VANOV

VANOV HOLDINGS COMPANY LIMITED

環龍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2260

ANNUAL REPORT年報 2021

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CORPORATE INFORMATION
公司資料

BOARD OF DIRECTORS 董事會

Executive Directors 執行董事

Ms. Shen Genlian (Chairperson)	沈根蓮女士(主席)
Mr. Zhou Jun (Chief executive officer)	周駿先生(行政總裁)
Mr. Xie Zongguo	謝宗國先生
Ms. Yuan Aomei	袁傲梅女士

Independent Non-Executive Directors 獨立非執行董事

Mr. Ip Wang Hoi	葉耘開先生
Mr. Zhang Shenjin	張慎金先生
Mr. Wang Yunchen	王運陳先生

BOARD COMMITTEES 董事委員會

Audit Committee 審核委員會

Mr. Wang Yunchen (Chairman)	王運陳先生(主席)
Mr. Zhang Shenjin	張慎金先生
Mr. Ip Wang Hoi	葉耘開先生

Remuneration Committee 薪酬委員會

Mr. Ip Wang Hoi (Chairman)	葉耘開先生(主席)
Mr. Zhou Jun	周駿先生
Mr. Zhang Shenjin	張慎金先生

Nomination Committee 提名委員會

Ms. Shen Genlian (Chairman)	沈根蓮女士(主席)
Mr. Ip Wang Hoi	葉耘開先生
Mr. Wang Yunchen	王運陳先生

AUTHORISED REPRESENTATIVES 授權代表

Ms. Shen Genlian	沈根蓮女士
Ms. Mak Po Man Cherie	麥寶文女士

JOINT COMPANY SECRETARIES 聯席公司秘書

Ms. Liu Jiayan	劉家燕女士
Ms. Mak Po Man Cherie	麥寶文女士

REGISTERED OFFICE

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

註冊辦事處

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PO Box 2681
Grand Cayman, KY1-1111
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Industry Development Park
Wenjiang District, Chengdu
Sichuan Province, PRC

總部

中國四川省
成都市溫江區
海峽兩岸科技產業開發園
新華大道二段519號

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

香港主要營業地點

香港
灣仔皇后大道東248號
大新金融中心40樓

PRINCIPAL BANKERS

Shanghai Pudong Development Bank Co., Ltd.
Chengdu Branch
Chengdu Rural Commercial Bank Co., Ltd.
Wenjiang Yongsheng Branch Office
Hua Xia Bank Co., Ltd. Chengdu Branch

主要往來銀行

上海浦東發展銀行股份有限公司
成都分行
成都農村商業銀行股份有限公司
溫江永盛分行
華夏銀行股份有限公司成都分行

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

核數師

致同(香港)會計師事務所有限公司
執業會計師
註冊公眾利益實體核數師

LEGAL ADVISER AS TO HONG KONG LAWS

Loong & Yeung

關於香港法律的法律顧問

龍炳坤、楊永安律師行

COMPLIANCE ADVISER

CMBC International Capital Limited

合規顧問

民銀資本有限公司

CORPORATE INFORMATION
公司資料

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
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主要股份過戶登記處

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

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

STOCK CODE

2260

股份代號

2260

WEBSITE

www.vanov.cn

網站

www.vanov.cn

Dear Shareholders,

2021 is a very challenging year to Vanov Holdings Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"). Being the first year to implement the "14th Five-Year Plan" of the Peoples' Republic of China (the "**PRC**" or "**China**"), driven by the factors such as upgrading of social needs, increase in environmental protection policies, continuing advancement of technology and changes in the supply of resources, the papermaking industry had, in respond, accelerated the reduction of low-end production capacity, and had been increasing industry concentration, leading to an optimizing industry structure. The supply-side reform and the adjustment of the raw material structure had further improved the prosperity of the industry, and the duly implemented "zero import quota on recovered paper" policy had accelerated the overseas layout of leading paper enterprises.

As an essential part of the papermaking industry chain, the Group responded calmly to the new changes in the papermaking industry and solidly did well in every steps of the work by focusing on quality, cost and research and development. We made full efforts to achieve technology upgrade and market expansion. With the concerted efforts of all staff, the Group's revenue from sales and profit both recorded a year-on-year increase in 2021. The Group's total revenue in 2021 increased by 16.9% to RMB213.7 million compared to last year, and net profit increased by 22.6% to RMB59.5 million. Net profit for the year attributable to owners of the Company amounted to RMB50.1 million. Earnings per share for the year were RMB13.7 cents (2020: RMB11.1 cents). The total sales volume of the Group in 2021 was 1,401 tonnes.

INDUSTRY REVIEW

According to the latest information of National Bureau of Statistics of China, from January to December 2021, the nationwide production volume of machine-made paper and paperboard reached 135.839 million tonnes, representing a year-on-year increase of 8.833 million tonnes or 6.8%, making a new record high through breaking the cap of 130 million tonnes for the first time.

致各位股東：

2021年對環龍控股有限公司(「**本公司**」)及其附屬公司(統稱「**本集團**」)而言是極富挑戰的一年。作為中華人民共和國(「**中國**」)「十四五」規劃的開局之年，造紙行業在社會需求升級、環保政策加碼、技術持續進步、資源供給變化等因素的共同驅動下，加速去低端產能，行業集中度不斷提升，行業格局持續優化。供給側改革和原料結構調整進一步提高行業景氣度，「零外廢」政策的正式實施加速龍頭紙企的海外佈局。

作為造紙產業鏈中的重要一環，面對造紙行業的新變局，集團沉著應對，紮實做好每一步，著力抓質量、抓成本、抓研發。全力實現技術升級與市場開拓，在全體員工團結努力下，2021年，本集團銷售收益及利潤同比上年均有所提升。本集團2021年總收益比去年增長16.9%至人民幣213.7百萬元，純利上升22.6%至人民幣59.5百萬元，年內本公司擁有人應佔純利則為人民幣50.1百萬元。年內每股盈利人民幣13.7分(2020年：人民幣11.1分)。本集團2021年總銷售量為1,401噸。

行業回顧

據國家統計局最新數據顯示，2021年1月至12月，全國機制紙及紙板產量135.839百萬噸，同比增長8.833百萬噸，增速6.8%，首次突破130百萬噸大關，創歷史新高。

CHAIRMAN'S STATEMENT
主席報告

In 2021, the demand for packaging papers in e-commerce, take-away and other services, as well as the demand for household paper as a necessity in daily lives of Chinese residents, continued to rise due to the recovery of consumption and the implementation of the new plastic ban order. According to the statistics of the Secretariat of the Household Paper Committee, from January to December 2021, the disclosed production capacity of household paper industry accumulated to approximately 2.686 million tonnes per year. Attributable to the accelerated urbanisation and economic growth, the consumption of paper products such as packaging paper, household paper and cultural paper are expected to demonstrate a steady and sustainable growth in the forthcoming years.

