力而有能力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移予本集團當日起綜合入賬，並由控制權終止當日起停止綜合入賬。

集團內部交易、結存及集團內公司間的交易之未變現收益，均予以對銷。除非有關交易提供已轉讓資產減值證據，否則未變現虧損亦予以對銷。如有需要，附屬公司所呈報之金額已經調整，以貫徹本集團之會計政策。

非控股權益為附屬公司的業績及股權，分別單獨於綜合損益表、綜合全面收益表、綜合權益變動表及綜合資產負債表內列示。

(b) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權或共同控制權之所有實體，本集團一般持有其20%至50%的投票權。聯營公司投資以權益會計法入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting subsidiaries (Continued)

(c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income ("OCI") of the investee in OCI. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2. 重要會計政策概要(續)

2.2 附屬公司合併及權益會計處理原則(續)

(c) 合營安排

本集團已對所有合營安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合約權益和責任而定。本集團已評估其合營安排的性質並釐定為合營企業。

於合營企業的權益初步於綜合資產負債表按成本確認後，乃以權益法入賬。

(d) 權益法

根據會計權益法，投資初步以成本確認，其後經調整以於損益確認本集團分佔被投資公司收購後的溢利或虧損，並於其他全面收益(「其他全面收益」)確認本集團應佔被投資公司其他全面收益的變動。已收或應收聯營公司的股息確認為投資賬面值扣減。

倘本集團應佔權益入賬投資的虧損等於或超過所持實體的權益(包括任何其他無抵押長期應收款項)，除非本集團承擔責任或已代其他實體付款，否則不會確認進一步虧損。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting subsidiaries (Continued)

(d) Equity method (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of net losses of associates' in consolidated statement of profit or loss.

(e) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recorded in equity.

2. 重要會計政策概要(續)

2.2 附屬公司合併及權益會計處理原則(續)

(d) 權益法(續)

本集團與其聯營公司之間的未變現交易收益按本集團在該等實體的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。權益入賬被投資方的會計政策已於有需要時變更以符合本集團採納的政策。

本集團在每個報告日期釐定於聯營公司的投資是否存在任何客觀減值證據。一旦存在減值證據，本集團會按聯營公司可收回金額與其賬面值之間的差額計算減值金額，並於綜合損益表「分佔聯營公司淨虧損」確認有關金額。

(e) 不導致控制權改變之附屬公司所有者權益變動

不導致失去控制權之非控制性權益交易入賬列作權益交易 — 即以彼等為擁有人之身分與擁有人進行交易。非控股權益調整金額與任何已付或已收代價之間的差額於權益中入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting subsidiaries (Continued)

(f) Disposal of subsidiaries, associates and joint arrangements

When the Group ceases to have control, any retained interest in the entity is remeasured 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, joint venture 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.

2.3 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. 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. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's net identifiable assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

2. 重要會計政策概要(續)

2.2 附屬公司合併及權益會計處理原則(續)

(f) 出售附屬公司、聯營公司及共同安排

本集團失去控制權時，於實體之任何保留權益按失去控制權當日之公平值重新計量，有關賬面值變動在損益確認。就其後入賬列作聯營公司、合營企業或金融資產之保留權益，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關之任何金額，按猶如本集團已直接出售有關資產或負債之方式入賬。此可能意味先前在其他全面收益確認之金額重新分類至損益。

2.3 業務合併

本集團採用收購法就業務合併入賬。收購附屬公司的轉讓代價包括所轉讓資產、對被收購方前擁有人所產生負債、本集團所發行股權的公平值、或然代價安排產生的任何資產或負債的公平值及於附屬公司任何先前存在的股權的公平值。於業務合併時所收購的可識別資產及所承擔的負債及或然負債，初步按收購日的公平值計量。

本集團以逐項收購為基礎，確認於被收購方的任何非控制性權益。屬於現時擁有權權益並賦予持有人在清盤時按比例分佔主體淨資產的被收購方的非控制性權益，可按公平值或現時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日的公平值計量，除非香港財務報告準則規定須以其他計量基準計算。

收購相關成本於產生時支銷。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

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 remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 net identifiable assets acquired is recorded as goodwill (Note 2.10). 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 consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

2. 重要會計政策概要(續)

2.3 業務合併(續)

若業務合併分階段進行，則收購方先前所持被收購方權益於收購日期的賬面值按收購日期公平值重新計量；源於有關重新計量之任何收益或虧損於損益中確認。

或然代價分類為權益或金融負債。分類為金融負債的款項隨後重新計量至公平值，而公平值變動於損益確認。歸類為權益而並無重新計量之或然代價及其後續償付於權益中入賬。

所轉讓代價、被收購方的任何非控制性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高於所收購可辨認資產淨值的公平值時，其差額以商譽列賬(附註2.10)。就議價購買而言，如轉讓代價、已確認非控制性權益及先前持有的權益計量總額低於所收購附屬公司資產淨值的公平值，其差額將直接在綜合收益表中確認。

集團內部交易、結存及集團內公司間的交易之未變現收益，均予以對銷。除非有關交易提供已轉讓資產減值證據，否則未變現虧損亦予以對銷。如有需要，附屬公司所呈報之金額已經調整，以貫徹本集團之會計政策。

2.4 獨立財務報表

於附屬公司之投資乃按成本扣除減值入賬。成本亦包括投資直接應佔成本。附屬公司業績由本公司按已收及應收股息基準入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Separate financial statements (Continued)

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.

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Committee of Executive Directors of the Company that makes strategic decisions.

2.6 Foreign currency translation

(a) 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 are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 recognised in the consolidated statement of comprehensive income.

2. 重要會計政策概要(續)

2.4 獨立財務報表(續)

倘自附屬公司收取的股息超出宣派股息期間該附屬公司的全面收入總額，或倘獨立財務報表的投資賬面值超出綜合財務報表所示被投資公司資產淨值(包括商譽)的賬面值，則於自該等投資收取股息時須對於該等附屬公司的投資進行減值測試。

根據附註2.11，亦須對於該等附屬公司的投資進行減值測試。

2.5 分部報告

經營分部以向主要經營決策者提供內部呈報一致的形式呈報。負責分配資源及評估經營分部表現之主要經營決策者已確定為作出策略決策之本公司之執行董事委員會。

2.6 外幣換算

(a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運地區之貨幣(「功能貨幣」)計算。本綜合財務報表乃以人民幣呈報，人民幣為本公司功能貨幣及本集團呈報貨幣。

(b) 交易及結餘

外幣交易均按交易當日或估值當日(倘項目再計量)之匯率換算為功能貨幣。此等交易結算以及按年結日之匯率換算外幣資產和負債而產生的匯兌收益及虧損，均於綜合全面收益表內確認。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income and costs — net'. All other foreign exchange gains and losses are presented in the consolidated income statement 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 classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group's 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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each consolidated income statement 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
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

2. 重要會計政策概要(續)

2.6 外幣換算(續)

(b) 交易及結餘(續)

有關借貸和現金及現金等值物之匯兌收益及虧損於綜合收益表中「財務收入及費用 — 淨額」一項中呈列。所有其他匯兌收益及虧損於綜合收益表中「其他虧損 — 淨額」中呈列。

以公平值計量並以外幣為單位的非貨幣性項目採用公平值確定日期的匯率換算。按公平值列賬的資產及負債的換算差額呈報為公平值損益的一部分。例如，按公平值計量且其變動計入損益的權益等非貨幣性資產及負債的換算差額於損益內確認為公平值損益的一部分，而分類為按公平值計量且其變動計入其他全面收益的權益等非貨幣性資產的換算差額於其他全面收益內確認。

(c) 集團公司

功能貨幣與呈報貨幣不同的所有本集團內實體(當中沒有嚴重通脹貨幣)的業績和財務狀況按如下方法換算為呈報貨幣：

- (i) 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- (ii) 每份綜合收益表內的收入和費用按平均匯率換算(除非此平均匯率並不代表交易日期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
- (iii) 所有由此產生的貨幣兌換差額於其他全面收益內確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in 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 entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs (Note 2.24). Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of investment properties is derecognised upon disposal or when no future economic benefits is expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss in the period in which the item is derecognised.

2. 重要會計政策概要(續)

2.6 外幣換算(續)

(c) 集團公司(續)

綜合入賬時，換算海外實體任何投資淨額以及指定為該等投資之對沖項目的借貸及其他金融工具產生之匯兌差額於其他全面收益確認。於出售境外業務或償還投資淨額的任何借貸時，相關匯兌差額重新分類至損益，作為出售損益之一部分。

收購國外實體產生之商譽及公平值調整，作為國外實體之資產及負債處理，並按收市匯率兌換。所產生之貨幣兌換差額於其他全面收益確認。

2.7 投資物業

為獲得長期租金收益或資本增值或兩者兼備而持有，且並非由本集團成員公司佔用之物業分類為投資物業。投資物業亦包括正在興建或開發作未來投資物業用途的物業。

投資物業初步按其成本計量，包括相關交易成本及(倘適用)借貸成本(附註2.24)。在初始確認後，投資物業按成本減其後累計折舊及任何累計減值虧損呈列。投資物業於其估計可使用年期及經考慮其估計剩餘價值後採用直線法確認折舊，以撇銷其成本。

投資物業項目於出售或預期持續使用資產不會產生未來經濟利益時終止確認。終止確認資產所產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於該項目終止確認期間內計入綜合損益表。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment

Buildings comprise mainly factories and offices. Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are recognised in other comprehensive income. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained earnings'.

2. 重要會計政策概要(續)

2.8 物業、廠房及設備

樓宇主要包括工廠和辦公室。樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。在重估日期的任何累計折舊與資產的賬面值總額對銷，而淨額則重列至資產的重估金額。所有其他物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該等項目直接應佔的開支。

只有在與項目相關的未來經濟效益有可能流入本集團，並能夠可靠地計量項目成本的情況下，本集團才會將其後成本計入為資產賬面值的一部分或確認為獨立資產項目(如適用)。所替換之部分的賬面值乃撇除確認。所有其他維護及保養費用均需於產生時於該財務期間之綜合收益表扣除。

樓宇重估後之賬面增值於其他全面收益確認。與同一資產先前增值對銷的減值部分，於其他全面收益中扣除；餘下之所有減值額則於綜合收益表內扣除。每年，根據於綜合收益表扣除之資產的重估賬面值得出之折舊，與根據資產原來成本得出之折舊的差額乃從「重估儲備」撥轉至「保留溢利」。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

— Buildings	15 to 40 years	2.5% — 6.7%
— Machinery and equipment	6 to 15 years	6.7% — 16.7%
— Furniture and fixtures	3 to 10 years	10.0% — 33.3%
— Motor vehicles	5 to 7 years	14.3% — 20.0%

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 (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other losses — net' in the consolidated income statement.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at cost, which includes construction expenditures incurred, cost of machinery, interest capitalised and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed and put into use. On completion, construction-in-progress is transferred to appropriate categories of property, plant and equipment.

2.9 Freehold land

Freehold land is the land owned for an unlimited time. Freehold land is not amortized, which located in Cambodia, Turkey, Mexico, Uruguay and Nicaragua.

2. 重要會計政策概要(續)

2.8 物業、廠房及設備(續)

物業、廠房及設備的折舊以直線法計算，以分配其成本值或重估值至其於估計可使用年期之剩餘價值如下：

— 樓宇	15至40年	2.5%-6.7%
— 機器及設備	6至15年	6.7%-16.7%
— 傢俬及裝置	3至10年	10.0%-33.3%
— 汽車	5至7年	14.3%-20.0%

本集團在各報告期末重檢資產的剩餘價值及可使用年期，並已按適當情況作出調整。

倘資產的賬面值大於其估計可收回金額，資產的賬面值即時撇減至其可收回金額(附註2.11)。

出售之盈利及虧損是按出售所得款項與有關資產賬面值之差額而釐定，並於綜合收益表中「其他虧損 — 淨額」中確認。

重估資產售出後，重估儲備內的金額轉移至保留溢利。

在建工程指未完成建築工程的樓宇及未安裝的機器，按成本入賬，包括所產生建築開支、機器成本、資本化利息及建築與安裝期間其他直接資本化成本，而扣減累計減值虧損(如有)。於建築及安裝工程完成及投入使用前不會就在建工程作出折舊。當工程完成後，在建工程轉撥至適當物業、廠房及設備類別。

2.9 永久產權土地

永久產權土地乃就無限時間擁有的土地。永久產權土地並無攤銷，有關土地位於柬埔寨、土耳其、墨西哥、烏拉圭及尼加拉瓜。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Customer relationship	15 years
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2. 重要會計政策概要(續)

2.10 無形資產

(a) 商譽

商譽按附註2.3所述計量。收購附屬公司的商譽列入無形資產。商譽不予攤銷，惟每年進行減值測試，或當有事件出現或情況變動顯示可能出現減值時進行更頻密減值測試，並按成本減去累計減值損失列示。出售實體的收益及虧損包括與出售實體有關的商譽賬面值。

商譽會被分配至現金產生單位以進行減值測試。有關分配乃對預期將從商譽產生的業務合併中獲益的現金產生單位或現金產生單位組別作出。現金產生單位或現金產生單位組別乃就內部管理目的而於監察商譽的最低層次(即經營分部)確認。

(b) 客戶關係

在業務合併中購入的客戶關係按購買日的公平值確認。客戶關係的可用年期有限，隨後按成本減累積攤銷及減值虧損列賬。

(c) 攤銷方法及期間

本集團使用直線法按下列期間對具有有限可使用年期之無形資產予以攤銷：

客戶關係	15年
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those 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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2. 重要會計政策概要(續)

2.11 附屬公司、聯營公司及合營企業的投資及非金融資產減值

可使用年期不確定之資產不予攤銷並每年進行減值測試。當任何事件發生或環境變化預示其賬面值可能無法收回時，會對須予攤銷之資產進行減值測試。若某項資產的賬面值超過其可收回金額時，會就其差額確認減值虧損。資產的可收回金額為資產公平值減出售成本與其可使用價值中較高者。評估減值時，資產按可單獨分辨的最小現金流量(現金產生單位)予以分類。除商譽外減值的非金融資產將於各報告日期檢討撥回減值的可能性。

2.12 金融資產

2.12.1 分類

本集團將其金融資產分類為以下計量類別：

- 其後按公平值(不論計入其他全面收益(「其他全面收益」)或計入損益)計量；及
- 按攤餘成本計量。

分類視乎實體管理金融資產及現金流合約年期之業務模式。

就按公平值計量的資產而言，收益及虧損將於損益或其他全面收益列賬。就並非持作買賣的股本工具投資而言，將取決於本集團是否於初始確認時作出不可撤回選擇，將股本投資以按公平值計入其他全面收益計量(「按公平值計入其他全面收益」)入賬。

本集團只限於當管理該等資產的業務模式改變時重新分類債務投資。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL 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.

2. 重要會計政策概要(續)

2.12 金融資產(續)

2.12.2 確認及終止確認

常規購買及出售的金融資產在交易日確認 — 交易日指本集團承諾購買或出售該資產之日。當從金融資產收取現金流量的權利到期或已轉讓，而本集團已轉讓所有權的絕大部分風險及報酬時，則終止確認金融資產。

2.12.3 計量

於初步確認時，本集團按公平值計量金融資產。倘金融資產並非按公平值計入損益(「按公平值計入損益」)記賬，則加上收購該金融資產直接應佔的交易成本。按公平值計入損益列值的金融資產的交易成本於損益中列作開支。

在確定具有嵌入衍生工具的金融資產的現金流量是否純粹為本金及利息付款時，需從金融資產的整體考慮。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

2.12.3 Measurement (Continued)

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. There are three measurement categories into which the Group classifies its debt instruments:

- 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. 重要會計政策概要(續)

2.12 金融資產(續)

2.12.3 計量(續)

債務工具

債務工具的後續計量取決於本集團管理資產之業務模式及該等資產的現金流量特徵。本集團將其債務工具分類為三種計量類別：

- 攤銷成本：倘持有資產旨在收取合約現金流量，而該等資產的現金流量純粹為本金及利息付款，該等資產按攤銷成本計量。該等金融資產的利息收入以實際利率法計入財務收入。終止確認產生任何收益或虧損直接於損益中確認並於其他收益／(虧損)中呈列，連同匯兌收益及虧損。減值虧損於損益表中呈列為獨立項目。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

2.12.3 Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2. 重要會計政策概要(續)

2.12 金融資產(續)

2.12.3 計量(續)

債務工具(續)

- 按公平值計入其他全面收益：倘持有資產目的為收取合約現金流量及銷售金融資產，且資產的現金流量純粹為本金及利息付款，則按公平值計入其他全面收益計量。賬面值變動計入其他全面收益，惟減值損益、利息收入及匯兌損益於損益中確認。於終止確認金融資產時，先前於其他全面收益確認的累計收益或虧損由權益重新分類至損益並於其他收益/(虧損)確認。該等金融資產所產生利息收入乃使用實際利率法計入財務收入。匯兌收益及虧損於其他收益/(虧損)呈列，而減值開支在損益表中呈列為獨立項目。
- 按公平值計入損益：不符合攤銷成本或按公平值計入其他全面收益標準的資產乃以按公平值計入損益計量。隨後按公平值計入損益的債務投資的損益於其產生期間在損益中確認並在其他收益/(虧損)中呈列為淨值。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial assets (Continued)

2.12.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other losses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 14 for further details.

2. 重要會計政策概要(續)

2.12 金融資產(續)

2.12.3 計量(續)

股本工具

本集團隨後就所有股本投資按公平值計量。當本集團管理層已選擇於其他全面收益呈列股本投資的公平值收益及虧損，公平值收益及虧損於終止確認投資後不會重新分類至損益。該等投資的股息於本集團收取款項的權利確立時繼續於損益確認為其他收入。

按公平值計入損益的金融資產公平值變動於損益表確認為其他虧損(按適用情況)。按公平值計入其他全面收益計量的股本投資的減值虧損(及減值虧損撥回)不會因公平值其他變動而分開列報。

2.12.4 減值

本集團對有關其按攤銷成本列賬及按公平值計入其他全面收益之債務工具的預期信貸虧損進行前瞻性評估。所應用的減值方法取決於信貸風險是否大幅增加。

就應收貿易款項而言，本集團應用香港財務報告準則第9號允許的簡化方法，其中要求全期預期虧損須自首次確認應收款項時確認，更多詳情請參閱附註14。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of item being hedged. Derivative instruments held by the Group do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within 'other losses — net'.

2.15 Government grants/subsidies

Grants/subsidies from government authorities are recognised at their fair value where there is a reasonable assurance that the grant/subsidies will be received and the Group will comply with all attached conditions.

Government grants/subsidies relating to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants/subsidies relating to compensation for relocation are deferred and recognised in the consolidated income statement over the period when the relocation takes place.

2. 重要會計政策概要(續)

2.13 抵銷金融工具

當有可合法強制執行權力抵銷已確認金額，並有意圖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，並在資產負債表呈報有關淨額。可合法強制執行權利不得取決於未來事件而定，且須在一般業務過程中以及倘本公司或對手方一旦出現拖欠還款、無償債能力或破產時可強制執行。

2.14 衍生金融工具

衍生工具最初於訂立衍生工具合同當日按公平值確認，其後於各報告期末重新計量至其公平值。確認所得盈虧方法，取決於衍生工具是否界定為對沖工具及倘屬對沖工具，則取決於被對沖項目性質。本集團持有之衍生工具並不符合對沖會計所指的衍生工具，並透過損益以公平值列賬。任何不符合對沖會計的衍生工具的公平值變動，會即時於綜合收益表中「其他虧損 — 淨額」確認。

2.15 政府補助／補貼

假若可合理地確定本集團將獲得政府補助／補貼，以及符合所有附帶之條件，政府補助／補貼以公平值確認入賬。

與資產有關之政府補助／補貼乃於扣減補助以得出資產賬面值後在資產負債表呈列。

有關搬遷賠償的政府補助／補貼遞延處理，並於搬遷進行之期間在綜合收益表中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. 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.

2.17 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of properties comprises cost of land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade 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 and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2. 重要會計政策概要(續)

2.16 存貨

存貨以成本及可變現淨值的較低者列賬。成本以加權平均法釐定。產成品及在產品的成本包括原材料、直接勞工、其他直接成本及相關間接生產費用(根據正常經營能力計算)，而不包括借貸費用。可變現淨值為日常業務過程中估計售價(扣除估計完成成本及銷售所需的估計成本)。

2.17 發展中物業

發展中物業按成本與可變現淨值之較低者列賬。可變現淨值考慮最終預期將會變現之價格，並扣除適用可變銷售開支及預計完成成本。

物業之發展成本包括於發展期內產生之土地使用權成本、建築成本、借貸成本及專業費用。於落成時，該等物業乃轉撥至已落成待售物業。

發展中物業乃分類為流動資產，除非相關物業發展項目之建築期預期會於一般經營週期之後完成。

2.18 應收貿易款項及其他應收賬款

應收貿易款項為在日常業務過程中就售出商品應收客戶之款項。倘應收貿易款項及其他應收賬款預期可於一年或之內收款(或倘時間更長，則在業務正常營運周期)，則分類為流動資產。倘未能於一年或之內收款，則以非流動資產呈列。

應收貿易款項及其他應收賬款初步按無條件代價金額確認，除非其包含重大融資成分，並按公平值確認。本集團持有應收貿易款項及其他應收賬款，目的是收取合約現金流量，因此以實際利率法按攤銷成本計量。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 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.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Supply chain financing

Supply chain financing is referred to as reverse factoring. It involves three parties: a supplier who supplies goods; the Group; and a bank or financier. The bank offers to facilitate payments of the trade payables arising between the Group and supplier, and it might provide finance so that the supplier can be paid earlier (and/or the buyer can pay later) than the normal due date of the trade payables.

The Group applies HKFRS 9's derecognition requirements when assessing whether and when to derecognise the trade payable. The Group derecognises trade payables, recognises a new financial liability at fair value, and recognises a gain or loss based on the difference between the carrying amount of the original financial liability and the fair value of the new financial liability based on management assessment.

2. 重要會計政策概要(續)

2.19 現金及現金等值物

在綜合現金流量表中，現金及現金等值物包括手頭現金及銀行通知存款、到期日為三個月或以內且隨時可轉換為確定金額現金及價值變動風險不重大的其他短期高流動投資。

2.20 股本

普通股分類為權益。

與發行新股或購股權直接有關的增量成本，列入權益作為所得款項的減值(扣除稅項)。

2.21 應付貿易款項

應付貿易款項為在日常業務過程中自供應商收購商品或服務之付款責任。倘應付賬款於一年或之內到期(或倘時間更長，則在業務正常營運周期)，則分類為流動負債。倘並非於一年或之內到期，則以非流動負債呈列。

應付貿易款項最初按公平值確認，其後以實際利率法按攤銷成本計量。

2.22 供應鏈融資

供應鏈融資稱為反向保理。其涉及三方：供應貨品的供應商；本集團；及銀行或融資人。銀行提供便利以支付本集團與供應商之間產生的應付貿易款項，並可能提供融資，以便供應商可在應付貿易款項的正常到期日之前提早付款(及/或買方可在之後付款)。

本集團於評估是否及何時終止確認應付貿易款項時應用香港財務報告準則第9號終止確認規定。本集團按公平值終止確認應付貿易款項、確認新金融負債，並基於管理層評估按原金融負債的賬面值與新金融負債的公平值之間的差額確認收益或虧損。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Borrowings

Borrowings are recognised initially 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 the consolidated income statement 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 12 months after the end of the reporting period.

2.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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.

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

2.25 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date 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. 重要會計政策概要(續)

2.23 借貸

借貸最初按公平值(扣除已產生之交易成本)確認。借貸其後按攤銷成本列賬,如扣除交易成本後之所得款項及贖回價值出現差額,則於借貸期內以實際利率法在綜合收益表內確認。

除非本集團有權無條件將債務結算日期遞延至報告期末後至少12個月,否則借貸分類為流動負債。

2.24 借貸成本

直接歸屬於購建或生產合資格資產(該等資產需經較長時間方能達至擬定用途或出售狀態)的一般及特定借貸成本,計入該等資產之成本,直至大致達至其擬定用途或出售狀態為止。

在特定借貸撥作合資格資產支出前之暫時投資所賺取之投資收入,須自合資格資本化之借貸成本中扣除。

所有其他借貸成本於其產生期間於損益確認。

2.25 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項在綜合收益表中確認,除非其涉及其他全面收益或直接在權益中確認之項目。在此情況下,稅項亦分別在其他全面收益或直接在權益中確認。

(a) 即期所得稅

即期所得稅費用根據於結算日本公司之附屬公司及聯營公司經營並獲得應課稅收入所在的國家已經頒佈或實際上已頒佈的稅法計算。管理層定期評估適用稅法規定之情況下的納稅申報情況,並且就應付稅務機關的金額作出適當撥備。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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 and deferred income tax is 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from associate's undistributed profits is not recognised.

