apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0860)

2021 ANNUAL REPORT

CONTENTS

Corporate Information	02
Chairman's Statement	03–11
Management Discussion and Analysis	12–18
Report of the Directors	19–33
Directors and Senior Management	34–36
Corporate Governance Report	37–49
Environmental, Social and Governance Report	50–81
Independent Auditor's Report	82–88
Consolidated Statement of Profit or Loss	89
Consolidated Statement of Comprehensive Income	90
Consolidated Statement of Financial Position	91–92
Consolidated Statement of Changes in Equity	93–94
Consolidated Statement of Cash Flows	95–96
Notes to the Consolidated Financial Statements	97–205
Particulars of Properties Held by the Group	206

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Joseph Lee *(Vice Chairman)**
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Mirko Konta

Non-executive Director

Mr. Freeman Hui Shen *(Co-Chairman)**

Independent Non-executive Directors

Mr. Tam Ping Kuen, Daniel
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

AUDIT COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

REMUNERATION COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

NOMINATION COMMITTEE

Mr. Freeman Hui Shen *(Chairman)**
Mr. Ho King Fung, Eric
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

INVESTMENT COMMITTEE

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Freeman Hui Shen*
Mr. Joseph Lee*
Mr. Sung Kin Man
Mr. Mirko Konta
Mr. Teoh Chun Ming

* Appointed with effect from 13 January 2022

CORPORATE GOVERNANCE COMMITTEE

Mr. Sung Kin Man *(Chairman)*
Mr. Joseph Lee*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

COMPANY SECRETARY

Mr. Moy Yee Wo, Matthew

LEGAL ADVISOR

Reed Smith Richards Butler LLP

AUTHORISED REPRESENTATIVES

Mr. Ho King Fung, Eric
Mr. Moy Yee Wo, Matthew

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 2001–2002, 20/F, Li Po Chun Chambers
189 Des Voeux Road Central, Sheung Wan
Hong Kong

REGISTRARS

Principal Share Registrar and Transfer Office
Suntera (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

WEBSITE

http://www.apollofmg.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my honor to deliver this statement as the Chairman of Apollo Future Mobility Group Limited ("AFMG" or the "Company" and together with its subsidiaries, the "Group" or "we") in respect of the Group's annual results for the year ended 30 September 2021 (the "Year") and the Group's prospects.

INDUSTRY OVERVIEW

Automobile Market

With the continuous impact from the Covid-19 pandemic (the "Pandemic") which disrupted global trade, supply chain, logistic and economic growth, the global automobile sales are expected to reach 66 million units in 2021, according to Statista. Meanwhile, with policy supports, purchase incentives and other technology enhancements, electric vehicles ("EV(s)") exhibited strong growth momentum during the Pandemic period. According to the International Energy Agency (the "IEA"), sales of EVs in 2021 perpetuated the strong momentum inherited from 2020. For the first quarter of 2021, global EV sales were nearly 2.5 times higher than the sales in the corresponding period in 2020.

Statistics collected by the UK-based technology consultancy IDTechEx illustrated further that the world's three largest EV markets, namely the People's Republic of China ("PRC"), the USA and Europe all experienced rapid growth in EV sales during the first half of 2021. According to research firm Canalys, approximately 2.6 million EVs were sold around the world during the six-month period, representing a year-on-year increase of 160%. China remained the world's top EV market, with approximately 1.1 million EVs sold in the first half, accounting for 12% of the world total.

IDTechEx said global passenger EV sales are on track to five million units by the end of 2021. This projected sales volume will represent a compound annual growth rate ("CAGR") of about 86% since 2011, indicating that the global EV market has been able to continue to grow strongly, even with the impact from the Pandemic. The robust momentum has been facilitated by policy support. The US Government set out a US$174 million commitment package, including building of charging infrastructure and boosting federal tax credits for EV ownership, to support uptakes in EV popularity, aiming at reaching a new target of 50% electrification by 2030.

The PRC government has postponed the deadline for terminating its new energy vehicle ("NEV(s)") subsidy programme from the original end-2020 to 2022, as part of the country's series of measures to support the NEV market under the impact of the Pandemic. According to the IEA, this subsidy programme has supported development of EV models with better fuel economy, longer driving ranges and higher-density batteries, and facilitated improvements in EV technologies over time.

Power Technology, one of the leading titles covering the global energy industry said rapid penetration of EVs was seen in the PRC, North America, and Europe, followed by Japan and other countries in Asia Pacific. The remainder of the world markets were closely picking up. According to PriceWaterhouseCoopers, the battery electric vehicles market share in China almost doubled from 5.2% during the first six months of 2020 to 9.8% in 2021, propelled by the extension of government subsidies, overtaking the 10 countries in Western Europe.

CHAIRMAN'S STATEMENT

Engineering Service Outsourcing

According to Reports and Data, the automotive engineering services market is expected to experience rapid growth and reach US$271.86 billion in value by 2028, from US$140.63 billion in 2020. The growth in automotive engineering services outsourcing ("ESO") is primarily driven by raising research and development ("R&D") spending by automotive original equipment manufacturer ("OEM(s)") to catch up with market trends. Automotive ESO providers are increasingly categorized as crucial partners playing pivotal roles in accelerating product development cycles and reducing costs and time otherwise spent by automotive OEMs in the rapidly-changing landscape of the world automotive sector.

The increasing outsourcing activities by automotive OEMs are also contributing to the development of ESO as an industry. Approximately US$8 billion a year in aggregate will be spent on ESO series by key automotive OEMs which adopt ESO strategies, such as (amongst others) BMW, Volkswagen, Renault, Daimler and Ford (according to Reports and Data). These OEMs are taking advantage of the operational cost savings from outsourcing to ESO providers, freeing up more resources for their core activities of manufacturing, marketing and brand-building.

Hypercar Market

The global hypercar market, after having grown from US$13.23 billion in 2020 to US$18.34 billion in 2021, will accelerate even further from approximately 38.6% projected in 2021 to 40.3% CAGR between 2021 and 2025, with recovery of the industry from the Pandemic and the new normal operating conditions setting in. The global hypercar market expects to reach US$71.05 billion in total value, as projected by ReportLinker.

During the Year, major automotive OEMs continued to launch their new hypercar models which strive to push boundaries of performance excellence. Hypercars have evolved to be showcases of technological and design edges that automotive OEMs launch to ascend and reinforce their industry positioning. They have become the apex of automotive OEM's engineering and design spectrums, implementing cutting-edge features to the manufactured versions to give drivers a more pleasurable driving experience.

BUSINESS REVIEW

During the Year, the Group reinforced its position in the market as one of the leading mobility technology solutions providers, drawing on research outputs and engineering excellence from its hypercar development unit, while still persisting in developing its proprietary future mobility technologies. The Group continued its deep dive into the three business pillars: Engineering Services Outsourcing, Technology Development and Automobile Manufacturing.

Engineering Service Outsourcing

Completion of the Ideenion Acquisition

In February 2021, the Group completed the acquisition of the entire issued share capital of Ideenion, a German automotive engineering service provider. Ideenion's automotive industry expertise covers a wide range of activities encompassing ideation, design, modeling, engineering, simulation, validation & testing, and prototype production, to the delivery of pre-production prototypes to OEM clients. Leveraging the expertise and experience of Ideenion in the auto industry, the Group is further strengthening its ability in providing cutting edge mobility solutions, and is exploiting substantial synergies with the Group's other business segments and investments in the mobility business.

CHAIRMAN'S STATEMENT

Establishment of a new facility in Wolfsburg, Germany

In May 2021, the Group established a new facility in Wolfsburg, Germany to reinforce its presence in the ESO market segment. This facility, strategically placed in Wolfsburg, known as being the home of Volkswagen AG's headquarters and one of the world's largest automotive plant, represents the next logical step for the Group's strategy. The facility, together with the Group's ESO business unit in Ingolstadt (the home of Audi AG's headquarters, collectively the "AFMG Germany Operation") has been working with various OEMs, start-ups and suppliers from all over the world to realize concept cars and other technology demonstrator and component projects of world-leading quality. This represents a strategic expansion of the automotive ESO offerings from the Group's main site in Gaimersheim. The AFMG Germany Operations will facilitate the development of projects for the mobility of future and promote future innovations.

Technology Development

The Group's R&D team continued to achieve breakthroughs in developing proprietary technologies and updating its existing technologies.

The Crate Powertrain

The Crate Powertrain, developed by Apollo Advanced Technologies (AAT), embodies AAT's innovations that allows the transition to 800V systems for EVs. It features a 3 in 1 Dual Inverter (1 PDU & 2 Inverters) utilising the latest generation 800V Silicon Carbide Technology for higher efficiency. 2 entirely new 800V Axial Flux E-Motors are mounted within the chassis and coupled with planetary gearboxes, provide a compact and elegant transmission unit. This presents a unique dual-motor layout with torque vectoring, replacing the heavy and complex differential assembly, and gives OEM customers significant flexibility for drivetrain integration into both new and existing vehicle systems.

Automobile Manufacturing

Apollo IEs delivered

During the Year, a total of two Apollo Intensa Emozione ("Apollo IE") vehicles were delivered. Apollo IE represents the apex of the Group's internal combustion engine ("ICE") hypercar design and engineering expertise. All ten vehicles had been sold prior to the commencement of production and delivery started in November 2019.

CHAIRMAN'S STATEMENT

Launch of Apollo Project EVO

The Apollo Project EVO was unveiled in November 2021 in China International Import Expo ("CIIE"). The successor of the critically acclaimed Apollo IE hypercar, The Apollo Project EVO is commissioned with a simple brief to deliver raw emotion without compromise. It features an advanced carbon monocoque and a handling package that ensure raw power and emotional aesthetics are matched by peerless handling and driving dynamics.

The dominant, star-shaped daytime running lights introduce a new fascia signature detail for the Apollo Automobil brand. The rear design celebrates 6 points of light illumination to communicate power and speed. Three large circular exhaust pipes express the raw power of the vehicle from a dead-rear angle. A full suite of active aerodynamics includes a large deployable and adjustable rear spoiler, aero fins and triangular air-intakes that dominate the profile view of the vehicle. The Apollo Project EVO is a dramatically sculpted piece of design that always continues to offer an intense and emotional visual experience.

Launch of Apollo EVision S

The Apollo EVision S was unveiled in November 2021 in CIIE. A progressive showcase of Apollo Automobil's vision for the future of electric mobility, the Apollo EVision S concept takes the best of the Apollo IE design and technical philosophy showcased in Apollo's hypercars and overlays this into a more approachable and universal package for daily use. At Apollo EVision S, the iconic design feature of growing encapsulated triangles, "Fast Forward" is inspired by a volcano eruption. The tension between the growing scale of the elements builds up a very dynamic surface image which is pushing forward. The four-seater setup of Apollo EVision S with length of less than 5 meters and width of less than 2 meters gives a high usability even for families and a great and bold appearance on the street. It demonstrates Apollo's trajectory towards new clean-air powertrains.

Proposed cooperation with Shanghai Jinqiao

In March 2021, the Group entered into a cooperation framework agreement (the "Cooperation Framework Agreement") with Shanghai Jinqiao Export, Processing Zone Development Co., Ltd. (a company listed on the Shanghai Stock Exchange) in relation to a proposed cooperation on the production and R&D of technology and products related to high performance sports EVs and luxury EVs in Shanghai Jinqiao Economic and Technological Development Zone situated in Pudong New Area, Shanghai, where the Group plans to establish a R&D center, regional headquarters and production lines. The proposed cooperation will further strengthen the Group's position in the NEV industry by capturing the huge demand and rising opportunities for high performance electric sports cars and luxury EVs in China, thus is an important move in terms of the Group's business strategy of building a complete value chain for EVs.

Further details of the Cooperation Framework Agreement are set out in the announcement of the Company dated 30 March 2021.

CHAIRMAN'S STATEMENT

Putting the Group's EV business in China into perspective, the "Apollo EV (China)" business unit was established during the Year. Apollo EV (China) debuted its activities with the unveiling of its first concept car Apollo EVision S in China International Import Expo in 2021.

UME awarded the "Best of Best" in Automotive Brand Contest 2021 in Germany

The Group's urban delivery vehicle under its UME brand, developed by its German team, was awarded the title of "Best of Best" in the "Commercial" category in the Automotive Brand Contest 2021 organized by German Design Council. The UME, meaning "Utility Meets Electric", is designed to be a cost and time effective tool to fulfill the last mile in the supply chain, constituting a green solutions package aiming at reducing carbon emissions of the transportation sector that is still prevalent in conventional fossil-fuel-powered light urban delivery trucks commonly used in developing countries. The UME can be open to numerous use-cases depending on the customer's individual requirements. It consists of symmetric parts, essentially reducing the number of parts required to increase manufacturing cost-effectiveness by allowing the same tooling for multiple uses.

Milestone participation in China International Import Expo 2021

The Group participated in CIIE held in November 2021 for the second consecutive year. This milestone participation reinforced the Group's positioning as a developer of hypercars in the ICE vehicle segment and EVs in NEV segment. In CIIE 2021, the Group unveiled the latest concept car models for both ICE and NEV product lines for the Year and also showcased the latest cutting-edge mobility technology being the Crate Powertrain demonstrator and the Mule Chassis, the all-carbon monocoque of the Apollo IE. The CIIE attracted participations of some 3,000 exhibitors from 127 countries and regions.

Following the success of the Group's participation in CIIE, the Group hosted APOLLO FIRE AND ICE showcase in Macau and a showcase themed "THE ULTIMATE SUSTAINABLE FUTURE OF MOBILITY" in Hong Kong in November and December 2021 respectively, where the Group reported progress of its latest innovations and gained positive feedback from industry peers, media and wider drivers community.

CHAIRMAN'S STATEMENT

Other Corporate Developments

Enlarged shareholder base with a HK$374 million issuance of new shares

During the Year, 812,596,000 Shares were allotted and issued to no less than six subscribers (the "Subscribers") at a subscription price of HK$0.46 per Share for a total cash consideration, before expenses, of approximately HK$373,794,000 (the "Subscriptions"). The Subscriptions have strengthened the financial position of the Group and is expected to facilitate the Group's efforts in exploring potential cooperation and future development of mobility businesses with different strategic partners. Further details of the Subscriptions are set out in the announcement of the Company dated 7 December 2020.

EV Power welcomed investments from a listed telco giant

In February 2021, EV Power Holding Limited ("EV Power"), an associate and a significant investment of the Group which is engaged in EV charging piles construction in Hong Kong and mainland China, completed the allotment and issue of certain preferred shares of EV Power to a Hong Kong-listed global telecommunications services provider. The Group took the lead to invest in EV Power in 2018 as part of its transformation into a mobility solutions provider and remains as EV Power's largest shareholder thereafter. EV Power is the largest charging point operator in the PRC in terms of number of charging sites in operation in residential areas. It operates over 7,000 charging sites and over 32,000 charging piles (or 55,000 charging bays) covering over 30 major cities in the country.

With the increasing popularity of EVs, EV charging equipment is bound to become the focus of development in the industry, conferring enormous growth potential. The Group considers this a good opportunity for EV Power to establish a strategic partnership with the new investor and raise additional funds to finance its business operations and expansions to further cement EV Power's foothold in the EV charging solutions industry.

Further details of the investment by the said Hong Kong-listed global telecommunications services provider are set out in the announcement of the Company dated 25 February 2021.

Raised HK$163.8 million through issue of convertible bonds

On 8 September 2021 and 13 September 2021, the Group entered into agreements with several professional investors including, among others, the entities controlled by Mr. Li Ka Shing and Ms. Chau Hoi Shuen Solina Holly respectively for issuance and subscription of convertible bonds under a general mandate to raise HK163.8 million in aggregate (the "Subscriptions of Convertible Bonds"). The Group intends to apply the net proceeds from the issue for the investment in business opportunities to expand into the mobility technology solutions and related business, and as general working capital. The issuance represents a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group and facilitate its future development. It is an appropriate means of raising additional capital since it will not have an immediate dilution effect on the shareholding of the existing shareholders. In the event that the convertible bonds are converted into shares of the Company, it will improve the Group's capital base, benefiting its long-term development.

Further details of the Subscriptions of Convertible Bonds are set out in the section headed "Issue of Listed Securities of the Company and Use of Proceeds" below and the announcements of the Company dated 8, 9 and 13 September 2021.

WM Motor becoming the largest shareholder of AFMG

After the reporting period, WM Motor Holdings Limited ("WM Motor"), one of the leaders in China's mainstream smart electric vehicle market, became the largest shareholder in the Group with 28.5% equity interest in AFMG via an array of share exchange arrangements.

With WM Motor's significant shareholding in AFMG, AFMG and WM Motor will be able to exploit synergies for the benefit of each other's businesses. WM Motor will be able to tap the EV design, advanced engineering expertise, proprietary technologies of AFMG with full support from the two bases in Germany, the EV platform support from GLM Co., Ltd. (a subsidiary of the Company) and the world's first 3D metal printing automotive manufacturing platform and assembly system from Divergent 3D, and solid experiences in serving the world's Tier-1 automobile brands, for development of new EV models and product series and enhancing product quality. WM Motor's established EV manufacturing facilities and distribution networks will facilitate AFMG's EV businesses in China.

Other Legacy Businesses

During the Year, the Group entered into an agreement to dispose of a subsidiary which mainly operates the business of property investment in Mainland China. The Directors believe that the disposal will enable the Group to avoid risks of uncertainty in its operations in the property market and the Group could focus its capital and management resources on further developing the Group's more promising mobility technology solutions businesses. The Group plans to continue gradually phasing out its legacy businesses as part of its rebranding exercise. Further details of the disposal are set out in the section headed "Material Acquisitions or Disposals" below.

CHAIRMAN'S STATEMENT

PROSPECTS AND OUTLOOK

Judging from the trends in sales volumes and attitudes from Governments in adopting EVs, the NEV industry has accumulated strong momentum to grow even with the impact of delays brought by the Pandemic.

As the prices of EVs continue to fall and more models become available, the world is approaching a pivot that will trigger even more rapid growth for EVs, with an improving market environment, to be participated by more countries around the world in the run-up to 2030.

World Resources Institute considers that the accelerating EV adoption has been a result of a number of conditions ripen within a specific time period, including better infrastructure like more readily available charging stations, policy-driven incentives for EV purchases and charging infrastructure construction, and better battery and energy-efficiency technologies. These had made batteries cost less, resulting in more affordable prices for EVs, thereby making them more popular. There are increasing number of countries adopting initiatives to phase out ICE vehicles as part of their pledges to achieve zero emission.

The Group will continue to ride on this improving EV adoption trend as it has cemented its positioning as a leader of accelerated innovation in the mobility industry. The Group accomplished this by empowering a global network of the best technical minds from Germany, Japan, China and other important mobility technology hubs in the world to deliver advanced solutions and proprietary technology to respond to a global demand to deliver a mobility transition that will define many generations to come.

The Group delivers a full suite of services to the industry that accelerate innovation, ranging from design, engineering, simulation, prototyping, prototype testing to all the way to pre-production prototypes. As the Group's engineering expertise and capacity ramp up in the base campuses in Germany, it continues to expand footholds in its ESO businesses by reinforcing businesses with existing OEM customers while exploring opportunities with new clients, both from the league of established automobile brands and the emerging group of other companies aspiring to enter into the EV industry.

The Group will also continue to develop its proprietary technologies including the new generation SiC dual power 800V inverter system and the Crate Powertrain to reinforce its leadership position in this area.

As far as hypercar production is concerned, the Group has reacted positively to feedback from end-user driver customers to distill its world-leading expertise in the development of performance automotive platforms into hypercar models that interpret the very peak and zenith of latest era of performance mobility. The Group looks forward to delivering this ultimate expression of naturally aspirated performance machines, via Apollo Project EVO for the ICE segment and the Apollo EVision electric sports coupe for the EV segment, to the well-defined and prestigious customer base, including but not limited to the young, affluent Chinese consumers with a taste for immersive high-performance motorsports.

CHAIRMAN'S STATEMENT

WM Motor's participation will take the Group's ESO and NEV businesses to the next level with their established branding, commercial production capacities, marketing, and distribution resources. Meanwhile, the Group's cutting-edge design, engineering backing, proprietary technologies, and exquisite experiences in serving Tier-1 auto brands will elevate WM Group's products design and quality, and branding. We look forward to exploiting further synergies with WM Group to tread deeper into the NEV industry chain and establish stronger footholds for both of us in the NEV industry in China and overseas markets.

The Group will continue to study feasibility of working more closely with its business partners, OEM customers and other stakeholders to unlock further potential from the changing product development and manufacturing landscape brought by the advent of the EV evolution.

Ho King Fung, Eric
Chairman
APOLLO FUTURE MOBILITY GROUP LIMITED
Hong Kong
31 December 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, the revenue of the Group increased by approximately 47.8% year-on-year to approximately HK$528.6 million as compared to approximately HK$357.7 million last year. The revenue comprised sales and distribution of vehicles and related components, provision of engineering services and licencing income of approximately HK$104.8 million (2020: HK$3.5 million), sales of jewellery products, watches and other commodities of approximately HK$377.2 million (2020: HK$291.9 million), interest income from loan financing of approximately HK$45.1 million (2020: HK$46.0 million) and rental income from investment properties of approximately HK$1.4 million (2020: HK$16.3 million). During the Year, sales and distribution of vehicles and related components, provision of engineering services and licencing income increased due to (i) the delivery of Apollo IEs during the Year; (ii) the revenue contributed by Ideenion Group following the completion of the acquisition of Ideenion during the Year; and (iii) the licencing income from the license of vehicular platform. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the retail market. Income from loan financing remained stable. In addition, rental income decreased as certain investment properties in Shenyang, PRC were expropriated by the local government.

The Group's gross profit amounted to approximately HK$131.5 million for the Year as compared to approximately HK$125.9 million last year. The gross profit margin decreased to approximately 24.9% (2020: 35.2%) mainly due to (i) the change of sales mix during the Year; and (ii) the decrease in margin from the sales of jewellery products, watches and other commodities to boost sales.

Other gains and losses, net for the Year mainly comprised: (i) gain on disposal of subsidiaries of approximately HK$35.8 million (2020: loss on disposal of a subsidiary of approximately HK$10.2 million); (ii) impairment of loans receivable of approximately HK$12.5 million (2020: HK$29.1 million); (iii) impairment of prepayments, deposits and other receivables of approximately HK$23.9 million (2020: Nil); (iv) fair value gains on financial assets at fair value through profit or loss of approximately HK$21.9 million (2020: fair value losses on financial assets at fair value through profit or loss of approximately HK$133.3 million); and (v) fair value losses on contingent consideration payables of approximately HK$56.0 million (2020: HK$21.9 million) arising from the Group's acquisitions, the increase of which is mainly due to the change in share prices of the Company as at the year-end dates, which then affects the fair value of the contingent consideration shares.

General and administrative expenses increased by 72.7% to approximately HK$294.8 million (2020: HK$170.6 million) mainly due to the equity-settled share option expense of approximately HK$106.9 million (2020: HK$3.0 million) recorded during the Year.

Income tax expense significantly decreased due to the inclusion of a one-off tax provision resulting from the expropriation of investment properties recorded last year.

As a result of the foregoing, the Group's loss for the Year was approximately HK$359.4 million (2020: HK$359.4 million).

Significant Investments Held

Details of significant investments held by the Group were set out as follows:

	As at 30 September 2021			For the year ended 30 September 2021		Fair value		
	Number of preferred shares held '000	% of preferred shares held in such investee %	Percentage to the Group's total assets %	Fair value Gain HK$'000	Share of loss of associate HK$'000	As at 30 September 2021 HK$'000	As at 30 September 2020 HK$'000	Investment cost HK$'000
Investment Details								
EV Power								
Preferred shares	142,820	33.23	8.75	42,588	(19,850)	444,684	421,946	407,679
Call option	N/A	N/A	0.35	7,732	–	17,809	10,077	
				50,320	(19,850)	462,493	432,023	
Divergent								
Preference shares	4,139	44.49	8.48	4,499	–	430,697	426,198	469,378
— 2019 Divergent convertible	N/A	N/A	1.79	10,203	–	90,804	80,601	97,500
				14,702	–	521,501	506,799	

* Represented the aggregate consideration

(i) Investment in EV Power

EV Power and its subsidiaries are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. EV Power is China's largest charging point operator in terms of number of charging sites in operation in residential areas. It operates over 7,000 charging sites and over 32,000 charging piles (or 55,000 charging bays), covering over 30 major cities in the country. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

(ii) Investment in Divergent

Divergent Technologies, Inc. ("Divergent") is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. Not only does the patented digital manufacturing system radically reduces capital needs and design risks, it also reduces product cycle time and increases market response. The Group believes that the investment in Divergent will create synergies with the Group's mobility businesses by vastly improving existing economy of scales of the factory of automobile OEMs.

Liquidity, Financial Resources and Gearing

As at 30 September 2021, the cash and cash equivalents of the Group amounted to approximately HK$150.1 million (2020: HK$184.5 million), which were mainly denominated in HK$, Renminbi ("RMB"), Euro and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,331.9 million and HK$1,277.6 million, respectively (2020: current assets of approximately HK$1,677.1 million and current liabilities of approximately HK$869.9 million). The net current assets comprised of inventories of approximately HK$173.4 million (2020: HK$172.7 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$348.6 million (2020: HK$639.0 million), loans receivable of approximately HK$652.1 million (2020: HK$678.1 million) and financial assets at fair value through profit or loss of approximately HK$1.0 million (2020: HK$1.4 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods for the year were 159 days, 25 days and 58 days, respectively. Overall, the turnover periods were consistent and in line with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities through a combination of (i) operating cashflows; and (ii) interest-bearing borrowings. As at 30 September 2021, equity attributable to owners of the Company amounted to approximately HK$3,658.7 million (2020: HK$3,607.2 million).

The Group's total interest-bearing bank and other borrowings as at 30 September 2021 amounting to approximately HK$122.7 million (2020: HK$167.0 million) were mainly denominated in RMB and Japanese Yen. The interest-bearing bank and other borrowings were mainly used for working capital purpose and all of which were at commercial lending variable interest rates. The maturity profile was spread over a period, with approximately HK$105.4 million repayable within one year and approximately HK$17.3 million repayable after one year.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2021, the gearing ratio was approximately 3.4% (2020: 4.5%). This ratio is calculated as total debts divided by total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 39 to the consolidated financial statements.

Pledge of Assets

As at 30 September 2021, the Group's freehold land and buildings, certain building including right-of-use assets, investment properties and accounts receivable with an aggregate carrying amount of approximately HK$114.9 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK$91.5 million.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2020: Nil).

Capital Management

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity balance. The Group manages the amount of capital in proportion to risk, and makes adjustments to its overall capital structure through the payment of dividend, new share issues as well as the issue of new debts or the repayment of existing debts.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK$, RMB and Japanese Yen. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems. Nevertheless, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Events After the Reporting Period

Events subsequent to the end of the Year are set out in note 45 to the consolidated financial statements.

Material Acquisitions or Disposals

As part of the Company's plan to scale down its legacy businesses including (among others) property investment, on 30 March 2021, Ming Fung Investment Holdings Limited (the "Seller"), a direct wholly-owned subsidiary of the Company, and New Viewpoints Investment Limited (the "Buyer") entered into a sale and purchase agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to acquire, the entire issued share capital of Marvel Bloom Limited ("Marvel Bloom") at a cash consideration of HK$200 million (the "Disposal"). Marvel Bloom is principally engaged in property investment. Completion of the Disposal took place on 1 June 2021. Further details of the Disposal are set out in the announcement of the Company dated 30 March 2021.

Save as disclosed above and in this report, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Issue of Listed Securities of the Company and Use of Proceeds

Subscription of Shares

On 7 December 2020, the Company and the Subscribers (who were either private individual investors or corporations with investment holding as their principal activities) entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Subscribers agreed to subscribe for, and the Company has agreed to allot and issue to the Subscribers, an aggregate of 1,066,596,000 new Shares at a subscription price of HK$0.46 per Share on the terms and subject to the conditions set out in the Subscription Agreement. One of the Subscribers failed to meet its obligations under the Subscription Agreement to proceed with completion, and accordingly, the corresponding subscription of 254,000,000 Shares by such Subscriber has been terminated. As at the end of the Year, 812,596,000 Shares have been allotted and issued to no less than six Subscribers at a total cash consideration, before expenses, of approximately HK$373,794,000. Save for the terminated subscription, the aggregate nominal value of the Shares issued under the Subscription Agreement was HK$81,259,600 and the net subscription price was approximately HK$0.44 per Share. The closing price per Share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 December 2020, being the last trading day immediately prior to the date of the Subscription Agreement, was HK$0.57. The total net proceeds from the Subscriptions were approximately HK$357.8 million. The Company intended to use approximately 90% of the net proceeds, representing approximately HK$322.0 million, for future potential acquisitions or investments in NEV-related businesses or technologies; and approximately 10% of the net proceeds, representing approximately HK$35.8 million, for general working capital. As at the end of the Year, the net proceeds had been fully utilised for the intended purpose as previously disclosed. The Directors were of the view that the Subscriptions would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement the Group's foothold in the NEV industry. Further details of the Subscriptions are set out in the announcement of the Company dated 7 December 2020.