2021年，由於消費回暖、新限塑令的實施，電子商務、外賣服務等使包裝紙需求持續增長；及作為中國居民日常生活必需品的生活紙需求和產能持續增長。根據生活用紙委員會秘書處統計，2021年1–12月，已公開生活用紙行業累計的投產產能約2.686百萬噸／年。基於城市化加速及經濟增長，包裝紙、生活用紙及文化用紙等紙製品的消耗預計將於未來幾年呈現穩定可持續的增長。

The market demand for papermaking felt is associated with the demand for papers. The increase in output of paper machines, upgrade, replacement and expansion of production capacity from papermaking enterprises will drive the demand for papermaking felts. In 2021, there was a rising trend of industrial concentration in the overall papermaking felt industry, which was mainly reflected in the fact that the leading enterprises of the industry continued to retrofit and upgrade their existing equipment through increasing capital investments, as well as enhanced investments in research and development, leading to a significant improvement in quality, output and sales volume of the products. The small-scale papermaking felt enterprises had been gradually falling behind because of insufficient investment of resources.

造紙毛毯的市場需求與紙張的需求掛鈎，造紙機產量增加、造紙企業升級、更換及產能擴大都將帶動造紙毛毯的需求。2021年，造紙毛毯行業整體呈現出產業集中度不斷提升的趨勢，主要表現在頭部企業通過加大資金投入，持續對現有設備進行改造升級，並加強研發投入，無論從產品的質量、產量和銷量上都有明顯提升，小型造紙毛毯企業因投入不足，逐漸掉隊。

BUSINESS PROSPECTS
業務前景

China's economy had proved its resilience under the COVID-19 pandemic. When the vaccination rate continues to rise, it is expected that the global economy and supply chain will recover at a fast pace, which will have positive impacts on the development of the overall macro-economy and the paper industry. In the long run, with the Chinese government stressing the promotion of policies regarding "Dual Circulation" economic development, e-commerce and "replacement of plastic with paper", the rigid demand for paper, especially for packaging paper, will be driven. In estimation, the production and consumption volume of machine-made paper and paperboard in the PRC will grow at a CARG of approximately 4.9% and 5.1%, respectively from 2021 to 2025. Meanwhile, amid the new normal of raw material supply, implementation of rectification measures on environment protection such as "coal-to-gas" will accelerate the elimination of obsolete production capacities, resulting in a rising level of productivity of the industry.

中國經濟之韌性之強在疫情下得到了印證，隨著疫苗接種率的不斷提升，預計全球經濟、供應鏈將加快復蘇，這對整個宏觀經濟及造紙產業發展都將具積極作用。長遠來看，國家大力推動雙循環經濟發展、電商及「以紙代塑」等政策均會拉動對紙張，尤其包裝紙的剛性需求；據估計，2021年至2025年中國機制紙及紙板產量及消耗量將分別以約4.9%及約5.1%的複合年增長率增長。同時，在原料供應新常態、「煤改氣」等環保整改措施的實施將會促使落後產能加速淘汰，行業生產力水平不斷提升。

The market demand for papermaking felt is associated with the demand for papers. The increase in output of paper machines, upgrade, replacement and expansion of production capacity from papermaking enterprises will drive the demand for papermaking felts. Driven by the expected growth of domestic paper production and strong demand for papermaking felts in Southeast Asia, the sales volume of papermaking felt has seen a rapid growth from 2016 onwards. According to the statistics, from 2016 to 2020, the sales volume of papermaking felts in the PRC grew from approximately 12,820.1 tonnes to approximately 17,487.9 tonnes, representing a CAGR of approximately 8.1%. It is expected that the growth is set to maintain at a CAGR of 6.3% from 2021 to 2025.

造紙毛毯的市場需求與紙張的需求掛鈎，造紙機產量增加、造紙企業升級、更換及產能擴大都將帶動造紙毛毯的需求。受國內紙張生產的增長及東南亞對造紙毛毯的需求強勁所推動，造紙毛毯的銷量自2016年起快速增長，據統計，2016至2020年，中國造紙毛毯的銷量由約12,820.1噸增加至約17,487.9噸，複合年增長率約為8.1%，預計2021年至2025年都將維持複合年增長率6.3%的增長。

DEVELOPMENT PLAN

In 2022, the Company will focus on production capacity expansion with an aim of consolidating its market share while proactively looking for business development opportunities that would perform synergies with its principal undertaking through increasing the investments in research and development.

1. Establishing a foothold in its principal business by producing quality and intelligent papermaking felts. The Group will continue to strengthen its main business of papermaking felts, the high-end industrial filter material products, through which to establish its core competitiveness and to develop production, sales and technical capabilities reaching the world-class standard. Also, the Group will increase efforts on brand marketing to establish a global leading brand position.

2. Creating a papermaking machine service ecosystem of papermaking machine efficiency oriented in multi-dimensions. The Company will develop a service platform through accumulated data, IoT and AI analysis technology based on its papermaking machine operation efficiency optimization service system to provide papermaking integrated service plans aiming to improve efficiency while reducing energy consumption, and to seek and integrate quality business resources within the ecosystem that will bring synergies to the Group's development.

發展規劃

2022年，公司將著力產能擴建，加大研發投入，立足主業並積極尋找能與主業產生協同的產業發展機會。

1. 立足主業，做高品質、智能化的造紙毛毯。集團將持續強化造紙毛毯這一高端工業濾材產品主業，打造核心競爭力，打造具有國際一流水平的生產、銷售、技術能力，同時加大品牌營銷，確立全球領先品牌地位。

2. 多維度持續打造以紙機效率為核心的紙機服務生態圈，基於公司開發的紙機運營效率優化服務系統，通過數據累積、物聯網、人工智能分析技術，打造紙機服務平台，提供以提升效率、降低能耗為目標的紙機綜合服務方案，同時在生態圈中尋求、整合可與集團協同發展的優質產業資源。

3. Strengthening ESG management, fulfilling corporate social responsibilities resolutely, improving internal control system, environmental protection, safety and staff training and other mechanisms. By adopting advanced technology in production to continuously reduce the corporate carbon emissions and using quality products to assist the papermaking industry in lowering its carbon emissions, the Group will be able to attain sustainable and high-quality growth in enterprises and the industry.

3. 加強ESG管理，堅定履行企業社會責任，不斷完善內控機制，完善環保、安全、人才培訓等體制，通過先進生產技術不斷降低企業碳排放，並以優良的產品協助造紙企業不斷降低碳排放，本集團將實現企業與產業的可持續、高質量發展。

APPRECIATION

The Group would like to express its sincere gratitude to all staff, investors, suppliers, customers, government at all levels, banks, business partners and other stakeholders for their trust and support towards the Group. In the future, it is believed that leveraging on market-leading position in the papermaking felt industry, as well as throughout and steady strengths in development, the Group will be able to improve its profitability consistently; thereby maximising the interests of the shareholders of the Company (the "**Shareholders**").

致謝

本集團衷心感謝全體員工、投資者、供應商、客戶、各級政府、銀行、業務夥伴等持份者對環龍控股的信任及支持，未來，相信憑藉本集團在造紙毛毯行業的領先地位以及貫徹始終的穩健發展優勢，本集團將不斷提升盈利能力，為本公司股東(「**股東**」)帶來最大的利益。

BUSINESS REVIEW

The Group principally engages in the design, manufacture and sales of papermaking felts under the brands of VANOV and Gobear. Papermaking felts are fabrics used in the papermaking machines for dewatering, pressing, forming and drying of paper in the papermaking process and are consumables with a replacement cycle of approximately 30 to 180 days. The Group provides comprehensive papermaking felts services to customers, from conducting on-site visits and advising customers on the types and specifications of papermaking felts, to sourcing suitable raw materials for its production, conducting quality control, delivering papermaking felts to customers and providing after-sales services.