2. 重要會計政策概要(續)

2.25 即期及遞延所得稅(續)

(b) 遞延所得稅

內在基準差異

遞延所得稅以負債法就資產及負債的評稅基準與其於綜合財務報表內的賬面值兩者間的暫時差異予以確認。然而，倘遞延稅項負債源自初步確認商譽則不予確認。此外，倘遞延所得稅來自進行交易時初始確認的資產或負債(如屬業務合併則除外)而於進行交易之時並不影響會計或應課稅溢利或虧損，則不確認遞延所得稅。遞延所得稅乃根據於結算日前已頒佈或實際上已頒佈而預期當有關遞延所得稅資產已變現後或遞延所得稅負債已清償後將應用的有關稅率(及法例)釐定。

遞延所得稅資產只會在未來應課稅溢利有可能用作抵銷暫時差異時才會確認。

外在基準差異

遞延所得稅負債須就投資於附屬公司及聯營公司而引致的應課稅暫時差異作出撥備，惟集團可控制暫時差異會在何時轉回，且暫時差異很可能不會在可見的未來轉回的遞延所得稅負債則除外。本集團一般無法控制聯營公司臨時差異之撥回，僅於可見將來訂立協議賦予本集團能力，可控制臨時差異之撥回，源於聯營公司未分派溢利之應課稅臨時差異之遞延稅項負債不予確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences (Continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax 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.

2.26 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations (defined contribution plans)

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2. 重要會計政策概要(續)

2.25 即期及遞延所得稅(續)

(b) 遞延所得稅(續)

外在基準差異(續)

僅於暫時差額可能將於日後撥回，且有充足之應課稅溢利而動用暫時差額，方會就於附屬公司及聯營公司投資產生之可扣減暫時差額，確認遞延所得稅資產。

倘若存在可依法強制執行的權利將即期稅項資產與負債抵銷，及倘遞延稅項結餘與同一稅務機構相關，則可將遞延稅項資產與負債抵銷。倘實體有可依法強制執行抵銷權利且有意按淨額基準清償或同時變現資產及清償負債時，則即期稅項資產與稅項負債抵銷。

2.26 僱員福利

(a) 僱員所享有假期

僱員所享有的年假當僱員可享有時確認，並因應僱員截至結算日所提供服務而就年假的估計承擔金額作出撥備。僱員所享有的病假及產假於休假時方會確認。

(b) 退休金承擔(定額供款計劃)

定額供款計劃為一項本集團向一個獨立實體支付固定供款之退休金計劃。倘該基金並無持有足夠資產，向所有僱員就其在當期及以往期間之僱用服務提供福利，則本集團亦無法定或推定責任作出進一步供款。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Employee benefits (Continued)

(b) Pension obligations (defined contribution plans) (Continued)

The Group also operates the mandatory provident fund scheme (the "MPF Scheme") for its Hong Kong staff. The MPF Scheme is a defined contribution retirement benefit scheme administered by independent trustees. Each of the employer and the employee has to contribute an amount equal to 5% of the relevant income of the employee to the MPF Scheme, subject to a cap of HK\$1,500. Contributions from the employer are vested in the employees as soon as they are paid to relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions.

For defined contribution plans, the Group pays contributions to publicly or privately administered 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.

(c) Bonus plan

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 重要會計政策概要(續)

2.26 僱員福利(續)

(b) 退休金承擔(定額供款計劃)(續)

本集團亦為香港地區的僱員提供強制性公積金計劃(「強積金計劃」)。強積金計劃為一項由獨立信託人管理之定額供款退休福利計劃。按僱員之有關入息，僱主及僱員各作5%供款予強積金計劃，供款上限為每月1,500港元。僱主供款部分於付款予相關強積金計劃時隨即歸屬於僱員，但強制性供款產生之所有利益須保留直至僱員年滿65歲退休年齡之時，惟若干情況除外。

本集團以強制、合約或自願基準向公營或私營管理的退休保險計劃作出供款。一旦作出供款，本集團並無進一步付款責任。該等供款於到期時確認為僱員福利開支。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

(c) 花紅計劃

本集團於合同規定或由過往做法產生推定責任時就花紅確認撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2. 重要會計政策概要(續)

2.27 以股份為基礎之付款

以權益結算以股份為基礎之付款交易

本集團設有一項以權益結算以股份為基礎之酬金計劃，據此，實體視僱員所提供服務為本集團權益工具(購股權)的代價。僱員就獲授購股權所提供服務的公平值確認為開支。將予支銷總金額參照所授出購股權的公平值而釐定：

- 包括任何市場表現條件，例如實體的股價；
- 不包括任何服務及非市場表現歸屬條件的影響，例如盈利能力、銷售增長目標及在特定時限內留聘實體僱員；及
- 包括任何非歸屬條件的影響，例如在特定時限內規定僱員儲蓄或持有股份。

於各報告期末，本集團根據非市場表現及服務條件修訂對預期歸屬之購股權數目所作之估計，並在綜合收益表確認修訂原來估計產生之影響(如有)，並對權益作出相應調整。

此外，在部分情況下，僱員可在授出日期之前提供服務，故授出日期的公平值就確認服務開始期與授出日期的期間內的開支作出估計。

本公司於購股權獲行使時發行新股份。所收款項(扣除任何直接應計交易成本)會撥入股本(及股份溢價)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 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 interest expense.

2.29 Revenue recognition

Sales of goods

The Group manufactures and sells yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments in the market. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract. For domestic sales, revenue is recognised when the products are shipped to the agreed delivery locations in accordance with the contracts, and customers confirm the acceptance. For oversea sales, revenue is recognised when the products pass the ship's rail in the port of shipment. The Group enters into sales contracts with customers for each transaction. Revenue from these sales is recognised based on the price specified in the contract. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location.

2. 重要會計政策概要(續)

2.28 撥備

倘本集團因過往事件而有現時法律或推定責任，並可能須動用資源履行有關責任，且能可靠估計相關金額，則確認撥備。撥備不就未來營運虧損確認。

如有多項類似責任，其需要在償付中流出資源的可能性根據責任的類別整體考慮。即使同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備以預期用以償付責任的開支，按反映當時市場對金錢時間價值的評估及該責任的特有風險的稅前費率計算的現值計量。因時間過去而增加的撥備確認為利息開支。

2.29 收入確認

貨品銷售

本集團製造及在市場銷售紗線、坯布、無紡布和面料及服裝。當產品船運至指定地點、陳舊風險及損失已轉移至客戶，且客戶已根據銷售合約接納產品，則發生交付。就國內銷售而言，當產品根據合約船運至經協定交付地點，且客戶確認接納時，則會確認收入。就海外銷售而言，當產品通過船運港口的船軌時，則會確認收入。本集團就各項交易與客戶訂立銷售合約。該等銷售的收入按合約指定的價格確認。本集團預期於轉交承諾的產品予客戶時至客戶付款超過一年期間並無任何合約。於產品已運送至指定地點時即屬交付落實。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (Continued)

Sales of goods (Continued)

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant financing component is deemed present as the sales are made with a credit term of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries, which is consistent with market practice.

A receivable is usually recognised when revenue recognised 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.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities mainly comprise advanced payment and 5% deposits from certain of their customers before delivery of goods.

Arrangements that involve shipment of goods to a customer might include promises related to the shipping service that give rise to a performance obligation. Management should assess the explicit shipping terms to determine when control of the goods transfers to the customer and whether the shipping services are a separate performance obligation.

Shipping and handling services should be considered a separate performance obligation if control of the goods transfers to the customer before shipment, but the entity has promised to ship the goods (or arrange for the goods to be shipped) for overseas sales. Shipping is not a promised service to the customer as control of a good does not transfer to the customer before shipment for domestic sales. This is because shipping is a fulfilment activity as the costs are incurred as part of transferring the goods to the customer.

Management assess the Group is the principal for the shipping service and it is a separate performance obligation for overseas sales. The gross amount of revenue allocated to the shipping service is recorded.

2. 重要會計政策概要(續)

2.29 收入確認(續)

貨品銷售(續)

收入僅於重大撥回極大可能不會產生時確認。由於給予中國內地客戶的銷售之信貸期少於90日，其他國家客戶則為120日，符合市場慣例，故不會被視為存在重大融資成分。

應收款項通常於收入確認時確認，原因是代價於這時間點變為無條件，僅須待時間過去便可收取付款。

合約負債為本集團因已自客戶收取代價(或到期收取的代價)，而須向客戶轉讓商品或服務的責任。本集團的合約負債主要包括墊付款項及其若干客戶於交付貨品前的5%按金。

涉及向客戶船運貨品的安排可能包括有關產生履約責任的船運服務的承諾。管理層應評估明確船運條款，以釐定貨品的控制權何時轉移至客戶及船運服務是否一項獨立履約責任。

倘貨品的控制權於船運前轉移至客戶，但實體已承諾船運貨品(或安排船運貨品作海外銷售)，則船運及處理服務應被視為獨立履約責任。倘貨品的控制權未於國內銷售船運前轉移至客戶，則船運並非給予客戶的已承諾服務，原因是船運為作為轉移貨品至客戶產生的成本的履約活動。

管理層評估本集團為船運服務的主要責任人，且其對海外銷售為獨立履約責任。分配至船運服務的收益總額已記賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.31 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Group leases buildings, warehouses and equipments. Rental contracts are typically made for fixed periods and have no extension or termination options. Rental contracts for buildings and warehouses are typically made for 2 to 24 years. Rental contracts for equipment and others are typically made for 2 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

2. 重要會計政策概要(續)

2.30 利息收入

按實際利率法計算的按攤銷成本列賬的金融資產的利息收入在綜合收益表中確認為其他收入的一部分。利息收入呈列為財務收入，其來自為現金管理目的而持有的金融資產。任何其他利息收入均包括在其他收入中。

利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就出現信貸減值的金融資產而言，實際利率適用於金融資產的賬面淨值(扣除虧損撥備後)。

2.31 租賃

租賃於租賃資產可供本集團使用之日確認為使用權資產及相應負債。

合約可能包含租賃及非租賃組成部分。本集團基於其相對單獨價格分配合約的代價至租賃及非租賃組成部分。

本集團租賃樓宇、倉庫及設備。租約一般具有固定租期，且並無延長或終止選擇權。樓宇及倉庫的租賃合約一般為期2至24年。設備及其他的租賃合約一般為期2至10年。租賃條款均單獨商定，並且包括眾多不同的條款及條件。租賃協議不施加任何契諾，惟出租人持有的租賃資產中的抵押權益除外。租賃資產不得用作借貸抵押。

租賃產生的資產及負債初步按現值計量。租賃負債包括固定付款(包括實質固定付款)的淨現值，減去任何應收租賃激勵。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal 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.

2. 重要會計政策概要(續)

2.31 租賃(續)

根據合理確定的延期選擇權支付的租賃付款也包括在負債計量中。

租賃付款按照租賃內含利率貼現。如果無法確定該利率(此情況普遍存在於本集團租賃中)，則應採用承租人的增量借貸利率，即個別承租人為在類似經濟環境下獲得價值相近的資產，以類似條款、抵押和條件借入資金而必須支付的利率。

為釐定增量借貸利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資為出發點作出調整以反映自獲得第三方融資以來融資條件的變動
- 使用累加法，首先就本集團所持有租賃的信貸風險(最近並無第三方融資)調整無風險利率；及
- 進行特定於租賃的調整，例如期限、國家、貨幣及抵押。

租賃付款於本金及融資成本之間作出分配。融資成本在租賃期間於損益扣除，藉以令各期間的負債餘額的期間利率一致。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Leases (Continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

All land in the Mainland China is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded at cost as right-of-use assets, which are depreciated over the lease periods using the straight-line method.

Payments associated with short-term leases of equipment and vehicles and all 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 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2. 重要會計政策概要(續)

2.31 租賃(續)

使用權資產按成本計量，包括初始計量租賃負債的金額及於開始日期或之前作出的任何租賃付款減去任何已收取租賃激勵。

使用權資產一般按資產的可使用年期與租賃期兩者之中較短者以直線法進行折舊。倘本集團合理確定行使採購選擇權，則使用權資產於相關資產的可使用年內予以折舊。本集團對物業、廠房及設備中呈列的土地及樓宇進行重估，但對於本集團持有的使用權樓宇則不予重估。

中國內地的所有土地均屬國有，不存在任何個人土地擁有權。本集團取得使用若干土地的權利。就有關權利支付的地價視為經營租賃的預付款項，並以成本列作使用權資產，於租賃期內以直線法折舊。

與設備及汽車短期租賃及低價值資產所有租賃相關的付款以直線法於損益確認為開支。短期租賃指租賃期為12個月或以下的租賃。低價值資產包括資訊科技設備及小型辦公傢俬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

2. 重要會計政策概要(續)

2.32 每股盈利

(a) 每股基本盈利

每股基本盈利之計算方法為：

- 歸屬於公司擁有人之溢利，不包括普通股以外之任何支付權益成本除以
- 於財政年度內發行在外普通股之加權平均數，就年內發行之普通股之紅利元素作出調整以及並不包括庫存股份。

(b) 每股攤薄盈利

每股攤薄盈利調整釐定每股基本盈利時所使用之數字以計及：

- 與潛在攤薄普通股有關之利息及其他融資成本之除所得稅後影響；及
- 假設所有潛在攤薄普通股換股，則將為發行在外額外普通股加權平均數。

2.33 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事(倘適用)批准的期間於本集團及本公司的財務報表內確認為負債。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain of its risk exposures on changes in interest rates.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in China, Southeast Asia and Americas. Most of the Group's transactions, assets and liabilities are denominated in RMB, HKD or United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is exposed to foreign exchange risk primarily through pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings that are denominated in a currency other than the functional currency of the relevant group entity. It manages its foreign exchange risks by performing regular review and monitoring of its foreign exchange exposures and purchase of forward foreign exchange contracts (Note 22). In 2022, the Group has entered into the forward foreign exchange contracts and cross currency swap contracts to manage the expected fluctuation of RMB against USD or HKD.

3. 財務風險管理

3.1 財務風險因素

本集團的業務面對多種財務風險(包括外匯風險、價格風險、現金流量及公平值利率風險)、信貸風險及流動資金風險。本集團的風險管理著重金融市場的不可預計因素，並尋求將可能對本集團財政表現產生負面影響的因素降至最低。本集團利用衍生金融工具以對沖利率變動而產生的若干風險。

(a) 市場風險

(i) 外匯風險

本集團主要在中國、東南亞及美洲營運。本集團大部分交易、資產及負債以人民幣、港元或美元(「美元」)計值。外匯風險來自於未來海外業務中的商業交易、已確認資產及負債及投資淨額。本集團面對的外匯風險，主要來自已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項及借貸，因前述各項均以相關集團實體之功能貨幣以外之貨幣結算。本集團進行定期檢討及監察其外匯敞口和購買遠期外匯合約(附註22)以管理其外匯風險。於二零二二年，本集團已簽訂遠期外匯合約及交叉貨幣掉期合約以管理人民幣兌美元或港元的預期波動。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2022, if RMB had weakened/strengthened by 9.2% (2021: 2.3%) against USD with all other variable held constant, post-tax profit for the year would have been RMB281,135,000 (2021: RMB65,944,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of USD-denominated pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings.

At 31 December 2022, if RMB had weakened/strengthened by 9.3% (2021: 2.9%) against HKD with all other variable held constant, post-tax profit for the year would have been RMB247,307,000 (2021: RMB84,925,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of HKD-denominated pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, and borrowings.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

於二零二二年十二月三十一日，倘人民幣兌美元的匯率貶值／升值9.2%（二零二一年：2.3%），而所有其他可變因素維持不變，則年內稅後溢利將會減少／增加人民幣281,135,000元（二零二一年：人民幣65,944,000元），主要由於匯兌以美元列示的已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損／收益淨額所致。

於二零二二年十二月三十一日，倘人民幣兌港元的匯率貶值／升值9.3%（二零二一年：2.9%），而所有其他可變因素維持不變，則年內稅後溢利將會減少／增加人民幣247,307,000元（二零二一年：人民幣84,925,000元），主要由於匯兌以港元列示的已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損／收益淨額所致。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to raw material price risk because of the volatility of the price of main raw material, cotton. The management of the Group analyze the trend of raw material price on weekly basis. To manage its price risk, the Group has entered into the cotton future contracts and cotton option contracts and decides to enter long term contracts to mitigate the impact from raw material price changes, and diversify the suppliers if they expect significant fluctuation in the future.

(iii) Cash flow and fair value interest rate risk

Except for pledged bank deposits, cash at bank (Note 16) and long-term receivables (Note 15), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

The Group's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2022, approximately 53% (2021: 29%) of the Group's borrowings were at fixed rates and the remaining were at floating rates before entering into cross currency swap contracts. As at 31 December 2022, approximately 70% (2021: 67%) of the Group's borrowings were at fixed rates and the remaining were at floating rates after entering into cross currency swap contracts.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 價格風險

本集團所面對的原材料價格風險乃由於主要原材料 — 棉花的價格波動所致。本集團管理層每週分析原材料的價格趨勢。倘彼等預期日後將出現大幅波動，為管理該價格風險，本集團已訂立棉花期貨合約和棉花期權合約並決定訂立長期合約以降低原材料價格變動的影響，以及使供應商多元化以應對未來價格的重大波動。

(iii) 現金流量及公平值利率風險

除已抵押銀行存款、銀行現金(附註16)及長期應收賬款(附註15)外，本集團並無重大計息資產。大部分本集團的收入及經營現金流量均獨立於市場利率變動。管理層預期計息資產的利率變動將不會產生重大影響。

本集團的利率風險來自借貸。按浮息獲取的借貸令本集團面對現金流量利率風險，按定息獲取的借貸則令本集團面對公平值利率風險。於二零二二年十二月三十一日，於訂立交叉貨幣掉期合約前，本集團約53%(二零二一年：29%)之借貸為定息，其餘為浮息。於二零二二年十二月三十一日，於訂立交叉貨幣掉期合約後，本集團約70%(二零二一年：67%)之借貸為定息，其餘為浮息。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk (Continued)

The Group manages certain of its cash flow and fair value interest rate risk by purchasing cross currency swap contracts. Such cross currency swaps have the economic effect of converting borrowings from floating rates to fixed rates. As at 31 December 2022 and 2021, the Group in substance converted majority of its borrowings from floating rates to fixed rates through purchasing cross currency swap contracts. So there is no significant interest rate risk for the Group.

(b) Credit risk

The Group has no significant concentration of credit risk because the Group has more than 5,000 customers. The carrying amounts of pledged bank deposits, cash and cash equivalents, trade and bills receivables and financial assets at FVOCI and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The Group's management performs periodic credit evaluations/reviews of its customers and ensures that sales are made to customers with an appropriate credit history. The Group places deposits with major banks in Mainland China and Hong Kong, to limit the amount of credit exposure to any financial institution.

Trade and bills receivables and financial assets at FVOCI, and other receivables are subject to the expected credit loss model.

To lower the Group's exposure to credit risk, the Group may request 5% deposits from certain of their customers before delivery of goods. In addition, 100% (2021: 100%) of the bills receivable of the Group are endorsed by banks as at 31 December 2022.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 現金流量及公平值利率風險(續)

本集團透過購買交叉貨幣掉期合約而管理其若干現金流量及公平值利率風險。該交叉貨幣掉期之經濟影響為將借貸由浮息轉為定息。於二零二二年及二零二一年十二月三十一日，本集團實質上通過購買交叉貨幣掉期合約將其大多數借貸由浮息轉為定息。因此本集團無重大利率風險。

(b) 信貸風險

由於本集團有超過5,000名客戶，故本集團並無重大集中信貸風險。已抵押銀行存款、現金及現金等值物、應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產以及其他應收賬款的賬面值指本集團就其金融資產所須面對的最大信貸風險。

本集團通常授出少於90日的信貸期予中國內地的客戶，以及授出少於120日的信貸期予其他國家的客戶。本集團管理層定期對其客戶進行信貸評估/檢討，並確保向具合適信貸記錄之客戶銷貨。本集團將存款存於中國內地及香港的主要銀行，以限制承擔任何一間金融機構的信貸風險金額。

應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產以及其他應收賬款須遵守預期信貸虧損模式。

為降低本集團所面對之信貸風險，本集團可能在交付貨品前要求若干客戶提供5%之按金。另外，於二零二二年十二月三十一日，100% (二零二一年：100%) 之本集團應收票據由銀行背書。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Impairment of trade and bills receivables and financial assets at FVOCI

The Group has trade and bills receivables and financial assets at FVOCI from sales of products that are subject to HKFRS 9's expected credit loss model. The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the ageing days. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, including Gross Domestic Product and industrial added value. On that basis, the loss allowance as at 31 December 2022 was determined as follows for trade receivables:

		Within 180 days	181 days to 1 year	1 year to 2 years	Over 2 years	Total
		180日以內	181日至1年	1年至2年	超過2年	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		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
At 31 December 2022	於二零二二年十二月三十一日					
Gross carrying amount	賬面總值	1,042,541	37,782	9,917	183	1,090,423
Expected loss rate	預期虧損率	0.67%	7.81%	53.66%	100.00%	1.41%
Loss allowance	虧損撥備	6,970	2,949	5,321	183	15,423
At 31 December 2021	於二零二一年十二月三十一日					
Gross carrying amount	賬面總值	1,269,986	1,934	20,397	1,648	1,293,965
Expected loss rate	預期虧損率	0.16%	4.86%	36.84%	100.00%	0.88%
Loss allowance	虧損撥備	2,070	94	7,515	1,648	11,327

The loss allowance of bills receivables and financial assets at FVOCI as at 31 December 2022 and 2021 was immaterial.

本集團有須遵守香港財務報告準則第9號預期信貸虧損模式的產品銷售的應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產。本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，於初步確認時，為所有應收貿易款項撥備整個存續期內的預期虧損。為計量預期信貸虧損，應收貿易款項已根據攤估信貸風險特點及賬齡分類。預期虧損率基於二零二二年十二月三十一日前36個月期間銷售的付款情況及本期間內出現的相應過往信貸虧損。過往虧損率作出調整以反映影響客戶結算應收款項能力的宏觀經濟因素的當前及前瞻性資料(包括國內生產總值及產業增值)。按此基準，於二零二二年十二月三十一日的應收貿易款項虧損撥備乃釐定如下：

於二零二二年及二零二一年十二月三十一日，應收票據及按公平值計量且其變動計入其他全面收益的金融資產的虧損撥備並不重大。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Impairment of trade and bills receivables and financial assets at FVOCI (Continued)

Impairment losses on trade and bills receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Impairment of deposits, other receivables and long-term receivables

The Directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year ended 31 December 2022. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產減值(續)

應收貿易及票據款項的減值虧損於經營溢利內呈列為減值虧損淨額。其後收回先前已撇銷的金額則計入同一項目。

(ii) 按金、其他應收賬款及長期應收賬款減值

本公司董事在初始確認資產時考慮違責或然率以及截至二零二二年十二月三十一日止年度信貸風險是否持續大幅增加。為評估信貸風險是否大幅增加，本集團比較資產於報告日發生違約的風險及於初始確認日的違約風險。特別是納入以下指標：

- 預期將導致第三方履行義務的能力重大變動的業務、財務經濟狀況的實際或預期重大不利變化；
- 第三方經營業績的實際或預期的重大變動；
- 預期第三方表現及行為重大變動，包括第三方支付款狀態變動。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of deposits, other receivables and long-term receivables (Continued)

Impairment on deposits, other receivables and long-term receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. If a significant increase in credit risk of a receivable under the circumstance of aging over 12 months has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. On that basis, the loss allowance as at 31 December 2022 was determined as follows for deposits, other receivables and long-term receivables:

		Stage 1 12-month ECL 第一階段12 個月預期信 貸虧損 RMB'000 人民幣千元	Stage 2 Lifetime ECL 第二階段全 期預期信 貸虧損 RMB'000 人民幣千元	Stage 3 Lifetime ECL 第三階段全 期預期信 貸虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2022	於二零二二年 十二月三十一日				
Gross carrying amount	總賬面值	759,898	—	33,034	792,932
Expected loss rate	預期虧損率	—	—	100.00%	4.17%
Loss allowance	虧損撥備	—	—	33,034	33,034
At 31 December 2021	於二零二一年 十二月三十一日				
Gross carrying amount	總賬面值	541,163	—	34,623	575,786
Expected loss rate	預期虧損率	—	—	100.00%	6.01%
Loss allowance	虧損撥備	—	—	34,623	34,623

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 按金、其他應收賬款及長期應收賬款減值(續)

按金、其他應收賬款及長期應收賬款減值按12個月預期信貸虧損或全期預期信貸虧損計量，惟視乎信貸風險自初步確認以來有否大幅增加而定。為評估信貸風險是否大幅增加，公司比較於報告日期就資產發生的違約風險與於初始確認日期的違約風險。其會考慮可得合理及具理據前瞻性資料。倘在賬齡超過12個月的情況下應收賬款項的信貸風險自初步確認以來大幅增加，則減值按全期預期信貸虧損計量。按該基準，於二零二二年十二月三十一日之虧損撥備乃就按金、其他應收賬款及長期應收賬款釐定如下：

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of deposits, other receivables and long-term receivables (Continued)

The loss allowances for deposits, other receivables and long-term receivables as at 31 December reconcile to the opening loss allowances as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Opening loss allowance at 1 January	於一月一日的期初虧損撥備	34,623	—
(Decrease)/increase in loan loss allowance recognised in profit or loss during the year	年內已於損益確認的貸款虧損撥備(減少)/增加	(1,589)	34,623
Closing loss allowance at 31 December	於十二月三十一日的期末虧損撥備	33,034	34,623

Net impairment losses on financial assets recognised in profit or loss

During the year, losses of RMB39,615,000 (2021: RMB30,873,000) are accrued in net accrual of impairment losses on financial assets. Account receivables of RMB18,304,000 are written off in 2022 (2021: nil).