Subscription of Convertible Bonds on 8 September 2021

On 8 September 2021, the Company and Walong Holdings Limited ("Walong") entered into a subscription agreement (the "Walong Agreement"), pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and Walong has agreed to subscribe for the convertible bonds (the "Walong Convertible Bonds") in the principal amount of HK$78,000,000. The Walong Convertible Bonds are convertible into the Shares and the initial conversion price of the Walong Convertible Bonds is HK$0.55 per Share. Assuming that the conversion rights attaching to the Walong Convertible Bonds have been exercised in full and there is no adjustment to the conversion price, 141,818,181 new Shares with aggregate nominal value of HK$14,181,818.10 will be allotted and issued.

The closing price per Share as quoted on the Stock Exchange on 8 September 2021, being the date of the Walong CB Subscription Agreement, was HK$0.55.

The gross proceeds and the net proceeds (after deduction of relevant expenses) from the issue of the Walong Convertible Bonds were HK$78,000,000 and approximately HK$77,000,000, respectively. The net issue price if the conversion Shares were issued at the initial conversion price was approximately HK$0.54. The Company intends to apply the net proceeds as follows: (a) approximately 90%, representing approximately HK$69,300,000, will be used for investment in business opportunities in order to expand into the mobility technology solutions and related business; and (b) approximately 10%, representing approximately HK$7,700,000, will be used for general working capital of the Group.

The subscription of the Walong Convertible Bonds offered a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors were of the view that the issue of the Walong Convertible Bonds would be an appropriate means of raising additional capital since (i) it will not have an immediate dilution effect on the shareholding of the existing shareholders of the Company; and (ii) in the event that the Walong Convertible Bonds are converted into Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

The subscription of the Walong Convertible Bonds was completed subsequent to the end of the Year. Further details of the Walong CB Subscription Agreement are set out in the announcements of the Company dated 8 September 2021 and 9 September 2021.

Subscription of Convertible Bonds on 13 September 2021

On 13 September 2021, the Company entered into subscription agreements (the "13 September CB Subscription Agreements") with each of Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd (collectively the "CB Subscribers"), pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and the CB Subscribers have agreed to subscribe for the convertible bonds (the "13 September Convertible Bonds") in the principal amount of HK$85,800,000. The 13 September Convertible Bonds are convertible into the Shares at the initial conversion price of HK$0.55 per Share. Assuming that the conversion rights attaching to the 13 September Convertible Bonds have been exercised in full and there is no adjustment to the conversion price, 156,000,000 new Shares with aggregate nominal value of HK$15,600,000 will be allotted and issued.

The closing price per Share as quoted on the Stock Exchange on 13 September 2021, being the date of the 13 September CB Subscription Agreements, was HK$0.55.

The gross proceeds and the net proceeds (after deduction of relevant expenses) from the issue of the 13 September Convertible Bonds were HK$85,800,000 and approximately HK$85,000,000, respectively. The net issue price if the conversion Shares are issued at the initial conversion price would be approximately HK$0.54. The Company intends to apply the net proceeds as follows: (a) approximately 90%, representing approximately HK$76,500,000, will be used for the investment in business opportunities in order to expand into the mobility technology solutions and related business; and (b) approximately 10%, representing approximately HK$8,500,000, will be used for general working capital of the Group.

The subscription of the 13 September Convertible Bonds offered a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors were of the view that the issue of the 13 September Convertible Bonds would be an appropriate means of raising additional capital since (i) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) in the event that the 13 September Convertible Bonds are converted into Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

The subscription of the 13 September Convertible Bonds was completed subsequent to the end of the Year. Further details of the 13 September CB Subscription Agreement are set out in the announcement of the Company dated 13 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at 30 September 2021, the Group had 193 (2020: 204) employees. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

The annual salary of Directors is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee of the Board (the "Remuneration Committee") and the Board from time to time. Further details of Directors' and chief executive's remuneration and the five highest paid employees are set out in notes 10 and 11 to the financial statements, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no other specific plan for material investments or capital assets as at 30 September 2021.

REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the Year is investment holding. Details of the principal activities of the subsidiaries of the Company in the course of the Year are set out in note 1 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by geographical segment based on the location of customers and business segments for the Year is set out in note 4 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the Year and the financial position of the Group and of the Company as at 30 September 2021 are set out in the consolidated financial statements on pages 89 to 205, respectively.

The Board did not recommend the payment of any dividend for the Year (2020: Nil).

INDUSTRY OVERVIEW, BUSINESS REVIEW, PROSPECTS AND OUTLOOK, FINANCIAL REVIEW, EVENTS AFTER THE REPORTING PERIOD AND FINAL DIVIDEND

The disclosures set out in the sub-sections headed "Industry Overview", "Business Review" and "Prospects and Outlook" in the section headed "Chairman's Statement" and the sub-sections headed "Financial Review", "Events After The Reporting Period" and "Final Dividend" in the section headed "Management Discussion and Analysis" of this annual report form part of this report of the Directors.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are key to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate training and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfies the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure they are dealt with in a prompt and timely manner.

The Group is also dedicated to develop and maintain good and long term relationships with suppliers and contractors to ensure stability of the Group's business.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

Business Risk

A substantial portion of the operating assets of the Group is located in the PRC and the Group expects that a material portion of the turnover will continue to be derived from the operations in the PRC. The results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on the current or future business, results of operation or financial condition of the Group.

Financial Risk

The financial risk management of the Group is set out in note 44 to the consolidated financial statements.

FINANCIAL STATEMENTS

The financial performance of the Group for the Year and the financial position of the Group as at 30 September 2021 are set out on pages 89 to 92.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 March 2022 to 10 March 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 3 March 2022.

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for each of the five years ended 30 September 2021:

Results

	Year ended 30 September				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**528,559**	357,705	536,355	717,023	545,533
Loss from operating activities	**(349,386)**	(69,713)	(621,564)	(103,522)	(698,162)
Finance costs	**(6,823)**	(8,253)	(4,039)	(5,585)	(4,118)
Loss before tax	**(356,209)**	(77,966)	(625,603)	(109,107)	(702,280)
Income tax (expense)/credit	**(3,144)**	(281,397)	6,274	(1,230)	(3,065)
Loss for the year	**(359,353)**	(359,363)	(619,329)	(110,337)	(705,345)
Attributable to:					
Owners of the Company	**(349,589)**	(345,177)	(605,392)	(94,096)	(700,128)
Non-controlling interests	**(9,764)**	(14,186)	(13,937)	(16,241)	(5,217)
	(359,353)	(359,363)	(619,329)	(110,337)	(705,345)

Assets and Liabilities

	At 30 September				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**3,749,786**	3,640,800	3,362,862	2,910,330	2,517,707
Current assets	**1,331,877**	1,677,070	1,190,447	1,587,486	2,366,206
Total assets	**5,081,663**	5,317,870	4,553,309	4,497,816	4,883,913
Current liabilities	**1,277,595**	869,875	407,368	330,077	348,855
Non-current liabilities	**164,486**	714,603	102,276	132,500	139,294
Total liabilities	**1,442,081**	1,584,478	509,644	462,577	488,149
Net assets	**3,639,582**	3,733,392	4,043,665	4,035,239	4,395,764

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the Year are set out in note 15 to the consolidated financial statements.

ISSUED CAPITAL

Details of the share capital of the Company during the Year are set out in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 93 to 94 of this report.

DISTRIBUTABLE RESERVES

As at 30 September 2021, the Company had distributable reserves of approximately HK$2,497,113,000 (2020: HK$2,492,827,000) calculated in accordance with the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. This includes the Company's share premium account of approximately HK$6,266,272,000 (2020: HK$5,989,760,000) which is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's 5 largest customers combined accounted for approximately 39% of the total sales and the sales to the largest customer included therein amounted to approximately 17%.

Purchases from the Group's 5 largest suppliers combined accounted for approximately 67% of the total purchases for the Year and the purchases from the largest supplier included therein amounted to approximately 50%.

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

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Sung Kin Man *(Chief Executive Officer)*
Mr. Mirko Konta

Non-executive Director

Mr. Zhang Jinbing *(Co-Chairman)* (Note 1)

Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

Note:

1. retired with effect from 19 March 2021.

In accordance with article 108 of the Articles, Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III shall retire by rotation at the forthcoming annual general meeting of the Company (the "2022 AGM") and they, being eligible, have offered themselves for re-election at the 2022 AGM. In accordance with article 112 of the Articles, Mr. Mirko Konta shall retire from office at the next following general meeting and he, being eligible, offers himself for re-election at the 2022 AGM. All Directors are subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years.

None of the Directors proposed for re-election at the 2022 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 34 to 36 of the annual report.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

License Agreement

The Group's indirect non wholly-owned subsidiary, Apollo Automobil Limited ("Apollo Automobil"), entered into a license agreement ("License Agreement") on 12 May 2020 with a term of three years commencing from 12 May 2020 and ending on 11 May 2023 with De Tomaso Automobili Limited ("De Tomaso"). Pursuant to the License Agreement, De Tomaso was granted the rights to use the new vehicular platform designed and developed by Apollo Automobil ("the Platform") in "De Tomaso" branded vehicles worldwide at a minimum aggregate license fee of US$10,000,000 (equivalent to approximately HK$78,000,000).

The cooperation is expected to strengthen the Group's business strategy of creating a turnkey platform for "Future Mobility" and it is expected that the Group will be able to leverage on the success and branding of De Tomaso through the license of the Platform and further market its capabilities to other potential customers.

De Tomaso is wholly-owned by Mr. Choi Sung Fung Norman, who is a director of several subsidiaries of the Company (including Apollo Automobil). De Tomaso is therefore a connected person of the Company at the subsidiary level under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and accordingly, the transaction under the License Agreement constitutes a continuing connected transaction of the Company at the subsidiary level.

According to the License Agreement, De Tomaso may only place orders with Apollo Automobil for the license of the Platforms from 1 October 2020 onwards, and the license fee will be payable upon placement of such order. The annual cap for the license fee payable by De Tomaso to Apollo Automobil under the License Agreement for the Year was US$5,000,000 (equivalent to approximately HK$39,000,000).

Further details in relation to, among other things, the License Agreement are set out in the announcement of the Company dated 12 May 2020.

The independent non-executive Directors have reviewed the transactions (the "Transactions") under the License Agreement for the Year and have confirmed that the Transactions for the Year have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the License Agreement on terms that are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the Transactions for the Year and confirmed that nothing has come to their attention that causes them to believe that the Transactions for the Year:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions (i.e. the License Agreement); and

(d) have exceeded the annual cap set by the Company.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION *(continued)*

Tenancy Agreements

On 31 August 2021, Ideenion Automobil AG ("Ideenion"), a wholly-owned subsidiary of the Company, entered into (i) a tenancy agreement (the "Tenancy Agreement A") with H2K GbR (the "Landlord A"); and (ii) a tenancy agreement (the "Tenancy Agreement B", together with the Tenancy Agreement A, the "Tenancy Agreements") with Bauherrengemeinschaft Händl-Konta (the "Landlord B").

Mr. Mirko Konta ("Mr. Konta"), Mrs. Brigie Konta (Mr. Konta's spouse) and Mr. Werner Händl ("Mr. Händl") are the partners of Landlord A and hold 25%, 25% and 50% of the partnership interest in Landlord A respectively; and (ii) Mr. Konta and Mr. Händl are the partners of Landlord B and hold 50% and 50% of the partnership interest in Landlord B respectively. Mr. Konta is an executive Director and Mr. Händl is a member of the supervisory board of Ideenion. Accordingly, Landlord A and Landlord B are connected persons of the Company.

A summary of the Tenancy Agreements is set out below:

	Tenancy Agreement A	**Tenancy Agreement B**
Terms:	Five years commencing from 1 September 2021 to 31 August 2026 (both days inclusive)	Five years commencing from 1 September 2022 to 31 August 2027 (both days inclusive)
Monthly Rents:	EUR34,516.96 per month (equivalent to approximately HK$319,000), exclusive of statutory value-added tax, other administrative charges and management and maintenance costs	EUR38,443.5 per month (equivalent to approximately HK$355,000), exclusive of statutory value-added tax, other administrative charges and management and maintenance costs
Premises:	The office buildings located at Lilienthalstr. 15, 85080 Gaimersheim, Germany, with a total floor area of approximately 1,902 square meters and Lilienthalstr. 17, 85080 Gaimersheim, Germany, with a total floor area of approximately 1,119 square meters	The office building located at Lilienthalstr. 32–34, 85080 Gaimersheim, Germany, with a total floor area of approximately 3,513 square meters
Value of the right-of-use asset to be recognised by the Company:	approximately EUR1,829,000 (equivalent to approximately HK$16,882,000)	approximately EUR1,938,000 (equivalent to approximately HK$17,888,000)

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION *(continued)*

Tenancy Agreements *(continued)*

The Company considered that the Tenancy Agreements could (i) provide Ideenion with a stable environment for its production and operational activities and avoid any relocation costs and disruption of operation; (ii) enable Ideenion to expand the office space in line with its business expansion plans; and (iii) fix the amount of the rent payable by Ideenion in the medium term and avoid substantial increase in rent payable by Ideenion as a result of any appreciation in value of the relevant premises.

The transactions contemplated under the Tenancy Agreements constituted connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting and announcement requirements but were exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) were of the view that each of the Tenancy Agreements was entered into in the ordinary and usual course of business of the Group and the terms of the Tenancy Agreements are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Further details in relation to the Tenancy Agreements are set out in the announcement of the Company dated 31 August 2021.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 41 to the consolidated financial statements. Save for those disclosed in the section headed "Connected Transactions and Continuing Connected Transaction" above, each of the related party transactions during the Year constitutes a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions disclosed in the paragraph headed "Connected Transactions and Continuing Connected Transaction", no transactions, arrangements or contracts of significance, to which the Company, its parent company, its subsidiaries or its fellow subsidiaries, was a party and in which a Director at any time during the Year or an entity connected with a Director at any time during the Year had any material interest, whether directly or indirectly, was entered into or subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year, other than service contracts with the Directors and other persons engaged in the full-time employment of the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in the execution of their duty. The Company has taken out and maintained directors' and officers' liability insurance throughout the Year and as at the date of this report, which provides appropriate cover for certain legal actions (if any) brought against its Directors and officers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests and short positions of the Directors and the 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 (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Number of share options held (Note 1)	Total interests	Percentage of interest (Note 2)
Mr. Ho King Fung, Eric *(Chairman)*	Personal	23,000,000	87,500,000	110,500,000	1.38%
Mr. Sung Kin Man *(Chief Executive Officer)*	Personal	–	67,500,000	67,500,000	0.85%
Mr. Konta Mirko	Personal	115,244,000	–	–	1.44%
Mr. Tam Ping Kuen, Daniel	Personal	960,000	4,488,000	5,448,000	0.07%
Mr. Teoh Chun Ming	Personal	–	3,000,000	3,000,000	0.04%
Mr. Peter Edward Jackson	Personal	–	3,000,000	3,000,000	0.04%
Mr. Charles Matthew Pecot III	Personal	–	2,000,000	2,000,000	0.03%

Notes:

1. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.
2. Based on 7,982,794,562 shares of the Company in issue as at 30 September 2021.
3. All the interests disclosed above represent long positions in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" below, at no time during the Year or at the end of the Year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme (the "Share Option Scheme") was adopted by the Company on 1 March 2013, the purpose of which is to incentivize and reward eligible participants for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further options will be granted under the Share Option Scheme but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, Directors, customers, advisors, consultants, suppliers or service providers of the Group.

Details of the Share Option Scheme are as follows:

(a) The maximum number of ordinary shares issuable upon exercise of the share options (the "Share Options") which may be granted under the Share Option Scheme and any other share option scheme of the Group (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders' approval in a general meeting.

(b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier.

(c) The offer of a grant of Share Options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1.00 by the grantee.

(d) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company's shares.

Further details in relation to Share Options are set out in note 34 to the consolidated financial statements.

SHARE OPTION SCHEME *(continued)*

Details of the movements of the Share Options during the Year under the Share Option Scheme are as follows:

	Date of Grant	Number of Share Options: As at 1 October 2020	Granted during the Year	Lapsed/ Cancelled during the Year	Exercised during the Year	As at 30 September 2021	Vesting and exercise period	Exercise price per share HK$	Closing price per share immediately before date of grant HK$
Directors and Chief Executive									
Mr. Ho King Fung, Eric	6 April 2017	20,000,000	–	–	–	20,000,000	Note 1	0.85	0.84
	30 May 2019	30,000,000	–	–	–	30,000,000	Note 2	0.475	0.485
	4 January 2021	–	37,500,000	–	–	37,500,000	Note 6	0.78	0.77
Mr. Sung Kin Man (also the Chief Executive Officer)	30 May 2019	30,000,000	–	–	–	30,000,000	Note 2	0.475	0.485
	4 January 2021	–	37,500,000	–	–	37,500,000	Note 6	0.78	0.77
Mr. Zhang Jinbing (Note 7)	19 July 2016	1,488,000	–	–	–	1,488,000	Note 3	0.65	0.65
Mr. Tam Ping Kuen, Daniel	19 July 2016	1,488,000	–	–	–	1,488,000	Note 3	0.65	0.65
	30 May 2019	1,000,000	–	–	–	1,000,000	Note 2	0.475	0.485
	4 January 2021	–	2,000,000	–	–	2,000,000	Note 6	0.78	0.77
Mr. Teoh Chun Ming	30 May 2019	1,000,000	–	–	–	1,000,000	Note 2	0.475	0.485
	4 January 2021	–	2,000,000	–	–	2,000,000	Note 6	0.78	0.77
Mr. Peter Edward Jackson	30 May 2019	1,000,000	–	–	–	1,000,000	Note 2	0.475	0.485
	4 January 2021	–	2,000,000	–	–	2,000,000	Note 6	0.78	0.77
Mr. Charles Matthew Pecot III	4 January 2021	–	2,000,000	–	–	2,000,000	Note 6	0.78	0.77
Others									
Substantial shareholder	13 March 2018	50,000,000	–	–	–	50,000,000	Note 4	1.782	1.71
Employees	19 July 2016	11,973,204	–	11,973,204	–	–	Note 3	0.65	0.65
	3 April 2018	1,700,000	–	1,700,000	–	–	Note 5	1.776	1.72
	30 May 2019	15,000,000	–	5,000,000	–	10,000,000	Note 2	0.475	0.485
	4 January 2021	–	72,000,000	–	–	72,000,000	Note 6	0.78	0.77
Consultants	4 January 2021	–	245,000,000	20,000,000	–	225,000,000	Note 6	0.78	0.77
Total		164,649,204	400,000,000	38,673,204	–	525,976,000			

The refreshment of the scheme mandate limit under the Share Option Scheme was approved by the shareholders of the Company at the annual general meeting of the Company held on 26 March 2020. Please refer to the circular of the Company dated 23 January 2020 for further details. The total number of shares available for issue upon the exercise of all Share Options granted or to be granted under the Share Option Scheme is 862,995,856 (2020: 881,669,060) representing approximately 10.81% (2020: 11.86%) of the Company's total number of issued shares as at the date of this report.

SHARE OPTION SCHEME *(continued)*

Notes:

1. From 6 April 2017 to 5 April 2027.

2. From 30 May 2019 to 29 May 2029.

3. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

Percentage of the Share Options that are vested and exercisable	Period for the exercise of the relevant Share Options
20%	From 19 July 2017 to 18 July 2026
Additional 20% (i.e. up to 40% in total)	From 19 July 2018 to 18 July 2026
Additional 20% (i.e. up to 60% in total)	From 19 July 2019 to 18 July 2026
Additional 20% (i.e. up to 80% in total)	From 19 July 2020 to 18 July 2026
Additional 20% (i.e. up to 100% in total)	From 19 July 2021 to 18 July 2026

4. From 13 March 2018 to 12 March 2028.

5. From 3 April 2018 to 2 April 2028.

6. From 4 January 2021 to 3 January 2031.

7. Mr. Zhang Jinbing retired as a Director with effect from 19 March 2021.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity and nature of interest	Number of shares held	Percentage of shares in issue (Note 1)
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	1,797,196,474 (Note 2)	22.51%
Ruby Charm Investment Limited	Beneficial owner	1,699,220,474 (Note 3)	21.29%
Great Dawn Investments Limited	Beneficial owner	719,432,000 (Note 4)	9.01%
Agile Capital Investment Group Limited	Interest in a controlled corporation	719,432,000 (Note 4)	9.01%
Agile Capital Investment Holdings Limited	Interest in controlled corporations	719,432,000 (Note 4)	9.01%
Eastern Supreme Group Holdings Limited	Interest in controlled corporations	719,432,000 (Note 4)	9.01%
Agile Group Holdings Limited	Interest in controlled corporations	719,432,000 (Note 4)	9.01%
Top Coast Investment Limited	Interest in controlled corporations	719,432,000 (Note 4)	9.01%
Full Choice Investments Limited	Interest in controlled corporations	719,432,000 (Note 5)	9.01%
Mr. Chen Zhuo Lin	Beneficiary of a trust	719,432,000 (Note 5)	9.01%

SUBSTANTIAL SHAREHOLDERS *(continued)*

Name of shareholders	Capacity and nature of interest	Number of shares held	Percentage of shares in issue (Note 1)
Mr. Chan Cheuk Yin	Beneficiary of a trust	719,432,000 (Note 5)	9.01%
Ms. Luk Sin Fong, Fion	Beneficiary of a trust	719,432,000 (Note 5)	9.01%
Mr. Chan Cheuk Hung	Beneficiary of a trust	719,432,000 (Note 5)	9.01%
Mr. Chan Cheuk Hei	Beneficiary of a trust	719,432,000 (Note 5)	9.01%
Mr. Chan Cheuk Nam	Beneficiary of a trust	719,432,000 (Note 5)	9.01%
Ms. Chan Siu Na	Spouse	719,432,000 (Note 6)	9.01%
Ms. Zheng Huiqiong	Spouse	719,432,000 (Note 7)	9.01%
Ms. Lu Liqing	Spouse	719,432,000 (Note 8)	9.01%
Ms. Lu Yanping	Spouse	719,432,000 (Note 9)	9.01%
Mr. Li Ka Shing	Interest in controlled corporations	726,908,281 (Note 10)	9.10%
Vivaldi International Limited	Beneficial owner	590,459,110 (Note 11)	7.39%
Ms. Chau Hoi Shuen Solina Holly	Interest in a controlled corporation	590,459,110 (Note 11)	7.39%
Sino-Alliance International, Ltd.	Beneficial owner	431,876,000 (Note 12)	5.41%
Shanghai Alliance Investment Ltd.	Interest in a controlled corporation	431,876,000 (Note 12)	5.41%

Notes:

1. Based on 7,982,794,562 shares of the Company in issue as at 30 September 2021.

2. Among 1,797,196,474 shares, (i) 1,699,220,474 shares are owned by Ruby Charm Investment Limited (see also note 3 below); (ii) 47,976,000 shares are beneficially owned by Mr. Ho King Man, Justin; and (iii) 50,000,000 shares represent the Share Options granted to Mr. Ho King Man, Justin on 13 March 2018 pursuant to the terms of the Share Option Scheme, which entitle him to subscribe for shares of the Company. Details of share options held by Mr. Ho King Man, Justin as a substantial shareholder of the Company are shown in the section "Share Option Scheme" above.

3. Ruby Charm Investment Limited is a private company directly wholly owned by Mr. Ho King Man, Justin.

4. Great Dawn Investments Limited is a private company directly wholly owned by Agile Capital Investment Group Limited. Agile Capital Investment Group Limited is a private company directly wholly owned by Agile Capital Investment Holdings Limited. Agile Capital Investment Holdings Limited is a private company directly wholly owned by Eastern Supreme Group Holdings Limited. Eastern Supreme Group Holdings Limited is a private company directly wholly owned by Agile Group Holdings Limited. Agile Group Holdings Limited, a company listed on the Stock Exchange (stock code: 3383), is a company directly non-wholly owned as to approximately 62.63% by Top Coast Investment Limited. Top Coast Investment Limited is a private company directly wholly owned by Full Choice Investments Limited.

5. Full Choice Investments Limited is a trustee of the Chen's Family Trust, the beneficiaries of which are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes: *(continued)*

6. Ms. Chan Siu Na is the spouse of Mr. Chan Cheuk Nam and is deemed to be interested in the shares.

7. Ms. Zheng Huiqiong is the spouse of Mr. Chan Cheuk Yin and is deemed to be interested in the shares.

8. Ms. Lu Liqing is the spouse of Mr. Chan Cheuk Hung and is deemed to be interested in the shares.

9. Ms. Lu Yanping is the spouse of Mr. Chan Cheuk Hei and is deemed to be interested in the shares.

10. Among 726,908,281 shares, (i) 311,619,512 shares are owned through Ocean Dynasty Investments Limited, a private company indirectly wholly owned by Mr. Li Ka Shing; (ii) 351,470,588 shares are owned by Goldrank Limited, a company wholly owned by Li Ka Shing (Global) Foundation ("LKSGF"); and (iii) 63,818,181 shares may be issued upon full conversion of 9% convertible bonds due 2024 subscribed and held by Able Catch Limited, a company indirectly wholly-owned by Mr. Li Ka Shing. By virtue of the terms of the constitutional documents of LKSGF, Mr. Li Ka Shing is regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

11. Among 590,459,110 shares, (i) 526,640,929 shares are owned by Vivaldi International Limited; and (ii) 63,818,181 shares may be issued upon full conversion of 9% convertible bonds due 2024 subscribed and held by Vivaldi International Limited. Vivaldi International Limited is a private company directly wholly-owned by Ms. Chau Hoi Shuen Solina Holly.

12. Sino-Alliance International, Ltd is a private company directly wholly owned by Shanghai Alliance Investment Ltd.

13. All the interests stated above represent long positions in the shares of the Company.

INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Group as at 30 September 2021 are set out in note 31 to the consolidated financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as prescribed under the Listing Rules.

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company currently has four independent non-executive Directors, which number meets the minimum requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors, and considers them to be independent.

ENVIRONMENTAL POLICY

The Group is committed to supporting environmental sustainability and maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilized. The Group strives to become an environmental-friendly corporation by saving electricity and encouraging the recycling of office supplies and other materials. Details of the Group's environmental policy and performance are set out in the Environmental, Social and Governance Report contained in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Code.

During the Year and as at the date of this report, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming *(Chairman)*

Mr. Tam Ping Kuen, Daniel

Mr. Peter Edward Jackson

Mr. Charles Matthew Pecot III

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the annual results and the consolidated financial statements of the Company for the Year.

AUDITORS

The consolidated financial statements of the Company for the Year have been audited by Ernst & Young ("EY"), who will retire and, being eligible, offer themselves for re-appointment as the auditors of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
APOLLO FUTURE MOBILITY GROUP LIMITED
Ho King Fung, Eric
Chairman

Hong Kong
31 December 2021

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ho King Fung, Eric, aged 44, joined the Company as an executive Director and the Co-Chairman of the Board on 1 November 2016. He was re-designated as the Chairman of the Board and was appointed as the chairman of the nomination committee (the "Nomination Committee") and investment committee (the "Investment Committee") of the Board with effect from 24 November 2017.

He has extensive experience in investment banking origination, capital markets and legal practice. He was an analyst at JP Morgan in 2000. He is a solicitor of the Hong Kong Special Administrative Region. He worked at Linklaters between 2003 and 2006 and his last position with Linklaters was associate solicitor. Between 2007 and 2010, he worked at Deutsche Bank AG, Hong Kong Branch and his last position held was vice president and the head of Hong Kong and Macau Origination. He is a committee member of the Chinese People's Political Consultative Conference of Beijing, a role which he has held since 2008. He is also the president of the Macau Money Exchangers' Association. He was awarded the Chinese Economics Elite Award in 2009.

He has served as an independent non-executive director of Nature Home Holding Company Limited, a company previously listed on the Stock Exchange (former stock code: 2083), from May 2011 to October 2021. He was appointed as a non-executive director of EPI (Holdings) Limited, a company listed on the Stock Exchange (stock code: 689), in April 2013 and was re-designated as a non-executive chairman in July 2013, and he resigned from the position in October 2016. He also served as a non-executive director of AGTech Holdings Limited, a company listed on the Stock Exchange (stock code: 8279), from May 2013 to August 2016. He is currently the chairman of P&W Money Changer Limited and Jing Yang Company Limited.

He graduated with a Bachelor of Commerce degree (majoring in Finance) and a Bachelor of Laws degree from the University of New South Wales in Australia.

Mr. Sung Kin Man, aged 50, was appointed as an executive Director, the chief executive officer of the Company, the chairman of the corporate governance committee of the Board (the "Corporate Governance Committee") and a member of the Investment Committee with effect from 1 February 2019. He joined the Company as the chief strategy officer of the Company on 1 January 2019 and ceased to be the chief strategy officer of the Company with effect from 1 February 2019. He is responsible for the overall management, business strategy and development, as well as merger and acquisition activities of the Group.