The Group developed and launched a trial version of Huanlong Paper Machine Efficiency Operation System* (造紙機運營效率優化服務數字平台系統), which is able to gather and store the data of its customers' papermaking machines collected during the provision of its services, so that it can analyse the data and customise the product for customers and provide technical advice of improving the efficiency of customers' papermaking machines. As part of its sales and marketing strategies, upon completion of the development and the launching of the formal version of system, this online platform will allow the Group's selected customers to access its services remotely such as reviewing product development plans, tracking orders and production status, reviewing product examination and technical reports and giving feedback on the efficiency of their papermaking machines.

Riding on its research and development capabilities and data stored in the system, in order to increase customer stickiness to its products, the Group currently also provides complementary papermaking machine efficiency optimisation services from pre-sales technical advice in the use of suitable products and/or customisation of products to after-sales technical advice and evaluation of the effectiveness on customers' papermaking machine to its customers, with a view to increase customers' operational efficiency.

The Group's customers are primarily paper and paper products manufacturers and trading companies, which can be categorised by geographical region, including: (i) PRC paper and paper products manufacturers and trading companies; and (ii) overseas paper and paper products manufacturers and trading companies. Monofilaments and fibre, which are mainly made from nylon, are the major raw materials for the Group's production. The Group's suppliers, who are mainly based in the PRC, provide the Group with raw materials, some of which were imported from Germany and Switzerland.

業務回顧

本集團主要以VANOV及Gobear品牌從事造紙毛毯的設計、製造及銷售。造紙毛毯為用於造紙機的織物，在造紙過程中將紙張脫水、壓榨、成型及乾燥，並為擁有約30至180天替代週期的消耗品。本集團為客戶提供全面的造紙毛毯服務，從進行實地視察、就造紙毛毯的類型及規格向客戶提供建議、到採購合適原材料作生產、進行質量控制、向客戶交付造紙毛毯及提供售後服務。

本集團開發並發佈造紙機運營效率優化服務數字平台系統試用版，該系統於其提供服務時可收集並儲存客戶造紙機的數據，令其可分析數據並為客戶客制化產品及提供提升客戶造紙機效能的技術建議。作為本集團的銷售及營銷策略一部分，於開發完成，系統的正式版本推出後，此在線平台將容許特選客戶遙距獲取本集團服務，例如審查產品開發計劃、跟蹤訂單及生產情況、審閱產品檢驗及技術報告以及就其造紙機的效能提供反饋意見。

憑借本集團的研發能力及在系統儲存的數據，為提高客戶對本集團產品的黏性，目前本集團亦向客戶提供免費造紙機效能提升服務，由就使用合適的產品提供售前技術諮詢，及／或訂製產品，以至售後技術諮詢並評估產品對客戶造紙機的效能，務求提升客戶的營運效率。

本集團的客戶主要為造紙及紙製品製造商及貿易公司，可按地理位置分類，包括：(i)中國的造紙及紙製品製造商及貿易公司；及(ii)海外的造紙及紙製品製造商及貿易公司。單絲及纖維主要由尼龍製成，為本集團生產的主要原材料。本集團的供應商主要位於中國，向本集團提供原材料，當中部分從德國及瑞士進口。

FINANCIAL REVIEW

Revenue

The Group principally engages in the design, manufacture and sales of papermaking felts under the brands of VANOV and Gobear. The revenue for the year ended 31 December 2021 was approximately RMB213.7 million, representing an increase of 16.9% as compared to approximately RMB182.8 million for the year ended 31 December 2020, which was mainly attributable to the increase in sales of medium-speed and high-speed felts.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 December 2021 was approximately RMB113.6 million, representing an increase of approximately RMB14.0 million from approximately RMB99.6 million for the year ended 31 December 2020. Its gross profit margin decreased from approximately 54.5% for the year ended 31 December 2020 to approximately 53.2% for the year ended 31 December 2021, which was mainly attributable to the change in product mix and an increase in cost of raw materials.

Other Income

Other income for the Group decreased by approximately RMB0.5 million from approximately RMB6.0 million for the year ended 31 December 2020 to approximately RMB5.5 million for the year ended 31 December 2021, which was mainly attributable to the decrease in government subsidies income.

Selling and Distribution Expense

For the year ended 31 December 2021, selling and distribution expense of the Group was approximately RMB19.9 million, as compared to approximately RMB17.8 million for the year ended 31 December 2020. Selling and distribution expense for the year ended 31 December 2021 accounted for approximately 9.3% of its revenue, representing an increase of approximately RMB2.1 million from the year ended 31 December 2020. The increase in selling expense was generally in line with the increase in revenue.

財務回顧

收益

本集團主要以VANOV及Gobear品牌從事造紙毛毯的設計、製造及銷售。截至2021年12月31日止年度的收益約為人民幣213.7百萬元，較截至2020年12月31日止年度的約人民幣182.8百萬元增加了16.9%，主要原因為中速及高速毛毯的銷量增加所致。

毛利及毛利率

截至2021年12月31日止年度，本集團毛利約為人民幣113.6百萬元，較截至2020年12月31日止年度的約人民幣99.6百萬元增加約人民幣14.0百萬元。其毛利率則由截至2020年12月31日止年度的約54.5%下降至截至2021年12月31日止年度的約53.2%，主要原因為產品組合的變動及原材料成本增加所致。

其他收入

本集團截至2021年12月31日止年度的其他收入為約人民幣5.5百萬元，較截至2020年12月31日止年度約人民幣6.0百萬元減少約人民幣0.5百萬元，主要原因為政府補貼收入減少所致。

銷售及分銷開支

本集團截至2021年12月31日止年度的銷售及分銷開支約為人民幣19.9百萬元，而截至2020年12月31日止年度約為人民幣17.8百萬元。截至2021年12月31日止年度的銷售及分銷開支佔收益約9.3%，較截至2020年12月31日止年度增加約人民幣2.1百萬元。銷售費用增加大致上與收益增加一致。

Administrative and Other Operating Expenses

For the year ended 31 December 2021, administrative and other operating expenses of the Group was approximately RMB31.6 million, as compared to approximately RMB32.1 million for the year ended 31 December 2020. Administrative and other operating expenses for the year ended 31 December 2021 accounted for approximately 14.8% of the Group's revenue, representing a decrease of approximately RMB0.6 million as compared to that of the year ended 31 December 2020. Such decrease was mainly due to the decrease in listing expenses.

行政及其他經營開支

本集團截至2021年12月31日止年度的行政及其他經營開支約為人民幣31.6百萬元，而截至2020年12月31日止年度約為人民幣32.1百萬元。截至2021年12月31日止年度的行政及其他經營開支佔本集團收益約14.8%，較截至2020年12月31日止年度約減少人民幣0.6百萬元。其減少主要是由於上市開支減少所致。

Finance Cost

For the year ended 31 December 2021, total finance cost of the Group reached approximately RMB8.2 million, representing an increase of approximately RMB1.0 million as compared to approximately RMB7.2 million for the year ended 31 December 2020. The main reason for such increase was the increase of loan interests in other borrowings.