於損益確認的金融資產的減值虧損淨額

年內，虧損人民幣39,615,000元(二零二一年：人民幣30,873,000元)應計於預提金融資產減值虧損淨額。於二零二二年，應收賬款人民幣18,304,000元已經核銷(二零二一年：零)。

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 按金、其他應收賬款及長期應收賬款減值(續)

於十二月三十一日的按金、其他應收款項及長期應收款項的虧損撥備與期初虧損撥備的對賬如下：

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. Details of the undrawn borrowing facilities available to the Group are disclosed in Note 21 to the consolidated financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一年至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩年至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元
At 31 December 2022	於二零二二年 十二月三十一日				
Borrowings	借貸	5,155,158	2,323,407	1,064,807	—
Supply chain financing	供應鏈融資	549,041	—	—	—
Interest payable on borrowings	借貸應付利息	282,318	124,224	22,681	—
Derivative financial instruments	衍生金融工具	142,054	—	—	—
Trade and bills payables	應付貿易及票據款項	4,597,463	—	—	—
Accruals and other payables (excluding non-financial liabilities)	預提費用及其他應付賬款(不包括非金融負債)	551,927	—	—	—
Lease liabilities	租賃負債	65,884	52,701	114,975	131,429
		11,343,845	2,500,332	1,202,463	131,429
At 31 December 2021	於二零二一年 十二月三十一日				
Borrowings	借貸	3,831,662	1,783,962	1,599,415	—
Interest payable on borrowings	借貸應付利息	129,073	71,067	20,881	—
Derivative financial instruments	衍生金融工具	165,975	—	—	—
Trade and bills payables	應付貿易及票據款項	4,576,337	—	—	—
Accruals and other payables (excluding non-financial liabilities)	預提費用及其他應付賬款(不包括非金融負債)	413,985	—	—	—
Lease liabilities	租賃負債	34,557	23,378	71,381	15,161
Long-term payables	長期應付賬款	30,726	—	—	—
		9,182,315	1,878,407	1,691,677	15,161

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險

本集團採取審慎的流動資金風險管理，透過充裕的已承諾信貸融資保持足夠現金及可動用的資金。本集團旨在透過維持可用的已承諾信貸融資，以保持資金之靈活彈性。有關本集團的未動用借貸融資詳情於綜合財務報表附註21中披露。

下表載列本集團的金融負債分析，此乃按相關到期組別並根據由結算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性未貼現的現金流量。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk 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 dividends paid to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet), supply chain financing, lease liabilities and long-term payables less pledged bank deposits and cash and cash equivalents. Total capital is calculated as 'total equity' as shown in the consolidated balance sheet less non-controlling interests plus net debt.

The net gearing ratios at 31 December 2022 and 2021 are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Total borrowings (Note 21)	借貸總額(附註21)	8,543,372	7,215,039
Supply chain financing (Note 20)	供應鏈融資(附註20)	549,041	—
Lease liabilities (Note 9)	租賃負債(附註9)	314,382	114,249
Long-term payables (Note 23)	長期應付賬款 (附註23)	—	29,871
Less: pledged bank deposits and cash and cash equivalents (Note 16)	減: 已抵押銀行存款及現金及現金等值物 (附註16)	(2,580,068)	(2,695,709)
Net debt	負債淨額	6,826,727	4,663,450
Total equity excluding non-controlling interests	總權益, 扣除非控制性權益	9,501,623	10,038,270
Total capital	資本總額	16,328,350	14,701,720
Net gearing ratio	淨資產負債比率	42%	32%

The increase of gearing ratio during the year is a result of the increase of net debt due to proceeds from borrowings and increase of supply chain financing and lease liabilities.

3. 財務風險管理(續)

3.2 資金風險管理

本集團管理資金的目標為保障本集團持續經營的能力, 為股東帶來回報及為其他權益持有人帶來利益, 並維持理想資本結構以減少資本成本。

為維持或調整資本結構, 本集團或會調整向股東派付股息金額或發行新股份。

與業內其他公司一樣, 本集團利用資產負債比率監察資本。此比率以負債淨額除以資本總額計算。負債淨額以借貸總額(包括綜合資產負債表內列示之「流動及非流動借貸」、供應鏈融資、租賃負債及長期應付賬款減已抵押銀行存款及現金及現金等值物計算。資本總額以綜合資產負債表內列示之「總權益」扣除非控制性權益加負債淨額計算。

於二零二二年及二零二一年十二月三十一日之淨資產負債比率如下:

年內資產負債比率上升乃由於負債淨額因借貸所得款項而增加以及供應鏈融資及租賃負債增加所致。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2022 and 2021, the Group held forward foreign exchange contracts, cross currency swap contracts, cotton future contracts, cotton option contracts and bills receivables held both by collecting contractual cash flows and selling of these assets. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Cross currency swaps are fair valued using forward exchange rates that are quoted in an active market and interest rates extracted from observable yield curves. Cotton future contracts and cotton option contracts are fair valued using forward cotton price that are quoted in an active market. Bills receivables held both by collecting contractual cash flows and selling of these assets are fair valued using interest rates that are quoted in an active market.

3. 財務風險管理(續)

3.3 公平值估計

公平值等級

下表以估值法分析按公平值列賬之金融工具，各等級分析如下：

- 相同資產或負債之活躍市場報價(未經調整)(第一級)。
- 除報價(計入第一級)外，資產或負債之直接(如價格)或間接(如源自價格者)可觀察輸入資料(第二級)。
- 並非根據可觀察市場數據釐定之資產或負債輸入資料(即不可觀察輸入資料)(第三級)。

於二零二二年及二零二一年十二月三十一日，本集團持有遠期外匯合約、交叉貨幣掉期合約、棉花期貨合約、棉花期權合約及藉收集合約現金流及出售該等資產而持有的應收票據。該等遠期外匯合約以活躍市場報價的遠期匯率計算公平值。交叉貨幣掉期乃使用活躍市場報價的遠期匯率及從可觀察收益曲線摘錄的利率計算公平值。棉花期貨合約及棉花期權合約乃使用活躍市場報價的遠期棉花價格計算公平值。藉收集合約現金流及出售該等資產而持有的應收票據使用活躍市場報價的利率計算公平值。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

Fair value hierarchy (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022 and 2021:

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2022		於二零二二年十二月三十一日			
Assets		資產			
Financial assets at fair value through other comprehensive income	按公平值計量且其變動計入其他全面收益的金融資產	—	380,615	—	380,615
Derivative financial instruments	衍生金融工具	—	99,353	—	99,353
		—	479,968	—	479,968
Liabilities		負債			
Derivative financial instruments	衍生金融工具	—	142,054	—	142,054
		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2021		於二零二一年十二月三十一日			
Assets		資產			
Financial assets at fair value through other comprehensive income	按公平值計量且其變動計入其他全面收益的金融資產	—	299,848	—	299,848
Derivative financial instruments	衍生金融工具	—	55,653	—	55,653
		—	355,501	—	355,501
Liabilities		負債			
Derivative financial instruments	衍生金融工具	—	165,975	—	165,975

3. 財務風險管理(續)

3.3 公平值估計(續)

公平值等級(續)

下表列示本集團的資產及負債，其按二零二二年及二零二一年十二月三十一日的公平值計量：

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 discussed below.

4.1 Net realisable value of inventories

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

4.2 Impairment of trade and bills receivables and financial assets at FVOCI

The Group's management determines the provision for impairment of trade and bills receivables and financial assets at FVOCI based on the expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Management reassesses the provision at each balance sheet date.

4. 關鍵會計估計及判斷

各項估計及判斷均持續評估，並根據歷史經驗及其他因素(包括於各種情況下對未來事件被認為合理之預期)評估。

本集團作出有關未來情況的估計及假設，按照定義，會計估計結果一般將不會相等於有關實際結果。估計及假設對於就下一個財政年度內的資產及負債賬面值作出重大調整而構成的重大風險討論如下。

4.1 存貨之可變現淨值

存貨之可變現淨值乃經扣除完成之估計成本及銷售開支後之日常業務估計售價。該等估計乃基於現行市況及製造與銷售性質類似產品之過往經驗而定，可能會因技術創新、客戶喜好改變及競爭對手為回應嚴峻行業週期採取之行動而出現重大變動。管理層於各結算日重新評估該等估計。

4.2 應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產減值

本集團管理層根據預期信貸虧損釐定應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產減值撥備，而對所有應收貿易及票據款項使用整個存續期的預期虧損撥備。金融資產的虧損撥備基於對違約風險及預期虧損率的假設。於各報告期末，管理層根據本集團過往歷史、當前市場狀況及前瞻性估計，通過判斷作出該等假設及選擇減值計算之輸入數據。管理層於各結算日重新評估撥備。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.3 Estimated impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

4. 關鍵會計估計及判斷(續)

4.3 物業、廠房及設備估計減值

當有事件出現或情況改變顯示賬面值可能無法收回時，檢討物業、廠房及設備有否減值。可收回金額按使用價值計算法或市值釐定。於該等計算中須作出判斷及估計。

管理層須於檢討資產減值時作出判斷，尤其是在估計下列各項時：(i) 有否顯示有關資產價值可能無法收回的事件出現；(ii) 資產賬面值有否可收回金額，即公平值減銷售成本與假設繼續於業務中使用有關資產而可得的估計未來現金流量現值淨額的較高者；及(iii) 預測現金流量時應用的適當主要假設，包括有關現金流量預測有否根據適當比率貼現。管理層評估減值時選用的假設(包括現金流量預測的貼現率或增長率假設)的變動可能對減值測試中的現值淨額有重大影響，繼而影響本集團財務狀況及經營業績。倘預測表現及相應的未來現金流量預測有重大不利變動，則或須於綜合全面收益表中列出減值開支。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.4 Income taxes and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Committee of Executive Directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Committee of Executive Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Committee of Executive Directors considers the business from both a product and geographical perspective. From a product perspective, management assesses the performance from sales of yarns, grey fabrics, non-woven fabrics and garment fabrics as well as garments.

China now includes Mainland China, Hong Kong and Macao. Southeast Asia now includes Vietnam and Cambodia. Americas now includes United States, Mexico, Nicaragua and Honduras.

4. 關鍵會計估計及判斷(續)

4.4 所得稅及遞延所得稅

本集團須於若干司法管轄區繳納所得稅。在釐定所得稅撥備時，需要作出重大判斷。在正常業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據估計附加稅是否將到期而確認預期發出的審核稅負債。倘該等事項的最終稅務後果與最初記錄金額不同，差額將影響作出此等釐定期間的所得稅及遞延稅項撥備。

凡管理層認為日後極可能有應課稅溢利用作抵銷暫時差額或稅項虧損，則若干暫時差額及稅項虧損有關的遞延稅項資產將予確認。倘預期金額與原定估計不同，則該差額將會影響該估計出現變動期間的遞延稅項資產及所得稅支出的確認。

5. 分部資料

主要經營決策者被視為本公司執行董事委員會。經營分部以向主要經營決策者提供內部呈報一致的形式呈報。執行董事委員會審閱本集團之內部申報，以評估表現及分配資源。管理層已根據該等報告釐定經營分部。

執行董事委員會認為業務可按產品及地區角度分類。管理層從產品角度評估紗線、坯布、無紡布、面料和服裝之銷售表現。

中國現包括中國內地、香港及澳門。東南亞現包括越南及柬埔寨。美洲現包括美國、墨西哥、尼加拉瓜及洪都拉斯。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

The revenues from external customers in Asia and Americas accounted for 89.9% and 9.5% (2021: 90.5% and 8.6%) of the Group's total revenue respectively.

The Committee of Executive Directors assesses the performance of the operating segments based on revenue and operating profit.

The segment information for the year ended 31 December 2022 is as follows:

5. 分部資料(續)

來自亞洲及美洲外部客戶的收入分別佔本集團總收入的89.9%及9.5% (二零二一年：90.5%及8.6%)。

執行董事委員會根據收入及經營溢利評估經營分部之業績。

截至二零二二年十二月三十一日止年度之分部資料如下：

		Year ended 31 December 2022 截至二零二二年十二月三十一日止年度											
		Yarns 紗線				Garment fabrics and Garments 面料及服裝			Grey fabrics 坯布		Non-woven fabrics 無紡布		Total 總額
		Southeast		Americas	Others	Southeast		Americas	Southeast		Southeast		
		China 中國	Asia 東南亞	美洲	其他	China 中國	Asia 東南亞	美洲	China 中國	Asia 東南亞	China 中國	Asia 東南亞	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total revenue	總收入	25,160,952	8,268,556	239,632	469,647	3,985,993	1,165,346	1,365,820	797,831	523,424	39,469	95,987	42,112,657
Inter-segment revenue (Note)	分部間收入(附註)	(8,566,668)	(6,998,754)	(210,178)	—	(527,280)	(1,060,308)	(277,449)	(69,872)	(523,403)	—	(73,391)	(18,307,303)
Revenue (from external customers)	收入(來自外部客戶)	16,594,284	1,269,802	29,454	469,647	3,458,713	105,038	1,088,371	727,959	21	39,469	22,596	23,805,354
Timing of revenue recognition — At a point in time	收入確認時間 — 於某個時間點	16,594,284	1,269,802	29,454	469,647	3,458,713	105,038	1,088,371	727,959	21	39,469	22,596	23,805,354
Segment results	分部業績	210,057	248,397	(42,021)	46,000	185,915	(12,855)	(411)	15,587	3,857	(840)	(71,904)	581,782
Unallocated profit	未分配溢利												20,079
Operating profit	經營溢利												601,861
Finance income	財務收入												37,743
Finance costs	財務費用												(504,604)
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損												36,159
Income tax credit	所得稅抵免												30,027
Profit for the period	期內溢利												201,186
Depreciation and amortisation	折舊及攤銷	(407,538)	(323,725)	(45,910)	(18,114)	(94,090)	(41,603)	(34,083)	(10,230)	(23,080)	—	(30,677)	(1,029,050)

Note: The Group's inter-segment yarns revenue mainly include factories in Southeast Asia selling products through trading companies in China.

附註：本集團的分部間紗線收入主要包括位於東南亞的工廠通過中國的貿易公司出售產品。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

The segment information for the year ended 31 December 2021 is as follows:

5. 分部資料(續)

截至二零二一年十二月三十一日止年度
之分部資料如下：

		Year ended 31 December 2021 截至二零二一年十二月三十一日止年度											
		Yarns 紗線				Garment fabrics and Garments 面料及服裝			Grey fabrics 坯布		Non-woven fabrics 無紡布		Total 總額
		Southeast		Others	Southeast		Americas	Southeast		China	Asia	Total	
		China	Asia	其他	China	Asia	美洲	China	Asia	China	東南亞	人民幣千元	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		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	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Total revenue	總收入	26,900,083	9,193,801	101,476	478,657	4,494,406	943,819	1,153,676	808,965	577,326	110,121	156,853	44,919,183
Inter-segment revenue	分部間收入	(7,913,992)	(8,008,375)	(101,476)	(7,387)	(323,615)	(861,212)	(240,555)	(222,130)	(575,719)	—	(143,529)	(18,397,990)
Revenue (from external customers)	收入(來自外部客戶)	18,986,091	1,185,426	—	471,270	4,170,791	82,607	913,121	586,835	1,607	110,121	13,324	26,521,193
Timing of revenue recognition — At a point in time	收入確認時間 — 於某個時間點	18,986,091	1,185,426	—	471,270	4,170,791	82,607	913,121	586,835	1,607	110,121	13,324	26,521,193
Segment results	分部業績	1,297,843	1,660,822	(22,916)	101,391	354,797	31,181	21,874	84,086	33,018	(6,001)	(5,222)	3,550,873
Unallocated losses	未分配虧損												(127,676)
Operating profit	經營溢利												3,423,197
Finance income	財務收入												44,589
Finance costs	財務費用												(167,252)
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損												39,617
Income tax expense	所得稅開支												(598,535)
Profit for the period	期內溢利												2,741,616
Depreciation and amortisation	折舊及攤銷	(453,526)	(310,362)	(17,673)	(16,676)	(102,897)	(43,613)	(33,183)	(12,667)	(23,747)	—	(23,212)	(1,037,556)

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2022 are as follows:

5. 分部資料(續)

於二零二二年十二月三十一日之分部資產及負債如下:

		As at 31 December 2022											
		於二零二二年十二月三十一日											
		Yarns				Garment fabrics and Garments			Grey fabrics		Non-woven fabrics		Total
		紗線				面料及服裝			坯布		無紡布		
		Southeast				Southeast			Southeast		Southeast		
		China	Asia	Americas	Others	China	Asia	Americas	China	Asia	China	Asia	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		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	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 segment assets	分部總資產	10,815,352	6,156,506	1,189,212	507,466	3,452,885	1,415,621	626,556	365,726	454,044	2,668	537,003	25,523,039
Unallocated assets	未分配資產												628,260
Total assets of the Group	本集團總資產												26,151,299
Total segment liabilities	分部總負債	(5,968,788)	(3,037,955)	(862,945)	(326,382)	(206,986)	(1,140,683)	(407,921)	(213,425)	(398,391)	(135)	(503,779)	(13,067,390)
Unallocated liabilities	未分配負債												(2,982,433)
Total liabilities of the Group	本集團總負債												(16,049,823)
Addition to non-current assets	添置非流動資產	830,096	724,655	381,479	14,397	149,393	116,623	27,350	20,236	120,625	—	6,176	2,391,030

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2021 are as follows:

5. 分部資料(續)

於二零二一年十二月三十一日之分部資產及負債如下：

		As at 31 December 2021 於二零二一年十二月三十一日											
		Yarns 紗線				Garment fabrics and Garments 面料及服裝			Grey fabrics 坯布		Non-woven fabrics 無紡布		Total 總額
		Southeast				Southeast			Southeast		Southeast		
		China 中國	Asia 東南亞	Americas 美洲	Others 其他	China 中國	Asia 東南亞	Americas 美洲	China 中國	Asia 東南亞	China 中國	Asia 東南亞	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total segment assets	分部總資產	11,095,040	5,169,955	591,340	408,889	3,686,870	1,250,814	677,472	201,580	351,632	17,548	586,538	24,037,678
Unallocated assets	未分配資產												405,206
Total assets of the Group	本集團總資產												24,442,884
Total segment liabilities	分部總負債	(3,416,648)	(4,190,308)	(388,146)	(271,000)	(749,688)	(970,023)	(418,489)	(80,137)	(311,360)	(804)	(477,171)	(11,273,774)
Unallocated liabilities	未分配負債												(2,568,158)
Total liabilities of the Group	本集團總負債												(13,841,932)
Addition to non-current assets	添置非流動資產	885,199	609,513	252,939	19,835	215,009	262,413	69,110	21,104	871	—	10,614	2,346,607

Sales analyses of the Group by products are shown below:

本集團按產品劃分的銷售分析列示如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Stretchable core-spun yarns	彈力包芯紗線	8,865,690	10,292,499
Other yarns	其他紗線	8,721,760	10,107,339
Grey fabrics	坯布	727,980	588,442
Woven garment fabrics	梭織面料	2,647,893	2,570,170
Knitted garment fabrics	針織面料	866,442	1,041,746
Jeanswear	牛仔服裝	91,344	672,485
Trading	貿易	1,822,180	1,125,067
Non-woven fabrics	無紡布	62,065	123,445
		23,805,354	26,521,193

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

6. FREEHOLD LAND

6. 永久產權土地

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Freehold land	永久產權土地	188,492	163,957

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Opening net book amount	年初賬面淨值	163,957	167,794
Additions	添置	9,147	—
Currency translation differences	貨幣匯兌差額	15,388	(3,837)
Closing net book amount	年末賬面淨值	188,492	163,957

The Group's freehold land is analysed as follows:

本集團之永久產權土地分析如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Freehold land	永久產權土地		
— In Cambodia	— 於柬埔寨	127,491	116,711
— In Turkey	— 於土耳其	29,973	19,065
— In Mexico	— 於墨西哥	14,995	13,727
— In Uruguay	— 於烏拉圭	10,656	9,532
— In Nicaragua	— 於尼加拉瓜	5,377	4,922
		188,492	163,957

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於二零二一年一月一日						
Cost or valuation	成本或估值	4,129,468	9,070,279	113,965	59,749	530,862	13,904,323
Accumulated depreciation	累計折舊	(763,727)	(4,144,868)	(65,650)	(35,942)	—	(5,010,187)
Net book amount	賬面淨值	3,365,741	4,925,411	48,315	23,807	530,862	8,894,136
Year ended 31 December 2021	截至二零二一年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	3,365,741	4,925,411	48,315	23,807	530,862	8,894,136
Additions	添置	326,382	171,141	6,285	12,846	1,749,047	2,265,701
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	251,397	114,721	391	3,795	6	370,310
Transfers	轉讓	131,254	612,193	503	880	(744,830)	—
Disposals (Note 35)	出售(附註35)	(514,432)	(735,568)	(5,753)	(2,306)	(21,856)	(1,279,915)
Depreciation charges (Note 28)	折舊支出(附註28)	(172,711)	(757,260)	(10,269)	(7,214)	—	(947,454)
Impairment charges (Note 28)	減值支出(附註28)	—	(57,202)	—	—	—	(57,202)
Currency translation differences	貨幣匯兌差額	(9,234)	(2,803)	(839)	(12)	(3,569)	(16,457)
Closing net book amount	年末賬面淨值	3,378,397	4,270,633	38,633	31,796	1,509,660	9,229,119
At 31 December 2021	於二零二一年十二月三十一日						
Cost or valuation	成本或估值	4,165,476	8,432,929	74,872	66,729	1,509,660	14,249,666
Accumulated depreciation	累計折舊	(787,079)	(4,162,296)	(36,239)	(34,933)	—	(5,020,547)
Net book amount	賬面淨值	3,378,397	4,270,633	38,633	31,796	1,509,660	9,229,119
Year ended 31 December 2022	截至二零二二年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	3,378,397	4,270,633	38,633	31,796	1,509,660	9,229,119
Additions	添置	7,058	36,487	18,115	9,091	1,816,550	1,887,301
Revaluation	重估	8,198	—	—	—	—	8,198
Transfers	轉讓	383,283	1,299,907	2,045	2,196	(1,687,431)	—
Disposals (Note 35)	出售(附註35)	(21,389)	(116,519)	(4,893)	(809)	(324,000)	(467,610)
Depreciation charges (Note 28)	折舊支出(附註28)	(156,050)	(738,567)	(11,576)	(9,548)	—	(915,741)
Transfer to investment properties (Note 8)	轉撥至投資物業(附註8)	(238,353)	—	—	—	—	(238,353)
Currency translation differences	貨幣匯兌差額	46,447	52,877	2,585	941	1,014	103,864
Closing net book amount	年末賬面淨值	3,407,591	4,804,818	44,909	33,667	1,315,793	9,606,778
At 31 December 2022	於二零二二年十二月三十一日						
Cost or valuation	成本或估值	4,302,575	9,387,736	71,818	73,084	1,315,793	15,151,006
Accumulated depreciation and impairment charges	累計折舊及減值支出	(894,984)	(4,582,918)	(26,909)	(39,417)	—	(5,544,228)
Net book amount	賬面淨值	3,407,591	4,804,818	44,909	33,667	1,315,793	9,606,778

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings are shown at fair value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation. As at 31 December 2022, buildings with net book amount of RMB3,407,591,000 were stated at fair value.

The valuation performed as at 31 December 2022 was determined using the depreciated replacement costs approach and was within level 3 of the fair value hierarchy. Current gross reproduction costs of the buildings are adjusted for physical deterioration and all relevant forms of obsolescence and optimization.

The revaluation surplus, net of applicable deferred income tax liabilities, was regarded as other comprehensive income and credited to revaluation reserve in equity (Note 19).