Mr. Sung has been working in the finance industry and international capital markets in Hong Kong and other parts of Asia since 1994. He has extensive management experience and was an executive director of UBS Securities Asia Ltd., responsible for business in Greater China. He was also a director of the Global Equity Division of Merrill Lynch Asia Inc. from 2005 to 2007. Mr. Sung was an executive director and the chief executive officer of Sino Prosper (Group) Holdings Limited, a company listed on the Stock Exchange (stock code: 766), from November 2009 to March 2015, and was an executive director of China Netcom Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 8071), from May 2014 to March 2015. Mr. Sung served as an executive director and the chief executive officer of China Silver Group Limited, a company listed on the Stock Exchange (stock code: 815), during the period from April 2015 to December 2018.

He graduated from the University of Southern California and obtained a Bachelor's Degree of Science in Business Administration majoring in finance and minoring in marketing.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Mirko Konta, aged 55, was appointed as an executive Director and a member of the Investment Committee with effect from 1 April 2021.

He has over 30 years of engineering and innovation experience. He is a founder and has been a member of the executive board and the chief executive officer of Ideenion Automobil AG ("Ideenion Automobil") since 2008, in which the Company completed the acquisition of the entire equity interest on 10 February 2021. He is also a member of the supervisory board of Ideenion Design AG and the executive board of Ideenion Electronic AG, both being subsidiaries of Ideenion Automobil. Ideenion Automobil and its subsidiaries (collectively the "Ideenion Group") are principally engaged in (i) the design, development and prototyping of vehicle components and accessories for vehicles; (ii) the styling and design of vehicles and the development of software for vehicles; and (iii) the research and development of electronics and software for vehicles and the design, development and manufacturing of prototype electronic systems and components for vehicles.

He has extensive experience in the automotive and technology industry with focus on engineering, innovation and business development. Prior to forming Ideenion Automobil, he was the managing director of a German-based company which focused on, among others, the provision of innovative automobile solutions to automobile manufacturers worldwide.

Independent Non-Executive Directors

Mr. Teoh Chun Ming, aged 51, was appointed as an independent non-executive Director with effect from 24 November 2017. He also serves as the chairman of the audit committee of the Board (the "Audit Committee") and a member of the Remuneration Committee, Nomination Committee, Investment Committee and Corporate Governance Committee with effect from 24 November 2017 and the chairman of the Remuneration Committee with effect from 17 December 2018.

He has over 30 years of accounting and finance experience. He obtained a Master of Professional Accounting degree from the Hong Kong Polytechnic University in 2005. He has been a fellow member of the Association of Chartered Certified Accountants since 2005, a fellow member of the Hong Kong Institute of Certified Public Accountants since 2010 and a fellow member of the Institute of Chartered Accountants in England and Wales since 2015.

He served as a non-executive director of Nature Home Holding Company Limited, a company previously listed on the Stock Exchange (former stock code: 2083), from July 2012 to October 2021. He previously served as an independent non-executive director of EPI (Holdings) Limited, a company listed on the Stock Exchange (stock code: 689), from January 2014 to October 2016. He has also served as the chief financial officer and company secretary of Joyer Auto HK Company Limited since July 2012.

Mr. Tam Ping Kuen, Daniel, aged 58, was appointed as an independent non-executive Director in May 2006 and he is a member of the Audit Committee and Remuneration Committee. He has served as an independent non-executive director of Chong Kin Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1609), since 3 September 2018. He is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). Mr. Tam holds a Master of Financial Economics degree from the University of London and is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Peter Edward Jackson, aged 73, was appointed as an independent non-executive Directors with effect from 23 April 2018 and was appointed as a member of the Audit committee, Remuneration committee, Nomination committee and Corporate Governance Committee with effect from 17 December 2018.

He has over 40 years' international experience in the satellite and telecommunications industry. He was a non-executive director of Asia Satellite Telecommunications Holdings Limited, a company previously listed on the Stock Exchange (former stock code: 1135), ("AsiaSat") from January 2012 to August 2018 and he is a non-executive director of SpeedCast International Limited, a company previously listed on the Australian Stock Exchange. He was also a consultant to CITIC Group Corporation and worked with several private equity and venture capital firms in board or advisory positions from January 2012 to July 2018.

Previously, he was an executive director of AsiaSat from May 1996 to July 2011. He was also the chief executive officer and the executive chairman of AsiaSat from May 1996 to July 2010 and from August 2010 to July 2011 respectively. Prior to joining AsiaSat in July 1993 as its chief executive officer before its listing on the Stock Exchange, he held engineering, marketing and management positions at Cable & Wireless plc ("Cable & Wireless") and the last position he held at Cable & Wireless was Regional Director, Asia Pacific. During his time at Cable & Wireless, he worked on ventures in the Caribbean, the Middle East, Macau and the People's Republic of China. He had also worked with British Telecom.

Mr. Charles Matthew Pecot III, aged 60, was appointed as an independent non-executive Director and as a member of the Audit committee, Remuneration committee, Nomination committee and Corporate Governance Committee with effect from 1 June 2019.

Mr. Pecot has been working in the finance industry and international capital markets worldwide since 1994 and has extensive management experience. He is currently serving as the Head of Markets at Barclays Capital Asia Limited ("Barclays"), a position which he has held since July 2019. He manages the trading operations of Barclays in Asia Pacific, including all Equities, Credit and Macro (including Rates and Foreign Exchange). Prior to that, he was the Head of Equities at Barclays, responsible for leading the equities franchise in Asia Pacific only. Previously, he was the Head of Prime Services and Head of Equities Distribution in Asia Pacific at Credit Suisse (Hong Kong) Limited for the period from July 2009 to June 2017. Mr. Pecot was also the Head of Prime Services and Prime Brokerage Services in Asia Pacific at UBS Securities Asia Limited for the period from April 2004 to February 2007.

He graduated with a bachelor's degree in mechanical engineering and obtained a master's degree major in science in operations research and minor in applied statistics at the Air Force Institute of Technology, Ohio, the United States of America.

Company Secretary

Mr. Moy Yee Wo, Matthew, aged 42, is the chief financial officer and company secretary of the Company. Mr. Moy joined the Company in 2019 and is responsible for our Group's strategic planning, corporate finance activities, oversight of financial reporting procedures, company secretary matters, internal controls and compliance with the requirements under Listing Rules. Before joining the Company, Mr. Moy served as the chief financial officer, the company secretary and an authorised representative of China Silver Group Limited, a company listed on the Stock Exchange (stock code: 815), from August 2012 to January 2019. Mr. Moy has been an independent non-executive director of Chi Ho Development Holdings Limited (stock code: 8423) and Reach New Holdings Limited (stock code: 8471), both being companies listed on the Stock Exchange, since 22 February 2017 and 24 June 2017 respectively. Mr. Moy has over 15 years of experience in the financial industry and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Moy graduated with a bachelor's degree in business administration in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Code as set out in Appendix 14 to the Listing Rules. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

During the Year, the Company has complied with the code provisions of the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

During the Year and up to the date of this report, the Board comprises:

Executive Directors	:	Mr. Ho King Fung, Eric *(Chairman)* Mr. Sung Kin Man Mr. Mirko Konta *(Appointed with effect from 1 April 2021)*
Non-executive Director	:	Mr. Zhang Jinbing *(Retired as a non-executive Director and Co-Chairman with effect from 19 March 2021)*
Independent Non-Executive Directors	:	Mr. Tam Ping Kuen, Daniel Mr. Teoh Chun Ming Mr. Peter Edward Jackson Mr. Charles Matthew Pecot III

Each of the current independent non-executive Directors has given an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS *(continued)*

During the Year, a total of four (4) regular Board meetings and one (1) annual general meeting (the "2021 AGM") and one (1) extraordinary general meeting (the "EGM") were held and the attendance of each of the Directors is set out as follows:

	Number of meetings held and attended during the Year		
Name of Directors	**Regular board meetings**	**2021 AGM**	**EGM**
Mr. Ho King Fung, Eric	4/4	1/1	1/1
Mr. Sung Kin Man	4/4	1/1	1/1
Mr. Mirko Konta (Appointed with effect from 1 April 2021)	2/2	N/A	N/A
Mr. Zhang Jinbing (Retired with effect from 19 March 2021)	1/1	1/1	1/1
Mr. Teoh Chun Ming	4/4	1/1	1/1
Mr. Tam Ping Kuen, Daniel	4/4	1/1	1/1
Mr. Peter Edward Jackson	4/4	1/1	1/1
Mr. Charles Matthew Pecot III	4/4	1/1	1/1

All Directors (including the chairman of the Board and chairmen of all Board committees) attended the 2021 AGM and EGM to answer questions and collect views of the shareholders of the Company.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

DIRECTORS' INDUCTION AND PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Group generally.

On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend briefings, seminars and relevant training courses as appropriate. The Directors are requested to provide the Company with their respective training record pursuant to the requirement of the Code on continuous professional development.

During the Year, all of Mr. Ho King Fung, Eric, Mr. Sung Kin Man, Mr. Mirko Konta, Mr. Zhang Jinbing, Mr. Teoh Chun Ming, Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars and reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance committee has been established since 24 November 2017 and is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and reviewing Company's compliance with the Code.

The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of a Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of each Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year and as at the date of this report, Mr. Ho King Fung, Eric is the Chairman while Mr. Sung Kin Man is the chief executive officer of the Company.

The Chairman and the Chief Executive Officer have been serving clearly delineated functions within the Group. The Chairman is primarily responsible for providing the overall leadership in the Board's affairs and in the strategic development of the business of the Group, along with the responsibilities of the Chairman under the Articles and the Listing Rules while the Chief Executive Officer is responsible for the overall management, business strategy and development, as well as merger and acquisition activities of the Group. There is also a clear understanding by and expectation from the Board and within the Group as to the separation of roles and responsibilities between the Chairman and the Chief Executive Officer.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All non-executive Directors (including independent non-executive Directors) are appointed for a specific term.

Mr. Teoh Chun Ming, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 24 November 2017 for a period of 36 months and was renewed automatically for a successive term of 12 months.

Mr. Tam Ping Kuen, Daniel, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 28 December 2018 for a period of 36 months and is renewable automatically for a successive term of 12 months.

Mr. Peter Edward Jackson, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 23 April 2018 for a period of 36 months and is renewable automatically for a successive term of 12 months.

Mr. Charles Matthew Pecot III, as an independent non-executive Director has entered into a formal letter of appointment. His current term of service commenced from 1 June 2019 for a period of 36 months and is renewable automatically for a successive term of 36 months.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

During the Year and as at the date of this report, the Audit Committee has four members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III, all being independent non-executive Directors. Mr. Teoh Chun Ming, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, has the appropriate professional qualification to lead and chair the Audit Committee. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board.

According to the terms of reference of the Audit Committee, meeting of the Audit Committee shall be held at least twice a year. Two (2) meetings of the Audit Committee were held during the Year. The attendance of each member of the Audit Committee is set out as follows:

Name of members of Audit Committee	**Number of meetings held and attended during the Year**
Mr. Teoh Chun Ming *(Chairman)*	2/2
Mr. Tam Ping Kuen, Daniel	2/2
Mr. Peter Edward Jackson	2/2
Mr. Charles Matthew Pecot III	2/2

The works performed by the Audit Committee during the Year includes the following:

- reviewed the annual report and the annual results announcement of the Company for the year ended 30 September 2020;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 31 March 2021;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- reviewed the risk management and internal control systems of the Group; and
- reviewed the effectiveness of the Company's internal audit function.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

During the Year and as at the date of this report, the Remuneration Committee has four members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III, all being independent non-executive Directors. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee has adopted the model described in code provision B.1.2(c)(ii) of the Code in its terms of reference. It makes recommendations to the Board on the remuneration packages for individual executive Directors and senior management, with the Board retaining the final authority to approve such remuneration packages. The other principal responsibilities of the Remuneration Committee include (i) making 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; (ii) making recommendations to the Board on the remuneration of the non-executive Directors; and (iii) reviewing and recommending the management's remuneration proposals with reference to the Board's corporate goals and objectives.

According to the terms of reference of the Remuneration Committee, meeting of the Remuneration Committee shall be held at least once a year. Two (2) meetings were held during the Year. The attendance of each member of the Remuneration Committee is set out as follows:

Name of members of Remuneration Committee	Number of meetings held and attended during the Year
Mr. Teoh Chun Ming *(Chairman)*	2/2
Mr. Tam Ping Kuen, Daniel	2/2
Mr. Peter Edward Jackson	2/2
Mr. Charles Matthew Pecot III	2/2

The work performed by the Remuneration Committee during the Year includes the following:

- reviewed and determined the policy for the remuneration of Directors and senior management;
- assessed performance of Directors and senior management; and
- reviewed and recommended the remuneration package of the Directors and senior management to the Board.

For the Year, the remuneration payable (including equity-settled share option expense) to two senior management (excluding Directors) each fell within the band of HK$12,500,001 to HK$13,000,000.

Further details of the remuneration of the Directors and the five highest paid individuals are set out in notes 10 and 11 to the financial statements.

NOMINATION COMMITTEE

During the Year and as at the date of this report, the Nomination Committee has four members, namely Mr. Ho King Fung, Eric (Chairman), Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III. A majority of the members of the Nomination Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III are independent non-executive Directors. Mr. Ho King Fung, Eric, the chairman of the Nomination Committee, is the Chairman and an executive Director of the Company. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company. For the appointment and nomination of new Directors, the Nomination Committee would consider the candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the relevant industry and/or other professional areas. During the Year, there was no appointment of new Director.

According to the terms of reference of the Nomination Committee, meeting of the Nomination Committee shall be held at least once a year. One (1) meeting of the Nomination Committee was held during the Year. The attendance of each member of the Nomination Committee is set out as follows:

Name of members of Nomination Committee	**Number of meetings held and attended during the Year**
Mr. Ho King Fung, Eric *(Chairman)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Peter Edward Jackson	1/1
Mr. Charles Matthew Pecot III	1/1

The works performed by the Nomination Committee during the Year includes the following:

- reviewed the structure, size and composition of the Board; and
- accessed the independence of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy effective on 1 September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises seven Directors. Four of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of nationality, professional background and skills.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established on 24 November 2017 and during the Year and as at the date of this report comprises Mr. Sung Kin Man (Chairman), Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III. A majority of the members of the Corporate Governance Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III are independent non-executive Directors. Mr. Sung Kin Man, the chairman of the Corporate Governance Committee, is an executive Director and the chief executive officer of the Company. The terms of reference of the Corporate Governance Committee are available at the Company's website.

The primary responsibilities of the Corporate Governance Committee include, among other things, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the Code.

According to the terms of reference of the Corporate Governance Committee, meeting of the Corporate Governance Committee shall be held at least once a year. One (1) meeting was held during the Year. The attendance of each member of the Corporate Governance Committee is set out as follows:

Name of members of the Corporate Governance Committee	Number of meetings held and attended during the Year
Mr. Sung Kin Man *(Chairman)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Peter Edward Jackson	1/1
Mr. Charles Matthew Pecot III	1/1

CORPORATE GOVERNANCE COMMITTEE *(continued)*

The works performed by the Corporate Governance Committee during the Year includes the following:

- developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed the Company's compliance with the Code; and
- reviewed the corporate governance report in the 2019 annual report of the Company.

INVESTMENT COMMITTEE

The Investment Committee was established on 7 March 2016 and during the Year and as at the date of this report comprises Mr. Ho King Fung, Eric (Chairman), Mr. Sung Kin Man, Mr. Mirko Konta and Mr. Teoh Chun Ming. The terms of reference of the Investment Committee are available at the Company's website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the consolidated financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement issued by EY, the auditors of the Company, about their reporting responsibility is set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, as supported by the Audit Committee, reviews the Group's risk management and internal control systems annually in respect of the relevant financial year. The review includes major financial, operational and compliance controls. The Group has not established an internal audit department and the Board is of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professional firms to perform the internal audit function for the Group in order to meet its needs.

The Board has, through the Audit Committee, conducted review of the effectiveness of the risk management and internal control systems of the Group for the Year with the assistance of a professional firm. The review report with examination results (including the identification of major risks in operation) and relevant improvement recommendations were duly reported to the Audit Committee and the Board for them to assess risks controls of the Group and the effectiveness of the risk management system and any material failings or weaknesses in the internal control system, and to take appropriate actions to remedy any of these failings or weaknesses in a timely manner. All remedial actions will be regularly followed up where necessary to ensure that the failings and weaknesses have been duly addressed.

The Board considers that the risk management and internal control systems are effective and adequate and that the Group has complied with the code provisions relating to risk management and internal control of the Code.

DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company.

AUDITORS' REMUNERATION

The remuneration of external auditors of the Company, EY, in respect of audit services and non-audit services for the Year is set out below:

Services rendered	Fees paid/payable (HK$'000)
Audit services	6,500
Non-audit services	1,430
	7,930

COMPANY SECRETARY

Mr. Moy Yee Wo Matthew ("Mr. Moy") was appointed as the company secretary of the Company with effect from 13 February 2019. The biographical details of Mr. Moy are set out under the section headed "Directors and Senior Management".

In accordance with Rule 3.29 of the Listing Rules, Mr. Moy has taken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

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

— Right to convene extraordinary general meeting

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(continued)*

— Right to convene extraordinary general meeting *(continued)*

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

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

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

— At least 21 clear days' notice in writing (and not less than 20 business days) if calling for an annual general meeting or the proposal constitutes a special resolution of the Company in an EGM.

— Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to info@apollofmg.com for the attention of the company secretary of the Company.

— Right to put forward proposals at general meetings

There are no provisions allowing shareholders of the Company to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 64 of the Articles for including a resolution at a general meeting. The requirements and procedures are set out above. Pursuant to Article 113 of the Company's articles of association, no person, other than a Director retiring at a meeting, shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless there shall have been lodged at the head office or at the registration office notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and also notice in writing signed by that person of his willingness to be elected as a director. Unless otherwise determined by the Directors and notified by the Company to the shareholders, the period for lodgment of the said notices shall be a seven day period commencing on the day after the dispatch of the notice of the general meeting for such election of Director(s) and ending on the date falling seven days after the dispatch of the said notice of the general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as a Director is posted on the Company's website.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 28 December 2018 (the "Dividend Policy").

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board shall consider the following factors before declaring or recommending any dividends:

a. the Company's actual and expected financial performance;

b. the Group's liquidity position;

c. retained earnings and distributable reserves of the Company and each of the members of the Group;

d. the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

e. any restrictions on payment of dividends that may be imposed by the Group's lenders;

f. the Group's expected working capital requirements and future expansion plans;

g. general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

h. any other factors that the Board deem appropriate.

The shareholders of the Company may not expect any dividends under the following circumstances:

a. during the growth phase of the Group or during significant expansion or undertaking of any acquisitions or joint ventures requiring higher allocation of capital;

b. whenever the Company proposes or plans to utilize surplus cash to repurchase the shares of the Company; or

c. inadequacy of profits or if the Company incurs losses.

The declaration, recommendation and payment of any dividends are also subject to compliance with applicable laws, regulations and the Articles. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.apollofmg.com.

During the Year, there has not been any change in the Company's memorandum of association and Articles. The Company's memorandum of association and Articles are available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

We are pleased to present our Environmental, Social and Governance Report (the "ESG Report"). The report presents the Group's concern to environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable development to stakeholders. Additional information in relation to the Group's corporate governance and financial performance can be referred to our annual report for the year ended 30 September 2021.

1.1 Scope and Reporting Boundary

The scope of the ESG Report covers the environmental and social performances of the Group's principal operating activities spanning over the period from 1 October 2020 to 30 September 2021. The Group consists of two operating business units: Apollo Automobil ("AA") and Apollo Advanced Technologies ("AAT") with international presence spanning across Hong Kong, China, Germany, Japan, United Kingdom and United States.

AA is the European-based hyper-car solution provider with handmade and engineered to perfect precision. AAT performs research and development of mobility technologies that can be adopted in our products and/or licensed by external users. AAT also offers comprehensive outsourcing services from design, engineering, simulation, prototyping, vehicle testing to pre-production prototypes. In addition to the two operating business units, the Group also makes investments in mobility related businesses. The world's first 3D printing automotive manufacturing platform and EV Power, a leading electric vehicle charging solutions provider in the Greater China.

The reporting boundary of the ESG Report is established consistently based on the criteria that all operations and entities reported are substantially owned by the Group and are under our management across the Group's structure. As a result, we do not report entities which are outside of the Group's structure, where we do not own the assets and do not directly engage or employ the workforce, and where we do not operate the asset under a contractual obligation. In addition, we do not report entities which were sold or acquired during the Year. Part of the content may look back upon the performance of the Group in past years with a view to presenting the ESG Report in a more informative and comparable manner.

1.2 Reporting Guidelines

To comply with the requirements set forth in Appendix 27 Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Reporting Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively), the Group is in compliance with the mandatory disclosure requirements and "comply or explain" provisions set out in the ESG Reporting Guide.

1. ABOUT THE REPORT *(continued)*

1.3 Reporting Principles

The reporting principles of this ESG Report are governed by "materiality", "quantitative", "balance" and "consistency". With respect to "materiality", the ESG report covers the material ESG factors that are sufficiently important and material to different stakeholders. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. The Group's directors and senior management are mainly responsible for identification of key ESG factors on the basis of the feedback from the stakeholders. With respect to "quantitative", data presented in this report have been examined. Summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are mainly referred to the ESG Reporting Guide. With respect to "balance", both positive and negative sides of our performance have been presented in a transparent manner. With respect to "consistency", methodologies and key performance indicators are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison detail would be disclosed.

1.4 Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and KPI, which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investments.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report is compliant with all the "comply or explain" provisions set out in the ESG Reporting Guide.

1.5 Data Collection

Data in this report are extracted from the Group's internal management system and statistics, and part of the data collected in previous years.

1.6 Contact

We welcome all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performance. Comments or views can be sent to info@apollofmg.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ESG, POLICY, STRATEGY AND MANAGEMENT

2.1 Our ESG Policy

The foundation of the Group's sustainable long-term development lies on sound corporate governance and well-developed operation practices. As such, we, as part of the great community, are committed to dedicating our resources and our best thinking to build a sustainable business fit for the future and to build a better world for all stakeholders in different aspects. The Board make the following statements regarding the six pillars of our ESG policy.

Governance Framework

A sound ESG management system requires a combined effort of an effective governance structure that comprises the decision-making level and execution level members. The Board has the overall responsibility to define the Group's ESG strategy and approach, manage and asses the Group's ESG performance. The Board and senior management hold accountable for the responsibility of the Group's ESG performance.

Decarbonization — Responding to Climate Change

Against the backdrop of accelerated climate change, we will strive to reduce our carbon footprint and always refresh our long-term goals as technologies advance and cost structure change to further reduce our impact on the planet, while tracking our progress against the global steps.

Promote Health & Well Being

We are determined to set ourselves in a good position to maintain a robust business performance and growth together with our employees, with an objective to uphold an open, fair, just and reasonable human resource policy. The Group is committed to a holistic approach to health and wellness, through a healthy, comfortable and safe working environment that support health and wellness for our employees.

Innovation

We are dedicating our unmatched innovative capacity to accomplish the long-term sustainability, offering a range of innovative and practical applications to help manage energy use in a greener and smarter way. As for our operations, we will continue replacing and enhancing our technical levels and processes to enable our business to deliver improved results, leveraging innovation to facilitate our people in making better decisions. Going forward, we will continue being vigilant and keep strengthening our cyber resilience and enhancing the awareness of cyber security across the Group and our working partners.

Support the Community

We encourage giving back and strengthening the community through volunteerism and philanthropy. The Group employees contribute their time and talent to a variety of community organizations.

Learning Through Diversity

The Group values the diversity of experiences and backgrounds, and actively seeks to promote from within. Further, the Group is always seeking to improve and become better constituents to our community, our company, and our shareholders. Opportunity and growth occur when we draw from the strengths of our diverse leadership and background.

2. ESG, POLICY, STRATEGY AND MANAGEMENT *(continued)*

2.2 ESG Strategy and Management

In order to ensure that our ESG strategy is carried out effectively and consistently throughout the Group, we have managed our ESG approach with reference to the five aspects summarized below.

Governance Structure

- Ensuring our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends;
- Reviewing and monitoring the internal control system and risk management processes to ensure the overall effectiveness with continuous improvement; and
- Upholding the highest ethical standards of business integrity and foster a culture of compliance throughout the Group.

Product Responsibilities and Supply Chain Management

- Product and Service Innovation — Design products and services for the well-being of people and for the benefits of society;
- Quality — Design products and services to ensure that they are of good quality and compliant with the approval and highest safety standards;
- Eco-friendly — Incorporate sustainability concepts into our product & service design and increase the use of sustainable materials for our products and packaging; and
- Sustainable Supply Chain — Manage our supply chain in a socially and environmentally responsible manner and source from approved suppliers who meet our Corporate Social Responsibility requirements.

Environment

- Climate Change Strategy — Review our approach on climate change and develop sustainability initiatives to identify and address the associated physical and transitional risks and opportunities;
- Green Operation Practice — Minimize the environmental impacts from our operations;
- Efficient Production — Maximize our resource efficiency and improve productivity; and
- Sustainable Logistic Practice — Improve operational efficiency and reduce carbon emission throughout the transportation process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ESG, POLICY, STRATEGY AND MANAGEMENT *(continued)*

2.2 ESG Strategy and Management *(continued)*

Our Team

- Enhance our good staff relations through various communication channels and staff activities;
- Foster a continuous learning environment and encourage employees to develop and advance their careers in the Group;
- Respect the labour and human rights of all our employees with clearly defined human resources management policies, and promote an inclusive culture throughout the company; and
- Provide a supportive, pleasant and healthy workplace for our employees and foster a caring community in our working environment.

Our Community

- Use our expertise and resources to support the communities in which we operate focusing on: supporting people in need, collaborating with local charities, providing training opportunities for young people and nourishing an innovative environment; and
- Develop a healthy and green community.

Looking ahead, the Board will continue to optimize the ESG management of the Company, actively respond to concerns of our stakeholders and facilitate the improvement of ESG management, working to fulfil our improvement, progress, performance and contribution to our community.

2. ESG, POLICY, STRATEGY AND MANAGEMENT *(continued)*

2.3 Stakeholder Engagement

The Group is committed to incorporating stakeholder engagement, which is nowadays widely regarded as a key component of the corporate social responsibility (CSR), as an integral part of the Group's approach to sustainable development. Stakeholder engagement generally provides opportunities for the Group to further align business practices with societal needs and expectations, bring about positive changes for sustainable development, such that the Group can considerably improve its decision-making, a better assessment of potential impacts and our accountability while we operate.

In order to achieve so, the Group carried out a stakeholder engagement exercise during the Year by involving its stakeholders which might affect our decisions, people who may be affected by our decisions or who may influence the implementation of our decisions. The Group has developed an approach which identifies the broad topics that the stakeholder groups are concerned with and used a materiality matrix to assess the material topics identified by our stakeholders during the engagement process. The stakeholder engagement is followed by the formulation of operating strategies, such that their views and voices could be heard by all business units of the Group and timely responses could be provided.

2.4 Materiality Assessment

To better understand stakeholders' opinions and expectations on the Group's ESG performance, we carried out a materiality assessment with stakeholders which enables the Group to identify and prioritize ESG issues effectively. An issue is considered 'material' when it may substantially affect our long-term commercial and operational viability and the inclusion of sustainability agenda into its business development strategy. Our materiality assessment involves the following procedures.

Preparation

Sustainability issues relevant to the Group's business are identified according to international and local reporting standards.

Identification

Feedback of internal and external stakeholders is collected. The Group's ESG working committee initially identified sustainability topics which may be considered important and relevant for disclosure in accordance with the ESG Guide.

Prioritisation

The identified topics were ranked by stakeholders to reflect the level of interest and importance to the Group through various stakeholder engagements. A list of prioritized material topics was consequently generated with respect to the results from stakeholder engagements.

Verification

The Group's ESG working committee reviewed and validated the material sustainability topics to ensure that they are relevant and material to the Group for disclosure.

Based on the stakeholder engagement exercise, business knowledge and management review, we identified the material topics and the stakeholder groups most significantly impacted by the topics summarized in the form of materiality matrix below, in the context of own business and day-to-day operation. The materiality matrix generally demonstrates that all issues raised were important to both primary and secondary stakeholders, albeit to differing degrees of importance to stakeholders and to the Group.

2. ESG, POLICY, STRATEGY AND MANAGEMENT *(continued)*

2.5 Towards a Greener Future

The impact of global sustainability issues like climate change, plastic pollution, ecological and ethical footprints is increasingly prominent. The Group is aware that consumers are gradually becoming more sensitive to those issues which start to influence the purchasing decisions of average consumers. Where once customer would rarely question how a product was made or what it was made of, corporates are now expected to clearly state where products come from and how the ESG policies inform their choice of processes, materials and deployment of human resources. The change of consumer mentality is progressively transforming the purchasing decisions.