財務成本

截至2021年12月31日止年度，本集團的總財務成本約為人民幣8.2百萬元，與截至2020年12月31日止年度約為人民幣7.2百萬元相比增加約人民幣1.0百萬元。其增加的主要原因為其他借款產生的貸款利息增加所致。

Income Tax Expense

Income tax expense of the Group for the year ended 31 December 2021 reached approximately RMB8.8 million, representing an increase of approximately RMB1.3 million from approximately RMB7.5 million for the year ended 31 December 2020, which was mainly attributable to the increase in the Group's profit before tax.

Effective tax rate (income tax expense divided by profit before income tax for the current year) for the year ended 31 December 2021 was approximately 14.7%, as compared to 15.4% for the year ended 31 December 2020. Such decrease was mainly attributable to more favorable tax policies implemented by the PRC government and an increase in deductible research and development expenses ratio.

所得稅開支

本集團截至2021年12月31日止年度的所得稅開支約為人民幣8.8百萬元，較截至2020年12月31日止年度的約人民幣7.5百萬元增加約人民幣1.3百萬元，其增加原因為本集團稅前溢利增加所致。

截至2021年12月31日止年度的實際稅率(所得稅開支除以本年度除所得稅前溢利)約為14.7%，而截至2020年12月31日止年度則為15.4%，該減少乃主要由於中國政府稅收政策支持力度加大，研發開支加計扣除比例上升所致。

Turnover Days of Inventories, Trade Receivables and Trade Payables

Turnover days of inventories of the Group for the year ended 31 December 2021 were 40.0 days, as compared to 46.9 days for the year ended 31 December 2020.

Turnover days for trade receivables of the Group for the year ended 31 December 2021 were 211.0 days, as compared to 209.7 days for the year ended 31 December 2020, which was in line with the credit period granted by the Group to its customers.

Turnover days for trade payables of the Group for the year ended 31 December 2021 were 80.4 days, as compared to 86.3 days for the year ended 31 December 2020.

存貨、應收賬款及應付賬款週轉期

本集團於截至2021年12月31日止年度的存貨週轉期為40.0日，而於截至2020年12月31日止年度則為46.9日。

本集團於截至2021年12月31日止年度的應收賬款週轉期為211.0日，而截至2020年12月31日止年度則為209.7日。此符合本集團給予客戶的信貸期。

本集團於截至2021年12月31日止年度的應付賬款週轉期為80.4日，而截至2020年12月31日止年度則為86.3日。

Liquidity, Financial Resources and Capital Structure

As at 31 December 2021, net assets of the Group reached approximately RMB215.0 million (2020: approximately RMB164.3 million). As at 31 December 2021, current assets and current liabilities of the Group reached approximately RMB178.0 million (2020: approximately RMB182.1 million) and approximately RMB185.3 million (2020: approximately RMB171.1 million). As at 31 December 2021, the current ratio of the Group was 96.1%, as compared to 106.4% as at 31 December 2020.

The Group normally finances its operations from cash generated from its operating activities and bank borrowings. As at 31 December 2021, outstanding borrowings of the Group was approximately RMB127.5 million (2020: approximately RMB115.0 million). These bank borrowings and other borrowings were generally secured by its property, plant and equipment and land. As at 31 December 2021, bank balances and cash of the Group reached approximately RMB12.6 million (2020: approximately RMB29.8 million). Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 31 December 2021 was 55.9% (31 December 2020: 53.6%).

The Group has sufficient cash and available bank credit to meet the commitment and its operating cash requirement.

流動資金、財務資源及資本結構

於2021年12月31日，本集團的資產淨值約為人民幣215.0百萬元(2020年：約人民幣164.3百萬元)。於2021年12月31日，本集團的流動資產約達人民幣178.0百萬元(2020年：約人民幣182.1百萬元)，而流動負債則約為人民幣185.3百萬元(2020年：約人民幣171.1百萬元)。於2021年12月31日，本集團的流動比率為96.1%，而於2020年12月31日則為106.4%。

本集團主要使用經營活動所得現金及銀行借款為其業務提供資金。於2021年12月31日，本集團的未償還借款約為人民幣127.5百萬元(2020年：約人民幣115.0百萬元)。該等銀行借款及其他借款一般以本集團物業、廠房及設備、土地抵押。於2021年12月31日，本集團持有銀行結餘及現金約人民幣12.6百萬元(2020年：約人民幣29.8百萬元)。截至2021年12月31日本集團的淨資本負債比率(借款總額減現金及現金等價物除以股東權益)為55.9%(2020年12月31日：53.6%)。

本集團具備充裕現金及可供動用的銀行備用額以應付其承擔及營運資金需要。

The Group's trading and monetary assets are denominated in RMB. The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policies focuses on the unpredictability and volatility at financial markets and seeks to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

本集團的交易及貨幣資產主要以人民幣計值。本集團就其於日常業務過程及投資活動中使用金融工具承受財務風險。財務風險包括市場風險(包括外幣風險及利率風險)、信貸風險及流動性風險。本集團的整體財務風險管理政策專注於金融市場的不可預測性及波動性,及尋求盡量減少對本集團財務狀況、財務表現及現金流量可能造成的不利影響。概無採用衍生金融工具對沖任何風險。

Pledge of Assets

As at 31 December 2021, certain of the Group's assets were pledged to secure bank borrowings of the Group. The aggregate carrying amount of the assets of the Group pledged at 31 December 2021 was approximately RMB76.3 million.

資產抵押

於2021年12月31日,本集團已抵押若干資產以擔保本集團銀行借款。本集團已抵押資產於2021年12月31日的賬面總值約為人民幣76.3百萬元。

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities.

或然負債

於2021年12月31日,本集團並無任何重大的或然負債。

Trade and Other Payables

For the year ended 31 December 2021, the trade and other payables of the Group were approximately RMB58.8 million.

貿易及其他應付款項

截至2021年12月31日止年度,本集團的貿易及其他應付款項約為人民幣58.8百萬元。

Employee and Remuneration Policy

As at 31 December 2021, the Group had 309 employees. The remuneration package offered by the Group to its employees generally includes salary, allowances and payment for welfare contributions, including social insurance contributions and housing provident fund contributions. The Group determines its employees' remunerations based on each employee's qualification, relevant experience, position and seniority. The Group conducts annual review on salary increments, bonuses and promotions based on the performance of each employee.

僱員及薪酬政策

於2021年12月31日,本集團擁有309名僱員。本集團向僱員提供的薪酬待遇包括薪金、津貼及繳付福利供款,包括社會保險供款及住房公積金供款。本集團根據每名僱員的資格、相關經驗、職位及資歷釐定僱員薪酬。本集團根據每名僱員的績效每年進行薪酬調升、花紅及晉升審查。

As at 31 December 2021, save for the instances disclosed in the section headed "Business — Legal proceedings and compliance — Non-compliances — (2) Non-compliance in relation to social insurance contributions" in the prospectus of the Company dated 29 December 2021 (the "**Prospectus**"), the Group had made contributions for its employees in the PRC to social security funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident fund. For the year ended 31 December 2021, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB35.8 million.

於2021年12月31日，除本公司日期為2021年12月29日的招股章程(「**招股章程**」)「業務 — 法律訴訟及合規 — 不合規事件 — (2)有關社會保險供款的不合規事件」一節所披露的案例外，本集團已為其中國僱員作出社會保險金(包括養老保險、醫療保險、工傷保險、失業保險及生育保險)及住房公積金供款。截至2021年12月31日止年度，員工成本總額(包括薪金、工資及其他福利以及界定供款計劃供款)約為人民幣35.8百萬元。

The Group provides regular on-the-job training to the employees and conducts yearly reviews of their performance. The Group believes that these initiatives have contributed to stronger work incentive among its employees.