If buildings were stated on historical cost basis, the amounts would be as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Cost	成本	3,984,098	3,855,197
Accumulated depreciation	累計折舊	(838,897)	(763,620)
Net book amount	賬面淨值	3,145,201	3,091,577

During the year ended 31 December 2022, depreciation of RMB818,096,000 (2021: RMB855,847,000) was included in cost of sales, RMB4,647,000 (2021: RMB4,061,000) was included in selling and distribution costs and RMB92,998,000 (2021: RMB87,546,000) was included in general and administrative expenses.

During the year ended 31 December 2022, finance cost of RMB63,607,000 was capitalised as part of property, plant and equipment (2021: nil) (Note 30).

As at 31 December 2022, no property, plant and equipment were pledged, while as at 31 December 2021, property, plant and equipment of approximately RMB164,427,000 as collateral of the Group's bank borrowings (Note 21).

7. 物業、廠房及設備(續)

樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。於二零二二年十二月三十一日,賬面淨值為人民幣3,407,591,000元的樓宇以公平值列賬。

二零二二年十二月三十一日進行之估值乃採用折舊重置成本法釐定,並歸入公平值層級第三級內。樓宇目前的整體複製成本已就實體老化及所有陳舊及優化相關形式作出調整。

重估盈餘扣除適用的遞延所得稅負債,作為其他全面收益並已計入權益內的重估儲備(附註19)。

倘樓宇以歷史成本法列賬,金額將為如下:

於截至二零二二年十二月三十一日止年度,人民幣818,096,000元(二零二一年:人民幣855,847,000元)的折舊已計入銷售成本,人民幣4,647,000元(二零二一年:人民幣4,061,000元)的折舊已計入銷售及分銷開支及人民幣92,998,000元(二零二一年:人民幣87,546,000元)的折舊已計入一般及行政開支。

於截至二零二二年十二月三十一日止年度,人民幣63,607,000元的財務費用(二零二一年:無)資本化為物業、廠房及設備之一部分(附註30)。

於二零二二年十二月三十一日,概無物業、廠房及設備被抵押,而於二零二一年十二月三十一日,約人民幣164,427,000元的物業、廠房及設備作為本集團銀行借貸的抵押品(附註21)。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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8. INVESTMENT PROPERTIES

8. 投資物業

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Year ended 31 December 2022	截至二零二二年十二月三十一日止年度		
Opening net book amount	年初賬面淨值	—	—
Transfer from property, plant and equipment (Note 7)	轉撥自物業、廠房及設備(附註7)	238,353	—
Transfer from right-of-use assets	轉撥自使用權資產	49,508	—
Depreciation	折舊	(18,970)	—
Closing net book amount	年末賬面淨值	268,891	—
At 31 December 2022	於二零二二年十二月三十一日		
Cost	成本	287,861	—
Accumulated depreciation and impairment charges	累計折舊及減值支出	(18,970)	—
Net book amount	賬面淨值	268,891	—

The Group's investment properties are stated at historical cost at the end of each reporting period.

本集團的投資物業於各報告期末按歷史成本列賬。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

8. INVESTMENT PROPERTIES (Continued)

(i) Amounts recognised in profit or loss for investment properties

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Rental income from operating leases (Note 27) 經營租賃的租金收入 (附註27)	26,843	—

Depreciation expenses have been charged to the consolidated income statement as follows:

折舊開支已於綜合收益表扣除如下：

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Other income — net (Note 27) 其他收入 — 淨額 (附註27)	(18,970)	—

The above investment properties are located in China and depreciated on a straight-line basis over 3 to 20 years.

以上投資物業位於中國，並按3至20年以直線法折舊。

The fair value of the investment properties as at 31 December 2022 was RMB289,799,000. The valuation was determined using the sale comparison approach and was within level 3 of the fair value hierarchy. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square metre.

於二零二二年十二月三十一日，投資物業的公平值為人民幣289,799,000元。估值乃採用銷售比較法釐定，並歸入公平值層級第三級內。鄰近可資比較物業的售價已就主要特點(如物業大小)之差異作出調整。此估值法最重大輸入數據為每平方米價格。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

9. LEASES

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Right-of-use assets	使用權資產		
Land use rights	土地使用權	1,287,843	1,124,394
Buildings and warehouses	樓宇及倉庫	263,242	65,376
Equipment and others	設備及其他	30,125	37,420
		1,581,210	1,227,190
Current lease liabilities	即期租賃負債	55,687	31,622
Non-current lease liabilities	非即期租賃負債	258,695	82,627
Total lease liabilities	租賃負債總額	314,382	114,249

Additions to the right-of-use assets during the 2022 financial year were RMB494,582,000 (2021: RMB139,353,000).

As at 31 December 2022, no land use rights were pledged as collateral of the Group's bank borrowings (2021: RMB34,388,000) (Note 21).

The Group leases various machinery and equipment under finance lease agreement. The original lease terms are from 3 to 4 years. Under the terms of the leases, the lessors transfer ownership of the assets to the Group by the end of the lease term.

9. 租賃

(a) 於綜合資產負債表確認的金額

與租賃相關的金額載於綜合資產負債表如下：

二零二二年財政年度使用權資產增加人民幣494,582,000元(二零二一年：人民幣139,353,000元)。

於二零二二年十二月三十一日，概無土地使用權抵押為本集團銀行借貸的抵押品(二零二一年：人民幣34,388,000元)(附註21)。

本集團根據融資租賃協議租賃各種機器及設備。最初租賃期限為3至4年。根據租賃條款，出租人應在租賃期限屆滿前將資產的所有權轉讓給本集團。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

9. LEASES (Continued)

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Depreciation charge of right-of-use assets	使用權資產折舊費用		
Land use rights	土地使用權	31,204	31,724
Buildings and warehouses	樓宇及倉庫	52,111	42,661
Equipment and others	設備及其他	7,363	12,056
		90,678	86,441
Interest expense (included in finance cost) (Note 30)	利息開支(計入財務費用)(附註30)	10,183	5,393
Expense relating to short-term leases (included in selling and distribution costs and administrative expenses) (Note 28)	有關短期租賃的開支(計入銷售及分銷開支以及行政開支)(附註28)	27,690	4,174
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of sales and administrative expenses) (Note 28)	有關未列示為上述短期租賃的低價值資產租賃的開支(計入銷售成本及行政開支)(附註28)	152	21

The total cash outflow for leases in 2022 was RMB332,523,000 (2021: RMB124,388,000).

9. 租賃(續)

(b) 已於綜合收益表確認的金額

綜合收益表列示以下有關租賃的款項：

二零二二年的租賃現金流出總額為人民幣332,523,000元(二零二一年：人民幣124,388,000元)。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

10. INTANGIBLE ASSETS

10. 無形資產

		Goodwill 商譽 RMB'000 人民幣千元	Customer relationship 客戶關係 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於二零二一年 一月一日			
Cost	成本	17,641	54,918	72,559
Accumulated depreciation	累計折舊	—	(9,153)	(9,153)
Net book amount	賬面淨值	17,641	45,765	63,406
Year ended 31 December 2021	截至二零二一年 十二月三十一日 止年度			
Opening net book amount	年初賬面淨值	17,641	45,765	63,406
Acquisition of subsidiaries (Note 37)	收購附屬公司 (附註37)	9,333	—	9,333
Amortisation charges (Note 28)	攤銷開支(附註28)	—	(3,661)	(3,661)
Closing net book amount	年末賬面淨值	26,974	42,104	69,078
At 31 December 2021	於二零二一年 十二月三十一日			
Cost or valuation	成本或估值	26,974	54,918	81,892
Accumulated amortisation	累計攤銷	—	(12,814)	(12,814)
Net book amount	賬面淨值	26,974	42,104	69,078
Year ended 31 December 2022	截至二零二二年 十二月三十一日 止年度			
Opening net book amount	年初賬面淨值	26,974	42,104	69,078
Amortisation charges (Note 28)	攤銷開支(附註28)	—	(3,661)	(3,661)
Closing net book amount	年末賬面淨值	26,974	38,443	65,417
At 31 December 2022	於二零二二年 十二月三十一日			
Cost or valuation	成本或估值	26,974	54,918	81,892
Accumulated amortisation	累計攤銷	—	(16,475)	(16,475)
Net book amount	賬面淨值	26,974	38,443	65,417

During the year ended 31 December 2022, amortisation of RMB3,661,000 (2021: RMB3,661,000) was included in general and administrative expenses.

截至二零二二年十二月三十一日止年度，攤銷人民幣3,661,000元(二零二一年：人民幣3,661,000元)已計入一般及行政開支。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Associates	聯營公司	355,774	316,807
Joint ventures	合營企業	4,266	4,131
At 31 December	於十二月三十一日	360,040	320,938

11. 以權益法列賬的投資

以下為已於綜合資產負債表確認的金額：

The amounts recognised in the consolidated income statement are as follows:

以下為已於綜合收益表確認的金額：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Associates	聯營公司	36,024	39,333
Joint ventures	合營企業	135	284
For the year ended 31 December	截至十二月三十一日 止年度	36,159	39,617

(a) Investments in associates

(a) 於聯營公司的投資

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Share of net assets of unlisted associates	分佔非上市聯營公司 資產淨值	355,774	316,807

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

Movements of shares of net assets of associates attributable to the Group are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Opening amount	期初金額	316,807	286,037
Additions (i)	添置(i)	—	27,715
Share of profits less losses based on equity held	根據所持的權益應佔溢利減虧損	36,024	39,333
Share of other comprehensive income based on equity held	根據所持的權益應佔其他全面收益	2,943	—
Disposal (ii)	出售(ii)	—	(36,278)
Closing amount	期末金額	355,774	316,807

- (i) The Group previously held 100% equity interest in Treasure Reap Limited and its subsidiaries. On 31 December 2021, the Group transferred 55% equity interest to Hualida Vietnam (Quang Ninh) Investment Management Co., Ltd., a third party. Upon the completion of the transaction, Treasure Reap Limited and its subsidiaries became associates of the Group.
- (ii) The Group previously held 48% equity interest of Nantong Textile Group Co., Ltd. and its subsidiaries. On 31 October 2021, the Group acquired the remaining 52% equity interest. Upon the completion of the transaction, Nantong Textile Group Co., Ltd. and its subsidiaries became a wholly-owned subsidiary of the Group.

There are no contingent liabilities relating to the Group's interests in the associates.

Set out below are the associates of the Group as at 31 December 2022 which, in the opinion of the directors, are individually immaterial to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The countries of incorporation or registration is also their principal places of business.

11. 以權益法列賬的投資(續)

(a) 於聯營公司的投資(續)

本集團應佔聯營公司資產淨值變動如下：

- (i) 本集團先前持有豐寶有限公司及其附屬公司100%股權。於二零二一年十二月三十一日，本集團將55%股權轉讓予第三方華利達越南(廣寧)投資管理有限公司。交易完成後，豐寶有限公司及其附屬公司成為本集團聯營公司。
- (ii) 本集團先前持有南通紡織控股集團紡織染有限公司及其附屬公司的48%股權。於二零二一年十月三十一日，本集團收購餘下52%股權。交易完成後，南通紡織控股集團紡織染有限公司及其附屬公司成為本集團的全資附屬公司。

不存在與本集團於聯營公司權益相關之或然負債。

以下為於二零二二年十二月三十一日，董事認為個別對本集團並不重要之本集團聯營公司。下列聯營公司之股本僅由普通股組成，並由本集團直接持有。其註冊成立或註冊國家亦為其主要營業地點。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

The Group's investments in associates that are individually immaterial to the Group as at 31 December 2022 are:

Name of associate	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities	Particulars of issued share capital	Interest held
聯營公司名稱		主要業務	已發行股本詳情	所持權益
Hongyan Vietnam Holdings Limited	British Virgin Islands, 2 July 2015, limited liability company	Investment holding in British Virgin Islands	RMB166,167,000	45%
鴻雁越南控股有限公司	英屬處女群島，二零一五年 七月二日，有限責任公司	於英屬處女群島進行 投資控股	人民幣166,167,000元	45%
Henglun International (Hong Kong) Limited	Hong Kong, 11 June 2019, limited liability company	Investment holding in Hong Kong	USD5,000,000	30%
恒倫國際(香港)有限公司	香港，二零一九年六月十一日， 有限責任公司	於香港進行投資控股	5,000,000美元	30%
Hualida Vietnam (Quang Ninh) Holdings Limited	Hong Kong, 16 November 2018, limited liability company	Investment holding in Hong Kong	HKD20,000	45%
華利達越南(廣寧)控股有限公司	香港，二零一八年十一月 十六日，有限責任公司	於香港進行投資控股	20,000港元	45%
Jiangsu Dasheng Intelligence Technology Development Co., Ltd.	Nantong, Mainland China, 9 March 2020, limited liability company	Manufacturing and sales of textile products	RMB10,000,000	30%
江蘇大生智能科技發展有限公司	中國內地南通，二零二零年 三月九日，有限責任公司	製造及銷售紡織品	人民幣10,000,000元	30%
Treasure Reap Limited	British Virgin Islands, February 2017, limited liability company	Investment holding in British Virgin Islands	USD100	45%
豐寶有限公司	英屬處女群島，二零一七年 二月，有限責任公司	於英屬處女群島進行投 資控股	100美元	45%
HLD (HK) Trading Limited	Hong Kong, 24 February 2022, limited liability company	Trading of textile products in Hong Kong	HKD100	45%
HLD (HK) Trading Limited	香港，二零二二年二月 二十四日，有限責任公司	於香港進行紡織產品 貿易	100港元	45%

11. 以權益法列賬的投資(續)

(a) 於聯營公司的投資(續)

於二零二二年十二月三十一日，本集團於對本集團個別並不重大的附屬公司的投資：

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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截至二零二二年十二月三十一日止年度

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

Name of associate	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities	Particulars of issued share capital	Interest held
聯營公司名稱		主要業務	已發行股本詳情	所持權益
Subsidiaries of Hongyan Vietnam Holdings Limited: 鴻雁越南控股有限公司之附屬公司：				
Lanyan Denim Garment Vietnam Holdings Limited	Hong Kong, 2 June 2015, limited liability company	Investment holding in Hong Kong	HKD100	45%
蘭雁牛仔服裝越南控股有限公司	香港，二零一五年六月二日， 有限責任公司	於香港進行投資控股	100港元	45%
Hualida (Vietnam) Garments Limited Company	Vietnam, January 2016, limited liability company	Manufacturing of garments in Vietnam	Vietnam Dong ("VND") 39,492,000,000	45%
華利達(越南)服裝責任有限公司	越南，二零一六年一月， 有限責任公司	於越南製造成衣	39,492,000,000越南盾 (「越南盾」)	45%
Hualida Vietnam (Quang Ninh) Garments Company Limited	Vietnam, 5 January 2021, limited liability company	Manufacturing of garments in Vietnam	VND46,580,000,000	45%
華利達越南(廣寧)服裝責任有限公司	越南，二零二一年一月五日， 有限責任公司	於越南製造成衣	46,580,000,000越南盾	45%
Subsidiary of Hualida Vietnam (Quang Ninh) Holdings Limited: 華利達越南(廣寧)控股有限公司之附屬公司：				
Hualida Vietnam (Hai Ha) Garments Limited Company	Vietnam, 9 March 2021, limited liability company	Manufacturing of garments in Vietnam	VND37,236,800,000	45%
華利達越南(海河)服裝責任有限公司	越南，二零二一年三月九日， 有限責任公司	於越南製造成衣	37,236,800,000越南盾	45%
Subsidiary of Henglun International (Hong Kong) Limited: 恒綸國際(香港)有限公司之附屬公司：				
Henglun Textile (Vietnam) Company Limited	Vietnam, November 2019, limited liability company	Manufacturing of garment fabrics in Vietnam	USD5,000,000	30%
恒綸紡織(越南)有限公司	越南，二零一九年十一月， 有限責任公司	於越南製造面料	5,000,000美元	30%

11. 以權益法列賬的投資(續)

(a) 於聯營公司的投資(續)

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Investments in associates (Continued)

11. 以權益法列賬的投資(續)

(a) 於聯營公司的投資(續)

Name of associate	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities	Particulars of issued share capital 已發行股本詳情	Interest held 所持權益
Subsidiary of Jiangsu Dasheng Intelligence Technology Development Co., Ltd. 江蘇大生智能科技發展有限公司之附屬公司：				
Nantong Dasheng Third Cotton Textile Co., Ltd.	Nantong, Mainland China, 26 April 2020, limited liability company	Manufacturing and sales of textile products	RMB23,030,000	30%
南通大生三棉紡織有限公司	中國內地南通，二零二零年四月二十六日，有限責任公司	製造及銷售紡織品	人民幣23,030,000元	30%
Subsidiaries of Treasure Reap Limited: 豐實有限公司之附屬公司：				
Harvest Bright (HK) Industrial Limited	Hong Kong, February 2017, limited liability company	Investment holding in Hong Kong	HKD100	45%
耀豐(香港)實業有限公司	香港，二零一七年二月，有限責任公司	於香港進行投資控股	100港元	45%
Hualida Thai Binh Garment Company Limited (formerly "Texhong Thai Binh Garment Company Limited")	Vietnam, March 2007, limited liability company	Manufacturing of garment fabrics in Vietnam	VND304,000,000,000	45%
華利達太平服裝有限公司 (前稱「天虹太平服裝有限公司」)	越南，二零零七年三月，有限責任公司	於越南製造面料	304,000,000,000越南盾	45%

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
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11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Investment in a joint venture

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Opening amount	期初金額	4,131	3,847
Share of profit	分攤溢利	135	284
At 31 December	於十二月三十一日	4,266	4,131

There are no contingent liabilities relating to the Group's interests in the joint venture.

Set out below is the joint venture of the Group as at 31 December 2022 which, in the opinion of the directors, is immaterial to the Group. The joint venture as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also its principal place of business.

The Group's investment in a joint venture as at 31 December 2022 is:

11. 以權益法列賬的投資(續)

(b) 於合營企業的投資

本集團於合營企業的權益並無任何或然負債。

以下為於二零二二年十二月三十一日，董事認為對本集團並不重要之本集團合營企業。下列合營企業之股本僅由普通股組成，並由本集團直接持有；其註冊成立或註冊國家亦為其主要營業地點。

於二零二二年十二月三十一日本集團於合營企業的投資：

Name of the joint venture	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities	Particulars of issued share capital	Interest held
合營企業名稱		主要業務	已發行股本詳情	所持權益
Texhong Tan Cang Logistics Joint Stock Company	Vietnam, 30 June 2016, limited liability company	Cargo transportation by land and sea; other assistant services; cargo landing-over, storage, management consulting	VND20,000,000,000	50%
天虹新港物流股份公司	越南，二零一六年六月三十日， 有限責任公司	海陸貨物運輸；其他輔助服務；貨物卸運、儲存、管理諮詢	20,000,000,000越南盾	50%

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(c) Summarised financial information for associates and joint ventures

The tables below provide summarised financial information for associates and joint ventures as a group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments.

		2022 二零二二年 <i>RMB'000</i> 人民幣千元	2021 二零二一年 <i>RMB'000</i> 人民幣千元
Current assets	流動資產	938,566	672,379
Non-current assets	非流動資產	807,329	705,268
Current liabilities	流動負債	932,271	645,021
Non-current liabilities	非流動負債	10,416	10,096

		Year ended 31 December 截至十二月三十一日止年度	
		2022 二零二二年 <i>RMB'000</i> 人民幣千元	2021 二零二一年 <i>RMB'000</i> 人民幣千元
Revenue	收入	2,035,016	1,575,033
Cost of sales	銷售成本	1,867,487	1,332,931
Profit for the year	年度溢利	73,239	94,806

11. 以權益法列賬的投資(續)

(c) 聯營公司及合營企業的概要財務資料

下表提供聯營公司及合營企業(作為一個組別)的概要財務資料。已披露資料反映相關聯營公司及合營企業的財務報表所呈列的金額，而並非本集團分佔該等金額。其已獲修訂以反映實體於使用權益法時作出的調整，包括公平值調整。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

12. 按類別劃分的金融工具

		Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortised cost	Total
		按公平值計入損益的金融資產	按公平值計量且其變動計入其他全面收益的金融資產	按攤銷成本列賬之金融資產	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
31 December 2022	二零二二年十二月三十一日				
Assets as per balance sheet	資產負債表所列資產				
Trade and bills receivables and financial assets at FVOCI (Note 14)	應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產(附註14)	—	380,615	1,363,146	1,743,761
Derivative financial instruments (Note 22)	衍生金融工具(附註22)	99,353	—	—	99,353
Deposits and other receivables (Note 15)	按金及其他應收賬款(附註15)	—	—	613,898	613,898
Long-term receivables (Note 15)	長期應收賬款(附註15)	—	—	146,000	146,000
Pledged bank deposits and cash and cash equivalents (Note 16)	已抵押銀行存款及現金及現金等值物(附註16)	—	—	2,580,068	2,580,068
Total	總計	99,353	380,615	4,703,112	5,183,080
31 December 2021	二零二一年十二月三十一日				
Assets as per balance sheet	資產負債表所列資產				
Trade and bills receivables and financial assets at FVOCI (Note 14)	應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產(附註14)	—	299,848	1,719,812	2,019,660
Derivative financial instruments (Note 22)	衍生金融工具(附註22)	55,653	—	—	55,653
Deposits and other receivables (Note 15)	按金及其他應收賬款(附註15)	—	—	249,163	249,163
Long-term receivables (Note 15)	長期應收賬款(附註15)	—	—	292,000	292,000
Pledged bank deposits and cash and cash equivalents (Note 16)	已抵押銀行存款及現金及現金等值物(附註16)	—	—	2,695,709	2,695,709
Total	總計	55,653	299,848	4,956,684	5,312,185

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

12. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

12. 按類別劃分的金融工具(續)

		Financial liabilities at FVPL 按公平值計入 損益的 金融負債 RMB'000 人民幣千元	Financial liabilities at amortised cost 按攤銷成本 列賬之 金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2022	二零二二年 十二月三十一日			
Liabilities as per balance sheet	資產負債表所列負債			
Supply chain financing (Note 20)	供應鏈融資(附註20)	—	549,041	549,041
Borrowings (Note 21)	借貸(附註21)	—	8,543,372	8,543,372
Derivative financial instruments (Note 22)	衍生金融工具 (附註22)	142,054	—	142,054
Trade and bills payables (Note 25)	應付貿易及票據款項 (附註25)	—	4,597,463	4,597,463
Accruals and other payables excluding deposits and statutory liabilities (Note 26)	預提費用及其他應付 賬款(不包括按金及 法定負債)(附註26)	—	551,927	551,927
Lease liabilities (Note 9)	租賃負債(附註9)	—	314,382	314,382
Total	總計	142,054	14,556,185	14,698,239
31 December 2021	二零二一年 十二月三十一日			
Liabilities as per balance sheet	資產負債表所列負債			
Borrowings (Note 21)	借貸(附註21)	—	7,215,039	7,215,039
Derivative financial instruments (Note 22)	衍生金融工具 (附註22)	165,975	—	165,975
Trade and bills payables (Note 25)	應付貿易及票據款項 (附註25)	—	4,576,337	4,576,337
Accruals and other payables excluding deposits and statutory liabilities (Note 26)	預提費用及其他應付賬 款(不包括按金及法 定負債)(附註26)	—	413,985	413,985
Lease liabilities (Note 9)	租賃負債(附註9)	—	114,249	114,249
Long-term payables (Note 23)	長期應付賬款 (附註23)	—	29,871	29,871
Total	總計	165,975	12,349,481	12,515,456

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

13. INVENTORIES AND PROPERTIES UNDER DEVELOPMENT

(a) Inventories

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Raw materials	原材料	4,515,136	5,104,790
Work-in-progress	在製品	604,728	596,777
Finished goods	製成品	3,075,127	1,559,827
		8,194,991	7,261,394
Less: provision for write-down of inventories to net realisable value	減：撇減存貨至可變現 淨值之撥備	(604,886)	(109,727)
		7,590,105	7,151,667

The cost of inventories recognised as expense and included in cost of sales amounted to RMB16,420,861,000 (2021: RMB16,272,629,000) (Note 28).

In 2022, the Group made an inventory provision of approximately RMB495,159,000 (2021: RMB16,177,000). These amounts have been included in 'cost of sales' in the consolidated income statement (Note 28).

13. 存貨及發展中物業

(a) 存貨

確認為費用且列入銷售成本的存貨成本金額為人民幣16,420,861,000元(二零二一年：人民幣16,272,629,000元)(附註28)。

於二零二二年，本集團計提存貨撥備約人民幣495,159,000元(二零二一年：人民幣16,177,000元)。該等金額已計入綜合收益表之「銷售成本」中(附註28)。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

13. INVENTORIES AND PROPERTIES UNDER DEVELOPMENT (Continued)

(b) Properties under development

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Properties under development expected to be completed:		
— Expected to be completed after more than 12 months	340,796	235,113
Properties under development comprise:		
— Land use rights	236,440	229,283
— Construction cost	104,356	5,830
	340,796	235,113

As at 31 December 2022, land use rights of RMB236,440,000 (2021: RMB229,283,000) were in Mainland China with lease terms of 40 to 70 years.