As such, it has never been more important for the Group to implement good ESG practices into our business model. We are committed to instilling the consciousness of resources conservation, deeply indoctrinated the low-carbon concept and environmental protection into the work and life of every employee. We firmly believe that our commitment to environmental protection will become a part of our competitiveness, leading the Group to a greater success in the future and fulfil our responsibilities as a member of the community we all live in.

Although change is always difficult and requires careful management, we believe that these initiatives will become part of our competitiveness and are capable to reflect our commitment to offering our clients the best quality of services with the least adverse impact on our planet, building a greener and healthier environment together with all the members of the community.

3. MANAGING ENVIRONMENTAL IMPACTS

3.1 Corporate Environmental Policy

A sustainable development has become a strategic priority for us. The Group continues to make progress in mitigating our environmental impacts by gradually improving resources usage efficiency and waste management and adopting green technologies throughout our business operations. Our business operations and facilities are compliant with all the relevant environmental, legal and statutory requirements.

The Group formulated relevant rules and regulations for a sound and effective management of energy consumption, Greenhouse Gas ("GHG") emission, as well as discharge of waste and sewage and other pollutants, highlighted as below.

- Comply with applicable environmental protection laws and regulations;
- Integrate environmental considerations in our operations;
- Define appropriate objectives and targets on a regular basis for our ESG management approach;
- Continuously improve our ESG management system to set and maintain rigorous standards;
- Prevent pollution and to protect the environment by conserving natural resources and minimizing waste; and
- Promote environmental awareness among our workforce with regular communication.

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.1 Corporate Environmental Policy *(continued)*

During the Year, the Group complied with environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

3.2 Climate Change Mitigation

Given that the Group's principal business does not generate a significant amount of exhaust gas and GHG directly, we recognize that the accelerated climate change will lead to extreme weather events, such as tropical cyclone, severe rainstorm and thunderstorm which ultimately threaten business operations and result in possible financial loss. As such, we are determined to reduce our carbon footprint and always refresh our long-term goals as technologies advance and cost structure change to further reduce our impact on the planet, while tracking our progress against the global steps.

Potential climate-related risks faced by the Group include physical risks such as extreme weather events and rise in sea level, and as policy and regulatory risks, market risks and reputational risks. The below table shows our response in managing various risks brought by the climate change that the Group may be facing.

Table 3-1: Climate-Related Risks and Opportunities

	Specifics	Adverse Impacts/ Benefits	Our Response and Actions
RISKS			
Physical Risks	Increased frequency and severity of extreme weather events, such as typhoons, wildfire, rain and flooding, which may affect us from providing services, and damage our facilities and products	Increased operating and maintenance costs Loss of revenue Increased chance of extreme weather-related injuries which affect employees' health and safety	Monitoring and strengthening environmental risk prevention Implementing natural disasters emergency plan Conducting preventive measures and flexible working arrangement
Policy and Regulatory Risks	Governments around the world enact more stringent laws and regulations in relation to climate change and environmental protection at home and abroad	Increased compliance cost	Regularly monitoring the regulatory trends Monitoring and strengthening environmental risk prevention

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.2 Climate Change Mitigation *(continued)*

	Specifics	Adverse Impacts/ Benefits	Our Response and Actions
Market and Reputational Risks	Change in customer preferences and behaviours for green products and services	Reduced revenue due to the decrease in demand for current products and services	Ongoing study of application of recycled materials Control and reduction of hazardous materials in products and new design Strengthening development of green products and new designs
OPPORTUNITIES			
Products, Services and New Design	More low-carbon, energy-saving technologies are in need	Introduction of new technology to boost product competitiveness	Exploring new environmental technologies Strengthening development of green products and new designs Optimization of energy and resources consumption

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.3 Optimizing Energy and Resources Consumption

The Central government has announced its target to achieve carbon neutrality in 2060. It is expected that the policies and regulations on carbon emissions will be more stringent in coming years. To reduce our indirect emission, we actively explore the possibilities of reducing electricity consumption and increasing energy efficiency in operations.

The main contributors to the Group's carbon footprint are (1) indirect GHG emission generated from electricity consumption, (2) direct GHG emission generated from office administration and consumption of fossil fuel directly or indirectly, (3) indirect GHG emission generated from business travel by flight and (4) paper consumption in business operation, which releases Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Carbon Dioxide (CO_2) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment and minimize our impact on the environment. As such, the Group keeps minimizing the environmental impacts by reducing GHG emission from its operations with the following means:

Reduce Energy Consumption

- Maintaining indoor temperature at an optimal level for comfort;
- Providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- Switch off electronic products and office equipment when idle;
- Prioritizing the use of green technologies in business operations, constantly upgrading the facilities and equipment to increase energy efficiency;
- Procuring energy efficient electrical appliances with energy efficiency label to reduce indirect GHG emission whenever practical;
- Placing "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Organizing training session including case studies to improve energy efficiency and GHG saving awareness;
- Engaging staff to adopt the energy saving practices; and
- Established energy targets and indicators, as well as the implementation plan.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.3 Optimizing Energy and Resources Consumption *(continued)*

Reduce Paper Consumption

The business operation of the Group consumes significant amount of papers and the Group has adopted a series of initiatives to reduce the level of paper consumption:

- Paperless office by developing our own internal administration system to reduce the use of paper in all level of our management;
- Selection of working partners which provide paperless operating procedures;
- Promotion of electronic statements among our clients and provision of platform for online transaction to clients;
- Paperless board meeting;
- Encourage use of electronic means of communication such as email, intranet and WeChat, VooV and Zoom to manage daily process;
- Use duplex printing and reuse single-side printed papers; and
- Organized events and activities for enhancing employees' motivation to minimize the use of electricity and paper in office.

Reduce Air Travel

The Group encourages its employees to adopt electronic means of communication such as video or telephone conferencing to avoid unnecessary travel arrangement. Video conference equipment is available in conference rooms to conduct virtual meetings. In view of the impact of COVID-19 pandemic, business travels by flight remained at a relatively low-level during the Year.

3.4 Exhaust Gas and GHG Emissions

Our Group's business inevitably involves consumption of fossil fuel, which directly or indirectly, releases Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Carbon Dioxide (CO_2) into the air. In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of "Emissions" during the Year is tabulated below.

Table 1 — Emissions

	Unit	2021	2020
GHG Emissions	CO_2e (t)	**73.0**	23.1
Nitrogen Oxides	g	**8,234**	10,089
Sulphur Oxides	g	**134**	24.70
Particulate Matter	g	**606**	967

During the Year, there were no non-compliance cases reported in relation to GHG emission within the Group.

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.5 Waste Management

Waste Management Policy

Waste reduction is the focus of our emission control efforts. The Group's principal waste management policy endeavours to achieve a green and paperless operation and a minimal generation of waste wherever possible and practical. Through the following measures and objectives, the Group strives to reduce waste generated and aims at waste management from the source.

- We endorse the '4-R Principles — Reduce, Reuse, Replace and Recycle' as our key policy of waste management;
- We extend our commitment to using sustainable products into every aspect of the business;
- We encourage all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents;
- We encourage an increased use of reusable product, such as envelopes, and better separation of waste streams for recycling;
- We encourage recycle of electronic devices to reduce electronic waste;
- We maintain 100% recycling of used toner cartridges by collecting and returning all used cartridge to recycling agents;
- We encourage minimal consumption of paper towels in workplaces;
- We strengthen our employee's awareness in environmental management, waste reduction and waste recycle, encourage them to be equipped with appropriate skills and knowledge with respect to the practice of sustainable development; and
- We keep up with the latest government's initiatives and policies in relation to waste management in order to allocate resources and formulate strategy in a timely manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.5 Waste Management *(continued)*

Hazardous Waste

Given our business nature, the Group's operation does not directly produce hazardous waste. However, with respect to our business of mobility technology solutions, the Group encourages the development of new technologies and progressive designs to integrate with environmental sustainability in all aspects through minimizing application of hazardous materials in designs and through compliance with the latest regulatory requirements.

The Group endeavors to recycle electronic waste throughout our operation wherever practical, ultimately reducing both the monetary and environmental costs involved in disposal of these electrical parts that would otherwise be scrapped and treated as hazardous waste.

Non-hazardous Waste

The non-hazardous wastes generated by the Group are mainly domestic waste including cardboard, packaging materials, and paper from our operations, among which, recyclable wastes will be recycled for reuse.

Wastewater Discharge

The Group does not consider itself as a highly water-intensive enterprise. Our main use of water is for sanitary purposes. Similarly, most of the wastewater discharged from our facilities is sanitary wastewater. The Group ensures all domestic sewage is properly discharged into the urban sewage pipe network for subsequent sewage treatment.

Table 2 — Waste Discharge

	Unit	2021	2020
General Waste	kg	**47,015**	25,334

During the Year, there were no non-compliance cases reported in relation to discharge into water and land, and generation of waste within the Group.

3. MANAGING ENVIRONMENTAL IMPACTS *(continued)*

3.6 Use of Resources

We are working to optimize and reduce the overall amount of natural resources consumed. We have implemented various initiatives throughout our operations such as deploying energy-efficient devices, minimizing the use of paper, reducing water consumption and encouraging the use of public transportation. Through actively monitoring and managing the use of resources, we aim to reduce our carbon footprints as well as our operating cost.

Water Consumption

The Group does not have any water stress issues in its operation, nor do the Group have issues finding adequate water sources for its business operations. However, water conservation is becoming an increasingly important issue for the automotive industry. We strive to engage all employees to develop a habit of conserving water consciously. Pantry is posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. The Group also seeks to reduce water usage, reuse water and improve the quality of wastewater discharged from our working stations wherever possible.

Packaging Material

Given our business nature, the Group does not consume significant amount of packaging materials. However, we encourage our suppliers to use less packaging material.

Environmental Performance

In accordance with the ESG Reporting Guide, our environmental performance of “Energy and Resources Use” during the Year are tabulated below.

Table 3 — Energy and Resources Use

	Unit	2021	2020
Electricity	kWh	**32,537**	39,871
Purchased Gas	kg	**n/a**	n/a
Unleaded Petrol	L	**9,143**	1,680
Diesel	L	**n/a**	n/a
Paper	kg	**142**	297
Water*	m^3	**n/a**	n/a

* The use of water was covered by the office rent during the Year

During the Year, there were no non-compliance cases reported in relation to use of resources within the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. PEOPLE

4.1 Employee Wellness during the COVID-19 Pandemic

The outbreak of the COVID-19 pandemic in early 2020 has brought exceptional challenges to the world, resulting in unprecedented public health measures across all geographies and massive business disruption at a scale never seen in our lifetime. While multiple industries are preparing to adapt to the "new normal", the health and well-being of all our clients and employees, as well as their families and friends, is our utmost priority in these challenging times. We are dedicating human and financial resources to help those in need and help us, as a society, emerge stronger on the other side.

In order to combat the spread of COVID-19 together with the community, the Group, during the Year, has been strictly following the latest health advice and regulations issued by the government. We have undertaken prompt actions and adopted various preventive and hygiene measures for employees and clients since early January 2020. The Group has taken the precautionary hygiene measures at our workplaces to minimise the risk of transmission of COVID-19, so as to provide our employees with a safe and healthy working environment. Our precautionary measures are highlighted as below:

- To allocate sufficient hygiene supplies and implemented social distancing restrictions in the workplaces;
- To establish and implement guidelines and procedures for controlling visitors, on-boarding of new employees, arranging quarantine for employees who return to the workplace after public holidays, as well as handling suspected cases swiftly and safely;
- To carry out temperature check in the workplaces;
- To record contact information and in/out time of every visitor;
- To maintain productivity during the pandemic by engaging in remote workforce;
- Staggered working hours and lunch breaks are encouraged to reduce physical contact among employees; and
- To offer online training to reduce the number of gatherings and thus the risk of spread.

4. PEOPLE *(continued)*

4.2 Employment

In order to attract and retain our employees, which are our most valuable assets, the Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees. During the Year, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources.

Hong Kong Region

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations throughout the Year, including the Mandatory Provident Fund Schemes Ordinance by participating in the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") for our eligible employees, Minimum Wage Ordinance, Employment Ordinance and Employees' Compensation Ordinance by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

PRC Region

In the PRC, we participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

Japan Region

In Japan, the Group during the Year participated in Employee's Pension Insurance scheme, accident insurance and medical insurance for eligible employee in accordance with the local regulations including the Labour Standards Law of Japan. We also observed the Labour Contract Law during the Year.

Germany Region

In Germany, we complied with the employment law and regulations of Germany throughout the Year, including the Civil Code, General Equal Treatment Act, Part-Time and Limited Term Employment Act, Continuation of Remuneration Act, Minimum Wage Act, Protection Against Unfair Dismissal Act, Minimum Vacation Act for Employees, Works Constitution Act, Hours of Employment Act, Maternity Protection Act, Federal Parental Benefit and Parental Leave Act and Labour Court Act.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

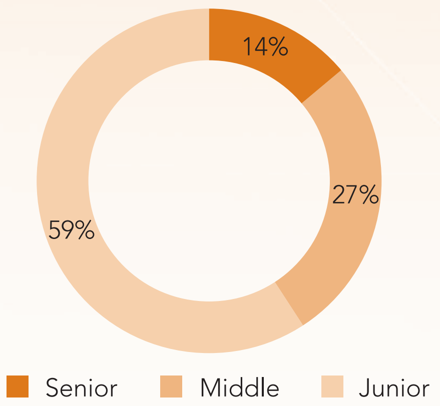
4. PEOPLE *(continued)*

4.2 Employment *(continued)*

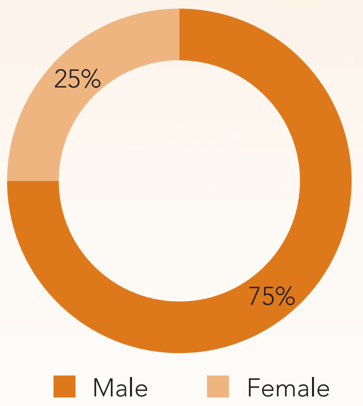
Table 4-1: Our Workforce

	FY2021
Total Number of Full-Time Employees	193
Turnover Rate by Gender	
Male	3.5%
Female	4.2%
Turnover Rate by Age	
Under 30 years old	0.0%
30–50 years old	4.8%
Over 50 years old	10.0%

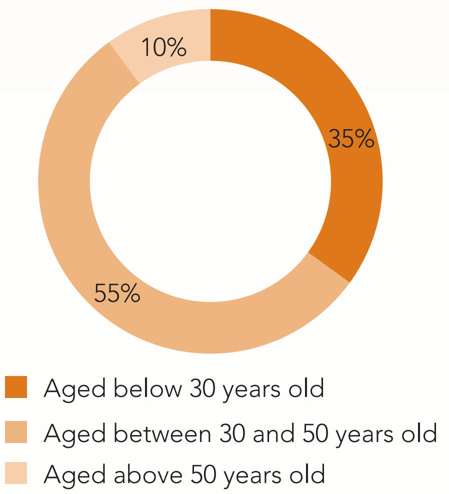
Total Workforce by Employment Level as of 30 September 2021



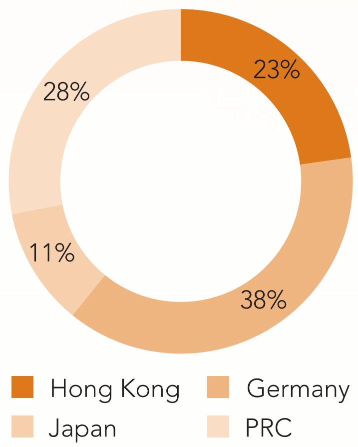
Total Workforce by Gender as of 30 September 2021



Total Workforce by Age Group as of 30 September 2021



Total Workforce by Region as of 30 September 2021



4. PEOPLE *(continued)*

4.3 Occupational Health and Safety

With a view to maintaining a dynamic and injury-free culture, we are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. Health and safety standards are given prime consideration in our operations, and regulatory compliance is strictly upheld. The goals of our Occupational Safety and Health ("OSH") policy are highlighted as below:

- Pursuit of a healthy, comfortable and safe working environment for our employees;
- Commitment of appropriate resources and leadership to the OSH management system;
- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- The OSH management system defines appropriate objectives and targets on a regular basis;
- Zero tolerance of accidents and injuries;
- Promotion of a safety culture among employees;
- Communication of our health and safety performance with stakeholders and seek their involvement wherever applicable;
- Regular review of the performance of various OSH measures so that their effectiveness and reliability can be maintained; and
- Compliance with applicable laws and regulations in relation to occupational safety and health.

To achieve the goals of our OSH policy, the following appropriate measures are adopted:

- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Organization of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- Promotion of safety culture among employees;
- Organization of induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Provision of OSH training sessions to employees according to their roles and responsibilities to ensure awareness of job hazards and conformity to safety practices with respect to OSH;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. PEOPLE *(continued)*

4.3 Occupational Health and Safety *(continued)*

- Provision of job-related training to existing staff-members to strengthen their professional knowledge and skills in daily operations and safety matters;
- Training courses and measures are reviewed and regularly reported to the management by the safety officer;
- Encourage contractors or sub-contractors to assist in the implementation of policies, procedures and practices related to OSH at work wherever practical;
- Prohibition of smoking and abuse of alcohol and drugs in workplaces;
- Provision of first aid kits and fire extinguishers in workplaces;
- Provision of clean and tidy rest area;
- Provision of adjustable chairs and monitors for eye protection;
- Installation of air purifiers in relatively crowded areas such as conference and meeting rooms; and
- Set up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in workplaces.

During the Year, the Group complied with the Occupational Safety and Health Ordinance, by ensuring that the employees are working in a safe environment in respect of health, hygiene, ventilation, fire evacuation plans, building structure and means of escape.

During the past three years including the Year, the Group did not record any accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified during the Year.

Table 4-2: Health and Safety

	FY2021
No. of Work-Related Fatalities	0
Rate of Work-Related Fatalities	0
Lost Days due to Injury at Work	10

4. PEOPLE *(continued)*

4.4 Development and Training

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people, striving to create an environment of continuous learning, to facilitate development of careers and to provide knowledge and skills for better fulfilment of roles and responsibilities. Our training programmes are designed not only to enhance the sustainable development of the Group and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

During the Year, the Group organized a total of 466 hours of development and training. Each employee at all levels received, on average, 2.41 hours of development and training, including induction training, technical skills training, thematic courses such as anti-corruption, and pre-post training.

Table 4-3: Employee Training

	Unit	FY2021
Average hours of training received per employee	hours	**2.41**
Average hours of training per employee by ranking		
Senior Staff	hours	**3.85**
Middle Staff	hours	**2.96**
Junior Staff	hours	**1.83**
Average hours of training per employee by gender		
Male	hours	**2.03**
Female	hours	**3.58**
Percentage of employees trained by employment level		
Senior Staff	%	**100.0**
Middle Staff	%	**94.3**
Junior Staff	%	**67.5**
Percentage of employees trained by gender		
Male	%	**78.6**
Female	%	**81.3**

We encourage directors and senior management to take part in professional training sessions and seminars with topics generally including occupational safety, corporate governance, business development and strategy in order for them to develop and refresh their knowledge and skills. We additionally provided the management with a series of thematic courses to strengthen and refresh their knowledge, leadership and management skills, covering various topics stipulated in different ordinances, rules and guidelines. Latest applicable laws, rules and regulations are circulated with employees and directors from time to time.

4. PEOPLE *(continued)*

4.4 Development and Training *(continued)*

The Group pays full attention to the relevant regulatory changes and work closely with different departments to determine the continuous professional training required for relevant employees and directors to update their knowledge and skills to maintain their professional competence. Details of the development and training programs are summarized as below.

- Orientation programs are organized for new joiners by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping them adapt to the new work environment affirmatively and quickly;

- Continuous training is committed in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets;

- Directors and senior management are encouraged to take part in professional thematic training and seminars including occupational safety, corporate governance, business development and strategy; and

- Employees from respective departments are encouraged to take part in thematic courses to strengthen and refresh their knowledge, management skills, including various topics stipulated in different ordinances, rules and guidelines such as the Securities and Futures Ordinance, Personal Data (Privacy) Ordinance, Main Board Listing Rules and Guidelines, compliance, anti-money laundering ("AML"), anti-corruption and Know-Your-Client.

4.5 Labour Standards

The Group strictly prohibits the employment of any child labour and forced labour in any form, being fully aware that exploitation of child and forced labour violates human rights and international labour conventions. All candidates applying to a position in the Group are required to present their identity documents for inspection and ascertaining their identities, ages and validity of employment status. Recruiters strictly review the entry documents including medical examination certificates, academic certificates and identity cards.

During the Year, the Group strictly complied with the relevant laws and regulations, including the Labour Law, the Protection of Minors and the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as practicable. No non-compliance case was noted in relation to labour standard laws and regulations reported during the Year.

4. PEOPLE *(continued)*

4.6 Recruitment and Promotion

Considering that every employee has unique talents, competencies and the potential to become a driving force for our corporate development and long-term growth, the Group supports the development of competencies of our employees while proactively managing our talent pipeline and career development for them. The Group is determined to uphold an open, fair, just and reasonable recruitment and human resource policies, with respect to equal opportunities, diversity and anti-discrimination. We are committed to nurturing skills and capabilities in order to unlock the best in our employees, and therefore drive creativity and innovation that will contribute to our long-term sustainable growth.

The Group has formulated the recruitment policy with respect to equal opportunities, diversity and anti-discrimination. We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

During the Year, we strictly observed the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

4.7 Harmonious Corporate Culture

The Group is strongly convinced that a harmonious corporate culture among the employees and management are always the key drivers to the Group's healthy and prosperous growth. To achieve this, we utilize a variety of channels, including:

- Regular all-staff meetings to update on business performance and the development of key projects;
- Employee engagement to ensure that employees' voices are heard and responded to at both corporate and team levels; and
- Regular and festival gatherings were organised during the Year to enhance the harmonious sprit of different levels of staff members in recognition of their contributions and dedicated work to the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. OPERATING RESPONSIBILITY

In order to achieve our goal to be a responsible corporation in our operating region, we realize that we must operate in a sustainable fashion with a comprehensive ESG management approach and dissemination of pursuing sustainability into our core business. It is additionally essential for us to encourage all business partners to incorporate those sustainability practices and policies into their operations thoroughly in order to work together in our pursuit of sustainable development.

5.1 Innovation-Driven Development

The Group anticipates that innovation and technology strategies shall play a crucial role in our long-term business development. As such, we are determined to set ourselves in a good position to continuously and proactively introduce products, services and processes derived from high-tech oriented research and development, into our operation and business model wherever commercially feasible and appropriate.

5.2 Supply Chain Management

The Group understands that the supply chain management is always one of the key aspects of the Group's operations. Our sustainable supply chain includes adoption of environmentally conscious operations in logistics, being environmentally responsible when sourcing raw materials, due diligence of material and product procurement, distribution, warehousing and inventory management.

We developed a vendor and supplier selection mechanism based on potential vendors' compliance with all applicable laws and regulations in relation to the safety, environment, forced labour, child labour and other social aspects. Products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process. To evaluate the performance of the selected suppliers as well as to minimize the environmental and social risks along the supply chain, regular assessments covering the professional qualification, services/products quality, financial status, integrity, and social responsibility will be conducted if deemed necessary. When the evaluation result of a supplier is not satisfactory, the supplier will be removed from the approved list.

Every supplier is required to comply with our code of practice, which prohibits offering of gifts, loans, hospitality, services or favor in an improper manner. In addition, the Group encourages our business partners to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business, through develop energy-saving and consumption-reducing policies. For example, we recommend the suppliers to engage with the strategy of sustainable transport and logistics solutions such as using online carbon calculator for route planning in order to reduce carbon footprint throughout their delivery process.

We believe that, through the above review process, we can minimize the potential environmental and social risks associated with the supply chain management. During the Year, the Group engaged 195 suppliers which are all geographically located in the region where we operated. No complaint in respect of the environmental and social risks from engaging any suppliers was received during the Year.

5. OPERATING RESPONSIBILITY *(continued)*

5.3 Product and Service Responsibility

Lead Innovation

We have assigned significant resources to research and development to maintain and strengthen our position as the leading solutions provider for cleaner, safer, smarter mobility options/technologies to build ecosystems that will connect people, goods and services for generations to come. We feature a world-class team with extensive human capital and proprietary property. With a proven track record, we have successfully executed high profile projects and applications globally. In the future, we will continue to optimize our multinational assets strategy to reduce costs and maximize resources utilization by focusing on high-value and highly competitive service platform for "future mobility".

Quality Assurance

We are committed to the highest standards of services and products we deliver. The Group undertakes the defined quality assurance protocol to ensure products and services constantly meet customer requirements and legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse. We carry out regular assessment for each product type with respect to the aspects of environmental impact, health impact, safety and hazards associated with raw materials. We ensure that every product is correctly labelled with sufficient information and directions for use required by legislation and industry codes of practice.

We perform continuous and regular assessments of the product quality and review of opportunities for improvements and changes. In the event that parts are identified to be defective and a recall is necessary to be initiated, we will notify each client directly in a timely manner. Subject to the severity of the identified defect, (i) we may direct clients to the nearest authorized partner for repair and change of parts; (ii) we may send a "flying doctor" from our factory to clients for repair and change of parts, or (iii) we may assist clients to ship the car back to our factory for repair and change of parts. As part of our commitment to the highest quality of services and products, we are responsible for all expenses arising from the recall procedures for our clients.

During the Year, our operation in Hong Kong complied with relevant laws and regulations in relation to advertising, labelling and consumer protection, for instance, "Trade Description Ordinance" of Hong Kong, "Consumer Protection Law of the PRC", "Advertising Law of the PRC", and "Product Quality Law of the PRC".

During the Year, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services. There were no cases of product recall nor complaints received against our services due to health and safety issues during the Year.

Table 5-1: Product Recalls and Complaints

	FY2021
Percentage of complaints received about the products related to health and safety issues	n/a
Percentage of sold/shipped products recalled due to safety and health reasons	n/a

5. OPERATING RESPONSIBILITY *(continued)*

5.4 Privacy Protection

The Group emphasizes the importance of protecting our clients' personal data against unauthorized access, use or loss and we adhere to the Personal Data (Privacy) Ordinance when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. The Group respects privacy rights of its stakeholders with utmost importance.

The Group sets out data privacy requirements in our corporate policies, under which customer and supplier data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

There were no non-compliance cases noted in relation to our data privacy and no material complaints received regarding our services that would have significant impact during the Year.

5.5 Anti-Corruption

The Group makes every effort to uphold a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. The Group has developed a series of policies, compiled code-of-conduct and provided training with respect to anti-fraud and anti-bribery, which apply to all staff-members (including directors of the Company). In general, we require our employees to declare any conflict of interest, to avoid any possible conflict with sub-contractors or suppliers, organizing seminars in relation to anti-corruption and avoidance of conflict of interest for our employees. We also encourage our business-related parties, including suppliers to observe those principles of the policies and to proactively report any suspected misconduct issues to the Group. Meanwhile, employees are encouraged to report any concern in relation to accounting controls and audit matters to the Audit Committee which will review each complaint and decide how the investigation should be conducted. No cases of anti-corruption were concluded whereas the Audit Committee identified no complaint from employees during the Year.

During the Year, the Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance of Hong Kong and Criminal Law and the Regulations for Suppression of Corruption of the PRC.

5.6 Whistle-Blowing

In order to encourage our employees to report illegality, irregularity, malpractice, unethical acts or behaviors, inappropriate conducts or actions, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees. The policy aims to encourage our employees to report behaviour that is not in line with the principles of ethics and the Group's policy such as events that are non-compliant with the Group's policy, laws, rules, regulations, general practice of financial reporting and internal control.

The Group is committed to addressing the "whistle-blowers" concerns in a fair and reasonable manner and to handling the reports with due care and conducting a comprehensive and independent investigation for each reasonably established report. All "whistle-blowers" who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated.

5. OPERATING RESPONSIBILITY *(continued)*

5.7 Protection of Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("IP rights") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals. In order to prevent infringement and enhance copyright protection, a copyright compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information.

5.8 Customer Satisfaction

Realizing that our customer needs and expectations should be well addressed, the Group highly values the level of satisfaction of clients and their feedback. Regular communication channels and feedback systems, such as telephone hotline, emails, social media and websites, are in place to collect information on satisfaction and suggestions for improvement from our diverse portfolio of clients.

The Group consolidated and comprehensively analysed the clients' feedback in order to identify the issues. Follow-up actions, including internal evaluation and modification of training programs for employees, will be taken to address the issues identified and to continuously improve our service delivered. Feedback will additionally be provided to the clients in a timely manner.

6. CONTRIBUTING TO THE COMMUNITY

The Group actively strives to making a better society through our active involvement in the community, putting the best effort and resources in helping the local communities and people in needs through multiple channels including community engagement and sponsorship programs.