本集團為僱員提供定期在職培訓，並按年評審彼等的績效。本集團認為，該等措施有利於激勵僱員的工作。

The Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by the comparable companies, time commitment and the performance of the Group. The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Group.

董事及高級管理層以薪金、實物福利及酌情花紅方式收取報酬，當中經參考可資比較公司支付的薪金、投入的時間及本集團的表現。本集團定期通過參考(其中包括)可資比較公司支付的市場薪金水平、董事及高級管理層各自的職責及本集團的表現，去檢討及釐定董事及高級管理層的薪酬及報酬組合。

Remuneration committee of the Group will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group. The Directors may also receive options to be granted under the share option scheme adopted by the Company.

本集團的薪酬委員會將檢討及釐定董事的薪酬及報酬組合，當中經參考其職責、工作量、為本集團投入的時間及本集團的表現。董事亦可能收到本公司根據已採納的購股權計劃所授出的購股權。

The Group has not experienced any material labour disputes with the employees which had a material impact on its business, financial conditions or result of its operations. The Group has maintained good relationships with its employees.

本集團並無與僱員發生會對其業務、財務狀況或經營業績造成嚴重影響的任何重大勞工糾紛。本集團與僱員的關係良好。

RECENT DEVELOPMENT

Global Offering and Listing

On 29 December 2021, the Company offered 114,200,000 ordinary shares (the "**Shares**") for subscription by public by way of global offering (the "**Global offering**"). The offer price per Share was determined at HK$1.22 and the Shares were successfully listed on the Main Board of the Stock Exchange on 11 January 2022. The net proceeds (after deduction of underwriting fees and commissions and other listing expense) from the Global Offering were approximately HK$92.8 million. In addition, the over-allotment option granted by the Company to the International Underwriters (as defined in the Prospectus) was partially exercised and the Company further issued 3,442,000 Shares, representing approximately 3.0% of the number of Shares of the Company initially offered at HK$1.22 in the Global Offering. The additional net proceeds from the partial exercise of the over-allotment option were approximately HK$4.2 million. The net proceeds would be applied in manners described under the section headed "Future Plans and Use of Proceeds" to the Prospectus.

The Shares were only listed in January 2022. The Company raised new capital through the Global Offering in 2022, and details of the proposed use of proceeds are set out in the Prospectus.

Impact of the COVID-19 Outbreak

In light of the strict measures against the COVID-19 outbreak and gaining vaccination rate, the PRC economy has demonstrated steady recovery during 2021. However, due to unstable outbreak in many countries around the world, limited international transportation, increase in energy and bulk raw material costs as well as the implementation of the "zero import quota on recovered paper" policy in the PRC, the operation pressure on the paper packaging industry in the PRC has not been eased.

While facing various uncertainties, the Group further enhanced its virus prevention measures, taked advantage of its production scale and raw material procurement, provided quality products and services, expanded premium customer base and implemented effective cost control, as such, the Group achieved new high in both sales value and sales volume, with an outstanding increase in profits. In addition, due to the effective control on working capital and financial risks, the Group maintained the net gearing ratio and cash flow at a stable level despite the increment in capital expenditure.

近期發展

全球發售及上市

本公司於2021年12月29日以全球發售的方式(「**全球發售**」)向公眾發售114,200,000股普通股(「**股份**」)以供認購。發售價釐定為每股股份1.22港元，而股份於2022年1月11日在聯交所主板成功上市。扣除包銷費用及佣金以及其他上市開支後的全球發售所得款項淨額約92.8百萬港元。此外，本公司向國際包銷商(定義見招股章程)授出的超額配股權部份獲行使，以及本公司再發行3,442,000股股份，相當於按本公司於全球發售的每股股份1.22港元初始提呈認購的股份數目約3.0%。根據部分行使超額配股權收取的額外所得款項淨額約為4.2百萬港元。所得款項淨額將根據招股章程「未來計劃及所得款項用途」一節所載的方式使用。

股份剛於2022年1月上市。本公司於2022年通過全球發售籌得新資本，所得款項擬定用途的詳情載於招股章程。

新型冠狀病毒疫情的影響

回顧2021年，在國家嚴謹抗疫及疫苗普及下，中國經濟已明顯回穩。然而，由於全球多國疫情仍然反覆、國際航運受限、能源及大宗原料成本上升，以及中國「零外廢」政策正式實施等，因此中國包裝紙行業之經營壓力絲毫未減。

面對多種不明朗因素，本集團加強防疫，發揮好生產規模及原料採購優勢，堅持優質產品和服務，積極開拓優質客戶群，並做好成本控制，因此本集團銷售額及銷售量再創新高，盈利顯著上升。此外，本集團有效地管理營運資金及財務風險，即使在資本開支增加情況下，淨負債比率及現金流仍然保持健康水平。

FUTURE PLANS

In order to boost the business development of the Group, the Directors intend to implement the following measures: (i) the Group has executed the production capacity expansion plan in three phases from 2021 to 2024 in order to satisfy the increasing demand in its high-speed papermaking felts. Such additional production capacity is intended mainly for manufacturing the papermaking felts used for paper machines of higher speed; (ii) the Group plans to upgrade the Huanlong Paper Machine Efficiency Operation System* (造紙機運營效率優化服務數字平台系統) to facilitate the collection of information from customers' papermaking machines and production machinery and equipment, support the analysis of the data collected from the machines, build database and promote customised product services based on its analysis of the data. The Group will continue to develop its production machinery and equipment based on the information collected using the online platform and allocate more resources to procure staff with relevant expertise to strengthen its information technology facilities; (iii) to achieve future growth, the Group may selectively pursue strategic acquisitions that complement its business and strategic priorities, such as for expanding the business horizontally in the industry chain and supply chain, taking into account factors such as the financial and competitive positions of potential acquisition targets. In particular, the Group intends to acquire papermaking screens manufacturer(s) with the capacity to produce drying screens (乾網) and three-layer screens (三層網), another consumables required by paper manufacturers during the papermaking process, since generally the Group's paper and paper products manufacturers customers which purchase papermaking felts from the Group needs papermaking screens as well, they are major consumables for pressing, forming and drying in the whole papermaking process.

未來計劃

為推動本集團業務增長，董事擬實行以下措施：(i)本集團已開始於2021至2024年間，分三個階段推進產能擴大計劃，以滿足對高速造紙毛毯的預期上升需求。該等額外產能主要作生產供高速造紙機使用的造紙毛毯；(ii)本集團計劃升級造紙機運營效率優化服務數字平台系統，以促進從客戶造紙機以及生產機器及設備中收集資料，支援對從造紙機所集得數據的分析、建立數據庫並基於對數據的分析提升定製產品服務。本集團將繼續基於使用在線平台收集的資料開發其生產機器及設備，並分配更多資源以招攬具有相關專業的人員並加強本集團的信息科技設施；(iii)為了實現未來增長，本集團會選擇性地尋求策略性收購，以補充其業務及策略重點，例如在產業鏈及供應鏈中橫向擴展業務，當中已考慮潛在收購目標的財務及競爭狀況等因素。特別是，本集團有意收購一傢具有生產乾網及三層網(此乃於造紙過程中紙製造商所需的另一消耗品)能力的造紙織物製造商，因為本集團需要造紙毛毯的紙及紙製品製造商客戶一般亦會向本集團採購造紙織物造紙機，此乃整個造紙過程過程中壓榨、成型及乾燥的主要消耗品。

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the board of directors (the "**Directors**") of the Company (the "**Board**") for other material investments or additions of capital assets as at 31 December 2021.