As at 31 December 2022, land use rights with net book value of RMB32,959,000 (2021: RMB27,130,000) is under development, and the construction cost is RMB104,356,000 (2021: RMB5,830,000). The remaining land use rights with net book value of RMB203,481,000 (2021: RMB202,153,000) has not been constructed yet.

13. 存貨及發展中物業(續)

(b) 發展中物業

於二零二二年十二月三十一日，在中國內地的土地使用權為人民幣236,440,000元(二零二一年：人民幣229,283,000元)，租賃期限為40至70年。

於二零二二年十二月三十一日，賬面淨值為人民幣32,959,000元(二零二一年：人民幣27,130,000元)的土地使用權仍在發展中，建築成本為人民幣104,356,000元(二零二一年：人民幣5,830,000元)。賬面淨值為人民幣203,481,000元(二零二一年：人民幣202,153,000元)的餘下土地使用權尚未建設。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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14. TRADE AND BILLS RECEIVABLES AND FINANCIAL ASSETS AT FVOCI

(a) Financial assets at FVOCI

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Current 即期	380,615	299,848

Bills receivables held both by collecting contractual cash flows and selling of these assets are classified as financial assets at FVOCI.

藉收集合約現金流量及出售該等資產持有的應收票據分類為按公平值計量且其變動計入其他全面收益的金融資產。

(b) Trade and bills receivables

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Trade receivables 應收貿易款項	1,090,423	1,293,965
Bills receivable 應收票據款項	288,146	437,174
	1,378,569	1,731,139
Less: provision for impairment 減：減值撥備	(15,423)	(11,327)
	1,363,146	1,719,812

As at 31 December 2022, included in the trade receivables were amounts due from related parties of RMB13,984,000 (2021: RMB31,428,000) (Note 38).

於二零二二年十二月三十一日，應收貿易款項中包括應收關連方款項共計人民幣13,984,000元(二零二一年：人民幣31,428,000元)(附註38)。

The fair values of trade and bills receivables approximate their carrying amounts.

應收貿易及票據款項之公平值接近其賬面值。

14. 應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產

(a) 按公平值計量且其變動計入其他全面收益的金融資產

(b) 應收貿易及票據款項

14. TRADE AND BILLS RECEIVABLES AND FINANCIAL ASSETS AT FVOCI (Continued)

(b) Trade and bills receivables (Continued)

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables (including amounts due from related parties of trading in nature) based on invoice date is as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Within 30 days	30日內	755,648	1,258,767
31 to 90 days	31至90日	364,322	397,914
91 to 180 days	91至180日	210,345	49,572
181 days to 1 year	181日至1年	38,154	1,934
Over 1 year	1年以上	10,100	22,952
		1,378,569	1,731,139
Less: provision for impairment	減：減值撥備	(15,423)	(11,327)
Trade and bills receivables — net	應收貿易及票據款項 — 淨額	1,363,146	1,719,812

There is no concentration of credit risk with respect to trade and bills receivables, as the Group has a large number of customers.

Impairment and risk exposure

The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables.

Information about the impairment of trade and bills receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

14. 應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產(續)

(b) 應收貿易及票據款項(續)

本集團授予其中國內地客戶之信貸期一般為90日內，而授予其他國家客戶之信貸期為120日內。應收貿易及票據款項(包括性質為應收貿易關連方之款項)按發票日期之賬齡分析如下：

由於本集團擁有大批客戶，故應收貿易及票據款項無集中的信貸風險。

減值及風險敞口

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，為所有應收貿易及票據款項採用整個存續期內的預期虧損撥備。

有關應收貿易及票據款項及本集團所面臨的信貸風險、外匯風險及利率風險的詳情載於附註3.1。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

14. TRADE AND BILLS RECEIVABLES AND FINANCIAL ASSETS AT FVOCI (Continued)

(b) Trade and bills receivables (Continued)

Impairment and risk exposure (Continued)

Trade and bills receivables are denominated in the following currencies:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
USD	美元	956,910	1,031,282
RMB	人民幣	361,761	550,804
VND	越南盾	52,996	68,558
HKD	港元	2,538	80,495
Others	其他	4,364	—
		1,378,569	1,731,139

Movements of the provision for impairment of trade and bills receivables are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
At 1 January	於一月一日	11,327	15,077
Accrual/(reversal) of provision for impairment of trade and bills receivables	計提/(撥回)應收貿易及票據款項減值撥備	22,400	(3,750)
Written off	撇銷	(18,304)	—
At 31 December	於十二月三十一日	15,423	11,327

The creation and release of provision for impaired receivables have been included in net accrual of impairment losses on financial assets in 2022 and 2021. Amounts charged to the allowance account are written off when there is no expectation of receiving additional cash.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and bills receivables.

14. 應收貿易及票據款項及按公平值計量且其變動計入其他全面收益的金融資產(續)

(b) 應收貿易及票據款項(續)

減值及風險敞口(續)

應收貿易及票據款項按以下貨幣計值：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
USD	美元	956,910	1,031,282
RMB	人民幣	361,761	550,804
VND	越南盾	52,996	68,558
HKD	港元	2,538	80,495
Others	其他	4,364	—
		1,378,569	1,731,139

應收貿易及票據款項減值撥備變動如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
At 1 January	於一月一日	11,327	15,077
Accrual/(reversal) of provision for impairment of trade and bills receivables	計提/(撥回)應收貿易及票據款項減值撥備	22,400	(3,750)
Written off	撇銷	(18,304)	—
At 31 December	於十二月三十一日	15,423	11,327

增設及解除已減值應收款項撥備於二零二二年及二零二一年已列入計提金融資產之減值虧損淨額。當預期未能收取額外現金時，在準備賬中扣除的款項將被撇銷。

於報告日期，本集團面對的最大信貸風險為應收貿易及票據款項賬面值。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

15. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND LONG-TERM RECEIVABLES

15. 預付款項、按金、其他應收賬款及長期應收賬款

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Prepayments, deposits, other receivables	預付款項、按金、其他應收賬款		
Value-added tax recoverable	應退增值稅	433,356	390,317
Receivables from return of prepayments of equipment (Note (b))	預付設備退回應收賬款 (附註(b))	222,000	—
Due from related parties (Note 38)	應收關連方款項(附註38)	150,141	52,717
Receivables from disposal of subsidiaries (Note (a))	附屬公司出售應收賬款 (附註(a))	146,000	186,764
Prepayments for purchase of raw materials	購買原材料的預付款項	136,732	214,327
Prepaid income tax	預付所得稅	79,763	1,997
Deposits	按金	49,482	12,231
Prepaid expenses	預付開支	29,826	35,013
Rental income receivables from investment properties	投資物業租金收入應收賬款	22,233	—
Other receivables	其他應收賬款	57,076	32,074
		1,326,609	925,440
Less: provision for expected credit loss (Note (c))	減：預期信貸虧損撥備 (附註(c))	(33,034)	(34,623)
value-added tax recoverable impairment (Note (c))	應退增值稅減值 (附註(c))	(18,804)	—
Prepayments, deposits, other receivables — net	預付款項、按金及其他應收賬款淨額	1,274,771	890,817
long-term receivables	長期應收賬款		
Receivables from disposal of subsidiaries (Note (a))	附屬公司出售應收賬款 (附註(a))	146,000	292,000

The fair values of deposits and other receivables approximate their carrying amounts.

按金及其他應收賬款的公平值與其賬面值相若。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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截至二零二二年十二月三十一日止年度

15. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND LONG-TERM RECEIVABLES

(Continued)

Note (a):

On 5 November 2021, share transfer and assignment of loan agreement, was entered into between the Company as the seller and Sinowin Holding (H.K.) Limited (the "Purchaser") as the purchaser for the sale and purchase of the entire issued share capital of Great Triumph Investments Limited (the "Target"), a direct wholly owned subsidiary of the Company, together with the assignment of loan and dividend payable to the Company at the total consideration of RMB810,387,000. The consideration for the disposal of the equity interest is RMB130,950,000, the consideration for the assignment of the dividend payable to the Company is RMB68,571,000 which shall be payable by the Purchaser to the Company within 12 months from the date of the framework agreement, and the consideration for the assignment of the loan payable to the Group is RMB610,866,000, which shall be payable to the Group with four instalments with interest of 5% per annum, and the last instalment will be on 1 December 2024. And as a security for the payment of the consideration for the assignment of the loan, it was also agreed that the equity interest for some subsidiaries of the Target shall be pledged in favour of the Group until such consideration has been fully paid.

As at 31 December 2022, the current and non-current portion of the consideration outstanding were disclosed as other receivables and long-term receivables amounting to RMB146,000,000 (2021: RMB146,000,000) and RMB146,000,000 (2021: RMB292,000,000) respectively.

On 31 December 2021, the Group transferred 55% equity interest of Treasure Reap Limited and its subsidiaries to Hualida Vietnam (Quang Ninh) Investment Management Co., Ltd with the consideration of RMB40,764,000, which was disclosed as other receivables, and received in May 2022.

The net proceeds received on disposal of subsidiaries in 2022 were RMB186,764,000 (2021: RMB108,734,000). The net gains on disposal of subsidiaries in 2021 were RMB33,702,000.

Note (b):

All the receivables from return of prepayments of equipment have been received by the Group between January 2023 and March 2023.

Note (c):

In 2022, the Group made an expected credit loss and value-added tax recoverable impairment of RMB33,034,000 (2021: RMB34,623,000) (Note 3.1) and RMB18,804,000 (2021: nil) respectively.

15. 預付款項、按金、其他應收賬款及長期應收賬款(續)

附註(a):

於二零二一年十一月五日，本公司作為賣方與通晟控股(香港)有限公司作為買方(「買方」)就買賣豐捷投資有限公司(「目標公司」，本公司直接全資附屬公司)全部已發行股本以及轉讓貸款及應付股息予本公司，訂立股份轉讓及貸款轉讓協議，總代價為人民幣810,387,000元。出售股權的代價為人民幣130,950,000元，轉讓應付本公司股息的代價為人民幣68,571,000元，須由買方於框架協議日期起計十二個月內向本公司支付。轉讓應付本集團貸款的代價為人民幣610,866,000元，須分四期支付本集團，年利率為5%，最後一期為二零二四年十二月一日。此外，作為貸款轉讓代價付款的抵押，彼此亦同意將目標公司若干附屬公司的股權質押予本集團，直至有關代價悉數支付為止。

於二零二二年十二月三十一日，未支付代價的即期部分及非即期部分分別披露為其他應收賬款及長期應收賬款人民幣146,000,000元(二零二一年：人民幣146,000,000元)及人民幣146,000,000元(二零二一年：人民幣292,000,000元)。

於二零二一年十二月三十一日，本集團將豐寶有限公司及其附屬公司55%的股權轉讓予華利達越南(廣寧)投資管理有限公司，代價為人民幣40,764,000元，披露為其他應收賬款並於二零二二年五月收取該賬款。

於二零二二年，出售附屬公司收取的所得款項淨額為人民幣186,764,000元(二零二一年：人民幣108,734,000元)。於二零二一年，出售附屬公司的收益淨額為人民幣33,702,000元。

附註(b):

本集團已於二零二三年一月至二零二三年三月收取來自退回設備預付款項的所有應收款項。

附註(c):

於二零二二年，本集團分別計提預期信貸虧損及應退增值稅減值人民幣33,034,000元(二零二一年：人民幣34,623,000元)(附註3.1)及人民幣18,804,000元(二零二一年：零)。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

16. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

16. 已抵押銀行存款以及現金及現金等值物

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	111,647	190,302
Cash and cash equivalents	現金及現金等值物		
— Cash at bank and in hand	— 銀行及手頭現金	2,468,421	2,505,407
		2,580,068	2,695,709

As at 31 December 2022, bank deposits with net book amount of RMB104,179,000 (2021: RMB170,000,000), RMB757,000 (2021: RMB6,367,000), RMB6,010,000 (2021: nil) and RMB701,000 (2021: RMB13,935,000) were pledged as collateral for the Group's bills payable, guarantees for utilities, bank borrowings and construction projects, respectively.

於二零二二年十二月三十一日，賬面淨值分別為人民幣104,179,000元(二零二一年：人民幣170,000,000元)、人民幣757,000元(二零二一年：人民幣6,367,000元)、人民幣6,010,000元(二零二一年：無)及人民幣701,000元(二零二一年：人民幣13,935,000元)的銀行存款已作質押，分別作為本集團應付票據款項、電力保函、銀行借貸以及建築項目之抵押品。

Pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

已抵押銀行存款以及現金及現金等值物按以下貨幣計值：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
RMB	人民幣	1,385,664	1,109,919
USD	美元	989,224	1,155,426
VND	越南盾	142,272	370,843
HKD	港元	44,648	53,168
European Monetary Unit ("EUR")	歐洲貨幣單位(「歐元」)	5,519	2,070
Others	其他	12,741	4,283
		2,580,068	2,695,709

Majority of the cash and cash equivalents are deposited with banks in Mainland China and Hong Kong. The conversion of the RMB denominated balances into other currencies and the remittance of funds out of Mainland China are subject to the rules and regulations relating to foreign exchange controls promulgated by the Mainland China Government.

大部分現金及現金等值物存放於中國內地及香港之銀行。將人民幣計值結餘兌換為其他貨幣以及將資金匯出中國內地，均須遵守中國內地政府頒佈之有關外匯管制之規則及法規。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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截至二零二二年十二月三十一日止年度

17. SHARE CAPITAL AND SHARE PREMIUM

17. 股本及股份溢價

		Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 HKD'000 千港元
Authorised:	法定：		
Ordinary shares of HKD0.1 each At 31 December 2021 and 2022	每股面值0.1港元普通股 於二零二一年及 二零二二年十二月 三十一日	4,000,000	400,000

	Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Issued and fully paid:	已發行及繳足：				
Ordinary shares of HKD0.1 each At 31 December 2021 and 2022	每股面值0.1港元普通股 於二零二一年及 二零二二年 十二月 三十一日	918,000	96,958	462,059	559,017

18. SHARE-BASED PAYMENT

Share Option Scheme

Pursuant to a shareholders' resolution passed on 7 April 2014, the Company adopted a share option scheme ("the Share Option Scheme"), which will remain in force for a period of 10 years up to April 2024. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the ordinary share of the Company in issued from time to time.

Pursuant to the Share Option Scheme, share options to subscribe for an aggregate of 5,000,000 ordinary shares of the Company were granted to two executive directors of the Company on 23 March 2015. The subscription price is HKD8.7 per share. 1,670,000 share options are exercisable over the period from 1 January 2016 to 22 March 2025, 1,670,000 share options are exercisable over the period from 1 January 2017 to 22 March 2025 and 1,660,000 share options are exercisable from 1 January 2018 to 22 March 2025. On 28 December 2015, share options to subscribe for an aggregate of 1,500,000 ordinary share of the Company were granted to one executive director of the Company. The subscription price is HKD5.7 per share. 300,000 share options are exercisable over the period from 1 January 2017 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2018 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2019 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2020 to 27 December 2025 and 300,000 share options are exercisable over the period from 1 January 2021 to 27 December 2025. The Group has no legal or constructive obligation to repurchase or settle the above options in cash.

18. 以股份為基礎付款

購股權計劃

根據於二零一四年四月七日通過之股東決議案，本公司採納一項購股權計劃（「購股權計劃」），於截至二零二四年四月止十年期間將仍屬有效。接納授出購股權時應付的名義代價為1港元。在購股權計劃及本集團不時採納的任何其他購股權計劃以下所有授出有待行使購股權獲行使時最高可予發行的股份數目合計不得超過本公司不時已發行普通股的30%。

根據購股權計劃，本公司於二零一五年三月二十三日向兩名本公司執行董事授出合共可認購5,000,000股本公司普通股的購股權。認購價為每股8.7港元。1,670,000份購股權可於二零一六年一月一日至二零二五年三月二十二日期間行使；1,670,000份購股權可於二零一七年一月一日至二零二五年三月二十二日期間行使；及1,660,000份購股權可於二零一八年一月一日至二零二五年三月二十二日期間行使。本公司於二零一五年十二月二十八日向一名本公司執行董事授出合共可認購1,500,000股本公司普通股的購股權。認購價為每股5.7港元。300,000份購股權可於二零一七年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一八年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一九年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零二零年一月一日至二零二五年十二月二十七日期間行使；及300,000份購股權可於二零二一年一月一日至二零二五年十二月二十七日期間行使。本集團並無法定或推定責任以現金購回或結算上述購股權。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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18. SHARE-BASED PAYMENT (Continued)

Share Option Scheme (Continued)

The fair value of options granted on 23 March 2015 was determined using the Binomial Option-Pricing Model. The total fair value of these options at grant date was RMB17,154,000, and no administrative expenses was charged as all the options have been vested.

The fair value of options granted on 28 December 2015 was determined using the Binomial Option-Pricing Model. The total fair value of these options was RMB3,171,000 and no administrative expenses was charged as all the options have been vested.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		2022 二零二二年		2021 二零二一年	
		Average exercise price in HK\$ per share 每股港元 平均行使價	Options (thousands) 購股權 (千份)	Average exercise price in HK\$ per share 每股港元 平均行使價	Options (thousands) 購股權 (千份)
At 1 January	於一月一日	8.27	3,500	8.01	6,500
Exercised	已行使	—	—	7.70	(3,000)
At 31 December	於十二月三十一日	8.27	3,500	8.27	3,500

Out of the 3,500,000 outstanding options (31 December 2021: 3,500,000), 3,500,000 options (31 December 2021: 3,500,000) were exercisable as at 31 December 2022.

18. 以股份為基礎付款(續)

購股權計劃(續)

於二零一五年三月二十三日授出之購股權之公平值乃採用二項式期權定價模式釐定。此等購股權於授出日期之公平值總額為人民幣17,154,000元，而由於所有購股權都已歸屬，並無於行政開支扣除。

於二零一五年十二月二十八日授出之購股權之公平值乃採用二項式期權定價模式釐定。此等購股權之公平值總額為人民幣3,171,000元，且由於所有購股權都已歸屬，並無於行政開支扣除。

未行使購股權數目及其相關加權平均行使價之變動如下：

於二零二二年十二月三十一日，在3,500,000份未行使購股權(二零二一年十二月三十一日：3,500,000份)中，3,500,000份購股權(二零二一年十二月三十一日：3,500,000份)可行權。

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For the year ended 31 December 2022
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19. OTHER RESERVES AND RETAINED EARNINGS

(a) Other reserves

		Capital reserve (i)	Share-based compensation reserve	Statutory reserves (ii)	Revaluation reserve	Translation reserve	Transactions with non- controlling interests	Total
		資本儲備(i)	以股份為基礎 補償儲備	法定儲備(ii)	重估儲備	匯兌儲備	非控制性 權益交易	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		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
At 1 January 2021	於二零二一年一月一日	162,041	21,429	560,404	224,884	(9,328)	(17,120)	942,310
Shares issued upon exercise of share options	行使購股權時發行股份	—	(9,284)	—	—	—	—	(9,284)
Transfer to statutory reserves	轉撥至法定儲備	—	—	105,679	—	—	—	105,679
Currency translation differences	貨幣換算差額	—	—	—	—	(1,838)	—	(1,838)
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重估由重估儲備轉撥至保留溢利	—	—	—	—	—	—	—
— Gross	— 總額	—	—	—	(11,279)	—	—	(11,279)
— Deferred income tax (Note 24)	— 遞延所得稅 (附註24)	—	—	—	2,575	—	—	2,575
Disposal of subsidiaries	出售附屬公司	—	—	(73,435)	(47,194)	—	—	(120,629)
At 31 December 2021	於二零二一年十二月三十一日	162,041	12,145	592,648	168,986	(11,166)	(17,120)	907,534
At 1 January 2022	於二零二二年一月一日	162,041	12,145	592,648	168,986	(11,166)	(17,120)	907,534
Transfer to statutory reserves	轉撥至法定儲備	—	—	27,137	—	—	—	27,137
Currency translation differences	貨幣換算差額	—	—	—	—	41,121	—	41,121
Surplus on revaluation of buildings	樓宇重估盈餘	—	—	—	—	—	—	—
— Gross	— 總額	—	—	—	8,198	—	—	8,198
— Deferred income tax (Note 24)	— 遞延所得稅 (附註24)	—	—	—	23,662	—	—	23,662
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重估由重估儲備轉撥至保留溢利	—	—	—	—	—	—	—
— Gross	— 總額	—	—	—	(10,097)	—	—	(10,097)
— Deferred income tax (Note 24)	— 遞延所得稅 (附註24)	—	—	—	2,293	—	—	2,293
At 31 December 2022	於二零二二年十二月三十一日	162,041	12,145	619,785	193,042	29,955	(17,120)	999,848

Notes:

- (i) The capital reserve represents the difference between the amount of share capital issued and the net asset value of the subsidiaries acquired under a group reorganisation in 2004.

附註：

- (i) 資本儲備指已發行股本數額與於二零零四年集團重組下收購附屬公司的資產淨值的差額。

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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19. OTHER RESERVES AND RETAINED EARNINGS

(Continued)

(a) Other reserves (Continued)

Notes: (Continued)

- (ii) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to statutory reserves, at rates determined by their respective boards of directors. Such transfer is not required when the amount of the statutory reserve reaches 50% of the corresponding subsidiaries' registered capital.

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

(b) Retained earnings

19. 其他儲備及保留溢利(續)

(a) 其他儲備(續)

附註：(續)

- (ii) 根據中國內地頒佈之規例，本公司在中國內地成立及營運之附屬公司須按其各自董事會所釐訂之比例，提撥一部分除稅後溢利（經抵銷過往年度虧損）至法定儲備。倘法定儲備的金額已達相關附屬公司註冊資本的50%，則無需作出此撥款。

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產經營或增加相關附屬公司股本。當獲得相關附屬公司股東於股東大會上以決議案通過，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有股東的持股比例向彼等發行紅股。

(b) 保留溢利

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
At 1 January	於一月一日	8,571,719	6,390,471
Profit for the year	年度溢利	156,808	2,685,170
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利		
— Gross	— 總額	10,097	11,279
— Deferred income tax (Note 24)	— 遞延所得稅 (附註24)	(2,293)	(2,575)
		8,736,331	9,084,345
Dividend relating to 2021/2020	二零二一／二零二零年之股息	(447,492)	(150,461)
Dividend relating to 2022/2021	二零二二／二零二一年之股息	(318,944)	(377,115)
Disposal of subsidiaries	出售附屬公司	—	120,629
Transfer to statutory reserves	轉撥至法定儲備	(27,137)	(105,679)
At 31 December	於十二月三十一日	7,942,758	8,571,719

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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20. SUPPLY CHAIN FINANCING

20. 供應鏈融資

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Current	即期		
Guaranteed (Note (a))	已擔保 (附註(a))	426,093	—
Unguaranteed	無擔保	122,948	—
		549,041	—

Note:

(a) Supply chain financing of RMB426,093,000 (2021: nil) were guaranteed by certain subsidiaries of the Group as at 31 December 2022.

The carrying amounts of the supply Chain Financing are denominated in RMB.

At 31 December 2022, the Group's supply chain financing were repayable within 1 year.

附註：

(a) 於二零二二年十二月三十一日，供應鏈融資人民幣426,093,000元(二零二一年：無)獲本集團若干附屬公司擔保。

供應鏈融資的賬面值以人民幣計值。

於二零二二年十二月三十一日，本集團的供應鏈融資須於1年內償還。

21. BORROWINGS

21. 借貸

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Current	即期		
Unsecured bank borrowings	無抵押銀行借貸	36,799	339,943
Secured bank borrowings (Note (a))	有抵押銀行借貸 (附註(a))	—	40,000
Other bank borrowings (Note (b))	其他銀行借貸 (附註(b))	5,118,359	3,451,719
		5,155,158	3,831,662
Non-current	非即期		
Unsecured bank borrowings	無抵押銀行借貸	330,521	263,087
Secured bank borrowings (Note (a))	有抵押銀行借貸 (附註(a))	205,771	—
Other bank borrowings (Note (b))	其他銀行借貸 (附註(b))	2,851,922	3,120,290
		3,388,214	3,383,377
Total borrowings	借貸總額	8,543,372	7,215,039

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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21. BORROWINGS (Continued)

Notes:

- (a) As at 31 December 2022, bank borrowings of RMB5,771,000 were secured by the pledged bank deposits with amount of approximately RMB6,010,000 (Note 16).

As at 31 December 2022, bank borrowings of RMB200,000,000 were secured by entitled export tax rebates to be collected.

As at 31 December 2021, bank borrowings of RMB40,000,000 were secured by the Group's properties and land use right with net book values of approximately RMB164,427,000 (Note 7) and RMB34,388,000 (Note 9), respectively.