During the Year, the Group participated in the meaningful Wise Giving Charitable Trust and made a sponsorship totaling HK$315,000 to "Future Stars — Upward Mobility Scholarship 2021" in March 2021. Such scholarship program, launched by the Commission on Poverty and coordinated by the Hong Kong Council of Social Service, aimed to encourage youths who counter adversity with a positive attitude and demonstrate prominent progress in academic or other areas. The Group considers this kind of charitable event is a good fit for our sustainable development together with the community, as part of our community-care effort.

Going forward, the Group will continue to foster the culture of active participation in community engagement, encouraging our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

7. HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Managing Environmental Protection	
KPI A1.1	Types of emissions and respective emissions data	Managing Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Managing Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	–	The Group has not identified any hazardous waste produced in our core business
KPI A1.4	Total non-hazardous waste produced and intensity	Managing Environmental Protection	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Managing Environmental Protection	
KPI A1.6	Description of how hazardous and non — hazardous waste are handled, reduction initiatives and results achieved	Managing Environmental Protection	

7. HKEX ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Managing Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Managing Environmental Protection	
KPI A2.2	Water consumption in total and intensity	Managing Environmental Protection	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Managing Environmental Protection	
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	–	Defined to be irrelevant to the Group's operation
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	–	Use of packaging material is not applicable to the Group's core operation
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Managing Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Managing Environmental Protection	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. HKEX ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	People	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	People	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	People	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	People	
KPI B2.1	Number and rate of work-related fatalities	People	
KPI B2.2	Lost days due to work injury	People	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	People	

7. HKEX ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People	
KPI B3.1	The percentage of employees trained by gender and employee category	People	
KPI B3.2	The average training hours completed per employee by gender and employee category	People	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	People	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	People	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	People	No such incidents were reported during the Year.
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Responsibility	
KPI B5.1	Number of suppliers by geographical region	Operating Responsibility	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Responsibility	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. HKEX ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Responsibility	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Operating Responsibility	
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Operating Responsibility	No products and service related complaints received during the Year.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operating Responsibility	
KPI B6.4	Description of quality assurance process and recall procedures	Operating Responsibility	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Operating Responsibility	

7. HKEX ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Responsibility	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Year and the outcomes of the cases	Operating Responsibility	No concluded legal cases regarding corrupt practices brought against the Group or its employees during the Year.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Operating Responsibility	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Contributing to Our Community	
KPI B8.1	Focus areas of contribution	Contributing to Our Community	
KPI B8.2	Resources contributed to the focus areas	Contributing to Our Community	

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Apollo Future Mobility Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Apollo Future Mobility Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 89 to 205, which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible assets with indefinite useful lives	
As at 30 September 2021, the Group had goodwill and other intangible assets with indefinite useful lives, representing trademarks (the "Intangible Assets"), acquired through business combinations allocated to mobility technology solutions cash-generating units ("CGUs") of the Group with net carrying amounts of approximately HK$2,146,526,000 and HK$170,293,000, respectively. Goodwill and the Intangible Assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. Impairment is determined by assessing the recoverable amounts of the respective CGUs to which the goodwill and the Intangible Assets relate and whether the recoverable amounts of the respective CGUs are less than their carrying amounts. For the year under review, the recoverable amounts of the respective CGUs have been determined based on the respective CGUs' fair value less costs of disposal using cash flow projections specific to each CGU and applying a discount rate which reflects specific risks relating to the CGU, with the assistance from certain independent professionally qualified valuers (the "external valuers"). The impairment testing of goodwill and the Intangible Assets required management to make certain estimates and assumptions that would affect the reported amounts of goodwill and the Intangible Assets and related disclosures in the consolidated financial statements. We focused on this area due to the magnitude of the balances involved and the significant judgements and estimates required in determining the recoverable amounts of the relevant CGUs. The related disclosures are included in notes 2.4, 3, 18 and 19 to the consolidated financial statements.	We evaluated management's impairment assessment of goodwill and the Intangible Assets. The key audit procedures we performed on evaluating the methodologies, assumptions and estimates used in the impairment assessment included, inter alia, (i) assessing the historical accuracy of the prior year's assumptions and estimates made by management, as appropriate; (ii) obtaining an understanding of the current and expected future developments of the CGUs and factors that might affect key assumptions and estimates of the fair values or cash flow projections and discount rates applicable to the CGUs; (iii) evaluating the objectivity, capabilities and competence of the external valuers engaged by the Group; (iv) involving our internal valuation specialists to assist us in evaluating the methodologies used and certain key assumptions and estimates made by management and/or the external valuers, including, inter alia, the specific discount rate and long term growth rate of each relevant CGU, with reference to relevant historical/market information, and other information, assumptions and estimates for the assessment of fair value less costs of disposal; (v) evaluating management's assessment about reasonable possible changes in relevant key assumptions and estimates, as appropriate; and (vi) reviewing the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through profit or loss	
As at 30 September 2021, the Group's financial assets at fair value through profit or loss (before share of loss of an associate) of approximately HK$1,003,844,000 were categorised as Level 3 within the fair value hierarchy. For Level 3 valuation, the Group engaged certain independent professionally qualified valuers (the "external valuers") to apply valuation techniques to determine the fair values of the financial assets at fair value through profit or loss that are not quoted in active markets. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements, estimations and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial assets. We focused on this area due to the magnitude of the balance involved and the significant accounting judgements and estimates required in determining the fair values of these financial assets. The related disclosures are included in notes 2.4, 3, 22 and 43 to the consolidated financial statements.	With the assistance from our internal valuation specialists, we evaluated the valuation methodologies and assumptions adopted in the valuation of the financial assets at fair value through profit or loss that were categorised as Level 3 within the fair value hierarchy by (i) examining the terms of the financial instruments and the relevant agreements; and (ii) assessing the key parameters used, such as volatility, risk-free rate, earning multiples and discount rate, against available market information. We evaluated the objectivity, capabilities and competence of the external valuers engaged by the Group. We also reviewed the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans receivable As at 30 September 2021, the Group had outstanding loans receivable with a net carrying amount of approximately HK$704,504,000. Impairment losses recognised in the consolidated statement of profit or loss for the year in respect of the Group's loans receivable amounted to approximately HK$12,547,000. The Group assessed the expected credit loss for each loan receivable by applying the probability of default approach under Hong Kong Financial Reporting Standard 9 *Financial Instruments* ("HKFRS 9"), with the assistance of certain independent professionally qualified valuers (the "external valuers"). Significant accounting judgements, estimates and assumptions are required in determining the expected credit losses of loans receivable. We focused on this area due to the magnitude of the balance involved and the significant accounting judgments and estimates required in assessing the loss allowance for impairment of loans receivable. The related disclosures are included in notes 2.4, 3 and 23 to the consolidated financial statements.	With the assistance of our internal specialists, we evaluated the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used in the Group's impairment assessment of loans receivable. Our key audit procedures performed included, inter alia, (i) examining background information and repayment capability of the loan debtors, such as available credit assessments and information regarding the creditability/financial strengths of the loan debtors; (ii) assessing the reasonableness and appropriateness of management's judgement on determining if a significant increase in credit risk has occurred or a loan receivable is credit-impaired and the basis for classification of exposures into the 3 stages as required by HKFRS 9 and examining supporting information to assess the appropriateness of the classification of exposures as at the end of the reporting period; (iii) testing the accuracy of key data sources and parameters applied in the expected credit loss computations by checking to appropriate supporting information and the relevant loan agreements; and (iv) assessing the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used by checking to applicable external data sources and other available information, taking into consideration the fair value of any collaterals and other relevant information, and the impact of forward looking factors. We evaluated the objectivity, capabilities and competence of the external valuers engaged by the Group. We also reviewed the related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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.

RESPONSIBILITIES OF THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Tsz Tat.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2021

	Notes	2021 HK$'000	2020 HK$'000
REVENUE	5	**528,559**	357,705
Cost of sales		**(397,051)**	(231,790)
Gross profit		**131,508**	125,915
Other income	6	**18,878**	18,812
Other gains/(losses), net	7	**(40,230)**	36,713
Selling and distribution expenses		**(42,937)**	(56,553)
General and administrative expenses		**(294,763)**	(170,649)
Research and development costs		**(77,811)**	(28,643)
Other expenses		**(1,124)**	(149)
Finance costs	9	**(6,823)**	(8,253)
Share of profits and losses of:			
Joint venture		**(2)**	(6)
Associates		**(42,905)**	4,847
LOSS BEFORE TAX	8	**(356,209)**	(77,966)
Income tax expense	12	**(3,144)**	(281,397)
LOSS FOR THE YEAR		**(359,353)**	(359,363)
Attributable to:			
Owners of the Company		**(349,589)**	(345,177)
Non-controlling interests		**(9,764)**	(14,186)
		(359,353)	(359,363)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14		
Basic		**HK(4.51) cents**	HK(4.81) cents
Diluted		**HK(5.05) cents**	HK(4.81) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2021

	Note	2021 HK$'000	2020 HK$'000
LOSS FOR THE YEAR		**(359,353)**	(359,363)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(61,697)**	31,382
Reclassification adjustments for foreign operations disposed of during the year	37	**3,676**	(4,269)
		(58,021)	27,113
Share of other comprehensive income of an associate		**2,070**	1,430
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(55,951)**	28,543
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(415,304)**	(330,820)
Attributable to:			
Owners of the Company		**(413,136)**	(319,444)
Non-controlling interests		**(2,168)**	(11,376)
		(415,304)	(330,820)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**103,323**	102,834
Investment properties	16	**12,825**	63,228
Right-of-use assets	17(a)	**100,696**	73,394
Goodwill	18	**2,146,526**	1,994,520
Other intangible assets	19	**296,559**	310,290
Interest in a joint venture	20	**379**	381
Interests in associates	21	**–**	25,365
Financial assets at fair value through profit or loss	22	**1,010,742**	1,028,342
Loans receivable	23	**52,442**	26,656
Deferred tax assets	32	**18,619**	5,934
Deposits	24	**7,675**	9,856
Total non-current assets		**3,749,786**	3,640,800
CURRENT ASSETS			
Inventories	25	**173,352**	172,662
Accounts receivable	26	**54,183**	17,772
Contract assets	27	**2,684**	–
Loans receivable	23	**652,062**	678,055
Prepayments, deposits and other receivables	24	**294,392**	621,183
Financial assets at fair value through profit or loss	22	**1,011**	1,376
Tax recoverable		**4,140**	1,481
Cash and cash equivalents	28	**150,053**	184,541
Total current assets		**1,331,877**	1,677,070
CURRENT LIABILITIES			
Accounts payable	29	**82,735**	44,319
Other payables and accruals	30	**312,651**	297,705
Interest-bearing bank and other borrowings	31	**105,371**	147,474
Lease liabilities	17(b)	**11,312**	8,099
Contingent consideration payable	22	**742,882**	–
Tax payable		**22,644**	372,278
Total current liabilities		**1,277,595**	869,875
NET CURRENT ASSETS		**54,282**	807,195
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,804,068**	4,447,995

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 September 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES			
Other payables	30	**10,808**	15,909
Interest-bearing bank borrowings	31	**17,343**	19,561
Lease liabilities	17(b)	**36,458**	15,068
Contingent consideration payables	22	**53,460**	619,069
Deferred tax liabilities	32	**46,417**	44,996
Total non-current liabilities		**164,486**	714,603
Net assets		**3,639,582**	3,733,392
EQUITY			
Equity attributable to owners of the Company			
Issued capital	33	**798,279**	717,019
Reserves	35	**2,860,418**	2,890,176
		3,658,697	3,607,195
Non-controlling interests		**(19,115)**	126,197
Total equity		**3,639,582**	3,733,392

Mr. Ho King Fung, Eric
Director

Mr. Sung Kin Man
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2021

		Attributable to owners of the Company									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 October 2019		717,019	5,912,183	38,655	689	80,902	11	(2,825,203)	3,924,256	119,409	4,043,665
Loss for the year		–	–	–	–	–	–	(345,177)	(345,177)	(14,186)	(359,363)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations		–	–	26,890	–	–	–	–	26,890	4,492	31,382
Reclassification adjustment for a foreign operation disposed of during the year	37	–	–	(2,587)	–	–	–	–	(2,587)	(1,682)	(4,269)
Share of other comprehensive income of an associate		–	–	1,430	–	–	–	–	1,430	–	1,430
Total comprehensive loss for the year		–	–	25,733	–	–	–	(345,177)	(319,444)	(11,376)	(330,820)
Acquisition of subsidiaries	36	–	–	–	–	–	–	–	–	19,632	19,632
Acquisition of non-controlling interests		–	–	–	–	–	–	(652)	(652)	142	(510)
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	(1,610)	(1,610)
Equity-settled share option arrangements	34	–	–	–	–	3,035	–	–	3,035	–	3,035
Transfer to reserve funds		–	–	–	264	–	–	(264)	–	–	–
At 30 September 2020		717,019	5,912,183	64,388	953	83,937	11	(3,171,296)	3,607,195	126,197	3,733,392

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 30 September 2021

		Attributable to owners of the Company									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 October 2020		717,019	5,912,183	64,388	953	83,937	11	(3,171,296)	3,607,195	126,197	3,733,392
Loss for the year		–	–	–	–	–	–	(349,589)	(349,589)	(9,764)	(359,353)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations		–	–	(69,293)	–	–	–	–	(69,293)	7,596	(61,697)
Reclassification adjustments for foreign operations disposed of during the year	37	–	–	3,676	–	–	–	–	3,676	–	3,676
Share of other comprehensive income of an associate		–	–	2,070	–	–	–	–	2,070	–	2,070
Total comprehensive loss for the year		–	–	(63,547)	–	–	–	(349,589)	(413,136)	(2,168)	(415,304)
Acquisition of subsidiaries	36	–	–	–	–	–	–	–	–	435	435
Disposal of subsidiaries	37	–	–	–	(561)	–	–	561	–	(143,579)	(143,579)
Issue of shares	33	81,260	292,534	–	–	–	–	–	373,794	–	373,794
Share issue expenses		–	(16,022)	–	–	–	–	–	(16,022)	–	(16,022)
Equity-settled share option arrangements	34	–	–	–	–	106,866	–	–	106,866	–	106,866
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	(9,270)	–	9,270	–	–	–
At 30 September 2021		798,279	6,188,695*	841*	392*	181,533*	11*	(3,511,054)*	3,658,697	(19,115)	3,639,582

* These reserve accounts comprise the consolidated reserves of HK$2,860,418,000 (2020: HK$2,890,176,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2021

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(356,209)**	(77,966)
Adjustments for:			
Finance costs	9	**6,823**	8,253
Share of loss of a joint venture		**2**	6
Share of losses/(profits) of associates, net		**42,905**	(4,847)
Bank interest income	6	**(792)**	(2,241)
Fair value losses on investment properties	7	**121**	26,638
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	7	**(21,885)**	133,337
Fair value losses on contingent consideration payables, net	7	**56,008**	21,850
Gain on expropriation of investment properties	7	**–**	(315,940)
Gain on deregistration of a subsidiary	7	**(46)**	–
Loss/(gain) on disposal of subsidiaries	7	**(35,840)**	10,204
Impairment of goodwill	7	**–**	29,555
Impairment of other intangible assets	7	**–**	27,135
Impairment of accounts receivable, net	7	**1,302**	177
Impairment of loans receivable, net	7	**12,547**	29,102
Impairment of other receivables	7	**25,554**	–
Loss on disposal of items of property, plant and equipment, net	7	**564**	685
Write-off of items of property, plant and equipment	7	**–**	878
Depreciation of property, plant and equipment	8	**12,660**	8,694
Depreciation of right-of-use assets	8	**9,293**	8,796
Amortisation of other intangible assets	8	**20,689**	9,186
Reversal of write-down of inventories to net realisable value	8	**(1,121)**	(10,955)
Gain on termination of leases	17(c)	**(48)**	(2)
Equity-settled share option expense	34	**106,866**	3,035
		(120,607)	(94,420)
Decrease/(increase) in inventories		**(117,797)**	81,119
Decrease/(increase) in accounts receivable		**(81,353)**	18,532
Increase in loans receivable		**(11,461)**	(91,306)
Decrease/(increase) in prepayments, deposits and other receivables		**(64,636)**	(317,161)
Increase/(decrease) in accounts payable		**39,718**	(65,489)
Increase in other payables and accruals		**81,118**	5,340
Cash used in operations		**(275,018)**	(463,385)
Hong Kong profits tax refunded/(paid)		**(5,985)**	1,977
Overseas taxes paid		**(724)**	(413)
Net cash flows used in operating activities		**(281,727)**	(461,821)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

Year ended 30 September 2021

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**792**	2,241
Purchases of/deposits paid for purchases of items of property, plant and equipment		**(8,861)**	(9,635)
Proceeds from disposal of items of property, plant and equipment		**1,012**	3,363
Additions to investment properties		**(46,248)**	(9,296)
Settlement from expropriation of investment properties		**260,498**	377,772
Additions to other intangible assets		**(1,648)**	(20,344)
Acquisition of subsidiaries	36	**(131,128)**	(124,296)
Disposal of subsidiaries	37	**(142,554)**	2,850
Proceed from deregistration of an associate		**4,380**	–
Proceed from disposal of a financial asset at fair value through profit or loss		**20,000**	–
Net cash flows from/(used in) investing activities		**(43,757)**	222,655
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	33	**373,794**	–
Share issue expense		**(16,022)**	–
New bank borrowings	38(b)	**89,657**	94,344
Repayment of bank and other borrowings	38(b)	**(137,139)**	(103,319)
Principal portion of lease payments	38(b)	**(8,744)**	(6,159)
Acquisition of non-controlling interests		**–**	(510)
Dividend paid to a non-controlling shareholder		**–**	(1,610)
Interest paid		**(5,702)**	(5,148)
Interest element of lease payments		**(1,121)**	(1,202)
Net cash flows from/(used in) financing activities		**294,723**	(23,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(30,761)**	(262,770)
Cash and cash equivalents at beginning of year		**184,541**	447,606
Effect of foreign exchange rate changes, net		**(3,727)**	(295)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**150,053**	184,541
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	**145,237**	111,760
Non-pledged time deposits with original maturity of less than three months when acquired	28	**4,816**	72,781
		150,053	184,541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

1. CORPORATE AND GROUP INFORMATION

Apollo Future Mobility Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- designing, developing, manufacturing and sales of high performance hypercars and provision of mobility technology solutions;
- retailing and wholesale of jewellery products, watches and other commodities; and
- money lending.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2021	2020	Principal activities
Ming Fung Investment Holdings Limited ("Ming Fung Investment")	British Virgin Islands ("BVI")	US$1,000	**100**	100	Investment holding
GLM Co., Ltd. ("GLM")	Japan	Japanese Yen ("JPY")100,000,000	**88.56**	88.56	Provision of mobility technology solutions
Sino Partner Global Limited ("Sino Partner") (note (e))	BVI	US$23,299	**86.06**	86.06	Investment holding
Apollo Automobile Limited	England and Wales	£100	**86.06**	86.06	Holder of trademark
Apollo Automobil Limited	Hong Kong	HK$10,000	**86.06**	86.06	Sales of high performance hypercars
Apollo Automobil GmbH	Germany	Euro ("EUR")25,000	**86.06**	86.06	Design, development and manufacturing of high performance hypercars
Apollo Automobil Group Limited	England and Wales	£1	**100**	100	Provision of mobility technology solutions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2021	2020	Principal activities
Ideenion Automobil AG ("Ideenion") (note (f))	Germany	EUR50,000	**100**	–	Provision of mobility technology solutions
Ideenion Design AG	Germany	EUR50,000	**75**	–	Provision of mobility technology solutions
Ideenion Electronic AG	Germany	EUR50,000	**100**	–	Provision of mobility technology solutions
Grand Destiny Venture Ltd. ("Grand Destiny")	BVI	US$1	**100**	100	Investment holding
Global 3D Printing Ltd. ("Global 3D Printing")	Cayman Islands	US$1	**100**	100	Investment holding
Shenzhen Qijingda Trading Company Limited (深圳市琪晶達貿易有限公司) (notes (b), (c) and (d))	People's Republic of China (the "PRC")/ Mainland China	Renminbi ("RMB")100,000,000	**100**	100	Retail and wholesale of jewellery products, watches and other commodities
Swiss Mechanical Times (Hong Kong) Limited	Hong Kong	HK$10,000	**100**	100	Wholesale of watches
Chance Achieve Limited	Hong Kong	HK$1	**100**	100	Money lending
Raise Success Limited ("Raise Success")	Hong Kong	HK$2	**100**	100	Money lending
Marvel Bloom Limited ("Marvel Bloom") (note (g))	BVI	US$1,000	**–**	100	Money lending
Shenyang Commercial City (Group) Co., Ltd. (沈陽商業城 (集團) 有限公司) (notes (b) and (c))	PRC/ Mainland China	RMB249,000,000	**–**	100	Property investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2021	2020	Principal activities
Shenyang Storage and Transportation Group Logistic Co., Ltd. (沈陽儲運集團物流配送有限公司) (notes (b) and (c))	PRC/ Mainland China	RMB30,425,099	–	61.52	Property investment and retail and wholesale of jewellery products, watches and other commodities
Shenyang Dongmao Paper Trading Centre Co., Ltd. (沈陽東貿紙品交易中心有限公司) (notes (b) and (c))	PRC/ Mainland China	RMB8,262,601	–	54.08	Property investment

Notes:

(a) Except for Ming Fung Investment, Sino Partner, Ideenion, Raise Success, Grand Destiny, Global 3D Printing and the 85.52% (2020: 85.52%) equity interest in GLM which are directly held by the Company, all the above subsidiaries and the remaining 3.04% (2020: 3.04%) equity interest in GLM are indirectly held by the Company.

(b) Limited liability companies established in the PRC

(c) English names for identification only

(d) Registered as a wholly-foreign-owned enterprise in the PRC

(e) On 17 March 2020, the Group acquired 86.06% equity interest in Sino Partner. Further details of this acquisition are included in note 36 to the financial statements.

(f) On 10 February 2021, the Group acquired 100% equity interest in Ideenion. Further details of this acquisition are included in note 36 to the financial statements.

(g) On 1 June 2021, the Group disposed of its equity interest in Marvel Bloom. Further details of this disposal are included in note 37 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payables which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 30 September 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits/accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 October 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

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

(d) Amendment to HKFRS 16 (the "2020 Amendment") provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

In April 2021, the HKICPA issued an amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* to extend the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months (the "2021 Amendment"). Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The 2020 Amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 and the 2021 Amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendments recognised as an adjustment to the opening balance of accumulated losses at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the 2020 Amendment and early adopted the 2021 Amendment on 1 October 2020. Since the Group did not apply the practical expedient to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic, the amendments did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 1	*Disclosure of Accounting Policies*[3]
Amendments to HKAS 8	*Definition of Accounting Estimates*[3]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 October 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 1 *Disclosure of Accounting Policies* require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied prospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied prospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied prospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint venture is included as part of the Group's investments in associates or a joint venture.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and a joint venture *(continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 September. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss and contingent consideration payables at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% to 5%
Leasehold improvements	Over the shorter of lease terms and 10% to 20%
Plant and machinery	6% to 50%
Furniture, fixtures and office equipment	13% to 33%
Motor vehicles	15% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The Group's intangible assets represent (i) mining rights with indefinite useful lives, which are stated at cost less any impairment losses; (ii) distribution rights, which are stated at cost less any impairment losses and are amortised on the straight-line basis over the period of the rights granted under the relevant distribution agreements; (iii) customer relationships, which are stated of cost less any impairment losses and are amortised on the straight-line basis over their estimated useful economic lives of three years; (iv) deferred development costs as further explained below; and (v) trademarks with indefinite useful lives, which are stated at cost less any impairment losses.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding seven years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components as a single lease component.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
Leased properties	Over the lease terms
Motor vehicles	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business model are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent it, has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments, that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sales of jewellery products, watches and other commodities

Revenue from the sale of jewellery products, watches and other commodities is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of jewellery products and watches provide customers with volume rebates, which give rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Sales and distribution of vehicles and related components and provision of engineering services

Revenue from the sale of vehicles and related components and provision of engineering services is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery to the customers.

Revenue from the provision of distribution right of vehicles is recognised over the distribution period on a straight-line basis, as the customer simultaneously receives and consumes the benefits provided under the distribution arrangement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(c) Provision of design, development and prototyping of vehicle components

Revenue from the provision of design, development and prototyping of vehicle components is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

(d) Licencing income

Licence fee income is recognised at the point in time when the right to use a vehicular platform is made available for the customer's use and benefit.

Revenue from other sources

Interest income from loan financing is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Marketing subsidies are recognised when there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with.

Government subsidies are recognised when there is reasonable assurance that the government subsidies will be received and all attaching conditions will be complied with, as further explained in the accounting policy for "Government grants" above.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

The cost of equity-settled transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity-settled transactions with parties other than employees is measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value is measured indirectly by reference to the fair value of the equity instruments granted.

The fair value of the share options granted is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China and overseas are required to participate in central pension schemes operated by the local government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint venture and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations, interpretations and practices in respect thereof.

Rebuttable presumption on fair value of investment properties recovered through sale

For the purposes of measuring deferred tax liabilities arising from investment properties located in Mainland China that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purposes, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

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

Estimation uncertainty

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

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of jewellery products and watches with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Inventory provision

The Group sells jewellery products and watches, which are subject to changing consumer demands and fashion trends, and high performance vehicles and related components. Significant judgement is required to assess the appropriate level of inventory provision for these jewellery products and watches and vehicles and related components which might be sold below cost.

To consider whether any write-down of inventories is required, the Group estimates the net realisable value of inventories based on, inter alia, the condition of the inventories, current market conditions, relevant historical and current sales information, and the expected future sales of goods, as well as the ageing of inventories to identify slow-moving items.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets, observable market prices, transaction prices of similar assets in less active markets with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, or other valuation techniques, as appropriate, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

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

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis or at other times when such indicators exist. This requires an estimation of the fair value less costs of disposal or value in use of each cash-generating unit to which the goodwill is allocated. The determination of fair value less costs of disposal is based on available data from comparable binding sales transactions in an arm's length transaction or observable market prices, or other valuation techniques, as appropriate. Estimating the fair value less costs of disposal using the discounted cash flow method or value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The net carrying amount of goodwill at 30 September 2021 of approximately HK$2,146,526,000 (2020: HK$1,994,520,000) was allocated to the mobility technology solutions cash-generating units. Further details of the methodologies, assumptions and estimates adopted to arrive at the recoverable amounts of the respective cash-generating units to which the goodwill is allocated are set out in note 18 to the financial statements. Attributable to the nature and the underlying stage of development of the cash-generating units, the related industries and relevant markets, as well as other forward-looking factors, and the valuation methodologies adopted, the recoverable amounts of the respective cash-generating units are sensitive to the assumptions and estimates, in particular the respective estimated long term growth rates and discount rates adopted, underlying their calculations. Any significant unexpected changes/variations of underlying assumptions and estimates might have material impact on the recoverable amounts of the respective cash-generating units and, consequently, the net carrying amounts of the goodwill allocated to the respective cash-generating units within the next financial year.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates, as applicable.

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

Estimation uncertainty *(continued)*

Purchase price allocation of business combination

The purchase price allocation of the Group's business combination, as detailed in note 36 to the financial statements, requires the determination of fair values of the contingent consideration transferred and the identifiable assets acquired and liabilities assumed. The net assets acquired, include amongst others, inventories, property, plant and equipment and other intangible assets, of which their fair values are dependent on a range of estimates, including discount rate and long term growth rate. The inputs to these models are taken from an observable market where possible but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair values.

Useful lives of intangible assets with finite useful lives

Management determines the estimated useful lives of the Group's intangible assets with finite lives for the calculation of amortisation of intangible assets. This estimate is determined after considering the expected period in which economic benefits can be generated from the intangible assets. Management reviews the estimated useful lives on an annual basis and future amortisation charges are adjusted where management believes the useful lives differ from previous estimates.

Estimation of fair value of investment properties

Subsequent to initial recognition, the Group's investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. The Group's investment properties are revalued at the end of each reporting period based on valuations performed by certain independent professionally qualified valuers using recognised property valuation techniques.

In the absence of current prices in an active market for similar properties, the valuation may consider information from a variety of sources, as appropriate, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

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

Estimation uncertainty *(continued)*

Provision for expected credit losses on accounts receivable

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's accounts receivable is disclosed in note 26 to the financial statements.

Provision for expected credit losses on loans receivable

The measurement of impairment losses under HKFRS 9 on loans receivable requires judgement and estimates, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes qualitative and quantitative information and also forward-looking analysis. The information about the ECLs on the Group's loans receivable is disclosed in note 23 to the financial statements.