所持主要投資、重大收購及出售附屬公司、聯營公司及合營企業以及有關重要投資或資本資產之未來計劃

概無持有其他主要投資、重大收購或出售附屬公司、聯營公司及合營企業，於2021年12月31日亦無經本公司董事(「**董事**」)會(「**董事會**」)授權之有關其他重要投資或資本資產添置的任何計劃。

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted all the code provisions in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code on corporate governance practices. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions of the CG Code since 11 January 2022 (the "**Listing Date**") and up to the date of this annual report. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that it complies with the CG Code and align with the latest developments.

企業管治常規

本公司致力於保持高水準的企業管治，以保障股東利益，並提升企業價值及問責性。本公司已採納香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)附錄十四所載企業管治守則(「**企業管治守則**」)的所有守則條文，為其自身的企業管治常規守則。董事會已審閱本公司的企業管治常規，並信納本公司於2022年1月11日(「**上市日期**」)起直至本年度報告日期，已遵守企業管治守則的所有守則條文。本公司將繼續提升適用於其業務操守及增長的企業管治常規，並不時檢討有關常規，確保其符合企業管治守則並與最新發展一致。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the period from the Listing Date to the date of this annual report.

董事進行證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則(「**標準守則**」)，作為其本身就董事進行證券交易之行為守則。經向全體董事作出特定查詢後，各董事確認自上市日期至本年度報告日期內一直遵守標準守則。

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The management was delegated the authority and responsibility by the Board for the daily management of the Group. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this corporate governance report.

董事會

董事會負責領導及控制本公司，並制訂整體政策及檢討本集團營運及財務表現。整體策略事宜、主要收購及出售、年度預算、年度及中期業績、建議推薦董事委任或連任、批准重大資本交易及其他重大營運及財務事宜上，董事會保留決策或審議的權利。管理層獲董事會委派權力及責任，負責本集團日常管理。此外，董事會亦向董事委員會委派多項責任。該等委員會的詳情載於本企業管治報告。

Composition

As at the date of this annual report, the Board comprises seven Directors and their respective roles are as follows:

Executive Directors

Ms. Shen Genlian (Chairperson)
Mr. Zhou Jun (Chief executive officer)
Mr. Xie Zongguo
Ms. Yuan Aomei

Independent non-executive Directors

Mr. Ip Wang Hoi
Mr. Zhang Shenjin
Mr. Wang Yunchen

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. Save for Mr. Zhou Jun, being the spouse of Ms. Shen Genlian, the Chairperson of the Board (the "**Chairperson**"), the Board members have no relationship (whether financial, business, family or other material or relevant relationships) amongst members of the Board.

Board meeting

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. The Directors had participated in the Board meetings as indicated below. For those Directors who could not attend these meetings in person, they participated through electronic media.

The joint company secretaries of the Company (the "**Company Secretaries**") assists the Chairperson to prepare the agenda of the meetings and each Director may request to include any relevant matters on the agenda. Generally, at least 14 days' notice is given for the regular meetings by the Company. All substantive agenda items have comprehensive briefing papers, which are, in general, circulated three days before convening each Board meeting.

組成

於本年度報告日期，董事會由七名董事組成，各人的職位如下：

執行董事

沈根蓮女士(主席)
周駿先生(行政總裁)
謝宗國先生
袁傲梅女士

獨立非執行董事

葉耘開先生
張慎金先生
王運陳先生

董事的詳細履歷載於本年度報告「董事及高級管理層履歷」一節。除周駿先生為董事會主席(「**主席**」)沈根蓮女士之配偶外，董事會成員之間概無任何財務、業務、親屬或其他重大或相關關係。

董事會會議

除了審閱及批准本集團年度及中期業績的會議外，董事會亦定期會面以討論本集團的整體策略以及營運及財務表現。董事參與董事會會議的情況如下。未能親身出席的董事則透過電子媒介參與會議。

本公司聯席公司秘書(「**公司秘書**」)協助主席編製會議議程，每名董事可要求將任何相關的事項列入議程。一般而言，本公司舉行定期會議須於至少14天前發出通知。所有主要議程項目均有全面簡介文件，一般於每次董事會會議召開前三天傳閱。

All the Directors are able to seek advice and services from the Company Secretaries on the Board procedures and all applicable laws, rules and regulations, and corporate governance matters. Draft minutes of Board meetings and meetings of Board committees are circulated to all Directors for comment and approval as soon as practicable after the meetings. Minutes of Board meetings and meetings of Board committees are kept by the Company Secretaries and all Board members are given a copy of the minutes for their record. Should a matter being considered involve a potential conflict of interest of a Director, the Director involved in the transaction would be requested to leave the boardroom and abstain from voting. The matter would be discussed and resolved by other Directors. Policy is in place that the Directors, upon reasonable request, may seek independent professional advice on issues related to the Group's business at the Company's expenses. During the period from the Listing Date to the date of this annual report, the attendance of the individual Directors at the meetings is set out below:

全體董事可就董事會程序及所有適用法律、規則及法規以及企業管治事宜向公司秘書尋求意見及服務。董事會及董事會委員會的會議記錄草擬本將在會後儘快供全體董事傳閱以提出意見及審批。董事會及董事會委員會的會議記錄由公司秘書保存，且全體董事會成員均可獲得會議記錄之副本以作記錄。倘所考慮事項涉及董事之潛在利益衝突，則涉及該項交易之董事將須避席且放棄表決。有關事項將由其餘董事討論及決議。本公司政策規定董事可合理要求就本集團業務相關事宜尋求獨立專業意見，費用由本公司承擔。自上市日期至本年度報告日期止期間，每名董事出席會議的情況如下：

		Number of Board meetings attended/ convened 已出席／已舉行之董事會會議次數	Attendance rate 出席率
Executive Directors	**執行董事**		
Ms. Shen Genlian	沈根蓮女士	2/2	100%
Mr. Zhou Jun	周駿先生	2/2	100%
Mr. Xie Zongguo	謝宗國先生	2/2	100%
Ms. Yuan Aomei	袁傲梅女士	2/2	100%
Independent non-executive Directors	**獨立非執行董事**		
Mr. Ip Wang Hoi	葉耘開先生	2/2	100%
Mr. Zhang Shenjin	張慎金先生	2/2	100%
Mr. Wang Yunchen	王運陳先生	2/2	100%

No annual general meeting of the Company (the "**AGM**") was held during the period from the Listing Date to the date of this annual report because the Company was listed on 11 January 2022 and therefore there is no attendance record of the Directors at general meeting.

由於本公司於2022年1月11日上市，於上市日期至本年度報告日期間並無舉行本公司股東週年大會(「**股東週年大會**」)，因此並無董事出席股東大會的記錄。

Appointment, re-election and removal of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company for a specific term. The Directors have been initially appointed for a period up to the AGM of 2022, unless and until it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at the AGM in accordance with its articles of association of the Company (the "**Articles of Association**") and the Listing Rules.