- (b) Other bank borrowings of RMB7,970,281,000 (2021: RMB6,572,009,000) were guaranteed by certain subsidiaries of the Group as at 31 December 2022.

The carrying amounts of the borrowings are denominated in the following currencies:

21. 借貸(續)

附註：

- (a) 於二零二二年十二月三十一日，銀行借貸人民幣5,771,000元以約為人民幣6,010,000元(附註16)的已質押銀行存款作抵押。

於二零二二年十二月三十一日，銀行借貸人民幣200,000,000元以有權收取的出口退稅作抵押。

於二零二一年十二月三十一日，銀行借貸人民幣40,000,000元以本集團賬面淨值分別約為人民幣164,427,000元(附註7)及人民幣34,388,000元(附註9)的物業及土地使用權作抵押。

- (b) 於二零二二年十二月三十一日，其他銀行借貸人民幣7,970,281,000元(二零二一年：人民幣6,572,009,000元)由本集團若干附屬公司作擔保。

借貸的賬面值按以下貨幣計值：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
RMB	人民幣	3,495,201	2,274,571
HKD	港元	2,597,559	3,043,207
USD	美元	2,444,841	1,897,261
Australian Dollar ("AUD")	澳大利亞元(「澳元」)	5,771	—
		8,543,372	7,215,039

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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21. BORROWINGS (Continued)

The weighted average effective interest rates per annum are as follows:

	2022 二零二二年				2021 二零二一年		
	USD 美元	RMB 人民幣	HKD 港元	AUD 澳元	USD 美元	RMB 人民幣	HKD 港元
Bank borrowings 銀行借貸	2.2%	3.9%	2.5%	0.8%	1.4%	4.0%	1.3%

At 31 December 2022, the Group's borrowings were repayable as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Within 1 year	1年內	5,155,158	3,831,662
Between 1 and 2 years	1至2年	2,323,407	1,783,962
Between 2 and 5 years	2至5年	1,064,807	1,599,415
		8,543,372	7,215,039

The fair values of the borrowings approximate their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

The Group has undrawn borrowing facilities of approximately RMB2,299,757,000 (2021: RMB2,624,561,000). These facilities are subject to review at various dates during 2023.

The Group has complied with the financial covenants of its borrowing facilities during years 2022 and 2021.

21. 借貸(續)

加權平均實際年利率如下：

於二零二二年十二月三十一日，本集團借貸的還款期如下：

由於折現之影響微不足道，於結算日，借貸之公平值與其賬面值相若。

本集團未動用之借貸融資為約人民幣2,299,757,000元(二零二一年：人民幣2,624,561,000元)。該等融資須於二零二三年不同日期作審閱。

於二零二二年及二零二一年，本集團遵守其借貸融資的財務條款。

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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22. DERIVATIVE FINANCIAL INSTRUMENTS

22. 衍生金融工具

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Assets:	資產：		
Cross currency swap contracts (Note (a))	交叉貨幣掉期合約 (附註(a))	66,000	3,725
Forward foreign exchange contracts (Note (b))	遠期外匯合約(附註(b))	23,862	19,869
Cotton option contracts (Note (c))	棉花期權合約(附註(c))	7,096	29,874
Cotton future contract (Note (d))	棉花期貨合約(附註(d))	2,395	2,185
		99,353	55,653
Liabilities:	負債：		
Forward foreign exchange contracts (Note (b))	遠期外匯合約(附註(b))	131,991	2,056
Cross currency swap contracts (Note (a))	交叉貨幣掉期合約 (附註(a))	10,063	160,921
Cotton option contracts (Note (c))	棉花期權合約(附註(c))	—	2,998
		142,054	165,975

Non-hedging derivatives are classified as current assets or liabilities.

非對沖衍生工具分類為流動資產或負債。

Notes:

附註：

- (a) The cross currency swap contracts as at 31 December 2022 comprised eight contracts with notional principal amounts totaling RMB1,703,641,000 (2021: twenty-six contracts with notional principal amounts totaling RMB3,490,612,000).
- (b) The forward foreign exchange contracts as at 31 December 2022 comprised one hundred and seventy-two contracts with notional principal amounts totaling RMB6,743,389,000 (2021: sixty-two contracts with notional principal amounts totaling RMB902,208,000).
- (c) The cotton option contracts as at 31 December 2022 comprised one contract with notional principal amount of USD2,897,000 (2021: nine contracts with notional principal amount of USD66,069,000).
- (d) The cotton future contract as at 31 December 2022 comprised one contract with notional principal amount of USD32,482,000 (2021: one contract with notional principal amount of USD5,850,000).

- (a) 於二零二二年十二月三十一日，交叉貨幣掉期合約包括八份名義本金總額為人民幣1,703,641,000元之合約(二零二一年：二十六份名義本金總額為人民幣3,490,612,000元之合約)。
- (b) 於二零二二年十二月三十一日，遠期外匯合約包括一百七十二份名義本金總額為人民幣6,743,389,000元之合約(二零二一年：六十二份名義本金總額為人民幣902,208,000元之合約)。
- (c) 於二零二二年十二月三十一日，棉花期權合約包括一份名義本金總額為2,897,000美元之合約(二零二一年：九份名義本金總額為66,069,000美元之合約)。
- (d) 於二零二二年十二月三十一日，棉花期貨合約包括一份名義本金總額為32,482,000美元之合約(二零二一年：一份名義本金總額為5,850,000美元之合約)。

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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23. LONG-TERM PAYABLES

23. 長期應付賬款

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
No later than 1 year	一年內	—	30,726
Less: future finance charges on long-term payables	減：長期應付賬款之未來融資費用	—	(855)
		—	29,871
The present value of long-term payables is as follows:		長期應付賬款之現值如下：	
No later than 1 year	一年內	—	29,871

As at 31 December 2021, included in the long-term payables were amounts due to third parties for purchasing machinery and equipment with a carrying amount of RMB29,871,000.

於二零二一年十二月三十一日，長期應付賬款中包含就購買機器及設備應付第三方賬面值為人民幣29,871,000元的款項。

Details of the Group's exposure to risks arising from long-term payables are set out in Note 3.1.

有關本集團因長期應付賬款所面臨的風險詳情乃載於附註3.1。

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24. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

24. 遞延所得稅

遞延所得稅資產及遞延所得稅負債之分析如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Deferred income tax assets:	遞延所得稅資產：		
— Deferred tax assets to be recovered after more than 12 months	— 超過12個月後收回之遞延稅項資產	119,076	54,893
— Deferred tax assets to be recovered within 12 months	— 在12個月內收回之遞延稅項資產	223,038	68,805
Deferred income tax assets — gross	遞延所得稅資產 — 總額	342,114	123,698
Set-off of deferred income tax assets	抵銷遞延所得稅資產	(36,497)	(31,715)
Deferred income tax assets — net	遞延所得稅資產 — 淨額	305,617	91,983
Deferred income tax liabilities:	遞延所得稅負債：		
— Deferred tax liabilities to be settled after more than 12 months	— 超過12個月後支付之遞延稅項負債	(251,529)	(304,985)
— Deferred tax liabilities to be settled within 12 months	— 在12個月內支付之遞延稅項負債	(20,998)	(13,212)
Deferred income tax liabilities — gross	遞延所得稅負債 — 總額	(272,527)	(318,197)
Set-off of deferred income tax liabilities	抵銷遞延所得稅負債	36,497	31,715
Deferred income tax liabilities — net	遞延所得稅負債 — 淨額	(236,030)	(286,482)

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24. DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

24. 遞延所得稅(續)

年內遞延所得稅資產及負債的變動(並無考慮抵銷相同稅務司法權區內的結餘)如下:

遞延所得稅資產:

		Tax losses	Lease liabilities	Temporary differences	Total
		稅項虧損	租賃負債	暫時差異	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2021	於二零二一年一月一日	22,685	31,849	65,786	120,320
(Charged)/credited	(扣除)/貸記				
— to the consolidated income statement	— 於綜合收益表	(12,707)	1,390	2,597	(8,720)
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	12,098	—	—	12,098
At 31 December 2021	於二零二一年十二月三十一日	22,076	33,239	68,383	123,698
Credited	貸記				
— to the consolidated income statement	— 於綜合收益表	142,432	144	75,840	218,416
At 31 December 2022	於二零二二年十二月三十一日	164,508	33,383	144,223	342,114

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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24. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

24. 遞延所得稅(續)

遞延所得稅負債：

		Fair value adjustments on assets relating to business combinations	Revaluation of buildings	Right-of-use assets	Full deduction of equipment	Withholding tax relating to unremitted earnings of subsidiaries	Total
		有關業務合併之資產之公平值調整	樓宇重估	使用權資產	悉數扣減設備	有關附屬公司未匯付盈利的預扣稅	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		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
At 1 January 2021	於二零二一年一月一日	104,219	58,010	30,608	—	130,430	323,267
Charged/(credited)	扣除/(貸記)						
— to consolidated income statement	— 於綜合收益表	(8,965)	(2,575)	1,107	—	15,737	5,304
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	15,494	—	—	—	—	15,494
Disposal of subsidiaries	出售附屬公司	(10,016)	(15,852)	—	—	—	(25,868)
At 31 December 2021	於二零二一年十二月三十一日	100,732	39,583	31,715	—	146,167	318,197
Charged/(credited)	扣除/(貸記)						
— to consolidated income statement	— 於綜合收益表	(9,793)	(2,293)	69	5,104	(15,095)	(22,008)
— to other comprehensive income	— 於其他全面收益	—	(23,662)	—	—	—	(23,662)
At 31 December 2022	於二零二二年十二月三十一日	90,939	13,628	31,784	5,104	131,072	272,527

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2022, the Group did not recognise deferred tax assets of RMB42,961,282 (2021: RMB50,680,727) in respect of tax losses amounting to RMB226,187,000 (2021: RMB256,195,000) as the Directors believes it is more likely than not that such tax losses would not be utilised before they expire.

遞延所得稅資產乃就結轉之稅項虧損確認，惟以有可能透過日後之應課稅溢利變現有稅項利益為限。於二零二二年十二月三十一日，本集團並無就人民幣226,187,000元(二零二一年：人民幣256,195,000元)的稅項虧損確認遞延稅項資產人民幣42,961,282元(二零二一年：人民幣50,680,727元)，原因是董事相信有關稅項虧損極有可能於其屆滿前不獲動用。

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24. DEFERRED INCOME TAX (Continued)

As at 31 December 2022, the tax losses with no deferred tax assets recognised carries forward are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Year of expiry of tax losses	稅項虧損屆滿年度		
2022	二零二二年	—	432
2023	二零二三年	2,451	2,451
2024	二零二四年	47,154	129,478
2025	二零二五年	57,531	57,836
2026	二零二六年	67,875	65,998
2027	二零二七年	51,176	—
		226,187	256,195

Deferred income tax of RMB2,293,000 (2021: RMB2,575,000) was transferred from other reserves to consolidated income statement. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

Deferred income tax liabilities of RMB131,072,000 (2021: RMB146,167,000) have been recognised for the withholding tax that would be payables on the earnings of subsidiaries when remitted to the Company. As at 31 December 2022, the unremitted earnings of subsidiaries is RMB2,621,440,000 (2021: RMB2,923,340,000). There are no unremitted earnings with no deferred tax liabilities recognised (2021: nil).

24. 遞延所得稅(續)

於二零二二年十二月三十一日，已確認並無遞延稅項資產之稅項虧損結轉如下：

人民幣2,293,000元(二零二一年：人民幣2,575,000元)的遞延所得稅乃由其他儲備轉撥至綜合全面收益表。此代表樓宇的實際折舊與根據樓宇的歷史成本計算的相同折舊之間的差額的遞延稅項。

本集團已就附屬公司匯入本公司的盈利應付預扣稅確認遞延所得稅負債人民幣131,072,000元(二零二一年：人民幣146,167,000元)。於二零二二年十二月三十一日，附屬公司未匯付盈利為人民幣2,621,440,000元(二零二一年：人民幣2,923,340,000元)。並無未確認的遞延稅項負債的未匯付盈利(二零二一年：無)。

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25. TRADE AND BILLS PAYABLES

25. 應付貿易及票據款項

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Trade payables	應付貿易款項	562,329	1,433,658
Bills payable	應付票據款項	4,035,134	3,142,679
		4,597,463	4,576,337

As at 31 December 2022, included in trade payables were amounts due to related parties of RMB20,288,000 (2021: RMB25,111,000) (Note 38).

於二零二二年十二月三十一日，應付貿易款項中包含應付關連方的款項人民幣20,288,000元(二零二一年：人民幣25,111,000元)(附註38)。

The fair values of trade and bills payables approximate their carrying amounts.

應付貿易及票據款項之公平值與其賬面值相若。

The ageing analysis of the trade and bills payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

應付貿易及票據款項(包括性質為應付貿易關連方之款項)按發票日期之賬齡分析如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Within 90 days	90日內	2,873,836	3,801,252
91 to 180 days	91日至180日	1,695,273	750,893
181 days to 1 year	181日至1年	18,667	8,580
Over 1 year	1年以上	9,687	15,612
		4,597,463	4,576,337

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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25. TRADE AND BILLS PAYABLES (Continued)

Trade and bills payables are denominated in the following currencies:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
USD	美元	2,811,221	3,322,273
RMB	人民幣	1,574,544	966,214
HKD	港元	123,741	7,338
VND	越南盾	60,432	268,499
EUR	歐元	23,496	5,274
Mexican Peso ("MXN")	墨西哥披索 (「墨西哥披索」)	4,029	6,739
		4,597,463	4,576,337

25. 應付貿易及票據款項(續)

應付貿易及票據款項按以下貨幣計值：

26. ACCRUALS AND OTHER PAYABLES

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Payables for purchase of property, plant and equipment	購買物業、廠房及設備之應付賬款	295,091	198,605
Accrued wages and salaries	應計工資及薪酬	282,420	400,966
Accrual of operating expenses	應計經營開支	194,605	172,109
Tax payables other than enterprise income tax	應付稅項(企業所得稅除外)	49,796	88,628
Interest payable	應付利息	11,250	4,705
Loans from a minority shareholder	自一名少數股東之貸款	10,000	—
Other payables	其他應付賬款	40,981	38,566
		884,143	903,579

As at 31 December 2022 and 31 December 2021, the carrying amounts of the Group's accruals and other payables approximate their fair values.

於二零二二年十二月三十一日及二零二一年十二月三十一日，本集團的預提費用及其他應付賬款的賬面值與其公平值相若。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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27. OTHER INCOME AND OTHER LOSSES — NET

27. 其他收入及其他虧損 — 淨額

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Other income — net	其他收入 — 淨額		
Subsidy income (a)	補貼收入(a)	115,179	95,543
Rental income (Note 8)	租金收入(附註8)	26,843	—
Depreciation of investment properties (Note 8)	投資物業折舊(附註8)	(18,970)	—
Total other income — net	其他收入總額 — 淨額	123,052	95,543
Other losses — net	其他虧損 — 淨額		
Gains on acquisition of subsidiaries (Note 37)	收購附屬公司收益(附註37)	—	13,665
Gains on disposal of subsidiaries (Note 15)	出售附屬公司收益(附註15)	—	33,702
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		
— Realised gains (Note 35)	— 已變現收益(附註35)	27,741	—
Compensation for order cancellation	取消訂單賠償	12,567	—
Derivative financial instruments at fair value through profit or loss:	按公平值計入損益的衍生金融工具		
— Realised losses (Note 35)	— 已變現虧損(附註35)	(11,182)	(133,302)
— Unrealised gains (Note 35)	— 未變現收益(附註35)	67,621	13,214
Net foreign exchange losses — net (Note 31)	匯兌虧損 — 淨額(附註31)	(162,354)	(33,136)
Others	其他	30,847	20,443
Total other losses — net	其他虧損總額 — 淨額	(34,760)	(85,414)

(a) The subsidy income was mainly related to incentives for development in Mainland China provided by municipal governments based on the amounts of value added tax and income tax paid. The Group has received all the subsidy income and there was no future obligation related to these subsidy income.

(a) 補貼收入主要為來自於中國內地發展所獲得由市政府根據已付增值稅及所得稅金額提供之優惠。本集團已收取全數補貼收入，以及並無有關該等補貼收入之未來責任。

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28. EXPENSES BY NATURE

28. 開支(按性質分類)

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Raw materials and consumables used	耗用原材料及消耗品	17,944,112	16,898,906
Changes in inventories of finished goods and work in progress (Note 13)	製成品及在製品存貨變動(附註13)	(1,523,251)	(626,277)
Employment benefit expenses (Note 29)	僱員福利開支(附註29)	2,594,979	2,888,955
Depreciation and amortisation (Note 7, Note 9, and Note 10)	折舊及攤銷(附註7、附註9及附註10)	1,010,080	1,037,556
Impairment charges on property, plant and equipment (Note 7)	物業、廠房及設備減值費用(附註7)	—	57,202
Losses/(gains) on disposal of property, plant and equipment (Note 35)	出售物業、廠房及設備虧損/(收益)(附註35)	3,780	(1,394)
Office expenses	辦公開支	125,675	88,317
Utilities	動力及燃料	1,528,920	1,541,231
Transportation costs	運輸成本	428,899	528,214
Auditor's remuneration	核數師酬金		
— Annual audit services	— 年度審核服務	3,500	4,300
— Special audit services	— 特別審核服務	3,000	—
— Non-audit services	— 非審核服務	1,335	780
Rental expenses for buildings, machinery and others (Note 9)	樓宇、機器及其他租金開支(附註9)	27,842	4,195
Net accrual of provision for decline in value of inventories (Note 13)	存貨減值撥備計提淨額(附註13)	495,159	16,177
Other expenses	其他開支	608,140	639,090
Total cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷開支以及一般及行政開支總額	23,252,170	23,077,252

綜合財務報表附註(續)

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29. EMPLOYMENT BENEFIT EXPENSES

29. 僱員福利開支

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪酬及花紅	2,146,760	2,476,017
Pension costs — defined contribution plans and retirement benefits (Note (a))	退休金成本 — 界定供款計劃及退休福利 (附註(a))	190,453	166,709
Other welfare benefits (Note (b))	其他福利(附註(b))	168,653	164,752
Other employment benefits	其他僱員福利	89,113	81,477
		2,594,979	2,888,955

(a) Pension costs — defined contribution plans and retirement benefits

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in Mainland China. The Group and the eligible employees are required to contribute 13% to 22% and 7% to 8%, respectively, of the employees' basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. The employees of the Group in Hong Kong join MPF Scheme, a defined contribution plan. During the year ended 31 December 2022, the Group contributed approximately RMB118,956,000 (2021: RMB89,601,000) to the aforesaid state-sponsored retirement plans.

As stipulated by rules and regulations in Vietnam, the Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam. The Group contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees. During the year ended 31 December 2022, the Group contributed approximately RMB58,288,000 (2021: RMB55,313,000) to the aforesaid state-sponsored social insurance scheme.

As stipulated by rules and regulations in other countries and regions, during the year ended 31 December 2022, the Group contributed approximately RMB13,209,000 (2021: RMB21,795,000) to the social insurance scheme of other countries and regions.

(a) 退休金成本 — 界定供款計劃及退休福利

按照中國內地的規則及法規規定，本集團已為其中國內地僱員參與國家資助的界定供款退休計劃。本集團及合資格僱員須分別就僱員基本薪金的13%至22%及7%至8%作出供款(訂有上限)，比率由有關市政府規定。除此項年度供款外，本集團對其任何實際退休金支出或退休後福利則毋須再作任何承擔。退休僱員的所有退休金支出概由國家資助退休計劃承擔。本集團於香港的僱員參與定額供款計劃強積金計劃。於截至二零二二年十二月三十一日止年度，本集團向上述國家資助的退休計劃供款約人民幣118,956,000元(二零二一年：人民幣89,601,000元)。

根據越南規則及法規規定，本集團已為其越南僱員向國家資助的僱員社會保險計劃作出供款。本集團按僱員薪金的20%向該計劃供款。退休僱員的所有支出概由國家資助的社會保險計劃承擔。於截至二零二二年十二月三十一日止年度，本集團向上述國家資助的社會保險計劃供款約人民幣58,288,000元(二零二一年：人民幣55,313,000元)。

根據其他國家及地區的規則及法規規定，本集團於截至二零二二年十二月三十一日止年度向其他國家及地區之社會福利計劃供款約人民幣13,209,000元(二零二一年：人民幣21,795,000元)。

29. EMPLOYMENT BENEFIT EXPENSES (Continued)

(b) Other welfare benefits

All of the Group's employees in Mainland China participate in employee social security plans, including medical, housing and other welfare benefits, organised and administered by governmental authorities. During the year ended 31 December 2022, the Group contributed approximately RMB168,653,000 (2021: RMB164,752,000) to these plans and the Group has no further obligations for the actual payment of these plans.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2021: four) directors whose emoluments are reflected in the analysis shown in Note 40. The emoluments payable to the remaining three (2021: one) individuals for the year ended 31 December 2022 are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	7,999	775
Bonuses	花紅	4,634	4,324
Benefit scheme contributions	福利計劃供款	369	21
Other benefits	其他福利	27	8
		13,029	5,128

(d) The emoluments of the five highest paid individuals except for the directors, whose emoluments have been disclosed in Note 40, fell within the following bands:

		Number of individuals 人數	
		2022 二零二二年	2021 二零二一年
Emolument bands	酬金範圍		
HKD4,500,001 — HKD5,000,000	4,500,001港元至 5,000,000港元	1	—
HKD5,000,001 — HKD5,500,000	5,000,001港元至 5,500,000港元	1	—
HKD5,500,001 — HKD6,000,000	5,500,001港元至 6,000,000港元	1	—
HKD6,000,001 — HKD6,500,000	6,000,001港元至 6,500,000港元	—	1
		3	1

29. 僱員福利開支(續)

(b) 其他福利

本集團於中國內地的所有僱員均參與僱員社會保障計劃，該計劃包括由政府機構籌劃及監控的醫療、房屋及其他福利。於截至二零二二年十二月三十一日止年度，本集團就上述計劃供款約人民幣168,653,000元(二零二一年：人民幣164,752,000元)及本集團對該等計劃的實際付款並無進一步責任。

(c) 五位最高薪酬人士

於本年度，本集團五位最高薪酬人士其中兩位(二零二一年：四位)為董事，其酬金於附註40的分析內反映。截至二零二二年十二月三十一日止年度應付予餘下三位(二零二一年：一位)人士之酬金如下：

(d) 除董事(其酬金已於附註40披露)外，五位最高薪酬人士之酬金介乎以下範圍：

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30. FINANCE COSTS — NET

30. 財務費用 — 淨額

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Interest expenses	利息開支		
— Borrowings	— 借貸	364,426	195,620
— Long term payables	— 長期應付賬款	855	5,895
— Lease liabilities (Note 9)	— 租賃負債(附註9)	10,183	5,393
		375,464	206,908
Net exchange losses/(gains) on financing activities (Note 31)	融資活動產生的匯兌虧損/(收益)淨額(附註31)	192,747	(39,656)
Less: finance costs capitalised in building and machinery in property, plant and equipment (Note 7)	減: 資本化於物業、廠房及設備的樓宇及機器的財務費用(附註7)	(63,607)	—
Finance costs	財務費用	504,604	167,252
Finance income — interest income on bank deposits	財務收入— 銀行存款利息收入	(37,743)	(44,589)
Net finance costs	財務費用淨額	466,861	122,663

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31. NET FOREIGN EXCHANGE (LOSSES)/GAINS

The exchange differences included in the consolidated income statement are as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Net finance (losses)/income (Note 30)	財務(虧損)/收入淨額 (附註30)	(192,747)	39,656
Other losses — net (Note 27)	其他虧損淨額(附註27)	(162,354)	(33,136)
Net foreign exchange (losses)/gains	匯兌(虧損)/收益淨額	(355,101)	6,520

32. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax charged to the consolidated income statement represents:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Current tax on profits for the year	年度溢利之即期稅項	210,397	584,511
Deferred income tax (Note 24)	遞延所得稅(附註24)	(240,424)	14,024
		(30,027)	598,535

(a) Hong Kong profits tax

Subsidiaries incorporated in Hong Kong are subject to profits tax at a rate of 16.5% (2021: 16.5%).

31. 匯兌(虧損)/收益淨額

於綜合收益表計入之匯兌差額包括以下項目：

32. 所得稅(抵免)/開支

於綜合收益表扣除之所得稅金額如下：

(a) 香港利得稅

於香港註冊成立之附屬公司須按16.5%(二零二一年：16.5%)之稅率繳納利得稅。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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32. INCOME TAX (CREDIT)/EXPENSE (Continued)

(b) Mainland China enterprise income tax ("EIT")

Effective from 1 January 2008, the subsidiaries established in Mainland China are required to determine and pay the EIT in accordance with the Corporate Income Tax Law of the PRC (the "New CIT Law") as approved by the National People's congress on 16 March 2007 and Detailed Implementations Regulations of the New CIT Law (the "DIR") as approved by the State Council on 6 December 2007. According to the New CIT Law and DIR, subsidiaries established in Mainland China are subject to EIT at rate of 25% during the year (2021: 25%).