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

Estimation uncertainty *(continued)*

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include considerations of inputs such as volatility, risk-free rate, earning multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of share options

The determination of the fair value of the share options granted requires judgements and estimates in determining the expected volatility of share price, the expected dividend yield, the expected life of the options and the number of share options that are expected to vest. Where the outcome of the number of options that are vested is different, such difference will impact the profit or loss in the subsequent remaining vesting period of the relevant share options.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Mobility technology solutions segment — design, development, manufacturing and sales of high performance hypercars, and provision of mobility technology solutions;

(b) Jewellery products, watches and other commodities segment — retailing and wholesale of jewellery products, watches and other commodities;

(c) Money lending segment — provision of loan finance; and

(d) The "others" segment — property investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

4. OPERATING SEGMENT INFORMATION *(continued)*

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that bank interest income, fair value losses on listed equity investments, impairment of other intangible assets, gain/loss on disposal of subsidiaries, non-lease-related finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, listed equity investments, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude certain interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the year ended 30 September 2021, the Group changed the internal reporting structure for making decisions about resource allocation and performance assessment. The "Property investment" operations are no longer reportable operating segment. Accordingly, the amounts previously reported under this reportable operating segment have been disclosed as "Others" segment.

Year ended 30 September 2021/at 30 September 2021

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Revenue from external customers	104,845	377,246	45,115	1,353	528,559
Segment results	(58,480)	(47,577)	6,197	1,353	(98,507)
Reconciliation					
Bank interest income					792
Fair value losses on listed equity investments					(47,338)
Gain on disposal of subsidiaries					35,840
Corporate and other unallocated income and expenses, net					(241,294)
Finance costs (other than interest on lease liabilities)					(5,702)
Loss before tax					(356,209)

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2021/at 30 September 2021 *(continued)*

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Others HK$'000	Total HK$'000
Segment assets	3,683,347	266,515	707,014	12,825	4,669,701
Reconciliation					
Corporate and other unallocated assets					411,962
Total assets					5,081,663
Segment liabilities	956,112	183,996	42,767	–	1,182,875
Reconciliation					
Corporate and other unallocated liabilities					259,206
Total liabilities					1,442,081
Other segment information:					
Capital expenditure*	12,942	4,535	73	46,529	64,079
Interest in a joint venture	379	–	–	–	379
Share of loss of a joint venture	2	–	–	–	2
Share of losses of associates	42,271	634	–	–	42,905
Fair value gains on financial assets at fair value through profit or loss	(69,223)	–	–	–	(69,223)
Fair value losses on contingent consideration payables, net	56,008	–	–	–	56,008
Impairment of accounts receivable, net	–	1,302	–	–	1,302
Impairment of loans receivable, net	–	–	12,547	–	12,547
Impairment of other receivables	–	23,908	–	–	23,908
Depreciation of property, plant and equipment**	7,876	678	1,970	–	10,524
Depreciation of right-of-use assets***	2,564	3,051	2,648	–	8,263
Amortisation of other intangible assets	20,689	–	–	–	20,689
Reversal of write-down of inventories to net realisable value	(1,121)	–	–	–	(1,121)

* Capital expenditure consists of additions to property, plant and equipment, investment properties, other intangible assets and deposits paid for purchases of items of property, plant and equipment including additions to property, plant and equipment and other intangible assets from acquisition of subsidiaries. Capital expenditure for additions to property, plant and equipment amounting to HK$6,281,000 is included in corporate and other unallocated assets above.

** Depreciation of property, plant and equipment amounting to HK$2,136,000 is included in corporate and other unallocated income and expenses, net above.

*** Depreciation of right-of-use assets amounting to HK$1,030,000 is included in corporate and other unallocated income and expense, net above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2020/at 30 September 2020

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Revenue from external customers	3,545	291,931	45,950	16,279	357,705
Segment results	(176,674)	(38,923)	(17,810)	275,276	41,869
Reconciliation					
Bank interest income					2,241
Fair value losses on listed equity investments					(21,470)
Impairment of other intangible assets					(27,135)
Loss on disposal of a subsidiary					(10,204)
Corporate and other unallocated income and expenses, net					(56,216)
Finance costs (other than interest on lease liabilities)					(7,051)
Loss before tax					(77,966)
Segment assets	3,433,655	267,154	713,944	619,352	5,034,105
Reconciliation					
Corporate and other unallocated assets					283,765
Total assets					5,317,870
Segment liabilities	842,341	132,214	19,301	81,158	1,075,014
Reconciliation					
Corporate and other unallocated liabilities					509,464
Total liabilities					1,584,478

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2020/at 30 September 2020 *(continued)*

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Others HK$'000	Total HK$'000
Other segment information:					
Capital expenditure*	345,511	2,411	5	9,812	357,739
Interest in a joint venture	381	–	–	–	381
Interests in associates	20,350	5,015	–	–	25,365
Share of loss of a joint venture	6	–	–	–	6
Share of losses/(profits) of associates, net	(5,186)	339	–	–	(4,847)
Fair value losses on investment properties	–	–	–	26,638	26,638
Fair value losses on financial assets at fair value through profit or loss, net	111,867	–	–	–	111,867
Fair value loss on contingent consideration payable	21,850	–	–	–	21,850
Impairment of goodwill	–	29,555	–	–	29,555
Impairment of accounts receivable, net	–	177	–	–	177
Impairment of loans receivable, net	–	–	29,102	–	29,102
Depreciation of property, plant and equipment**	4,919	474	2,332	10	7,735
Depreciation of right-of-use assets***	–	2,194	5,018	–	7,212
Amortisation of other intangible assets	9,186	–	–	–	9,186
Reversal of write-down of inventories to net realisable value	(907)	(10,048)	–	–	(10,955)

* Capital expenditure consists of additions to property, plant and equipment, investment properties, other intangible assets and deposits paid for purchases of items of property, plant and equipment including additions to property, plant and equipment and other intangible assets from acquisition of subsidiaries. Capital expenditure for additions to property, plant and equipment amounting to HK$33,000 is included in corporate and other unallocated assets above.

** Depreciation of property, plant and equipment amounting to HK$959,000 is included in corporate and other unallocated income and expenses, net above.

*** Depreciation of right-of-use assets amounting to HK$1,584,000 is included in corporate and other unallocated income and expense, net above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

(a) Revenue from external customers

	2021 HK$'000	2020 HK$'000
Mainland China	**345,365**	212,901
Hong Kong	**128,804**	135,935
Other countries/regions	**54,390**	8,869
	528,559	357,705

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021 HK$'000	2020 HK$'000
Mainland China	**76,626**	231,866
Hong Kong	**863,796**	692,328
Japan	**1,331,287**	1,323,169
Europe	**392,440**	335,474
Other countries/regions	**–**	33
	2,664,149	2,582,870

The non-current asset information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

Information about a major customer

Revenue from an external customer contributing over 10% to the Group's total revenue is as follows:

	2021 HK$'000	2020 HK$'000
Customer A	**92,000**	77,485

The above revenue is reported under the jewellery products, watches and other commodities segment.

5. REVENUE

An analysis of revenue is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	**104,845**	3,545
Sales of jewellery products, watches and other commodities	**377,246**	291,931
	482,091	295,476
Revenue from other sources		
Interest income from loan financing	**45,115**	45,950
Rental income from investment properties	**1,353**	16,279
	46,468	62,229
	528,559	357,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

5. REVENUE *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 30 September 2021

Segments	**Mobility technology solutions HK$'000**	**Jewellery products, watches and other commodities HK$'000**	**Total HK$'000**
Types of goods or services			
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	104,845	–	104,845
Sales of jewellery products, watches and other commodities	–	377,246	377,246
Total revenue from contracts with customers	104,845	377,246	482,091
Geographical markets			
Mainland China	5,100	338,912	344,012
Hong Kong	57,466	26,223	83,689
Taiwan	–	12,111	12,111
Japan	751	–	751
Germany	20,323	–	20,323
Other countries/regions	21,205	–	21,205
Total revenue from contracts with customers	104,845	377,246	482,091
Timing of revenue recognition			
At a point in time	82,074	377,246	459,320
Over time	22,771	–	22,771
Total revenue from contracts with customers	104,845	377,246	482,091

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

For the year ended 30 September 2020

Segments	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Total HK$'000
Types of goods or services			
Sales and distribution of vehicles and provision of engineering services	3,545	–	3,545
Sales of jewellery products and watches	–	291,931	291,931
Total revenue from contracts with customers	3,545	291,931	295,476
Geographical markets			
Mainland China	2,588	192,584	195,172
Hong Kong	–	91,435	91,435
Taiwan	–	7,912	7,912
Japan	957	–	957
Total revenue from contracts with customers	3,545	291,931	295,476
Timing of revenue recognition			
At a point in time	957	291,931	292,888
Over time	2,588	–	2,588
Total revenue from contracts with customers	3,545	291,931	295,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(i) ***Disaggregated revenue information*** (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 30 September 2021

Segments	**Mobility technology solutions HK$'000**	**Jewellery products, watches and other commodities HK$'000**	**Total HK$'000**
Revenue from contracts with customers			
External customers	**104,845**	**377,246**	**482,091**

For the year ended 30 September 2020

Segments	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Total HK$'000
Revenue from contracts with customers			
External customers	3,545	291,931	295,476

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 HK$'000	2020 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of jewellery products and watches	**19,295**	89,094
Sales and distribution of vehicles and related components and provision of engineering services	**29,483**	464
	48,778	89,558

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of jewellery products, watches and other commodities
The performance obligation is satisfied upon delivery of the jewellery products, watches and other commodities and payment is generally due immediately at the point the customer purchases the goods or within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide certain customers with volume rebates which give rise to variable consideration subject to constraint.

Sales and distribution of vehicles and related components and provision of engineering services
The performance obligation for the sale of vehicles and related components and provision of engineering services is satisfied upon delivery of the vehicles or engineering platform and payment is generally due within 30 days from delivery.

The performance obligation for the provision of distribution right of vehicles is satisfied over time as services are rendered and customers simultaneously receive and consume the benefits over the distribution period. Payment was made in advance of the distribution period.

Provision of design, development and prototyping of vehicle components
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of invoice.

Licencing income
The performance obligation is satisfied upon granting the licence and payment is due upon issuance of invoice.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September are as follows:

	2021	2020
	HK$'000	HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**226,634**	254,020
After one year	**10,808**	15,909
	237,442	269,929

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the provision of distribution rights of vehicles, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

6. OTHER INCOME

An analysis of the Group's other income is as follows:

	2021 HK$'000	2020 HK$'000
Bank interest income	**792**	2,241
Marketing subsidies	**5,233**	12,497
Government subsidies (note)	**602**	806
Others	**12,251**	3,268
	18,878	18,812

Note:

Government subsidies mainly represent subsidies received in connection with the support from the Anti-epidemic Fund of the government of Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. OTHER GAINS/(LOSSES), NET

An analysis of the Group's other gains/(losses), net, is as follows:

	2021 HK$'000	2020 HK$'000
Fair value losses on investment properties	**(121)**	(26,638)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net — mandatorily classified as such, including those held for trading	**21,885**	(133,337)
Fair value losses on contingent consideration payables, net	**(56,008)**	(21,850)
Gain on expropriation of investment properties	**–**	315,940
Gain on deregistration of a subsidiary	**46**	–
Gain/(loss) on disposal of subsidiaries	**35,840**	(10,204)
Gain on termination of leases	**48**	–
Impairment of goodwill	**–**	(29,555)
Impairment of other intangible assets	**–**	(27,135)
Impairment of accounts receivable, net	**(1,302)**	(177)
Impairment of loans receivable, net	**(12,547)**	(29,102)
Impairment of other receivables	**(25,554)**	–
Foreign exchange differences, net	**(1,953)**	334
Loss on disposal of items of property, plant and equipment, net	**(564)**	(685)
Write-off of items of property, plant and equipment	**–**	(878)
	(40,230)	36,713

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021 HK$'000	2020 HK$'000
Cost of inventories sold	**377,177**	236,897
Depreciation of property, plant and equipment	**12,660**	8,694
Depreciation of right-of-use assets	**9,293**	8,796
Amortisation of other intangible assets	**20,689**	9,186
Lease payments not included in the measurement of lease liabilities (note 17(c))	**5,479**	12,671
Auditor's remuneration	**6,500**	5,268
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**–**	2,179
Employee benefit expense (including directors' and chief executive's remuneration (note 10)):		
Salaries, allowances, bonuses and other benefits	**82,243**	56,276
Equity-settled share option expense	**41,467**	3,035
Pension scheme contributions (defined contribution schemes) (note (i))	**5,923**	4,494
	129,633	63,805
Reversal of write-down of inventories to net realisable value	**(1,121)**	(10,955)

Note:

(i) At 30 September 2021, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK$'000	2020 HK$'000
Interest on interest-bearing bank and other borrowings	**5,702**	7,051
Interest on lease liabilities	**1,121**	1,202
	6,823	8,253

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2021	2020
	HK$'000	HK$'000
Fees	**1,076**	800
Other emoluments:		
Salaries, allowances and other benefits	**23,706**	18,566
Equity-settled share option expense	**22,248**	182
Pension scheme contributions	**44**	54
	45,998	18,802
	47,074	19,602

During the year and in prior years, certain directors and the chief executive were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2021			
Mr. Tam Ping Kuen, Daniel	**237**	**580**	**817**
Mr. Teoh Chun Ming	**237**	**534**	**771**
Mr. Peter Edward Jackson	**237**	**534**	**771**
Mr. Charles Matthew Pecot III	**237**	**534**	**771**
	948	**2,182**	**3,130**
2020			
Mr. Tam Ping Kuen, Daniel	200	91	291
Mr. Teoh Chun Ming	200	–	200
Mr. Peter Edward Jackson	200	–	200
Mr. Charles Matthew Pecot III	200	–	200
	800	91	891

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive director

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2021					
Executive directors/chief executive					
Mr. Ho King Fung, Eric	**–**	**10,800**	**18**	**10,010**	**20,828**
Mr. Sung Kin Man	**–**	**9,000**	**18**	**10,010**	**19,028**
Mr. Mirko Konta (note (i))	**128**	**1,212**	**–**	**–**	**1,340**
	128	**21,012**	**36**	**20,020**	**41,196**
Non-executive director					
Mr. Zhang Jinbing (note (ii))	**–**	**2,694**	**8**	**46**	**2,748**
	128	**23,706**	**44**	**20,066**	**43,944**
2020					
Executive directors/chief executive					
Mr. Ho King Fung, Eric	–	7,200	18	–	7,218
Mr. Sung Kin Man	–	6,000	18	–	6,018
	–	13,200	36	–	13,236
Non-executive director					
Mr. Zhang Jinbing	–	5,366	18	91	5,475
	–	18,566	54	91	18,711

Notes:

(i) Mr. Mirko Konta was appointed as an executive director of the Company with effect from 1 April 2021.

(ii) Mr. Zhang Jinbing retired as a non-executive director of the Company with effect from 19 March 2021.

During the year, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2020: Nil).

The above directors' and chief executive's remuneration only included remuneration during the tenure of each director and the chief executive of the Company.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2020: three) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021	2020
	HK$'000	HK$'000
Salaries, allowances and other benefits	**14,559**	7,200
Equity-settled share option expense	**16,062**	–
Pension scheme contributions	**54**	36
	30,675	7,236

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2021	2020
HK$3,500,001 to HK$4,000,000	**–**	2
HK$5,500,001 to HK$6,000,000	**1**	–
HK$12,500,001 to HK$13,000,000	**2**	–
	3	2

During the year and in prior years, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

12. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2021 **HK$'000**	2020 HK$'000
Current:		
Hong Kong		
Charge for the year	**3,594**	1,724
Overprovision in prior years	**(631)**	(423)
Elsewhere		
Charge for the year	**10,782**	72,405
Land appreciation tax ("LAT")	**–**	281,209
Deferred (note 32)	**(10,601)**	(73,518)
Total tax charge for the year	**3,144**	281,397

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory rate, for the jurisdiction in which the Company's and certain of its subsidiaries' principal place of operations is located, to the tax charge at the Group's effective tax rate is as follows:

	2021 **HK$'000**	2020 HK$'000
Loss before tax	**(356,209)**	(77,966)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2020: 16.5%)	**(58,774)**	(12,864)
Effect of different tax rates for or enacted by other jurisdictions/local authority	**(18,388)**	10,436
Lower tax rate under the Hong Kong two-tiered profits tax rates regime	**–**	(165)
Adjustments in respect of current tax of previous periods	**(631)**	(423)
Losses/(profits) attributable to a joint venture and associates	**7,080**	(799)
Income not subject to tax	**(18,501)**	(3,534)
Expenses not deductible for tax	**39,497**	46,094
Tax losses utilised from previous periods	**(4,925)**	(487)
Tax losses not recognised	**49,309**	23,705
LAT	**–**	281,209
Tax effect of LAT deductible for PRC corporate income tax	**–**	(70,302)
Others	**8,477**	8,527
Tax charge at the Group's effective tax rate	**3,144**	281,397

13. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2020: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 7,747,285,685 (2020: 7,170,198,562) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 30 September 2021 is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the year ended 30 September 2021 is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic loss per share amount presented for the year ended 30 September 2020 in respect of a dilution as the impact of the adjustment to the share of profit of an associate and the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted loss per share are based on:

Loss

	2021	2020
	HK$'000	HK$'000
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(349,589)**	(345,177)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(41,397)**	–
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(390,986)**	(345,177)

Shares

	Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**7,747,285,685**	7,170,198,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
30 September 2021							
At 30 September 2020 and at 1 October 2020:							
Cost	19,524	54,109	28,750	7,789	17,910	6,530	134,612
Accumulated depreciation	–	(3,497)	(15,966)	(943)	(8,280)	(3,092)	(31,778)
Net carrying amount	19,524	50,612	12,784	6,846	9,630	3,438	102,834
At 1 October 2020 net of accumulated depreciation	19,524	50,612	12,784	6,846	9,630	3,438	102,834
Additions	–	–	–	–	7,738	4,228	11,966
Acquisition of subsidiaries (note 36)	–	–	2,734	2,046	1,039	838	6,657
Disposals	–	–	–	–	(12)	(1,564)	(1,576)
Disposal of a subsidiary (note 37)	–	–	–	–	(583)	–	(583)
Depreciation provided during the year	–	(1,460)	(2,649)	(1,636)	(4,571)	(2,344)	(12,660)
Exchange realignment	(736)	(1,392)	(332)	174	(460)	(569)	(3,315)
At 30 September 2021, net of accumulated depreciation	18,788	47,760	12,537	7,430	12,781	4,027	103,323
At 30 September 2021:							
Cost	18,788	52,506	31,435	9,907	25,113	5,802	143,551
Accumulated depreciation	–	(4,746)	(18,898)	(2,477)	(12,332)	(1,775)	(40,228)
Net carrying amount	18,788	47,760	12,537	7,430	12,781	4,027	103,323

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
30 September 2020							
At 1 October 2019:							
Cost	13,668	41,307	28,290	321	16,562	9,560	109,708
Accumulated depreciation	–	(2,390)	(13,184)	(210)	(5,978)	(2,345)	(24,107)
Net carrying amount	13,668	38,917	15,106	111	10,584	7,215	85,601
At 1 October 2019, net of accumulated depreciation	13,668	38,917	15,106	111	10,584	7,215	85,601
Additions	–	–	765	1,040	2,093	62	3,960
Acquisition of subsidiaries (note 36)	5,725	12,218	–	5,919	372	1,893	26,127
Disposals/Write-off	–	–	–	–	(695)	(4,231)	(4,926)
Disposal of a subsidiary (note 37)	–	–	–	–	(4)	–	(4)
Depreciation provided during the year	–	(1,069)	(2,860)	(633)	(2,567)	(1,565)	(8,694)
Exchange realignment	131	546	(227)	409	(153)	64	770
At 30 September 2020, net of accumulated depreciation	19,524	50,612	12,784	6,846	9,630	3,438	102,834
At 30 September 2020:							
Cost	19,524	54,109	28,750	7,789	17,910	6,530	134,612
Accumulated depreciation	–	(3,497)	(15,966)	(943)	(8,280)	(3,092)	(31,778)
Net carrying amount	19,524	50,612	12,784	6,846	9,630	3,438	102,834

At the end of the reporting period, the Group's freehold land with carrying amounts of HK$5,725,000 (2020: HK$5,725,000) and HK$13,063,000 (2020: HK$13,799,000) are situated in Germany and Japan, respectively.

As at 30 September 2021, the Group's freehold land and buildings in Japan and certain leasehold land included in right-of-use assets (note 17) and buildings in Mainland China with net carrying amounts of HK$59,803,000 (2020: HK$50,146,000) and HK$58,134,000 (2020: HK$56,061,000), respectively, were pledged to secure certain bank loans granted to the Group (note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

16. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
Carrying amount at beginning of year	**63,228**	358,026
Additions during the year	**46,248**	9,296
Disposal of subsidiaries (note 37)	**(101,120)**	–
Expropriated during the year (note)	**–**	(282,449)
Net loss from a fair value adjustment	**(121)**	(26,638)
Exchange realignment	**4,590**	4,993
Carrying amount at end of year	**12,825**	63,228

Note: During the year ended 30 September 2020, certain investment properties located in Shenyang were expropriated by the local government. The settlement agreement provided the Group with cash settlement of RMB566.1 million (approximately HK$628.3 million) in exchange for the properties. The settlement gave rise to a gain on expropriation of investment properties of HK$315.9 million.

During the year ended 30 September 2020, the Group received RMB340.4 million (approximately HK$377.8 million) and the remaining receivable of RMB225.7 million (approximately HK$256.7 million) was included in prepayments, deposits and other receivables as at 30 September 2020, which was received during the year.

The Group's investment properties consists of three properties (2020: one property) in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial (2020: residential), based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 September 2021 based on valuations performed by Graval Consulting Limited, independent professionally qualified valuers, at approximately HK$12,825,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

Further particulars of the Group's investment properties are included on page 206.

16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 September 2021 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for commercial properties	**–**	**–**	**12,825**	**12,825**

	Fair value measurement as at 30 September 2020 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for a residential property	–	–	63,228	63,228

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000	**Residential properties** HK$'000
Carrying amount at 1 October 2019	270,526	87,500
Additions during the year	9,296	–
Expropriated during the year	(282,449)	–
Net loss from a fair value adjustment recognised in profit or loss	–	(26,638)
Exchange realignment	2,627	2,366
Carrying amount at 30 September 2020 and at 1 October 2020	**–**	**63,228**
Additions during the year	**46,248**	**–**
Disposal of subsidiaries	**(33,515)**	**(67,605)**
Net loss from a fair value adjustment recognised in profit or loss	**–**	**(121)**
Exchange realignment	**92**	**4,498**
Carrying amount at 30 September 2021	**12,825**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range 2021	2020
Commercial properties	Income approach	Estimated rental value (per square metre and per month)	**RMB117 – RMB173**	–
		Capitalisation rate	**3.7%**	–
		Discount rate	**3.2%**	–
Residential property	Market comparison method	Estimated price per square metre	**–**	RMB6,000 – RMB7,900

Under the income approach, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Under the market comparison method, fair value is estimated with reference to recent transactions for similar properties in the proximity with adjustments for the differences in floor area, etc. between the comparable properties and the subject properties.

A significant increase/(decrease) in the estimated rental value and the estimated price per square metre in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate and the discount rate in isolation would result in a significant (decrease)/increase in the fair value of the investment properties. The valuations take into account the characteristics of the properties which included the location, size and other factors collectively.

17. LEASES

The Group as a lessee

The Group has lease contracts for retail shops, office premises, directors' quarters and motor vehicles. Lump sum payments were made up-front to acquire the leased land from the owners with lease periods of 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of leased properties generally have lease terms between 2 and 11 years, while motor vehicles have lease terms of 3 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 October 2019	53,172	23,218	–	76,390
Additions	–	5,454	–	5,454
Depreciation charge during the year	(1,090)	(7,706)	–	(8,796)
Remeasurement on lease modifications	–	(1,395)	–	(1,395)
Termination of a lease	–	(91)	–	(91)
Exchange realignment	1,809	23	–	1,832
At 30 September 2020 and at 1 October 2020	**53,891**	**19,503**	**–**	**73,394**
Addition	**–**	**10,656**	**–**	**10,656**
Additions as a result of acquisition of subsidiaries (note 36)	**–**	**11,083**	**179**	**11,262**
Depreciation charge during the year	**(1,174)**	**(8,026)**	**(93)**	**(9,293)**
Remeasurement on lease modifications	**–**	**14,045**	**–**	**14,045**
Termination of leases	**–**	**(1,853)**	**–**	**(1,853)**
Exchange realignment	**3,157**	**(667)**	**(5)**	**2,485**
At 30 September 2021	**55,874**	**44,741**	**81**	**100,696**

Further details of the leasehold land pledged to secure certain bank loans of the Group are disclosed in note 15 to the financial statements.

17. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2021 **HK$'000**	2020 HK$'000
At beginning of year	**23,167**	25,337
New leases	**10,656**	5,454
Additions as a result of acquisition of subsidiaries (note 36)	**11,218**	–
Accretion of interest recognised during the year	**1,121**	1,202
Payments during the year	**(9,865)**	(7,361)
Remeasurement on lease modifications	**14,045**	(1,395)
Termination of leases	**(1,901)**	(93)
Exchange realignment	**(671)**	23
At end of year	**47,770**	23,167
Analysed into:		
Current portion	**11,312**	8,099
Non-current portion	**36,458**	15,068

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

17. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 **HK$'000**	2020 HK$'000
Interest on lease liabilities	**1,121**	1,202
Depreciation charge of right-of-use assets	**9,293**	8,796
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 30 September 2020 (note (i))	**4,762**	6,176
Expense relating to leases of low-value assets (note (i))	**68**	–
Variable lease payments not included in the measurement of lease liabilities (note (ii))	**649**	6,495
Gain on termination of leases	**(48)**	(2)
Total amount recognised in profit or loss	**15,845**	22,667

Notes:

(i) Expense relating to short-term leases and other leases with remaining lease term ended on or before 30 September 2020 of HK$5,000 (2020: HK$738,000) and HK$4,757,000 (2020: HK$5,438,000) has been included in selling and distribution expenses and general and administrative expenses, respectively.

Expense relating to leases of low-value assets of HK$68,000 (2020: Nil) has been included in general and administrative expenses.

(ii) Variable lease payment not included in the measurement of lease liabilities has been included in selling and distribution expenses.

(d) The total cash outflow for leases is disclosed in note 38(c) to the financial statements.

The Group as a lessor

The Group leases certain of its investment properties under operating lease arrangements. Rental income recognised by the Group during the year was HK$1,353,000 (2020: HK$16,279,000), details of which are included in note 5 to the financial statements.

At 30 September 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**496**	–
After one year but within two years	**521**	–
After two years but within three years	**546**	–
After three years but within four years	**433**	–
After four years but within five years	**86**	–
	2,082	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

18. GOODWILL

	HK$'000
At 1 October 2019:	
Cost	2,228,699
Accumulated impairment	(865,391)
Net carrying amount	1,363,308
Cost at 1 October 2019, net of accumulated impairment	1,363,308
Acquisition of subsidiaries (note 36)	648,016
Impairment during the year	(29,555)
Exchange realignment	12,751
At 30 September 2020	1,994,520
At 30 September 2020 and at 1 October 2020:	
Cost	2,891,407
Accumulated impairment	(896,887)
Net carrying amount	1,994,520
Cost at 1 October 2020, net of accumulated impairment	**1,994,520**
Acquisition of subsidiaries (note 36)	**232,718**
Exchange realignment	**(80,712)**
At 30 September 2021	**2,146,526**
At 30 September 2021:	
Cost	**3,032,494**
Accumulated impairment	**(885,968)**
Net carrying amount	**2,146,526**

18. GOODWILL *(continued)*

Impairment testing of goodwill and trademarks with indefinite useful lives

Goodwill and trademarks with indefinite useful lives acquired through business combinations are allocated to individual cash-generating units ("CGUs"), which are separate business operations, for annual impairment testing:

- Mobility technology solutions ("Mobility Technology Solutions")
- Jewellery products and watches ("Jewellery Products and Watches")

Mobility Technology Solutions CGUs

At the end of the reporting period, the Group had goodwill and trademarks with indefinite useful lives acquired through business combinations allocated to the mobility technology solutions units and hypercars unit in the Mobility Technology Solutions CGUs of the Group.

For the purpose of the annual impairment test, the recoverable amounts of the Mobility Technology Solutions CGUs have been determined based on fair value less costs of disposal calculations using discounted cash flow projections. The discounted cash flow projections are based on financial estimates approved by management covering a five-year period and discount rates which reflect specific risks relating to the Mobility Technology Solutions CGUs. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates of 2% (2020: 2% to 2.5%), with reference to certain external data.

The Group has engaged certain independent professionally qualified valuers to assist in the determination of the fair value less costs of disposal of the respective Mobility Technology Solutions CGUs based on the cash flow projections using discount rates of 20% to 33% (2020: 20.6% to 25%) determined by reference to weighted average cost of capital reflecting the specific risks of the Mobility Technology Solutions CGUs (including, inter alia, its stage of development and other relevant factors), with reference to certain external data.

The Group considers the discounted cash flow method as a generally acceptable valuation technique that incorporates more information about the future prospects of the Mobility Technology Solutions CGUs for the determination of their recoverable amounts.

Assumptions were used in the fair value less costs of disposal calculations of the respective Mobility Technology Solutions CGUs. The following describes key assumptions on which management has based its discounted cash flow projections to undertake impairment testing of goodwill and trademarks with indefinite useful lives.