Pursuant to the Articles of Associations, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each AGM at least once every three years.

The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the first AGM of the Company. Any Director so appointed after his/her appointment and shall then be eligible for re-election.

The Company may, in accordance with the Articles of Association, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director.

委任、重選及罷免董事

各執行董事及獨立非執行董事已與本公司訂立指定期限的服務合約。董事的最初的委任期於2022年股東週年大會完結，除非或直至由本公司或有關董事終止。根據本公司組織章程細則(「**組織章程細則**」)及上市規則，每名董事須在本公司股東週年大會上輪值退任及連任。

根據組織章程細則，全體執行及非執行董事中三分之一須輪值告退，惟各董事至少須每隔三年在股東週年大會上輪值退任及連任。

組織章程細則規定，由董事會委任以填補董事會臨時空缺或增加現有董事會人數的任何董事，其任期僅直至獲委任後的本公司第一屆股東週年大會。任何由此委任的董事合資格膺選連任。

本公司可根據組織章程細則透過普通決議案將任何任期未滿的董事撤職，即使組織章程細則或本公司與該董事訂立的任何協議有任何相反規定。

Directors' training

Code provision C.1.4 of the CG Code provides that directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remain informed and relevant. All the Directors are encouraged to participate in continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. A summary of professional training received by the Directors for the year ended 31 December 2021 according to the records provided by the Directors is as follows:

董事培訓

企業管治守則守則條文C.1.4的規定，董事應參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需的情況下對董事會作出貢獻。全體董事應透過出席培訓及／或閱讀與本公司業務或董事職能及職責相關的文件，參與持續專業發展活動。根據董事提供的記錄，截至2021年12月31日止年度，董事接受的專業培訓概要如下：

		Attending seminar(s)/ programme(s)/ conference(s) and/or reading materials relevant to the business or directors' duties 出席座談會／活動／研討會及／或閱讀與業務或董事職責相關的文件
Ms. Shen Genlian	沈根蓮女士	√
Mr. Zhou Jun	周駿先生	√
Mr. Xie Zongguo	謝宗國先生	√
Ms. Yuan Aomei	袁傲梅女士	√
Mr. Ip Wang Hoi	葉耘開先生	√
Mr. Zhang Shenjin	張慎金先生	√
Mr. Wang Yunchen	王運陳先生	√

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

董事及高級職員之責任保險

本公司已為董事及高級職員購買合適之保險，就本公司董事、高級職員及高級管理層因公司業務所承擔的法律責任提供保障。

CHAIRMAN AND CHIEF EXECUTIVE

In accordance with the code provision C.2.1 of the CG Code, the roles of the chairperson and the chief executive should be separate and should not be performed by the same individual. Currently, Ms. Shen Genlian, the Chairperson, is responsible for the for strategic development and providing advice on the operation and management of the Group. Mr. Zhou Jun, the chief executive officer of the Company, is responsible for the overall management, strategic and major decisions on the development and planning and operation of the Group.

主席及行政總裁

根據企業管治守則守則條文C.2.1，主席及行政總裁的職位應作區分，不應由同一人擔任。現時沈根蓮女士為主席，負責策略發展及就本集團的營運及管理提供意見。周駿先生為本公司行政總裁，負責本集團整體管理及就發展、規劃及營運作出策略性及重大決策。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the requirement of Rules 3.10 and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, one of whom has appropriate professional qualification in accounting and financial management expertise. All independent non-executive Directors have confirmed their independence, as set out in Rule 3.13 of the Listing Rules, to the Company and the Board considers that all independent non-executive Directors have satisfied their independence of the Group.

獨立非執行董事

根據上市規則第3.10條及3.10A條的規定，本公司已委任三名獨立非執行董事，其中一人具備相關專業會計資歷及財務管理專業知識。全體獨立非執行董事均已按照上市規則第3.13條所載向本公司確認彼等之獨立身份，且董事會認為全體獨立非執行董事均信納彼等獨立於本集團。

All independent non-executive Directors have offered sufficient time and efforts to serve the business affairs of the Company. They also possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional opinion. The Board believes that the participation of independent non-executive Directors shall offer their independent judgment on issues relating to strategy, performance, conflict of interest and management process such that the interests of all Shareholders and the Group are considered and safeguarded.

全體獨立非執行董事均付出大量時間及努力處理本公司業務，且具備相關學歷、專業資格與有關管理經驗，為董事會提供專業意見。董事會相信，獨立非執行董事之參與可對策略、表現、利益衝突及管理流程事宜提供獨立判斷，並能顧及與保障全體股東及本集團之利益。

To ensure that independent views and input are available to the Board, the Company has established mechanisms including (i) strengthening the independent non-executive Directors' recruitment process to include criteria such as each candidates' available time commitments and qualification; (ii) reviewing the number of independent non-executive Directors on an annual basis; (iii) performing additional assessment or evaluation of independent non-executive Directors' contribution; and (iv) engage external independent professional advisors to assist performance of the Directors' duties. The Board will review the implementation and effectiveness of the above mechanisms on an annual basis.

為確保董事會具備獨立意見及觀點，本公司已設立以下機制：(i)加強獨立非執行董事的聘用流程，將各候選人可付出的時間及資歷等納入為條件；(ii)每年檢討獨立非執行董事的人數；(iii)對獨立非執行董事的貢獻進行額外評估或評價；及(iv)聘用外部獨立專業顧問協助履行董事職責。董事會將每年檢討上述機制的執行情況及成效。

During the year under review, the Chairperson had held a meeting with the independent non-executive Directors without the presence of the other executive Directors.

於回顧年度，主席已在其他執行董事不在場的情況下與獨立非執行董事舉行一次會議。

BOARD COMMITTEES

Implementation and execution of the policies and strategies formulated by the Board and the daily operations are delegated from the Board to the management of the Company. In addition, an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**") and a nomination committee (the "**Nomination Committee**") have been set up to assist the Board in fulfilling certain responsibilities. All committees have been established with defined written terms of reference, which were posted on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.vanov.cn). All committees shall report to the Board on their decisions or recommendations made. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

董事會委員會

董事會授權本公司管理層落實及執行董事會制定的政策及策略以及處理日常營運。此外，審核委員會(「**審核委員會**」)、薪酬委員會(「**薪酬委員會**」)、以及提名委員會(「**提名委員會**」)已告成立，以協助董事會履行若干職責。所有委員會均具有明確的書面職權範圍，該等範圍刊載於聯交所網站(www.hkex.com.hk)及本公司網站(www.vanov.cn)。所有委員會須向董事會匯報其作出的決定或推薦建議。所有委員會均獲提供充足資源以履行其職務，並可應合理要求於適當情況下徵詢獨立專業意見，費用由本公司承擔。

Audit Committee

Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are, among other things, to review and supervise the Group's financial reporting process and internal control and risk management system, nominate and monitor external auditors, provide advice and comments to the Board on matters related to corporate governance and perform other duties and responsibilities as assigned by the Board.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ip Wang Hoi, Mr. Zhang Shenjin and Mr. Wang Yunchen. Mr. Wang Yunchen currently serves as the chairman of the Audit Committee. During the meeting of the Audit Committee held on 30 March 2022, the Audit Committee reviewed, among other things, the audited financial statements of the Group for the year ended 31 December 2021 with recommendations to the Board for approval and discussed with the management and the external auditor the accounting policies and practices which may affect the Group, the report prepared by the external auditor covering major findings in the course of the audit and the accounting and financial reporting matters.