As approved by the relevant tax bureau in Mainland China, sixteen subsidiaries are entitled to a preferential tax rate of 15% during the year (2021: sixteen subsidiaries are entitled to a preferential tax rate of 15%). Such preferential tax treatments require annual assessment on meeting the stipulated conditions and re-application to maintain the lower tax rate status every few years.

(c) Vietnam income tax

The income tax for the major subsidiaries in Vietnam are as below:

As approved by the relevant tax bureau in Vietnam, subsidiaries established in Vietnam are entitled to four years' exemption for income taxes followed by nine years of a 50% tax reduction, based on the income tax rate of 20% (2021: 20%), commencing from the first profitable year after offsetting the losses carried forward from the previous years, and are entitled to a preferential income tax rate of 10% for 15 years, commencing from the first year generating income from the operation.

The applicable tax rates for all subsidiaries in Vietnam range from nil to 20% during the year (2021: nil to 20%).

32. 所得稅(抵免)/開支(續)

(b) 中國內地企業所得稅(「企業所得稅」)

由二零零八年一月一日起，於中國內地成立之附屬公司，須依照全國人民代表大會於二零零七年三月十六日通過之中國企業所得稅法(「新企業所得稅法」)，和國務院於二零零七年十二月六日批准之新企業所得稅法條例實施細則(「條例實施細則」)，釐定並繳納企業所得稅。根據新企業所得稅法及條例實施細則，在中國內地成立之附屬公司於年內須繳納企業所得稅，稅率為25%(二零二一年：25%)。

經中國內地有關稅務局批准，十六家附屬公司於年內有權享有15%的優惠稅率(二零二一年：十六家附屬公司有權享有15%的優惠稅率)。此類稅收優惠政策要求每年評估是否符合規定條件，並須每隔幾年重新申請以維持較低的稅率。

(c) 越南所得稅

在越南的主要附屬公司之所得稅如下：

經越南有關稅務局批准，在越南成立的附屬公司有權於抵銷過往年度結轉的虧損後首個獲利年度起，基於20%(二零二一年：20%)的所得稅稅率，免繳所得稅四年，其後九年則可獲稅率減半優惠，並有權由業務產生收入之首個年度起享受優惠所得稅稅率10%達十五年。

年內，在越南的所有附屬公司的適用稅率，介乎零至20%(二零二一年：零至20%)。

32. INCOME TAX (CREDIT)/EXPENSE (Continued)

(d) Other income or profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts or the Business Companies Acts, 2004 of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

The Company's subsidiary established in Macao is subject to an income tax rate of 12% (2021: 12%). No provision for Macao profits tax has been made as the Group had no assessable profit arising in or derived from Macao during the year (2021: nil).

The Company's subsidiary established in Uruguay is subject to an income tax rate of 25% (2021: 25%). No provision for Uruguay profits tax has been made as the Group had no assessable profit arising in or derived from Uruguay during the year (2021: nil).

The Company's subsidiary established in Cambodia is subject to an income tax at the rate of 20% (2021: 20%). No provision for Cambodia profits tax has been made as the Group had no assessable profit arising in or derived from the subsidiary during the year (2021: nil).

The Company's subsidiaries established in Nicaragua are subject to income tax at the rate of 30% (2021: 30%). As approved by relevant tax bureau in Nicaragua, the subsidiaries are entitled to exemption from profits tax during the year (2021: exempted).

The Company's subsidiaries established in Samoa are exempted from profits tax during the year (2021: exempted).

The Company's subsidiary established in Turkey is subject to an income tax at the rate of 23% (2021: 25%).

32. 所得稅(抵免)/開支(續)

(d) 其他所得或利得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲免繳開曼群島所得稅。

本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法或二零零四年商業公司法註冊成立，因此獲免繳英屬處女群島所得稅。

本公司於澳門成立之附屬公司須按12%(二零二一年:12%)之稅率繳付所得稅。由於本集團於年內概無在澳門產生或從澳門賺取應課稅溢利，故概無就澳門利得稅作出撥備(二零二一年:零)。

本公司於烏拉圭成立之附屬公司須按25%(二零二一年:25%)之稅率繳付所得稅。由於本集團於年內概無在烏拉圭產生或從烏拉圭賺取應課稅溢利，故概無就烏拉圭利得稅作出撥備(二零二一年:零)。

本公司在柬埔寨成立之附屬公司須按20%(二零二一年:20%)之稅率繳付所得稅。由於本集團於年內概無在該附屬公司產生或從該附屬公司賺取應課稅溢利，故概無就柬埔寨利得稅作出撥備(二零二一年:零)。

本公司在尼加拉瓜成立之附屬公司須按30%(二零二一年:30%)之稅率繳付所得稅。經尼加拉瓜有關稅務局批准，該等附屬公司於年內獲豁免繳付利得稅(二零二一年:豁免)。

本公司在薩摩亞成立之附屬公司於年內獲豁免繳付利得稅(二零二一年:豁免)。

本公司於土耳其成立之附屬公司須按23%(二零二一年:25%)之稅率繳付所得稅。

綜合財務報表附註(續)

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32. INCOME TAX (CREDIT)/EXPENSE (Continued)

(d) Other income or profits tax (Continued)

The Company's subsidiaries established in the United States are subject to income tax rate within the range from 27.5% to 30% during the year (2021: 27.5% to 30%).

The Company's subsidiaries established in Mexico are subject to income tax at the rate of 30% (2021: 30%).

The Company's subsidiaries established in Honduras are subject to income tax at the rate of 25%.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

32. 所得稅(抵免)/開支(續)

(d) 其他所得或利得稅(續)

年內，本公司在美國成立之附屬公司須按介乎27.5%至30%(二零二一年：27.5%至30%)之稅率繳付所得稅。

本公司在墨西哥成立之附屬公司須按30%(二零二一年：30%)之稅率繳付所得稅。

本公司在洪都拉斯成立之附屬公司須按25%之稅率繳付所得稅。

本集團除所得稅前溢利的稅款與根據適用於綜合實體溢利的加權平均稅率計算之理論金額不同，差異如下：

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Profit before income tax, after excluding share of profits of investments accounted for using the equity method	除所得稅前溢利(經扣除應佔以權益法入賬之投資溢利)	135,000	3,300,534
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬公司之溢利之當地稅率計算之稅項	(21,803)	616,736
Effect of income tax exemption	所得稅豁免之影響	(47,582)	(95,131)
Expenses not deductible for income tax purposes	不能為所得稅目的扣除的費用	64,656	43,520
Tax losses for which no deferred income tax assets was recognised	並無確認遞延所得稅資產的稅項虧損	7,555	14,469
Utilisation of previous unrecognised taxable loss	動用過往未確認的應課稅虧損	(15,372)	—
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	(15,095)	15,737
Others	其他	(2,386)	3,204
Income tax (credit)/expense	所得稅(抵免)/開支	(30,027)	598,535

32. INCOME TAX (CREDIT)/EXPENSE (Continued)

(d) Other income or profits tax (Continued)

10% withholding income tax is generally imposed on dividends relating to any profits earned in PRC commencing from 2008 to foreign investors, while for some PRC entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied if such companies are the beneficial owner of over 25% of these PRC entities according to PRC tax regulations.

33. EARNINGS PER SHARE

(a) Basic

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 year.

32. 所得稅(抵免)/開支(續)

(d) 其他所得或利得稅(續)

中國企業所得稅對境外投資者獲分派二零零八年及之後賺取的利潤的股息一般徵收10%預提所得稅，而就若干地區(包括香港及新加坡)註冊成立之公司所持有的中國實體而言，倘該等公司根據中國之稅務條例為該等中國實體超過25%權益之實益擁有人，則享有5%的優惠稅率。

33. 每股盈利

(a) 基本

每股基本盈利以本公司擁有人應佔溢利除以年內已發行普通股之加權平均數計算。

		2022 二零二二年	2021 二零二一年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	156,808	2,685,170
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權 平均數(以千計)	918,000	916,715
Basic earnings per share (RMB per share)	每股基本盈利 (每股人民幣元)	0.17	2.93

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33. EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Company's share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

33. 每股盈利(續)

(b) 攤薄

每股攤薄盈利乃透過調整發行在外的普通股加權平均數計算，以假設所有具攤薄影響之潛在普通股獲轉換。就本公司之購股權而言，本公司已根據未行使購股權附帶之認購權之幣值，計算能夠按公平值(釐定為本公司股份之平均年度市價)收購的股份數目。上述計算所得之股份數目與假設購股權獲行使的情況下，已發行的股份數目比較。

		2022 二零二二年	2021 二零二一年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利(人民幣千元)	156,808	2,685,170
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(以千計)	918,000	916,715
Adjustments for:	調整：		
— Share options (thousands)	— 購股權(以千計)	144	904
Weighted average number of ordinary shares for diluted earnings per share (thousands)	每股攤薄盈利之普通股加權平均數(以千計)	918,144	917,619
Diluted earnings per share (RMB per share)	每股攤薄盈利(每股人民幣元)	0.17	2.93

綜合財務報表附註(續)

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34. DIVIDENDS

The dividend paid in 2022 were RMB766,436,000 (2021: RMB527,576,000), being HKD0.95 per ordinary share (2021: HKD0.70 per ordinary share).

34. 股息

於二零二二年已支付的股息金額為人民幣766,436,000元(二零二一年：人民幣527,576,000元)，每股普通股0.95港元(二零二一年：每股普通股0.70港元)。

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Final dividend for the year ended 31 December 2021 of HKD0.57 (2020: HKD0.20) per ordinary share	截至二零二一年十二月三十一日止年度末期股息每股普通股0.57港元(二零二零年：0.20港元)	447,492	150,461
Interim dividend for the year ended 31 December 2022 HKD0.38 (2021: HKD0.50) per ordinary share	截至二零二二年十二月三十一日止年度中期股息每股普通股0.38港元(二零二一年：0.50港元)	318,944	377,115
		766,436	527,576

No proposal of final dividend in respect of the year ended 31 December 2022 has been made per ordinary share (2021: proposal of final dividend of HKD0.57 per ordinary share, amounting to RMB427,817,000).

截至二零二二年十二月三十一日止年度，概無就每股普通股擬派末期股息(二零二一年：擬派末期股息每股普通股0.57港元，總金額為人民幣427,817,000元)。

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Proposed final dividend for the year ended 31 December 2022 of HKD nil (2021: HKD0.57) per ordinary share	截至二零二二年十二月三十一日止年度擬派末期股息每股普通股零港元(二零二一年：0.57港元)	—	427,817

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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35. CASH FLOW INFORMATION

(a) Cash generated from operations

The reconciliation from profit before income tax to cash generated from operations is as follows:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	171,159	3,340,151
Adjustments for:	經調整：		
— Amortisation, depreciation and impairment (Note 27 and Note 28)	— 攤銷、折舊及減值 (附註27及附註28)	1,029,050	1,094,758
— Share of profits less losses of investments accounted for using equity method	— 分佔使用權益法入賬之投資溢利減虧損	(36,159)	(39,617)
— Losses/(gains) on disposal of property, plant and equipment (Note 28)	— 出售物業、廠房及設備虧損/ (收益) (附註28)	3,780	(1,394)
— Net accrual of provision for decline in the value of inventories (Note 28)	— 存貨減值撥備之預提淨額 (附註28)	495,159	16,177
— Accrual/(reversal) of provision for impairment of trade receivables (Note 14)	— 應收貿易款項減值撥備之計提/ (撥回) (附註14)	22,400	(3,750)
— Accrual of provision for impairment of prepayments, deposits and other receivables (Note 15)	— 計提預付款項、按金及其他應收賬款減值撥備 (附註15)	17,215	34,623
— Finance costs — net (Note 30)	— 財務費用 — 淨額 (附註30)	466,861	122,663
— Fair value gains on derivative financial instruments and assets (Note 27)	— 衍生金融工具及資產公平值收益 (附註27)	(67,621)	(13,214)
— Settlement on derivative financial instruments (Note 27)	— 衍生金融工具結算 (附註27)	11,182	133,302
— Settlement on financial assets at fair value through profit or loss (Note 27)	— 按公平值計入損益之金融資產結算 (附註27)	(27,741)	—
— Gains on disposal of subsidiaries	— 出售附屬公司收益	—	(33,702)
— Gains on acquisition of subsidiaries	— 收購附屬公司收益	—	(13,665)
— Net exchange differences	— 匯兌差額淨額	(168,679)	30,735
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動(綜合賬目之匯兌差額的影響除外)：		
— Inventories	— 存貨	(933,597)	(3,567,279)
— Properties under development	— 發展中物業	(105,683)	(6,433)
— Trade and bills receivables	— 應收貿易及票據款項	253,499	(280,822)
— Prepayments, deposits and other receivables	— 預付款項、按金及其他應收賬款	(44,742)	(710,170)
— Trade and bills payables	— 應付貿易及票據款項	612,563	1,842,468
— Contract liabilities	— 合約負債	297,824	393,529
— Accruals and other payables	— 預提費用及其他應付款項	(132,467)	633,833
— Pledged bank deposits	— 已抵押銀行存款	71,431	(129,692)
Cash generated from operations	經營所產生的現金	1,935,434	2,842,501

35. 現金流量資料

(a) 經營所產生的現金

除所得稅前溢利與經營所產生的現金對賬如下：

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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35. CASH FLOW INFORMATION (Continued)

(a) Cash generated from operations (Continued)

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment include:

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Net book amount — property, plant and equipment (Note 7)	467,610	1,279,915
Disposal of subsidiaries (Note 15)	—	(1,224,432)
Receivables from sales or return of prepayments of equipment	(227,991)	—
(Losses)/gains on disposal of property, plant and equipment (Note 28)	(3,780)	1,394
Proceeds from disposal of property, plant and equipment	235,839	56,877

(b) Non-cash financing activities

	2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Supply chain financing	549,041	—
Addition of right-of-use assets	250,042	17,169
	799,083	17,169

35. 現金流量資料(續)

(a) 經營所產生的現金(續)

於綜合現金流量表，出售物業、廠房及設備所得款項包括：

(b) 非現金融資活動

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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35. CASH FLOW INFORMATION (Continued)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Net debt			
淨債務			
Cash and cash equivalents	現金及現金等值物	2,468,421	2,505,407
Pledged bank deposits	已抵押銀行存款	111,647	190,302
Supply chain financing	供應鏈融資	(549,041)	—
Borrowings	借貸	(8,543,372)	(7,215,039)
Lease liabilities	租賃負債	(314,382)	(114,249)
Long term payables	長期應付賬款	—	(29,871)
Net debt	淨債務	(6,826,727)	(4,663,450)
Cash and cash equivalents	現金及現金等值物	2,468,421	2,505,407
Pledged bank deposits	已抵押銀行存款	111,647	190,302
Gross debt — fixed interest rates	總債務 — 固定利率	(4,790,950)	(2,231,410)
Gross debt — variable interest rates	總債務 — 浮動利率	(4,615,845)	(5,127,749)
Net debt	淨債務	(6,826,727)	(4,663,450)

35. 現金流量資料(續)

(c) 淨債務對賬

本節載列各個呈列年度的淨債務分析及淨債務變動。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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35. CASH FLOW INFORMATION (Continued)

(c) Net debt reconciliation (Continued)

		Other assets		Liabilities from financing activities			Total
		其他資產		來自融資活動之負債			
		Cash and equivalents	Pledged bank deposits	Lease liabilities	Long term payables	Borrowings and supply chain financing	
		現金及 現金等值物	已抵押銀行 存款	租賃負債	長期 應付賬款	借貸及 供應鏈融資	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		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
Net debt as at 1 January 2021	於二零二一年一月一日的 淨債務						
		2,683,613	260,610	(185,745)	(153,912)	(7,063,103)	(4,458,537)
Cash flows	現金流量	(178,206)	(70,308)	56,455	124,041	(410,760)	(478,778)
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	(370,300)	(370,300)
Disposal of subsidiaries	出售附屬公司	—	—	—	—	589,468	589,468
Disposal of leases	處置租賃	—	—	15,041	—	—	15,041
Foreign exchange adjustments	外匯調整	—	—	—	—	39,656	39,656
Net debt as at 31 December 2021	於二零二一年十二月 三十一日的淨債務	2,505,407	190,302	(114,249)	(29,871)	(7,215,039)	(4,663,450)
Cash flows	現金流量	(36,986)	(78,655)	60,092	30,726	(1,135,586)	(1,160,409)
Addition of lease liabilities	添置租賃負債	—	—	(250,042)	—	—	(250,042)
Accrued interest expenses	應計利息開支	—	—	(10,183)	(855)	—	(11,038)
Supply chain financing	供應鏈融資	—	—	—	—	(549,041)	(549,041)
Foreign exchange adjustments	外匯調整	—	—	—	—	(192,747)	(192,747)
Net debt as at 31 December 2022	於二零二二年十二月 三十一日的淨債務	2,468,421	111,647	(314,382)	—	(9,092,413)	(6,826,727)

36. COMMITMENTS

Capital expenditures at the balance sheet date that have not been incurred are as follows:

36. 承擔

於結算日的資本開支(但未產生)如下:

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未撥備	706,762	1,142,477
Authorised but not contracted for	已授權但未訂約	532,240	1,314,408
Total capital expenditure commitments	資本開支承擔總額	1,239,002	2,456,885

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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37. BUSINESS COMBINATIONS

Acquisition of Nantong Textile Group Co., Ltd.

Nantong Textile Group Co., Ltd and its subsidiaries (the "Nantong Textile Group") manufacture and sell top-grade textile products in PRC. The Group previously held a 48% equity interest in Nantong Textile Group and the investment in Nantong Textile Group was previously accounted for under the equity method.

On 31 October 2021, the Group acquired the remaining 52% equity interest in Nantong Textile Group from a third party for a cash consideration of RMB58,035,000. Upon completion of the transaction, Nantong Textile Group became a wholly-owned subsidiary of the Group.

The companies in the Nantong Textile Group are set out as follows:

Name of companies 公司名稱	Place of incorporation 註冊成立地點	Principal activities 主要業務
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Nantong, Mainland China 中國大陸南通	Sales of top-grade textile products 銷售高級紡織產品
Nantong Chongtian Spinning Co., Ltd. 南通崇天紡紗有限公司	Nantong, Mainland China 中國大陸南通	Manufacturing and sales of textile products 製造及銷售紡織產品
Nantong Tianlang Enterprise Management Co., Ltd. 南通天琅企業管理有限公司	Nantong, Mainland China 中國大陸南通	Enterprise management 企業管理
Nantong Printing & Dyeing Textiles Import And Export Co., Ltd. 南通印染紡織品進出口有限公司	Nantong, Mainland China 中國大陸南通	Trading of textile products 買賣紡織產品

The acquisition is expected to enhance the overall growth of the Group and is undertaken as part of its plan to expand its top-grade textile products offerings.

37. 業務合併

收購南通紡織控股集團紡織染有限公司

南通紡織控股集團紡織染有限公司及其附屬公司(「南通紡織集團」)在中國製造並銷售高級紡織產品。本集團先前持有南通紡織集團48%股權，於南通紡織集團之投資先前採用權益法列賬。

於二零二一年十月三十一日，本集團按現金代價人民幣58,035,000元自一名第三方收購南通紡織集團餘下52%股權。有關交易完成後，南通紡織集團成為本集團之全資附屬公司。

南通紡織集團之公司載列如下：

收購預期將促進本集團整體增長，並作為其擴大高級紡織產品供應計劃一部分。

37. BUSINESS COMBINATIONS (Continued)

Acquisition of Nantong Textile Group Co., Ltd.
(Continued)

The details of the fair value of assets acquired, liabilities assumed at the acquisition date of the acquisition is summarized on an aggregate basis as follows:

37. 業務合併(續)

收購南通紡織控股集團紡織染有限公司
(續)

於收購事項之收購日期，已收購資產及所承擔負債公平值總數之詳情概述如下：

	Fair value at acquisition date
	於收購日期之公平值
	RMB'000
	人民幣千元
Total purchase price is comprised of:	
— Cash consideration	58,035
— Fair value of previously held equity interests	44,953
	102,988
Recognised amounts of identifiable assets acquired and liabilities assumed (100% of Nantong Textile Group)	所收購可識別資產及所承擔負債之已確認金額(南通紡織集團100%權益)
Cash and cash equivalents	65,889
Property, plant and equipment (Note 7)	370,310
Right-of-use assets	58,447
Deferred income tax assets	12,098
Inventories	70,402
Trade and bills receivables	16,276
Prepayments, deposits and other receivables	20,096
Borrowings	(370,300)
Trade and bills payables	(48,649)
Accruals and other payables	(84,217)
Income tax payables	(1,203)
Deferred income tax liabilities	(15,494)
Total identifiable net assets	可識別資產總額淨值
Goodwill (Note 10)	9,333
	102,988
Cash and cash equivalents in subsidiaries acquired	65,889
Consideration for acquisition settled in cash	(58,035)
Cash inflow on acquisition	7,854

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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37. BUSINESS COMBINATIONS (Continued)

Acquisition of Nantong Textile Group Co., Ltd.

(Continued)

A gain of RMB13,665,000 in relation to the revaluation of the previously held equity interest was recorded in 'other losses — net' in the consolidated income statement for the year ended 31 December 2021.

The revenue included in the consolidated income statement from 1 November 2021 to 31 December 2021 contributed by Nantong Textile Group was RMB86,401,000. The Nantong Textile Group also made profit of RMB12,068,000 over the same period.

If the acquisition had occurred on 1 January 2021, the Group's consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been RMB26,833,632,000 and RMB2,686,188,000, respectively.

38. RELATED-PARTY TRANSACTIONS

Related parties are those as defined under Hong Kong Accounting Standard 24 and include key management of the Group. General speaking, 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.

As at 31 December 2022, the Group is controlled by New Green Group Limited (incorporated in BVI), which directly and indirectly owns 59.34% of the Company's shares. The remaining 40.66% of the shares are widely held. The ultimate parent of the Group is Texhong Group Holdings Limited (incorporated in Cayman Islands). The ultimate controlling party of the Group is Mr Hong Tian Zhu, the chairmen of the Group.