Estimated revenue/margins — The basis used to determine the value assigned to the estimated revenue/margins reflects the latest strategy and forecast taking into account expected economic, industry and market developments for the relevant markets.

Discount rate — The discount rate used is after tax and reflects specific risks relating to the Mobility Technology Solutions CGUs.

18. GOODWILL *(continued)*

Impairment testing of goodwill and trademarks with indefinite useful lives *(continued)*

Mobility Technology Solutions CGUs *(continued)*

The fair value measurements of the Mobility Technology Solutions CGUs as at 30 September 2021 and 30 September 2020 fall within Level 3 of the fair value measurement hierarchy. During the years ended 30 September 2021 and 30 September 2020, there were no transfers into or out of Level 3 for such fair value measurement.

Management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amounts of the Mobility Technology Solutions CGUs to materially exceed their respective recoverable amounts.

As at 30 September 2021, the aggregate carrying amounts of goodwill and trademarks with indefinite useful lives allocated to the mobility technology solutions units and hypercars unit within the Mobility Technology Solutions CGUs amounted to HK$1,498,510,000 (2020: HK$1,346,504,000) and HK$818,309,000 (2020: HK$819,497,000) (including the carrying amounts of trademarks of HK$170,293,000 (2020: HK$171,481,000)), respectively.

Jewellery Products and Watches CGU

The recoverable amount of the Jewellery Products and Watches CGU as at 30 September 2020 had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a one-year period approved by management. The discount rate applied to the cash flow projections was 21.6%. The growth rate used to extrapolate the cash flows of the Jewellery Products and Watches CGU beyond the five-year period was 3%.

Assumptions were used in the value in use calculation of the Jewellery Products and Watches CGU. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The basis used to determine the value assigned to the budgeted revenue was the revenue achieved in the year immediately before the budget year, adjusted for expected economic conditions and market development.

Discount rate — The discount rate used was before tax and reflected specific risks relating to the Jewellery Products and Watches CGU.

During the year ended 30 September 2020, the termination of a wholesale distributorship of the Jewellery Products and Watches CGU in Mainland China was an impairment indicator under HKAS 36 that underpinned an impairment review, resulted in a full impairment of goodwill for the year ended 30 September 2020 of HK$29,555,000. The impairment loss was included in other gains/(losses), net in the consolidated statement of profit or loss.

19. OTHER INTANGIBLE ASSETS

	Distribution rights HK$'000 (note (ii))	Customer relationships HK$'000 (note (iii))	Deferred development costs HK$'000 (note (iv))	Trademarks HK$'000 (note (v))	Total HK$'000
30 September 2021					
At 30 September 2020 and at 1 October 2020:					
Cost	72,787	–	148,311	171,481	392,579
Accumulated amortisation and impairment	(72,787)	–	(9,502)	–	(82,289)
Net carrying amount	–	–	138,809	171,481	310,290
Cost at 1 October 2020, net of accumulated amortisation and impairment	–	–	138,809	171,481	310,290
Additions	–	–	1,648	–	1,648
Acquisition of subsidiaries (note 36)	–	5,900	–	–	5,900
Amortisation provided during the year	–	(1,355)	(19,334)	–	(20,689)
Exchange realignment	–	(197)	795	(1,188)	(590)
At 30 September 2021	–	4,348	121,918	170,293	296,559
At 30 September 2021:					
Cost	72,787	5,672	150,590	170,293	399,342
Accumulated amortisation and impairment	(72,787)	(1,324)	(28,672)	–	(102,783)
Net carrying amount	–	4,348	121,918	170,293	296,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

19. OTHER INTANGIBLE ASSETS *(continued)*

	Mining rights HK$'000 (note (i))	Distribution rights HK$'000 (note (ii))	Deferred development costs HK$'000 (note (iv))	Trademarks HK$'000 (note (v))	Total HK$'000
30 September 2020					
At 1 October 2019:					
Cost	305,923	123,953	–	–	429,876
Accumulated amortisation and impairment	(256,983)	(123,953)	–	–	(380,936)
Net carrying amount	48,940	–	–	–	48,940
Cost at 1 October 2019, net of accumulated amortisation and impairment	48,940	–	–	–	48,940
Additions	–	–	20,344	–	20,344
Acquisition of subsidiaries (note 36)	–	–	120,889	171,481	292,370
Disposal of a subsidiary (note 37)	(21,937)	–	–	–	(21,937)
Amortisation provided during the year	–	–	(9,186)	–	(9,186)
Impairment during the year	(27,135)	–	–	–	(27,135)
Exchange realignment	132	–	6,762	–	6,894
At 30 September 2020	–	–	138,809	171,481	310,290
At 30 September 2020:					
Cost	–	72,787	148,311	171,481	392,579
Accumulated amortisation and impairment	–	(72,787)	(9,502)	–	(82,289)
Net carrying amount	–	–	138,809	171,481	310,290

19. OTHER INTANGIBLE ASSETS *(continued)*

Notes:

(i) The mining rights with indefinite useful life is subject to annual impairment testing and at other times when such an indicator exists. The recoverable amount of the mining rights had been determined based on fair value less costs of disposal of the underlying mineral asset. The fair value of the mining rights was determined using the comparable transactions method under the market approach with reference to the transaction prices of comparable completed market transactions, subject to certain adjustments, including adjustment to reflect changes in the price of gold, with the assistance from certain independent professionally qualified valuers. The fair value measurement of the mining rights falls within Level 3 of the fair value measurement hierarchy. During the year ended 30 September 2020, there were no transfers into or out of Level 3 for such fair value measurement.

During the year ended 30 September 2020, the challenging external environment and the decline in comparable transaction prices were impairment indicators which underpinned an impairment review, resulted in an impairment loss of HK$27,135,000 recognised for the year ended 30 September 2020 based on a recoverable amount of HK$21,900,000.

(ii) The distribution rights were acquired as part of the business combinations in prior years relating to certain exclusive rights in connection with certain luxury brand products in accordance with distribution agreements and are stated at cost less any impairment losses and are amortised on the straight-line basis over the period of the rights granted under the relevant distribution agreements.

(iii) Customer relationships were acquired as part of the acquisition of the Ideenion Group (as defined in note 36 to the financial statements) for the year ended 30 September 2021 relating to the provision of design, development and prototyping of vehicle components and are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful economic lives of 3 years.

(iv) Deferred development costs were acquired as part of the acquisition of the Apollo Group (as defined in note 36 to the financial statements) for the year ended 30 September 2020 relating to the development of hypercars and are stated at cost less any impairment losses and are amortised on the straight-line basis over the commercial lives of the underlying products.

(v) The trademarks are allocated to the Mobility Technology Solutions CGUs. Trademarks are regarded as having indefinite useful lives because the trademarked products are expected to generate net cash inflows indefinitely. Details of impairment testing are set out in note 18 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

20. INTEREST IN A JOINT VENTURE

	2021 HK$'000	2020 HK$'000
Share of net assets	**379**	381

Particulars of the Group's joint venture are as follows:

Name	Place of registration and business	Registered capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
WESail New Energy Automotive Co. Ltd# (上海聯和力世紀新能源汽車有限公司)	PRC/ Mainland China	US$10,000,000	50	50	50	Provision of electric vehicle engineering platform services

The above investment is indirectly held by the Company.

English name for identification purposes only.

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2021 HK$'000	2020 HK$'000
Share of the joint venture's loss and total comprehensive loss	**(2)**	(6)
Carrying amount of the Group's investment in the joint venture	**379**	381

21. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Share of net liabilities	**(60,402)**	(31,686)
Goodwill on acquisition	**60,402**	57,051
	–	25,365

As at the end of the reporting period, the Group held 7.9% of the issued ordinary shares of EV Power Holding Limited ("EV Power") (the "EV Power Ordinary Share Investment"). Based on the proportion of voting rights held by the Group as further detailed below, the Group considers it is in a position to exercise significant influence over EV Power and, accordingly, has accounted for the EV Power Ordinary Share Investment as an investment in an associate.

21. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the associates are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of Ownership interest 2021 Indirect	Percentage of Ownership interest 2020 Indirect	Percentage of Voting power 2021	Percentage of Voting power 2020	Principal activities
Sun King Watch Limited (新景鐘錶行有限公司)***	Macau	Ordinary shares	**–**	50	**–**	50	Retail of watches
EV Power	BVI/ Hong Kong	Ordinary shares	**7.9***	7.9*	**32.7**	38.1**	Provision of electric vehicle charging solutions

*	This reflects only the ownership interest based on the EV Power Ordinary Share Investment.

**	The Group also held certain preferred shares of EV Power, which have been accounted for as financial assets at fair value through profit or loss (note 22). The percentage of voting power as shown above has reflected the total voting rights currently held by the Group attributable to its investments in ordinary shares and preferred shares of EV Power.

***	This associate was deregistered during the year.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2021 HK$'000	2020 HK$'000
Share of the associates' profits/(losses)	**(42,905)**	4,847
Share of the associates' other comprehensive income	**2,070**	1,429
Share of the associates' total comprehensive income/(loss)	**(40,835)**	6,276
Aggregate carrying amount of the Group's interests in the associates	**–**	25,365

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

	Assets 2021 HK$'000	Assets 2020 HK$'000
Non-current assets		
Unlisted investments	**1,003,844**	954,621
Share of loss of an associate	**(19,850)**	–
	983,994	954,621
Listed equity investment	**26,748**	73,721
	1,010,742	1,028,342
Current assets		
Listed equity investments	**1,011**	1,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

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

The above unlisted investments mainly comprised of:

(i) Investment in Divergent Technologies Inc. ("Divergent") in the aggregate amount of HK$521,502,000 (2020: HK$506,799,000), including preferred shares of Divergent and a convertible note issued by Divergent of US$12.5 million with a coupon rate of 5% per annum and will mature on 31 December 2021.

(ii) Investment in EV Power in the aggregate amount of HK$482,342,000 (2020: HK$432,023,000), including preferred shares of EV Power and a call option to acquire additional ordinary shares of EV Power at nil consideration, which was granted by a shareholder of EV Power and is exercisable after the issuance of the audited financial statements of EV Power for the year ended 31 December 2020, in the event that the annual earnings before interest, tax, depreciation and amortisation of EV Power for the year ended 31 December 2020 is less than RMB450 million.

The above unlisted investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The above listed equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The fair value of the non-current listed equity investment, which represented equity investment in TOM Group Limited, at the date of approval of these financial statements was approximately HK$60,021,000.

	Liabilities	
	2021	2020
	HK$'000	HK$'000
Non-current liabilities		
Contingent consideration payables	**53,460**	619,069
Current liability		
Contingent consideration payable	**742,882**	–

Contingent consideration payables represented the fair values of contingent cash consideration which may be paid and continent consideration shares which may be allotted and issued by the Company for the acquisition of the Ideenion Group and the Apollo Group, details of which are disclosed in note 36 to the financial statements.

23. LOANS RECEIVABLE

	2021 HK$'000	2020 HK$'000
Loans receivable	**765,686**	1,127,003
Less: Impairment allowance	**(61,182)**	(422,292)
	704,504	704,711
Portion classified as non-current assets	**(52,442)**	(26,656)
Portion classified as current assets	**652,062**	678,055

Included in the Group's loans receivable as at 30 September 2021 are loans advanced to an associate with a total carrying amount of HK$6,545,000 (2020: HK$12,264,000) which bear interest at 10% per annum and are repayable within a year.

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by management, whilst overdue balances are reviewed regularly for recoverability.

Loans receivable of the Group bear interest at rates ranging from 4.75% to 12% (2020: 4.75% to 15.6%) per annum. At 30 September 2021, certain loans receivable with aggregate carrying amounts of HK$78,158,000 (2020: HK$239,628,000) and HK$484,272,000 (2020: HK$219,060,000) were secured by the pledge of certain equity interest and property, and personal guarantees provided by certain independent third parties, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

23. LOANS RECEIVABLE *(continued)*

The table below shows the credit quality and maximum exposure to credit risk as at 30 September 2021 and 30 September 2020 based on the Group's internal credit rating system and year end staging classification. The amounts presented are gross of impairment allowances.

As at 30 September 2021

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Loans receivable				
— Performing	**725,001**	**–**	**–**	**725,001**
— Individually impaired (note (i))	**–**	**–**	**40,685**	**40,685**
Total	**725,001**	**–**	**40,685**	**765,686**

As at 30 September 2020

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Loans receivable				
— Performing	646,198	95,147	–	741,345
— Individually impaired (note (i))	–	–	385,658	385,658
Total	646,198	95,147	385,658	1,127,003

Note:

(i) Impaired loans receivable include those with objective evidence of impairment.

23. LOANS RECEIVABLE *(continued)*

An analysis of the gross carrying amount and the corresponding ECL allowance is as follows:

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Gross carrying amount at 1 October 2019	700,969	20,210	358,795	1,079,974
New loans drawdown and accretion of interest	238,093	2,581	–	240,674
Repayment during the year	(192,577)	(14,000)	–	(206,577)
Transfer from Stage 1 to Stage 2	(95,147)	95,147	–	–
Transfer from Stage 2 to Stage 3	–	(8,791)	8,791	–
Transfer from Stage 1 to Stage 3	(5,686)	–	5,686	–
Exchange realignment	546	–	12,386	12,932
Gross carrying amount at 30 September 2020 and at 1 October 2020	**646,198**	**95,147**	**385,658**	**1,127,003**
New loans drawdown and accretion of interest	**397,503**	**–**	**1,162**	**398,665**
Repayment during the year	**(284,668)**	**(95,147)**	**(7,389)**	**(387,204)**
Disposal of subsidiaries	**–**	**–**	**(394,118)**	**(394,118)**
Transfer from Stage 1 to Stage 3	**(34,665)**	**–**	**34,665**	**–**
Exchange realignment	**633**	**–**	**20,707**	**21,340**
Gross carrying amount at 30 September 2021	**725,001**	**–**	**40,685**	**765,686**
ECL allowance at 1 October 2019	(18,553)	(3,456)	(358,795)	(380,804)
Impairment losses, net	(27,119)	(1,983)	–	(29,102)
Transfer from Stage 1 to Stage 2	17,644	(17,644)	–	–
Transfer from Stage 2 to Stage 3	–	5,439	(5,439)	–
Transfer from Stage 1 to Stage 3	3,555	–	(3,555)	–
Exchange realignment	–	–	(12,386)	(12,386)
ECL allowance at 30 September 2020 and at 1 October 2020	**(24,473)**	**(17,644)**	**(380,175)**	**(422,292)**
Reversal of impairment losses/(impairment losses), net	**2,736**	**17,644**	**(32,927)**	**(12,547)**
Disposal of subsidiaries	**–**	**–**	**394,118**	**394,118**
Transfer from Stage 1 to Stage 3	**1,238**	**–**	**(1,238)**	**–**
Exchange realignment	**2**	**–**	**(20,463)**	**(20,461)**
ECL allowance at 30 September 2021	**(20,497)**	**–**	**(40,685)**	**(61,182)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Deposits	**7,173**	6,921
Deposits paid for purchases of items of property, plant and equipment	**3,841**	6,924
Prepayments and other receivables	**102,230**	265,797
Consideration receivables	**187,368**	–
Settlement receivable from the expropriation of investment properties	**–**	256,692
Due from a non-controlling shareholder	**–**	93,250
Due from an associate	**1,455**	1,455
	302,067	631,039
Portion classified as non-current assets	**(7,675)**	(9,856)
Portion classified as current assets	**294,392**	621,183

The amount due from an associate is unsecured, interest-free and repayable on demand.

The movements in the loss allowance for impairment of other receivables are as follows:

	2021 **HK$000**	2020 HK$000
At beginning of year	**–**	495
Impairment loss (note 7)	**25,554**	–
Amount written off as uncollectible	**(25,554)**	(495)
At end of year	**–**	–

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 September 2021 and 2020, the loss allowance was assessed to be minimal.

25. INVENTORIES

	2021 **HK$'000**	2020 HK$'000
Vehicles and related components (note)	**82,546**	49,962
Jewellery products and watches	**90,806**	122,700
	173,352	172,662

Note: Included in the balance are work-in-progress of HK$55,817,000 (2020: HK$13,901,000) and finished goods of HK$12,934,000 (2020: HK$12,937,000).

26. ACCOUNTS RECEIVABLE

	2021 HK$'000	2020 HK$'000
Accounts receivable	**56,257**	18,545
Impairment	**(2,074)**	(773)
	54,183	17,772

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

As at 30 September 2021, accounts receivable with a net carrying amount of HK$4,014,000 (2020: HK$4,726,000) were pledged to secure a bank loan granted to the Group (note 31).

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 HK$'000	2020 HK$'000
Within 30 days	**42,209**	13,629
31 to 60 days	**1,324**	2,137
61 to 90 days	**6,876**	962
Over 90 days	**3,774**	1,044
	54,183	17,772

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2021 HK$'000	2020 HK$'000
At beginning of year	**773**	850
Impairment losses, net (note 7)	**1,302**	177
Amount written off as uncollectible	**–**	(257)
Exchange realignment	**(1)**	3
At end of year	**2,074**	773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

26. ACCOUNTS RECEIVABLE *(continued)*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 30 September 2021

			Past due		
	Credit-impaired receivables	**Current**	**Less than 1 month**	**1 to 3 months**	**Total**
Expected credit loss rate	**100%**	**0.70%**	**0.23%**	**4.60%**	**3.69%**
Gross carrying amount (HK$'000)	**1,251**	**41,749**	**1,773**	**11,484**	**56,257**
Expected credit losses (HK$'000)	**1,251**	**291**	**4**	**528**	**2,074**

As at 30 September 2020

			Past due		
	Credit-impaired receivables	Current	Less than 1 month	1 to 3 months	Total
Expected credit loss rate	100%	3.19%	4.60%	7.24%	4.17%
Gross carrying amount (HK$'000)	15	14,069	522	3,939	18,545
Expected credit losses (HK$'000)	15	449	24	285	773

27. CONTRACT ASSETS

	2021 HK$'000	2020 HK$'000
Contract assets arising from the provision of design, development and prototying of vehicle components	**2,684**	–

Contract assets are initially recognised for revenue earned from the provision of design, development and prototying of vehicle components as the receipt of consideration is conditional on successful completion of the provision of design, development and prototying of vehicle components. Upon completion of the provision of design, development and prototying of vehicle components and acceptance by the customer, the amounts recognised as contract assets are reclassified to accounts receivable. The increase in contract assets in 2021 was the result of the acquisition of the Ideenion Group (as defined in note 36 to the financial statements).

27. CONTRACT ASSETS *(continued)*

The Group's trading terms and credit policy with customers are disclosed in note 26 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 30 September 2021 is within one year.

28. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	HK$'000
Cash and bank balances	**145,237**	111,760
Time deposits	**4,816**	72,781
Cash and cash equivalents	**150,053**	184,541

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$33,748,000 (2020: HK$149,960,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

29. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	HK$'000	HK$'000
Within 30 days	**12,439**	30,768
31 to 60 days	**1,071**	–
61 to 90 days	**22**	149
Over 90 days	**69,203**	13,402
	82,735	44,319

30. OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Other payables and accruals (note (a))	**143,976**	142,776
Contract liabilities (note (b))	**179,483**	166,268
Due to a former shareholder of a subsidiary	**–**	4,570
	323,459	313,614
Portion classified as non-current liabilities	**(10,808)**	(15,909)
Portion classified as current liabilities	**312,651**	297,705

Notes:

(a) Other payables are non-interest-bearing and generally have an average term of 30 days.

(b) Details of contract liabilities are as follows:

	30 September 2021 HK$'000	30 September 2020 HK$'000	1 October 2019 HK$'000
Consideration received from customers in advance:			
Sales of jewellery products, watches and other commodities	**93,744**	80,961	89,094
Sales and distribution of vehicles, provision of engineering services and provision of design, development and prototying of vehicle components	**85,739**	85,307	464
Total contract liabilities	**179,483**	166,268	89,558

Contract liabilities relate to consideration received from customers in advance. The increase in contract liabilities in 2021 and 2020 was mainly due to the acquisition of the Ideenion Group and the Apollo Group (as defined in note 36 to the financial statements) and the increase in consideration received from customers for the sales of jewellery products, watches and other commodities, respectively.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021			2020		
	Contractual interest rate (%)	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans — unsecured	**0.4% to 5.69%**	**2022**	**56,036**	0.4% to 5.69%	2021	43,109
Bank loans — secured	**PRIME[1]-2.1% or 5%**	**2022**	**49,335**	PRIME[1]–2.1% or 5.2%	2021	58,092
Other loans — unsecured	**–**	**–**	**–**	HIBOR[2]+5% or 18%	On demand	46,273
			105,371			147,474
Non-current						
Bank loan — secured	**PRIME[1]-2.1%**	**2036**	**17,343**	PRIME[1]–2.1%	2036	19,561
			17,343			19,561
			122,714			167,035

Analysed into:	**2021 HK$'000**	2020 HK$'000
Bank borrowings repayable:		
Within one year	**105,371**	101,201
In the second year	**1,167**	1,233
In the third to fifth years, inclusive	**3,502**	3,699
Beyond five years	**12,674**	14,629
	122,714	120,762
Other borrowings repayable:		
On demand	**–**	46,273
	122,714	167,035

1 Japan prime lending rate ("PRIME")
2 Hong Kong Interbank Offered Rate ("HIBOR")

Notes:

(a) Certain of the Group's bank loans are secured by (i) the pledge of certain land and buildings and right-of-use assets with an aggregate carrying amount of HK$117,937,000 (2020: HK$106,207,000) (note 15); and (ii) the pledge of certain accounts receivable with a net carrying amount of HK$4,014,000 (2020: HK$4,726,000) (note 26).

(b) The Group's bank borrowings as at 30 September 2021 of HK$90,300,000 (2020: HK$85,290,000) and HK$32,414,000 (2020: HK$35,472,000) are denominated in RMB and JPY, respectively.

(c) The Group's other borrowings as at 30 September 2020 were denominated in EUR.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

32. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

	Property, plant and equipment HK$'000	Investment properties HK$'000	Other intangible assets HK$'000	Impairment of financial assets HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities/(assets) at 1 October 2019	2,229	66,159	12,079	(3,768)	–	76,699
Acquisition of subsidiaries (note 36)	–	–	39,643	–	–	39,643
Disposal of a subsidiary (note 37)	–	–	(5,322)	–	–	(5,322)
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 12)	(77)	(63,382)	(7,893)	(2,166)	–	(73,518)
Exchange realignment	(4)	723	841	–	–	1,560
Gross deferred tax liabilities/(assets) at 30 September 2020 and at 1 October 2020	**2,148**	**3,500**	**39,348**	**(5,934)**	**–**	**39,062**
Acquisition of subsidiaries (note 36)	**–**	**–**	**1,657**	**–**	**113**	**1,770**
Disposal of subsidiaries (note 37)	**–**	**(3,718)**	**–**	**–**	**–**	**(3,718)**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 12)	**(77)**	**(31)**	**(2,731)**	**(2,342)**	**(5,420)**	**(10,601)**
Exchange realignment	**(75)**	**249**	**991**	**–**	**120**	**1,285**
Gross deferred tax liabilities/(assets) at 30 September 2021	**1,996**	**–**	**39,265**	**(8,276)**	**(5,187)**	**27,798**

32. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 **HK$'000**	2020 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**18,619**	5,934
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(46,417)**	(44,996)
Net deferred tax liabilities	**(27,798)**	(39,062)

At 30 September 2021, the Group had tax losses arising in Hong Kong of HK$75,932,000 (2020: HK$48,482,000), Japan of HK$375,945,000 (2020: HK$356,580,000) and Mainland China of HK$91,737,000 (2020: HK$35,993,000) that may be carried forward indefinitely for Hong Kong, nine years for Japan and five years for Mainland China, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and/or it is currently not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

At 30 September 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$7,227,000 (2020: HK$1,259,000) at 30 September 2021.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

33. ISSUED CAPITAL

Shares

	2021 HK$'000	2020 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
7,982,794,562 (2020: 7,170,198,562) ordinary shares of HK$0.1 each	**798,279**	717,019

A summary of movements in the Company's issued capital is as follows:

	Number of ordinary shares in issue '000	Issued capital HK$'000
At 1 October 2019, at 30 September 2020 and at 1 October 2020	7,170,199	717,019
Issue of subscription shares (note)	812,596	81,260
At 30 September 2021	7,982,795	798,279

Note: During December 2020 to February 2021, 812,596,000 ordinary shares of the Company of HK$0.1 each were allotted and issued at a subscription price of HK$0.46 per share to certain subscribers for a total cash consideration, before expenses, of approximately HK$373,794,000.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants (including, inter alia, employees, directors, advisors and consultants) who contribute to the success of the Group's operations. The Share Option Scheme became effective on 1 March 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Certain details of the Share Option Scheme are as follows:

(a) The maximum number of shares issuable upon exercise of the share options which may be granted under the Share Option Scheme and any other share option scheme of the Group to each eligible participant within any 12-month period shall not exceed 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting;

(b) The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier;

(c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee; and

(d) The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

The following share options were outstanding under the Share Option Scheme during the year:

	2021		2020	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At beginning of year	**0.95**	**164,649,204**	0.95	164,649,204
Granted during the year	**0.78**	**400,000,000**	–	–
Forfeited during the year	**0.74**	**(38,673,204)**	–	–
At end of year	**0.83**	**525,976,000**	0.95	164,649,204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

34. SHARE OPTION SCHEME *(continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2021

Number of options	**Exercise price*** HK$ per share	**Exercise period**
19,200	0.65	19 July 2017 to 18 July 2026
19,200	0.65	19 July 2018 to 18 July 2026
979,200	0.65	19 July 2019 to 18 July 2026
979,200	0.65	19 July 2020 to 18 July 2026
979,200	0.65	19 July 2021 to 18 July 2026
20,000,000	0.85	6 April 2017 to 5 April 2027
50,000,000	1.782	13 March 2018 to 12 March 2028
73,000,000	0.475	30 May 2019 to 29 May 2029
380,000,000	0.78	4 January 2021 to 3 January 2031
525,976,000		

2020

Number of options	**Exercise price*** HK$ per share	**Exercise period**
56,484	0.65	19 July 2017 to 18 July 2026
19,200	0.65	19 July 2018 to 18 July 2026
4,957,842	0.65	19 July 2019 to 18 July 2026
4,957,839	0.65	19 July 2020 to 18 July 2026
4,957,839	0.65	19 July 2021 to 18 July 2026
20,000,000	0.85	6 April 2017 to 5 April 2027
50,000,000	1.782	13 March 2018 to 12 March 2028
1,700,000	1.776	3 April 2018 to 2 April 2028
78,000,000	0.475	30 May 2019 to 29 May 2029
164,649,204		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was HK$106,774,000 (HK$0.27 each) (2020: Nil). The Group recognised a share option expense of HK$106,866,000 (2020: HK$3,035,000) during the year ended 30 September 2021.

34. SHARE OPTION SCHEME *(continued)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2021
Dividend yield (%)	**–**
Expected volatility (%)	**65.00**
Risk-free interest rate (%)	**0.72**
Expected life of options (years)	**10**
Weighted average share price (HK$ per share)	**0.72**

The expected life of the options is based on the historical exercise patterns and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

No share options were exercised during the years ended 30 September 2021 and 2020.

At the end of the reporting period, the Company had 525,976,000 (2020: 164,649,204) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 525,976,000 (2020: 164,649,204) additional ordinary shares of the Company and additional share capital of HK$52,598,000 (2020: HK$16,465,000) and share premium of HK$386,512,000 (2020: HK$139,421,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 525,976,000 share options outstanding under the Share Option Scheme, which represented approximately 6.6% of the Company's shares in issue as at that date.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 93 to 94 of the financial statements.

(a) Share premium account

The share premium account of the Group includes: (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to a group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from new share issues; (iii) the premium arising from a capitalisation issue; and (iv) the premium arising from issue of shares upon the exercise of share options.

(b) Reserve funds

The reserve funds represent PRC statutory reserve funds. Appropriations to such reserve funds are made out of profit after tax of the statutory financial statements of the relevant subsidiaries of the Group established in the PRC which are restricted as to use and the amount should not be less than 10% of the profit after tax unless the aggregate amount exceeded 50% of the registered capital of the relevant subsidiaries. The reserve funds can be used to make up prior years' losses of the relevant subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

36. BUSINESS COMBINATIONS

Year ended 30 September 2021

The Group entered into a sale and purchase agreement on 31 October 2019 and supplemental agreements on 12 December 2019, 13 March 2020, 11 June 2020, 15 September 2020 and 14 December 2020 (collectively referred to as the "Ideenion Acquisition Agreements") with three independent third parties (the "Ideenion Vendors"), pursuant to which the Group conditionally agreed to purchase, and the Ideenion Vendors conditionally agreed to sell, the entire issued share capital of Ideenion, which together with its subsidiaries (collectively, the "Ideenion Group") are principally engaged in the design, development and prototyping of internal combustion engine vehicles and new energy vehicles (the "Ideenion Acquisition"). The Ideenion Acquisition was completed on 10 February 2021.