37. 業務合併(續)

收購南通紡織控股集團紡織染有限公司(續)

有關重估過往持有股權的收益人民幣13,665,000元記入截至二零二一年十二月三十一日止年度的綜合收益表「其他虧損—淨額」內。

自二零二一年十一月一日至二零二一年十二月三十一日，由南通紡織集團所貢獻之已計入綜合收益表的收入為人民幣86,401,000元。南通紡織集團亦於同期錄得溢利人民幣12,068,000元。

倘收購於二零二一年一月一日發生，則本集團截至二零二一年十二月三十一日止年度的綜合備考收益及利潤將分別為人民幣26,833,632,000元及人民幣2,686,188,000元。

38. 與關聯方的交易

關聯方為香港會計準則第24號所定義者，並且包括本集團主要管理層。大致而言，倘其中一方能直接或間接控制另一方或在財務及營運決定方面對另一方行使重大影響力，則被視為關聯方。倘彼等受共同控制，亦被視為關聯方。

於二零二二年十二月三十一日，本集團由New Green Group Limited(於英屬處女群島註冊成立)控制，其直接及間接擁有本公司股份之59.34%。股份餘下之40.66%被廣泛持有。本集團之最終母公司為Texhong Group Holdings Limited(於開曼群島註冊成立)。本集團之最終控制方為本集團主席洪天祝先生。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

38. RELATED-PARTY TRANSACTIONS (Continued)

The related parties that had business transactions with the Group are as follows:

38. 與關聯方的交易(續)

與本集團進行業務交易的關聯方如下：

Name of related party 關聯方名稱	Relationship with the Group 與本公司關係
Hualida (Vietnam) Garments Limited Company 華利達(越南)服裝責任有限公司	Associated company 聯營公司
Nantong Dasheng Third Cotton Textile Co., Ltd. 南通大生三棉紡織有限公司	Associated company 聯營公司
Henglun International (Hong Kong) Limited 恒綸國際(香港)有限公司	Associated company 聯營公司
Henglun Textile (Vietnam) Company Limited 恒綸紡織(越南)有限公司	Associated company 聯營公司
Jiangsu Dasheng Intelligence Technology Development Co., Ltd. 江蘇大生智能科技發展有限公司	Associated company 聯營公司
Hualida Thai Binh Garment Company Limited 華利達太平服裝有限公司	Associated company 聯營公司
Treasure Reap Limited 豐寶有限公司	Associated company 聯營公司
HLD (HK) Trading Limited HLD (HK) Trading Limited	Associated company 聯營公司
Hualida Vietnam (Quang Ninh) Garments Company Limited 華利達越南(廣寧)服裝責任有限公司	Associated company 聯營公司
Texhong Tan Cang Logistics Joint Stock Company 天虹新港物流股份公司	Joint venture 合營企業
Texhong Industrial Park Vietnam Limited 天虹工業園區越南有限公司	A company controlled by the chairman of the Group 由本集團主席所控制之公司

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

38. RELATED-PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Sales of goods	銷售貨品		
— Henglun Textile (Vietnam) Company Limited	— 恒綸紡織(越南)有限公司	46,768	71,591
— Nantong Dasheng Third Cotton Textile Co., Ltd.	— 南通大生三棉紡織有限公司	10,895	3,461
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	6,267	398
— HLD (HK) Trading Limited	— HLD (HK) Trading Limited	4,550	—
— Hualida Vietnam (Quang Ninh) Garments Company Limited	— 華利達越南(廣寧)服裝責任有限公司	393	—
		68,873	75,450
Sales of property, plant and equipment	銷售物業、廠房及設備		
— Henglun Textile (Vietnam) Company Limited	— 恒綸紡織(越南)有限公司	5,991	5,976
Providing/(withdrawing) shareholder loan	提供/(提取)股東貸款		
— Henglun International (Hong Kong) Limited	— 恒綸國際(香港)有限公司	72,631	(763)
— Treasure Reap Limited	— 豐寶有限公司	18,802	—
		91,433	(763)
Purchases of goods	購買貨品		
— Nantong Dasheng Third Cotton Textile Co., Ltd.	— 南通大生三棉紡織有限公司	24,533	—
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	68	4
		24,601	4

38. 與關聯方的交易(續)

(a) 與關聯方的交易

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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38. RELATED-PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Purchases of utilities	購買動力及燃料		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	293,128	261,329
Purchases of services	購買服務		
— Texhong Tan Cang Logistics Joint Stock Company	— 天虹新港物流股份有限公司	51,835	69,801
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	1,870	820
		53,705	70,621
Purchases of land use rights	購買土地使用權		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	226,313	—
Purchases of property, plant and equipment	購買物業、廠房及設備		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	72,464	—

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

本公司董事及本集團的管理層認為上述與關聯方的交易乃於日常業務過程並且根據相關協議的條款及／或由有關各方發出的發票進行。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

38. RELATED-PARTY TRANSACTIONS (Continued)

(b) Balance with related parties

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Trade receivables	應收貿易款項		
— Henglun Textile (Vietnam) Company Limited	— 恒綸紡織(越南)有限公司	13,293	27,617
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	393	280
— Hualida Vietnam (Quang Ninh) Garments Company Limited	— 華利達越南(廣寧)服裝責任有限公司	297	—
— Nantong Dasheng Third Cotton Textile Co., Ltd.	— 南通大生三棉紡織有限公司	1	3,531
		13,984	31,428
Trade payables	應付貿易款項		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	18,655	15,215
— Texhong Tan Cang Logistics Joint Stock Company	— 天虹新港物流股份有限公司	1,202	8,514
— Nantong Dasheng Third Cotton Textile Co., Ltd.	— 南通大生三棉紡織有限公司	431	—
— Hualida Thai Binh Garment Company Limited	— 華利達太平服裝有限公司	—	1,382
		20,288	25,111
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款		
— Henglun International (Hong Kong) Limited	— 恒綸國際(香港)有限公司	105,248	32,617
— Jiangsu Dasheng Intelligence Technology Development Co., Ltd.	— 江蘇大生智能科技發展有限公司	20,100	20,100
— Treasure Reap Limited	— 豐寶有限公司	18,802	—
— Henglun Textile (Vietnam) Company Limited	— 恒綸紡織(越南)有限公司	5,991	—
		150,141	52,717

The amounts due from related parties are unsecured, interest-free and repayable on demand.

應收關聯方款項為無抵押、不計息及按要求償還。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

38. RELATED-PARTY TRANSACTIONS (Continued)

(c) Key management compensation

		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪金、工資及花紅	19,857	47,932
Pension costs — defined contribution plan	退休金成本 — 界定供款計劃	735	599
Other benefits	其他福利	94	179
		20,686	48,710

38. 與關聯方的交易(續)

(c) 主要管理層薪酬

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
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39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

39. 本公司的資產負債表及儲備變動

(a) 本公司的資產負債表

		As at 31 December 於十二月三十一日	
		2022 二零二二年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	573	19
Investments in subsidiaries	於附屬公司的投資	4,126,252	4,125,927
		4,126,825	4,125,946
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	315,255	310,605
Due from subsidiaries	應收附屬公司款項	1,783,878	3,302,828
Derivative financial instruments	衍生金融工具	61,362	33,435
Cash and cash equivalents	現金及現金等值物	106,242	56,039
		2,266,737	3,702,907
Total assets	資產總值	6,393,562	7,828,853
EQUITY	權益		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital: nominal value	股本：面值	96,958	96,958
Share premium	股份溢價	462,059	462,059
Other reserves	其他儲備	184,464	184,464
Retained earnings	保留溢利	2,316,782	2,921,035
Total equity	權益總值	3,060,263	3,664,516
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借貸	1,932,465	2,410,044
		1,932,465	2,410,044
Current liabilities	流動負債		
Bills payable	應付票據款項	30,801	31,551
Accruals and other payables	預提費用及其他應付賬款	19,630	35,752
Due to subsidiaries	應付附屬公司款項	7,343	2,258
Borrowings	借貸	1,311,057	1,597,776
Derivative financial instruments	衍生金融工具	32,003	86,956
		1,400,834	1,754,293
Total liabilities	總負債	3,333,299	4,164,337
Total equity and liabilities	總權益及負債	6,393,562	7,828,853

The balance sheet of the Company was approved by the Board of Directors on 28 March 2023 and was signed on its behalf by:

本公司資產負債表已於二零二三年三月二十八日獲董事會批准，並由下列董事代表董事會簽署：

Hong Tianzhu

Zhu Yongxiang

洪天祝

朱永祥

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

39. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

39. 本公司的資產負債表及儲備變動(續)

(b) 本公司的儲備變動

		Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元
At 1 January 2021	於二零二一年一月一日	193,748	2,489,650
Profit for the year	年度溢利	—	958,961
Shares issued upon exercise of share options	行使購股權時發行股份	(9,284)	—
Dividend relating to 2020	二零二零年之股息	—	(150,461)
Dividend relating to 2021	二零二一年之股息	—	(377,115)
At 31 December 2021	於二零二一年十二月三十一日	184,464	2,921,035
At 1 January 2022	於二零二二年一月一日	184,464	2,921,035
Profit for the year	年度溢利	—	162,183
Dividend relating to 2021	二零二一年之股息	—	(447,492)
Dividend relating to 2022	二零二二年之股息	—	(318,944)
At 31 December 2022	於二零二二年十二月三十一日	184,464	2,316,782

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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40. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Mr. Zhu Yongxiang and Mr. Tang Daoping are the chief executive officer and chief operation officer of the Group, respectively.

The remuneration of every director is set out below:

Name of Director	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to benefit scheme	Total
董事姓名	袍金	薪金	酌情花紅	住屋津貼	其他福利之估計金錢價值	僱主福利計劃供款	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	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
Executive Directors:							
Hong Tianzhu (chairman)	—	1,009	781	—	—	1	1,791
Zhu Yongxiang	—	960	2,198	—	27	106	3,291
Tang Daoping	—	1,052	4,940	—	27	122	6,141
Hui Tsz Wai*	—	877	121	—	—	88	1,086
Independent non-executive Directors:							
Ting Leung Huel, Stephen	268	—	—	—	—	—	268
Cheng Longdi	134	—	—	—	—	—	134
Tao Xiaoming	161	—	—	—	—	—	161
	563	3,898	8,040	—	54	317	12,872

* Mr Hui Tsz Wai resigned from Executive Director on 31 March 2022.

40. 董事福利及權益

(a) 董事及行政總裁酬金

朱永祥先生及湯道平先生分別為本集團行政總裁及營運總裁。

應付予每位董事的酬金如下：

* 許子慧先生於二零二二年三月三十一日辭任執行董事。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

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40. BENEFITS AND INTERESTS OF DIRECTORS

(Continued)

(a) Directors' and chief executive's emoluments

(Continued)

Name of Director	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to benefit scheme	Total
董事姓名	袍金	薪金	酌情花紅	住屋津貼	其他福利之估計金錢價值	僱主福利計劃供款	總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive Directors:	執行董事：						
Hong Tianzhu	—	1,009	3,561	—	—	1	4,571
Zhu Yongxiang	—	687	16,942	—	—	15	17,644
Tang Daoping	—	1,020	10,880	—	25	111	12,036
Hui Tsz Wai	—	3,987	2,024	—	111	321	6,443
Ji Zhongliang*	—	368	—	—	10	20	398
Independent non-executive Directors:	獨立非執行董事：						
Ting Leung Huel, Stephen	245	—	—	—	—	—	245
Cheng Longdi	123	—	—	—	—	—	123
Tao Xiaoming	147	—	—	—	—	—	147
	515	7,071	33,407	—	146	468	41,607

* Mr Ji Zhongliang resigned from Executive Director on 3 May 2021.

For the year ended 31 December 2021 and 2022, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking, are set out as above.

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

40. 董事福利及權益(續)

(a) 董事及行政總裁酬金(續)

* 吉忠良先生於二零二一年五月三日辭任執行董事。

截至二零二一年及二零二二年十二月三十一日止年度，就個人擔任董事提供服務(不論本公司或其附屬公司)之已付或應付酬金如上所述。

(b) 董事退任及終止僱用福利

年內，概無董事曾或將獲得任何退任福利或終止僱用福利。

(c) 就提供董事服務向第三方提供之代價

年內，本集團概無就提供董事服務向任何第三方支付代價。

(d) 有關以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易的資料

於年末或年內任何時間概無存續以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易。

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
截至二零二二年十二月三十一日止年度

40. BENEFITS AND INTERESTS OF DIRECTORS

(Continued)

(e) Directors' material interests in transactions, arrangements or contracts

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.

41. PRINCIPAL SUBSIDIARIES

The following is a list of the Group's principal subsidiaries, all of which are unlisted, as of 31 December 2022:

40. 董事福利及權益(續)

(e) 董事於交易、安排或合約之重大權益

本公司概無訂立與本集團業務有關，而本公司董事直接或間接擁有重大權益且於年末或年內任何時間存續之重大交易、安排及合約。

41. 主要附屬公司

下表列示本集團截至二零二二年十二月三十一日的主要附屬公司(均為非上市)：

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operations	Particulars of issued share capital or paid-in capital	Interest held
附屬公司名稱	註冊成立地點及日期及法律實體類別	主要業務及營運地點	已發行股本或繳入股本的詳情	所持權益
Directly held: 直接持有：				
Texhong Textile Holdings Limited	British Virgin Islands 26 May 2004, limited liability company	Investment holding in British Virgin Islands	USD100	100%
天虹紡織控股有限公司	英屬處女群島， 二零零四年五月二十六日， 有限責任公司	於英屬處女群島投資控股	100美元	100%
Sunray International Holdings Limited	British Virgin Islands 21 January 2005, limited liability company	Investment holding in British Virgin Islands	USD1	100%
新銳國際控股有限公司	英屬處女群島， 二零零五年一月二十一日， 有限責任公司	於英屬處女群島投資控股	1美元	100%
Texhong Vietnam Investment Limited	British Virgin Islands, 6 September 2006, limited liability company	Investment holding in British Virgin Islands	USD50,000	100%
天虹越南投資有限公司	英屬處女群島， 二零零六年九月六日， 有限責任公司	於英屬處女群島投資控股	50,000美元	100%
Prosperous Time Holdings Limited	British Virgin Islands, 12 May 2015, limited liability company	Investment holding in British Virgin Islands	USD1 and CNY393,812,283	100%
好景創投有限公司	英屬處女群島， 二零一五年五月十二日， 有限責任公司	於英屬處女群島投資控股	1美元及人民幣 393,812,283元	100%
Winnitex Textile Holdings Limited	British Virgin Islands, November 2018, limited liability company	Investment holding in British Virgin Islands	USD100 and HKD2,425,766,506	80%
Winnitex Textile Holdings Limited	英屬處女群島， 二零一八年十一月， 有限責任公司	於英屬處女群島投資控股	100美元及 2,425,766,506港元	80%

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022
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41. PRINCIPAL SUBSIDIARIES (Continued)

41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入股本的詳情	Interest held 所持權益
Indirectly held: 間接持有：				
Jiangsu Century Texhong Textile Co., Ltd.	Xuzhou, Mainland China, 6 June 2000, limited liability company	Manufacturing and sales of yarns, grey fabrics, dyed clothes and dress; processing of cotton in Mainland China	USD15,000,000	100%
江蘇世紀天虹紡織有限公司	中國內地徐州， 二零零零年六月六日， 有限責任公司	於中國內地製造及銷售紗線、坯 布、染布及服裝；棉花加工	15,000,000美元	100%
Nantong Century Texhong Textile Co., Ltd.	Nantong, Mainland China, 7 June 2002, limited liability company	Manufacturing and sales of yarns, grey fabrics and dyed fabrics in Mainland China	USD5,500,000	100%
南通世紀天虹紡織有限公司	中國內地南通， 二零零二年六月七日， 有限責任公司	於中國內地製造及銷售紗線、坯布 及染布	5,500,000美元	100%
Xuzhou Texhong Yinfeng Textile Co., Ltd.	Xuzhou, Mainland China, 12 May 2004, limited liability company	Manufacturing and sales of yarns, grey fabrics, clothes and dyed fabrics in Mainland China	USD7,800,000	100%
徐州天虹銀豐紡織有限公司	中國內地徐州， 二零零四年五月十二日， 有限責任公司	於中國內地製造及銷售紗線、坯 布、布料及染布	7,800,000美元	100%
Xuzhou Texhong Times Textile Co., Ltd.	Xuzhou, Mainland China, 29 December 2004, limited liability company	Manufacturing and sales of top-grade yarns, thread, grey fabrics, textile knitting products, and garments in Mainland China	USD43,000,000	100%
徐州天虹時代紡織有限公司	中國內地徐州， 二零零四年十二月二十九日， 有限責任公司	於中國內地製造及銷售高級紗線、 線、坯布、紡織與織造產品及 成衣	43,000,000美元	100%
Texhong (China) Investment Co., Ltd.	Shanghai, Mainland China, 21 June 2005, Limited liability company	Investment holding and trading of textile products in Mainland China	USD100,000,000	100%
天虹(中國)投資有限公司	中國內地上海， 二零零五年六月二十一日， 有限責任公司	投資控股及於中國內地買賣紡織產 品	100,000,000美元	100%

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

41. PRINCIPAL SUBSIDIARIES (Continued)

41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入股本的詳情	Interest held 所持權益
Xuzhou Texhong Yinlian Textile Co., Ltd. 徐州天虹銀聯紡織有限公司	Xuzhou, Mainland China, 30 March 2006, limited liability company 中國內地徐州， 二零零六年三月三十日， 有限責任公司	Manufacturing top-grade yarns, thread, grey fabrics, dresses, in Mainland China 於中國內地製造高級紗線、 線、坯布及服裝	USD20,500,000 20,500,000美元	100%
Sunray Macao Commercial Limited. 新睿澳門商業服務有限公司	Macao, 19 December 2005, limited liability company 澳門， 二零零五年十二月十九日， 有限責任公司	Trading in Macao 於澳門貿易	MOP\$300,000 300,000澳門幣	100%
Changzhou Texhong Textile Co., Ltd. 常州天虹紡織有限公司	Changzhou, Mainland China, 1 January 1979, limited liability company 中國內地常州， 一九七九年一月一日， 有限責任公司	Manufacturing and sales of textile, decoration and garment in Mainland China 於中國內地製造及銷售紡織品、飾 品及成衣	RMB53,145,000 人民幣53,145,000元	100%
Renze Textile Joint Stock Company 仁澤紡織股份有限公司	Vietnam, 24 October 2006, limited liability company 越南， 二零零六年十月二十四日， 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD30,000,000 30,000,000美元	100%
Weishan Texhong Technology Limited 微山天虹科技有限公司	Shandong, Mainland China, 12 April 2018 limited liability company 中國內地山東， 二零一八年四月十二日， 有限責任公司	Manufacturing and sales of yarns in Mainland China 在中國內地製造及銷售紗線	RMB58,000,000 人民幣58,000,000元	100%
Yinlong Technology Company Limited 銀龍科技有限公司	Vietnam, 11 April 2012, limited liability company 越南， 二零一二年四月十一日， 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD40,000,000 40,000,000美元	100%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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截至二零二二年十二月三十一日止年度

41. PRINCIPAL SUBSIDIARIES (Continued)

41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入股本的詳情	Interest held 所持權益
Shandong Texhong Textile Co., Ltd. 山東天虹紡織有限公司	Shandong, Mainland China, 1 May 2004, limited liability company 中國內地山東， 二零零四年五月一日，有限責任公司	Manufacturing and sales of yarns in Mainland China 於中國內地製造及銷售紗線	RMB700,000,000 人民幣700,000,000元	100%
Galaxy Technology Company Limited 銀河科技有限公司	Vietnam, 13 September 2014, limited liability company 越南， 二零一四年九月十三日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments and dyed fabrics in Vietnam 於越南製造紗線、坯布、成衣及染 布	USD80,000,000 80,000,000美元	100%
Shandong Lanyan Textiles Co., Ltd. 山東蘭雁紡織服裝有限公司	Shandong, Mainland China, 21 August 2015, limited liability company 中國內地山東， 二零一五年八月二十一日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments in Shandong 於山東製造紗線、坯布及成衣	USD3,000,000 3,000,000美元	100%
Changzhou Texhong Grand Textile Co., Ltd. 常州天虹偉業紡織有限公司	Changzhou, Mainland China, August 2016, limited liability company 中國內地常州， 二零一六年八月， 有限責任公司	Trading of textile products in Changzhou 於常州買賣紡織產品	USD19,500,000 19,500,000美元	100%
Foshan Ruhong Textile Co., Ltd. 佛山如虹紡織有限公司	Foshan, Mainland China, August 2016, limited liability company 中國內地佛山， 二零一六年八月， 有限責任公司	Manufacturing of yarns in Foshan 於佛山製造紗線	USD3,000,000 3,000,000美元	100%
Shanghai Hongrun Textile Co., Ltd. 上海虹潤貿易有限公司	Shanghai, Mainland China, 7 January 2009, limited liability company 中國內地上海， 二零零九年一月七日， 有限責任公司	Trading of textile products in Mainland China 於中國內地買賣紡織產品	RMB5,000,000 人民幣5,000,000元	100%
Taizhou Century Texhong Textile Co., Ltd. 泰州世紀天虹紡織有限公司	Taizhou, Mainland China, 23 April 2002, limited liability company 中國內地泰州， 二零零二年四月二十三日， 有限責任公司	Manufacturing and sales of industrial-use textile products and top-grade blended-spinning in Mainland China 於中國內地製造及銷售工業用紡織 產品及高端混紡品	USD18,580,000 18,580,000美元	100%

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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截至二零二二年十二月三十一日止年度

41. PRINCIPAL SUBSIDIARIES (Continued)

41. 主要附屬公司(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入股本的詳情	Interest held 所持權益
Nantong Texhong Yinhai Industrial Co., Ltd. 南通天虹銀海實業有限公司	Nantong, Mainland China, 20 May 2004, limited liability company 中國內地南通， 二零零四年五月二十日， 有限責任公司	Manufacturing and sales of garment, textile knitting products and yarns in Mainland China 於中國內地製造及銷售 成衣、紡織與織造產品及紗線	USD13,500,000 13,500,000美元	100%
Shandong Lanyan Jeanswear Co., Ltd. 山東蘭雁牛仔服裝有限公司	Shandong, Mainland China, 21 August 2015, limited liability company 中國內地山東， 二零一五年八月二十一日， 有限責任公司	Manufacturing of yarns, grey fabrics, garments in Mainland China 於中國內地製造紗線、坯布及成衣	USD1,000,000 1,000,000美元	100%
Taizhou Texhong Yintai Textile Co., Ltd. 泰州天虹銀泰紡織有限公司	Taizhou, Mainland China, 26 May 2006, limited liability company 中國內地泰州， 二零零六年五月二十六日， 有限責任公司	Manufacturing top-grade garment and special textile for construction in Mainland China 於中國內地製造高級成衣和特別紡 織品	USD6,640,000 6,640,000美元	100%
Xuzhou Texhong Intelligence Textile Co., Ltd. 徐州天虹智能紡織有限公司	Xuzhou, Mainland China, 25 May 2017, limited liability company 中國內地徐州， 二零一七年五月二十五日， 有限責任公司	Manufacturing of yarns in Mainland China 於中國內地製造紗線	USD100,000,000 100,000,000美元	100%
Hongan Textile (Huaian) Co., Ltd. 虹安紡織(淮安)有限公司	Huaian, Mainland China, 27 October 2017 limited liability company 中國內地淮安， 二零一七年十月二十七日， 有限責任公司	Manufacturing of yarns in Mainland China 於中國內地製造紗線	USD1,500,000 1,500,000美元	100%
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Nantong, Mainland China, 11 September 2002, limited liability company 中國大陸南通， 二零零二年九月十一日， 有限責任公司	Manufacturing and sales of top-grade textile knitting products and garments 製造及銷售高級紡織產品及成衣	USD15,000,000 15,000,000美元	100%
Zhejiang Qing Mao Weaving, Dyeing & Printing Co., Ltd. 浙江慶茂紡織印染有限公司	Shaoxing, Mainland China, 1 October 2002 limited liability company 中國內地紹興， 二零零二年十月一日， 有限責任公司	Manufacturing of cotton and cotton blend yarns, greige, dyed and finished woven fabrics 製造純棉以及混棉紗線、坯布、染 整梭織面料	USD51,000,000 51,000,000美元	80%

綜合財務報表附註(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2022

截至二零二二年十二月三十一日止年度

41. PRINCIPAL SUBSIDIARIES (Continued)

41. 主要附屬公司(續)

Name of subsidiary	Place and date of incorporation and form of legal entity	Principal activities and place of operations	Particulars of issued share capital or paid-in capital	Interest held
附屬公司名稱	註冊成立地點及日期及法律實體類別	主要業務及營運地點	已發行股本或繳入股本的詳情	所持權益
Winnitex Limited	Hong Kong, 24 January 2003, limited liability company	Sales of woven garment fabrics	HKD1,000	80%
慶業有限公司	香港, 二零二零三年一月二十四日, 有限責任公司	銷售梭織布	1,000港元	80%
Twin Dragon Marketing, Inc.	USA, incorporated company	Sales of denim fabrics and apparel	USD4,063,000	65%
Twin Dragon Marketing, Inc.	美國, 股份有限公司	銷售牛仔面料及服裝	4,063,000美元	65%

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Texhong (China) Investment Co., Ltd. is a wholly foreign owned investment holding company incorporated in Mainland China.

None of above subsidiaries had any loan capital in issue at any time during year ended 31 December 2022 (2021: None).

The English names of certain subsidiaries established in Mainland China represent the best effort by the Group's management to translate their Chinese names, as they do not have official English names.

42. SUBSEQUENT EVENTS

As announced by the Company on 7 November 2022, 8 December 2022 and 3 February 2023 and the circular of the Company dated 9 December 2022, a wholly-owned subsidiary of the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Texhong Industrial Park Vietnam Limited for the acquisition (the "Acquisition") of certain parcels of land located inside Texhong Haiha Industrial Park and certain infrastructure erected thereon. The maximum consideration for the Acquisition is US\$54.6 million. Completion of the Acquisition is subject to the fulfilment of the conditions precedent set out in the Asset Purchase Agreement, and the parties to the Asset Purchase Agreement have scheduled for completion of the Acquisition to take place on 31 March 2023.

上表載列董事認為主要影響本集團業績或資產的本集團附屬公司。董事認為提供其他附屬公司的資料將導致篇幅過於冗長。

天虹(中國)投資有限公司為於中國內地註冊成立之全外資投資控股公司。

截至二零二二年十二月三十一日止年度內任何時間，概無上述附屬公司擁有任何已發行借貸股本(二零二一年：零)。

若干於中國內地成立之附屬公司並無正式英文名稱，其英文名稱為本集團管理層盡最大努力將其中文名稱翻譯為英文之版本。

42. 期後事件

誠如本公司於二零二二年十一月七日、二零二二年十二月八日及二零二三年二月三日公佈及本公司日期為二零二二年十二月九日之通函所載，本公司一間全資附屬公司與天虹工業園區越南有限公司訂立資產購買協議(「資產購買協議」)，以收購位於天虹海河工業區內的若干幅土地及建於其上的若干基建(「收購事項」)。收購事項的最高代價為5,460萬美元。收購事項須待達成資產購買協議所載之先決條件後，方告完成，而資產購買協議之訂約方已定於二零二三年三月三十一日完成收購事項。



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ESG披露優化先鋒機構



Outstanding Award for Green
and Sustainable Loan Issuer
傑出綠色和可持續貸款發行機構



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