The aggregate consideration for the Ideenion Acquisition comprises:

(a) an initial cash consideration of EUR15,000,000; and

(b) depending on the audited consolidated net profit after tax of the Ideenion Group for each of the three financial years ended/ending 30 June 2021, 2022 and 2023 as shown in the audited consolidated financial statements of the Ideenion Group prepared in accordance with International Financial Reporting Standards (the "NPAT Calculation"), further cash considerations of up to EUR4,200,000 are to be paid and further consideration shares with an aggregate value of up to approximately EUR16,800,000 are to be allotted and issued by the Company to the Ideenion Vendors subject to the mechanism below:

   (i) further cash consideration of EUR1,400,000 and further consideration shares with an aggregate value of EUR5,600,000 if the NPAT Calculation for the year ended 30 June 2021 is more than or equal to EUR4,600,000;

   (ii) further cash consideration of EUR1,400,000 and further consideration shares with an aggregate value of EUR5,600,000 if the NPAT Calculation for the year ending 30 June 2022 is more than or equal to EUR4,600,000; and

   (iii) further cash consideration of EUR1,400,000 and further consideration shares with an aggregate value of EUR5,600,000 if the NPAT Calculation for the year ending 30 June 2023 is more than or equal to EUR4,600,000.

The Group has elected to measure the non-controlling interest in the Ideenion Group at the non-controlling interest's proportionate share of the Ideenion Group's identifiable net assets.

36. BUSINESS COMBINATIONS *(continued)*

Year ended 30 September 2021 *(continued)*

The fair values of the considerations transferred and the identifiable assets and liabilities of the Ideenion Group as at the date of acquisition were as follows.

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	15	**6,657**
Right-of-use assets	17(a)	**11,262**
Other intangible asset	19	**5,900**
Deferred tax assets	32	**838**
Accounts receivable		**7,974**
Contract assets		**2,086**
Prepayments, deposits and other receivables		**5,839**
Tax recoverable		**415**
Cash and cash equivalents		**10,707**
Accounts payable		**(1,203)**
Other payables and accruals		**(5,330)**
Lease liabilities	17(b)	**(11,218)**
Tax payable		**(502)**
Deferred tax liabilities	32	**(2,608)**
Total identifiable net assets at fair value		**30,817**
Non-controlling interest		**(435)**
		30,382
Goodwill on acquisition	18	**232,718**
		263,100
Satisfied by:		
Cash		**141,835**
Contingent consideration		**121,265**
		263,100

The fair values of the accounts receivable and other receivables as at the date of acquisition amounted to HK$7,974,000 and HK$161,000, respectively. The gross contractual amounts of accounts receivable and other receivables were HK$7,974,000 and HK$161,000, respectively, none of which are expected to be uncollectible.

The Group incurred transaction costs of HK$10,389,000 for this acquisition, of which HK$3,185,000 and HK$7,204,000 have been expensed and are included in general and administrative expenses in the consolidated statement of profit or loss for the years ended 30 September 2021 and 2020, respectively.

36. BUSINESS COMBINATIONS *(continued)*

Year ended 30 September 2021 *(continued)*

Goodwill arose in the acquisition of the Ideenion Group because the considerations paid for the acquisition effectively included, inter alia, amounts in relation to the benefits of expected synergies from combining the respective operations of the Ideenion Group and the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

As part of the Ideenion Acquisition Agreements, contingent considerations are payable, which are dependent on the NPAT Calculation. The fair value recognised upon initial recognition and as at 30 September 2021 amounted to HK$121,265,000 and HK$53,460,000, respectively, which were determined using a scenario analysis and is within Level 3 fair value measurement. The contingent considerations shall be paid, allotted and issued by the Company to the Ideenion Vendors as soon as practicable after the finalisation of the audited consolidated financial statements of the Ideenion Group for each of the three years ended/ending 30 June 2021, 2022, 2023.

A significant unobservable valuation input for the fair value measurement of the contingent considerations upon initial recognition and as at 30 September 2021 is as follows:

	Initial recognition	2021
NPAT Calculation	HK$(1,809,000) to HK$90,261,000	**HK$27,321,000 to HK$47,062,000**

A significant decrease in the NPAT Calculation would result in a significant decrease in the fair values of the contingent consideration payables.

An analysis of the cash flows in respect of the Ideenion Acquisition is as follows:

	HK$'000
Cash consideration	**(141,835)**
Cash and cash equivalents acquired	**10,707**
Net outflow of cash and cash equivalents included in cash flows used in investing activities	**(131,128)**
Transaction costs of the acquisition included in cash flows used in operating activities	**(3,185)**
	(134,313)

Since the acquisition, the Ideenion Group contributed HK$18,388,000 to the Group's revenue and loss of HK$26,616,000 to the consolidated loss for the year ended 30 September 2021.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been HK$542,734,000 and HK$371,798,000, respectively.

36. BUSINESS COMBINATIONS *(continued)*

Year ended 30 September 2020

The Group entered into a sale and purchase agreement on 16 May 2019 and supplemental agreements on 15 August 2019 and 3 January 2020 (collectively referred to as the "Apollo Acquisition Agreements") with (among others) Ideal Team Ventures Limited ("Ideal Team"), pursuant to which the Group conditionally agreed to purchase, and Ideal Team conditionally agreed to sell, approximately 86.06% of the total issued share capital of Sino Partner, which together with its subsidiaries (collectively, the "Apollo Group") are principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide (the "Apollo Acquisition"). The Apollo Acquisition was completed on 17 March 2020.

The aggregate consideration for the Apollo Acquisition comprises:

(a) cash consideration of HK$172,000,000; and

(b) consideration shares of up to 1,655,232,000 ordinary shares of the Company which may be allotted and issued by the Company to Ideal Team (the "Consideration Shares"). In terms of the number of the Consideration Shares which may be allotted and issued, it shall be determined based on a calculation of the consolidated earnings before interests and taxes ("EBIT") of the Apollo Group as shown in the audited consolidated financial statements of the Apollo Group for the year ending 31 December 2021 less the consolidated loss before interests and taxes of the Apollo Group (if any) as shown in the audited consolidated financial statements of the Apollo Group for the years ended 31 December 2019 and 31 December 2020 to be prepared in accordance with HKFRSs (the "EBIT Calculation"). The number of the Consideration Shares which may be issued to Ideal Team is as follows:

 (i) if the EBIT Calculation is more than or equal to EUR1,890,000 but less than EUR3,780,000, then 66,432,000 Consideration Shares;

 (ii) if the EBIT Calculation is more than or equal to EUR3,780,000 but less than EUR5,670,000, then 463,632,000 Consideration Shares;

 (iii) if the EBIT Calculation is more than or equal to EUR5,670,000 but less than EUR7,560,000, then 860,832,000 Consideration Shares;

 (iv) if the EBIT Calculation is more than or equal to EUR7,560,000 but less than EUR9,450,000, then 1,258,032,000 Consideration Shares; or

 (v) if the EBIT Calculation is more than or equal to EUR9,450,000, then 1,655,232,000 Consideration Shares.

The Group has elected to measure the non-controlling interests in the Apollo Group at the non-controlling interests' proportionate share of the Apollo Group's identifiable net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

36. BUSINESS COMBINATIONS *(continued)*

Year ended 30 September 2020 *(continued)*

The fair values of the considerations transferred and the identifiable assets and liabilities of the Apollo Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	15	26,127
Other intangible assets	19	292,370
Inventories		23,345
Accounts receivable		2,888
Prepayments, deposits and other receivables		14,747
Cash and cash equivalents		7,704
Accounts payable		(9,514)
Other payables and accruals		(134,408)
Interest-bearing other borrowings		(41,544)
Tax payable		(1,237)
Deferred tax liabilities	32	(39,643)
Total identifiable net assets at fair value		140,835
Non-controlling interests		(19,632)
		121,203
Goodwill on acquisition	18	648,016
Satisfied by cash and contingent consideration		769,219
Analysis of fair value of purchase consideration:		
Cash		172,000
Contingent consideration payable		597,219
		769,219

The fair values of the accounts receivable and other receivables as at the date of acquisition amounted to HK$2,888,000 and HK$14,747,000, respectively. The gross contractual amounts of accounts receivable and other receivables were HK$2,888,000 and HK$14,747,000, respectively, none of which are expected to be uncollectible.

The Group incurred transaction costs of HK$6,230,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated statement of profit or loss.

36. BUSINESS COMBINATIONS *(continued)*

Year ended 30 September 2020 *(continued)*

Goodwill arose in the acquisition of the Apollo Group because the considerations paid for the acquisition effectively included, inter alia, amounts in relation to the benefits of expected synergies from combining the respective operations of the Apollo Group and the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

As part of the Apollo Acquisition Agreements, contingent consideration is payable, which is dependent on the EBIT Calculation. The fair value recognised upon initial recognition, as at 30 September 2020 and 30 September 2021 amounted to HK$597,219,000, HK$619,069,000 and HK$742,882,000, respectively, which were determined using a scenario analysis and are within Level 3 fair value measurement. The contingent consideration shares shall be allotted and issued by the Company to Ideal Team as soon as practicable after the finalisation of the audited consolidated financial statements of the Apollo Group for the year ending 31 December 2021.

A significant unobservable valuation input for the fair value measurement of the contingent consideration upon initial recognition, as at 30 September 2020 and 30 September 2021 is as follows:

	Initial recognition	2020	**2021**
EBIT Calculation	HK$16,184,000 to HK$80,920,000	HK$17,186,000 to HK$85,929,000	**HK$17,067,000 to HK$85,334,000**

A significant decrease in the EBIT Calculation would result in a significant decrease in the fair value of the contingent consideration payable.

An analysis of the cash flows in respect of the Apollo Acquisition is as follows:

	HK$'000
Cash consideration	(172,000)
Decrease in deposit paid for acquisition of subsidiaries	40,000
Cash and cash equivalents acquired	7,704
Net outflow of cash and cash equivalents included in cash flows from investing activities	(124,296)
Transaction costs of the acquisition included in cash flows used in operating activities	(6,230)
	(130,526)

Since the acquisition, the Apollo Group contributed HK$2,588,000 to the Group's revenue and loss of HK$18,083,000 to the consolidated loss for the year ended 30 September 2020.

Had the combination taken place at 1 October 2019, the revenue of the Group and the loss of the Group for the year ended 30 September 2020 would have been HK$400,594,000 and HK$367,896,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

37. DISPOSAL OF SUBSIDIARIES

Year ended 30 September 2021

On 31 May 2021, the Group disposed of its 51% equity interest in Hebei Dingjin Trading Co., Ltd. ("Hebei Dingjin") for a cash consideration of RMB6,120,000 (equivalent to approximately HK$7,343,000). On 1 June 2021, the Group disposed of its 100% equity interest in Marvel Bloom and its subsidiaries (collectively, the "Marvel Bloom Group") for a cash consideration of HK$200,000,000.

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	15	583
Investment properties	16	101,120
Inventories		124,019
Accounts receivable		52,931
Prepayments, deposits and other receivables		919,915
Cash and cash equivalents		162,554
Accounts payable		(4,748)
Other payables and accruals		(655,384)
Tax payable		(385,866)
Deferred tax liabilities	32	(3,718)
Non-controlling interests		(143,579)
		167,827
Exchange fluctuation reserve released		3,676
		171,503
Gain on disposal of subsidiaries	7	35,840
		207,343
Satisfied by:		
Cash		20,000
Consideration receivables		187,343
		207,343

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Hebei Dingjin and the Marvel Bloom Group is as follows:

	HK$'000
Cash consideration	20,000
Cash and cash equivalents disposed of	(162,554)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(142,554)

37. DISPOSAL OF SUBSIDIARIES *(continued)*

Year ended 30 September 2020

On 28 June 2020, the Group disposed of its 100% equity interest in Chi Feng Guo Jin Mining Company Limited ("Chi Feng") for a cash consideration of HK$2,850,000.

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	15	4
Intangible asset	19	21,937
Prepayment, deposits and other receivables		707
Other payables and accruals		(3)
Deferred tax liabilities	32	(5,322)
		17,323
Exchange fluctuation reserve released		(4,269)
		13,054
Loss on disposal of a subsidiary	7	(10,204)
		2,850
Satisfied by cash		2,850

An analysis of the inflow of cash and cash equivalents in respect of the disposal of Chi Feng is as follows:

	HK$'000
Cash consideration and inflow of cash and cash equivalents in respect of the disposal of a subsidiary	2,850

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$10,656,000 (2020: HK$5,454,000) and HK$10,656,000 (2020: HK$5,454,000), respectively, in respect of lease arrangements for leased properties.

(ii) During the year, the Group had non-cash remeasurements to right-of-use assets and lease liabilities of HK$14,045,000 (2020: HK$1,395,000) and HK$14,045,000 (2020: HK$1,395,000), respectively, in respect of modifications of lease arrangements for leased properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

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

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Interest-bearing bank and other borrowings HK$'000
At 1 October 2019	25,337	126,487
Changes from financing cash flows	(6,159)	(8,975)
Interest paid classified as financing cash flows	(1,202)	–
New leases	5,454	–
Acquisition of subsidiaries	–	41,544
Interest expense	1,202	1,903
Remeasurement on lease modifications	(1,395)	–
Termination of a lease	(93)	–
Foreign exchange movement	23	6,076
At 30 September 2020 and at 1 October 2020	**23,167**	**167,035**
Changes from financing cash flows	**(8,744)**	**(47,482)**
Interest paid classified as financing cash flows	**(1,121)**	**–**
New lease	**10,656**	**–**
Acquisition of subsidiaries	**11,218**	**–**
Interest expense	**1,121**	**–**
Remeasurement on lease modifications	**14,045**	**–**
Termination of leases	**(1,901)**	**–**
Foreign exchange movement	**(671)**	**3,161**
At 30 September 2021	**47,770**	**122,714**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 HK$'000	2020 HK$'000
Within operating activities	**5,479**	12,671
Within financing activities	**9,865**	7,361
	15,344	20,032

39. CONTINGENT LIABILITIES

(a) During the year, a borrower who entered into a loan agreement with the Group for a loan principal of HK$28,300,000 in prior years (the "Borrower") initiated a litigation claim against a subsidiary of the Group (the "Subsidiary") alleging the validity and enforceability of the loan agreement. Subsequent to the end of the reporting period, in December 2021, the Subsidiary filed a defence and counterclaim against the Borrower for the loan principal, interests and other costs. Based on the advice obtained from a legal counsel of the Group, the claim is at early stage and the Subsidiary is considered to have a good defence against the Borrower and a good cause of action against the Borrower in the counterclaim. Accordingly, the directors consider that it is appropriate to disclose such claim as contingent liabilities and no provision has been made in the financial statements.

(b) At 30 September 2020, the Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Group (the "Marvel Bloom Subsidiary") to certain property purchasers who purchased properties from a former investee of the Marvel Bloom Subsidiary to the extent of approximately HK$53,266,000 in connection with certain property transactions and other arrangements of the former investee in prior years. The Marvel Bloom Subsidiary was disposed of during the year.

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021	2020
	HK$'000	HK$'000
Contracted, but not provided for:		
Capital contributions to a joint venture	**33,493**	33,331

41. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions, arrangements and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the current and prior years.

(i) During the year ended 30 September 2020, lease payments for a property in the aggregate of HK$2,940,000 were paid or payable by the Group to a company controlled by a director of the Company based on terms as agreed by the relevant parties as set out in a tenancy agreement.

(b) Compensation of key management personnel of the Group

The directors of the Company comprise the key management personnel of the Group. Details of the compensation of the directors of the Company are included in note 10 to the financial statements.

The related party transactions in respect of item (a)(i) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules but are fully exempted and not subject to any of the disclosure requirements thereunder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2021

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Loans receivable	–	704,504	704,504
Accounts receivable	–	54,183	54,183
Financial assets included in prepayments, deposits and other receivables	–	264,625	264,625
Financial assets at fair value through profit or loss	1,011,753	–	1,011,753
Cash and cash equivalents	–	150,053	150,053
	1,011,753	1,173,365	2,185,118

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts payable	–	82,735	82,735
Financial liabilities included in other payables and accruals	–	141,477	141,477
Interest-bearing bank borrowings	–	122,714	122,714
Lease liabilities	–	47,770	47,770
Contingent consideration payables	796,342	–	796,342
	796,342	394,696	1,191,038

42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

2020

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Loans receivable	–	704,711	704,711
Accounts receivable	–	17,772	17,772
Financial assets included in prepayments, deposits and other receivables	–	391,226	391,226
Financial assets at fair value through profit or loss	1,029,718	–	1,029,718
Cash and cash equivalents	–	184,541	184,541
	1,029,718	1,298,250	2,327,968

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts payable	–	44,319	44,319
Financial liabilities included in other payables and accruals	–	76,937	76,937
Interest-bearing bank and other borrowings	–	167,035	167,035
Lease liabilities	–	23,167	23,167
Contingent consideration payable	619,069	–	619,069
	619,069	311,458	930,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, the current portion of loans receivable, financial assets included in prepayments, deposits and other receivables, accounts payable, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank and other borrowings reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed equity investments are based on quoted market prices. The following methods and assumptions were used to estimate the fair values of the Group's other financial instruments.

The fair values of the non-current portions of loans receivable, financial assets included in deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of the reporting period were assessed to be insignificant. In the opinion of the directors, the fair values of these financial instruments reasonably approximate to their carrying amounts.

The fair values of the contingent consideration payables have been determined using a scenario analysis, taking into account the probabilities in which each EBIT/NPAT target would be achieved.

The fair values of the preferred shares included in unlisted investments have been determined by equity value allocation method with option pricing model or scenario analysis. The underlying equity values have been determined based on market-based approach, such as certain earnings multiples, or income approach, such as discounted cash flows.

The fair value of the convertible note included in unlisted investments has been determined based on the probability-weighted expected return with option pricing method, which takes into account the probability-weighted value across multiple future outcomes, while using the option pricing method to estimate the allocation of value within one or more of those scenarios.

The fair values of the options included in unlisted investments have been determined using a scenario analysis or a binomial option pricing model. The valuations take into account the expected future values and probabilities under different scenarios discounted at the rate reflecting the risk of the payoff.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Valuation techniques	Significant unobservable inputs	Percentage or ratio	Sensitivity of fair value to the input
Unlisted investments — Preferred shares	Equity value allocation method	Risk-free rate	0.34% to 0.46% (2020: 0.22% to 0.24%)	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$2,875,000 (2020: HK$8,155,000)
		Volatility	65.25% to 75.46% (2020: 55.77% to 56.33%)	10% increase in volatility would result in decrease in fair value by HK$12,225,000 (2020: HK$19,804,000)
		Earnings multiples	6.21 (2020: 5.24 to 5.44)	10% decrease in earnings multiples would result in decrease in fair value by HK$28,259,000 (2020: HK$54,758,000)
Unlisted investment — Convertible note	Expected return with option pricing method	Risk-free rate	0.33% to 0.51% (2020: 0.23% to 0.26%)	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$320,000 (2020: HK$1,006,000)
		Volatility	55.10% to 73.85% (2020: 55.71% to 59.25%)	10% increase in volatility would result in decrease in fair value by HK$2,193,000 (2020: HK$2,588,000)
		Earnings multiples	6.21 (2020: 5.24)	10% decrease in earnings multiples would result in decrease in fair value by HK$2,223,000 (2020: HK$2,289,000)
Unlisted investments — Options	Scenario analysis	Discount rate	35% (2020: 35%)	10% increase in discount rate would result in decrease in fair value by nil (2020: HK$775,000)
		Earnings multiples	18.8 (2020: 15.6)	10% decrease in earnings multiples would result in decrease in fair value by HK$778,000 (2020: HK$1,550,000)
	Binomial option pricing model	Volatility	N/A (2020: 33%)	N/A (2020: 10% decrease in volatility would result in decrease in fair value by HK$1,117,000)
		Risk-free rate	N/A (2020: 0.1%)	N/A (2020: 1 percentage point decrease in risk-free rate would result in decrease in fair value by HK$568,000)

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss (before share of loss of an associate)	**27,759**	**–**	**1,003,844**	**1,031,603**

As at 30 September 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	75,097	–	954,621	1,029,718

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2020: Nil).

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

Liabilities measured at fair value:

As at 30 September 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Contingent considerable payables	**–**	**–**	**796,342**	**796,342**

As at 30 September 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Contingent considerable payable	–	–	619,069	619,069

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (2020: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	Assets		**Liabilities**	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
At beginning of year	**954,621**	1,066,488	**(619,069)**	–
Net gain/(loss) recognised in the consolidated statement of profit or loss	**49,223**	(111,867)	**(56,008)**	(21,850)
Acquisition of subsidiaries	**–**	–	**(121,265)**	(597,219)
At end of year	**1,003,844**	954,621	**(796,342)**	(619,069)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, which mainly arise directly from its operations or its investing activities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

For RMB, JPY and EUR floating-rate bank and other borrowings, a 100 basis point increase/decrease in interest rates at 30 September 2021, with all other variables held constant, would have increased/decreased the Group's loss before tax for the year by approximately HK$903,000 (2020: Nil), HK$324,000 (2020: HK$355,000) and nil (2020: HK$346,000), respectively.

Foreign currency risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group currently does not have a foreign currency policy to hedge its currency exposure arising from the net assets of the Group's foreign operations.

The Group also has transactional currency exposures mainly arising from purchases by operating units in currencies other than the units' functional currencies. The currency giving rise to this risk is primarily Swiss Franc ("CHF"). The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the CHF exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in CHF rate %	Decrease/ (increase) in loss before tax HK$'000
2021		
If the Hong Kong dollar weakens against the CHF	**5**	**1,301**
If the Hong Kong dollar strengthens against the CHF	**(5)**	**(1,301)**
2020		
If the Hong Kong dollar weakens against the CHF	5	27
If the Hong Kong dollar strengthens against the CHF	(5)	(27)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group mainly transacts on credit with creditworthy customers. Receivable balances are monitored on an on-going basis. In respect of loan receivables, individual credit evaluations are performed on borrowers. These evaluations take into account information specific to the borrowers. Certain of these loan receivables are secured by certain assets of the respective borrowers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 September. The amounts presented are gross carrying amounts for financial assets.

As at 30 September 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Loans receivable					
— Normal**	725,001	–	–	–	725,001
— Doubtful**	–	–	40,685	–	40,685
Accounts receivable*	–	–	–	56,257	56,257
Contract assets*	–	–	–	2,684	2,684
Financial assets included in prepayments, deposits and other receivables					
— Normal**	264,625	–	–	–	264,625
Cash and cash equivalents					
— Not yet past due	150,053	–	–	–	150,053
	1,139,679	–	40,685	58,941	1,239,305

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

As at 30 September 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Loans receivable					
— Normal**	646,198	95,147	–	–	741,345
— Doubtful**	–	–	385,658	–	385,658
Accounts receivable*	–	–	–	18,545	18,545
Financial assets included in prepayments, deposits and other receivables					
— Normal**	391,226	–	–	–	391,226
Cash and cash equivalents					
— Not yet past due	184,541	–	–	–	184,541
	1,221,965	95,147	385,658	18,545	1,721,315

* For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 26 and 27 to the financial statements, respectively.

** The credit quality of loans receivable and the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in note 26 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk in relation to accounts receivable as 72% (2020: 52%) and 97% (2020: 85%) of the Group's accounts receivable were due from its largest trade debtor and five largest trade debtors, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk in relation to loans receivable as 20% (2020: 20%) and 67% (2020: 70%) of the Group's loans receivable were due from its largest borrower and five largest borrowers, respectively.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of investment securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments and unlisted investments included in financial assets at fair value through profit or loss (note 22) as at 30 September 2021. The Group's listed equity investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a 10% change in the fair values of the investment securities, with all other variables held constant, of the Group's loss before tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount HK$'000	**Change in loss before tax HK$'000**
30 September 2021		
Equity investments listed in Hong Kong	**27,759**	**2,776**
Unlisted investments	**1,003,844**	**100,384**
30 September 2020		
Equity investments listed in Hong Kong	75,097	7,510
Unlisted investments	954,621	95,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to ensure there are adequate funds to meet its contractual payments for financial liabilities in the short and longer terms. In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2021			
	On demand/ less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Accounts payable	**82,735**	**–**	**–**	**82,735**
Financial liabilities included in other payables and accruals	**141,477**	**–**	**–**	**141,477**
Interest-bearing bank borrowings	**107,726**	**5,203**	**20,649**	**133,578**
Lease liabilities	**12,553**	**36,359**	**2,011**	**50,923**
	344,491	**41,562**	**22,660**	**408,713**

	2020			
	On demand/ less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts payable	44,319	–	–	44,319
Financial liabilities included in other payables and accruals	76,937	–	–	76,937
Interest-bearing bank and other borrowings	155,298	28,619	23,123	207,040
Lease liabilities	8,657	13,300	4,015	25,972
	285,211	41,919	27,138	354,268

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2021 and 30 September 2020.

The Group monitors capital using a gearing ratio, which is calculated by dividing total debts, which comprise interest-bearing bank and other borrowings, by total equity. As at 30 September 2021, the Group's gearing ratio was 3.4% (2020: 4.5%).

45. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 September 2021, the Company and Walong Holdings Limited ("Walong") entered into a subscription agreement, pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and Walong has agreed to subscribe for the convertible bonds (the "Walong Convertible Bonds") in the principal amount of HK$78,000,000. The Walong Convertible Bonds are convertible into ordinary shares of the Company at the initial conversion price of HK$0.55 per share.

On 13 September 2021, the Company entered into subscription agreements with each of Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd (collectively, the "CB Subscribers"), pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and the CB Subscribers have agreed to subscribe for the convertible bonds (the "13 September Convertible Bonds") in the principal amount of HK$85,800,000. The 13 September Convertible Bonds are convertible into ordinary shares of the Company at the initial conversion price of HK$0.55 per share.

Subsequent to the end of the reporting period, the Walong Convertible Bonds and the 13 September Convertible Bonds were issued in October 2021.

(b) On 31 December 2021, the board of directors proposed to increase the authorised share capital of the Company from HK$1,000,000,000 to HK$2,000,000,000 by the creation of 10,000,000,000 additional ordinary shares of HK$0.1 each. The increase in the authorised share capital of the Company is subject to approval by the shareholders by way of passing an ordinary resolution at the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**6,124**	2,578
Right-of-use assets	**10,436**	1,269
Investments in subsidiaries	**2,586,646**	2,318,896
Financial assets at fair value through profit or loss	**117,552**	188,791
Deposits	**3,244**	4,332
Total non-current assets	**2,724,002**	2,515,866
CURRENT ASSETS		
Prepayments, deposits and other receivables	**3,133**	1,566
Due from subsidiaries	**1,952,460**	1,788,812
Tax recoverable	**52**	–
Cash and cash equivalents	**41,073**	7,997
Total current assets	**1,996,718**	1,798,375
CURRENT LIABILITIES		
Due to a subsidiary	**414,393**	394,357
Other payables and accruals	**22,430**	4,471
Lease liabilities	**3,025**	2,297
Contingent consideration payable	**742,882**	–
Tax payable	**–**	264
Total current liabilities	**1,182,730**	401,389
NET CURRENT ASSETS	**813,988**	1,396,986
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,537,990**	3,912,852
NON-CURRENT LIABILITIES		
Lease liabilities	**7,605**	–
Contingent consideration payables	**53,460**	619,069
Total non-current liabilities	**61,065**	619,069
Net assets	**3,476,925**	3,293,783
EQUITY		
Issued capital	**798,279**	717,019
Reserves (note)	**2,678,646**	2,576,764
Total equity	**3,476,925**	3,293,783

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000 Note (i)	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 October 2019	5,989,760	80,902	(3,410,292)	2,660,370
Loss and total comprehensive loss for the year	–	–	(86,641)	(86,641)
Equity-settled share options arrangements	–	3,035	–	3,035
At 30 September 2020 and at 1 October 2020	**5,989,760**	**83,937**	**(3,496,933)**	**2,576,764**
Loss and total comprehensive loss for the year	**–**	**–**	**(281,496)**	**(281,496)**
Issue of shares	**292,534**	**–**	**–**	**292,534**
Share issue expenses	**(16,022)**	**–**	**–**	**(16,022)**
Equity-settled share option arrangements	**–**	**106,866**	**–**	**106,866**
Transfer of share option reserve upon the forfeiture of share options	**–**	**(9,270)**	**9,270**	**–**
At 30 September 2021	**6,266,272**	**181,533**	**(3,769,159)**	**2,678,646**

Note:

(i) In accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

The share premium account of the Company includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from new share issues; (iii) the premium arising from a capitalisation issue; and (iv) the premium arising from issue of shares upon the exercise of share options.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 December 2021.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

30 September 2021

INVESTMENT PROPERTIES

Properties	Attributable interest of the Group	Ownership	Tenure	Existing use
Shop No. 277–279, Block D of 3, Zone B, Phase 1 of Huaqiang City Garden, Fuyong Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC	100%	Leasehold	Long term lease	Leased