審核委員會

本公司已成立審核委員會，並根據上市規則第3.21條及企業管治守則書面列明其職權範圍。審核委員會的主要職責為(其中包括)檢討及監督本集團的財務申報流程及內部監控及風險管理系統，提名及監督外聘核數師，就企業管治相關事宜向董事會提供意見及建議，並履行董事會委派的其他職務及職責。

審核委員會由三名獨立非執行董事組成，分別為葉耘開先生、張慎金先生及王運陳先生。王運陳先生現時擔任審核委員會主席。於2022年3月30日舉行的審核委員會會議中，審核委員會已審閱(其中包括)本集團截至2021年12月31日止年度的經審核財務報表並向董事會建議予以批准，與管理層及外聘核數師討論影響本集團的會計政策與常規、外聘核數師編製的報告(當中涵蓋其於審核過程中的重大發現)以及會計及財務報告事宜。

The Audit Committee held one meeting during the period from the Listing Date to the date of this annual report. Individual attendance of each committee member at the meeting during the period from the Listing Date to the date of this annual report is as follows:

審核委員會自上市日期起至本年度報告日期間已舉行一次會議。各委員會成員自上市日期起至本年度報告日期間的會議出席次數如下：

Name of Committee Member	委員會成員姓名	Attendance/ Number of meetings 出席次數／會議次數
Mr. Ip Wang Hoi	葉耘開先生	1/1
Mr. Zhang Shenjin	張慎金先生	1/1
Mr. Wang Yunchen	王運陳先生	1/1

The annual results of the Group for the year ended 31 December 2021 have been reviewed by the Audit Committee before submission to the Board for approval.

本集團截至2021年12月31日止年度的年度業績於提交董事會審批前，已由審核委員會審閱。

Remuneration Committee

薪酬委員會

The Remuneration Committee was established with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are, among other things, to make recommendations to the Board on the Company's policy for human resource management as well as establish and review policies and structure in relation to remuneration for the Directors and senior management.

本公司已成立薪酬委員會，並根據上市規則第3.25條及企業管治守則書面列明其職權範圍。薪酬委員會的主要職責為(其中包括)就本公司的人力資源管理政策向董事會提供建議，並制定及檢討有關董事及高級管理層薪酬的政策及架構。

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Zhou Jun, Mr. Ip Wang Hoi and Mr. Zhang Shenjin. Mr. Ip Wang Hoi currently serves as the chairman of the Remuneration Committee. During the meeting of the Remuneration Committee held on 30 March 2022, the Remuneration Committee has assessed the performance of the Directors and senior management of the Company and reviewed and recommended to the Board the remuneration policy and structure relating to the Directors and senior management of the Company.

薪酬委員會由三名獨立非執行董事組成，分別為周駿先生、葉耘開先生及張慎金先生。葉耘開先生現時擔任薪酬委員會主席。於2022年3月30日舉行的薪酬委員會會議中，薪酬委員會已評估本公司董事及高級管理層的表現，檢討薪酬政策及本公司董事及高級管理層的結構，並向董事會提出推薦建議。

The Remuneration Committee held one meeting during the period from the Listing Date to the date of this annual report. Individual attendance of each committee member at the meeting during the period from the Listing Date to the date of this annual report is as follows:

薪酬委員會自上市日期起至本年度報告日期間已舉行一次會議。各委員會成員自上市日期起至本年度報告日期間的會議出席次數如下：

Name of Committee Member	委員會成員姓名	Attendance/ Number of meetings 出席次數／會議次數
Mr. Zhou Jun	周駿先生	1/1
Mr. Ip Wang Hoi	葉耘開先生	1/1
Mr. Zhang Shenjin	張慎金先生	1/1

The remuneration for the Directors and senior management comprises basic salary, retirement benefits and discretionary bonus. Details of the amount of emoluments of Directors paid for the year ended 31 December 2021 are set out in note 9 to the consolidated financial statements.

董事及高級管理層的薪酬包括基本薪金、退休福利及酌情花紅。截至2021年12月31日止年度支付予董事的薪酬金額詳情載於綜合財務報表附註9。

Nomination Committee

提名委員會

The Nomination Committee was established with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are, among other things, to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management, to assess the independence of the independent non-executive Directors, to review the time commitment required of the Directors and to evaluate whether the Directors have committed adequate time to discharge their responsibilities to review and implement the Nomination Policy and to consider related matters.

本公司已成立提名委員會，並根據企業管治守則書面列明其職權範圍。提名委員會的主要職責為(其中包括)向董事會推薦填補董事會及／或高級管理層空缺的人選、評估獨立非執行董事的獨立性、檢討董事須付出的時間並評估董事是否已付出足夠時間履行檢討及實施提名政策的職責，以及審議相關事宜。

The Nomination Committee consists of one executive Director, Ms. Shen Genlian, and two independent non-executive Directors, Mr. Ip Wang Hoi and Mr. Wang Yunchen. Ms. Shen Genlian currently serves as the chairperson of the Nomination Committee. During the meeting of the Nomination Committee held on 30 March 2022, the Nomination Committee has reviewed and considered, among other things, the Nomination Policy, the structure, size and composition of the Board and assessed independence of the independent non-executive Directors.

提名委員會由包括一名執行董事沈根蓮女士、兩名獨立非執行董事葉耘開先生及王運陳先生。沈根蓮女士現時擔任提名委員會主席。於2022年3月30日舉行的提名委員會會議中，提名委員會已檢討及審議(其中包括)提名政策、董事會架構、規模及組成以及評估獨立非執行董事的獨立性。

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the balance of expertise, skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the requirements of the business of the Group and other relevant statutory requirements and regulations. Further, pursuant to the terms of reference of the Nomination Committee and the Nomination Policy, the Nomination Committee, when reviewing the composition of the Board, will have regard to the Company's Board Diversity Policy and the progress on achieving the objectives set for implementing the said policy. The Company recognises and embraces the benefits of diversity of Board members.

提名委員會負責甄選及推薦候任董事人選，當中考慮到平衡有關人選的專長、技能、經驗、專業知識、個人誠信及時間付出，本集團的業務要求及其他相關法定要求及法規。此外，根據提名委員會的職權範圍及提名政策，提名委員會在審查董事會的組成時，將參考本公司董事會成員多元化政策以及有關政策所設定目標的完成進度。本公司承認並擁護董事會成員多元化帶來的裨益。

The Nomination Committee held one meeting during the period from the Listing Date to the date of this annual report. Individual attendance of each committee member at the meeting during the period from the Listing Date to the date of this annual report is as follows:

提名委員會自上市日期起至本年度報告日期間已舉行一次會議。各委員會成員自上市日期起至本年度報告日期間的會議出席次數如下：

Name of Committee Member	委員會成員姓名	Attendance/ Number of meetings 出席次數／會議次數
Ms. Shen Genlian	沈根蓮女士	1/1
Mr. Ip Wang Hoi	葉耘開先生	1/1
Mr. Wang Yunchen	王運陳先生	1/1

BOARD DIVERSITY POLICY

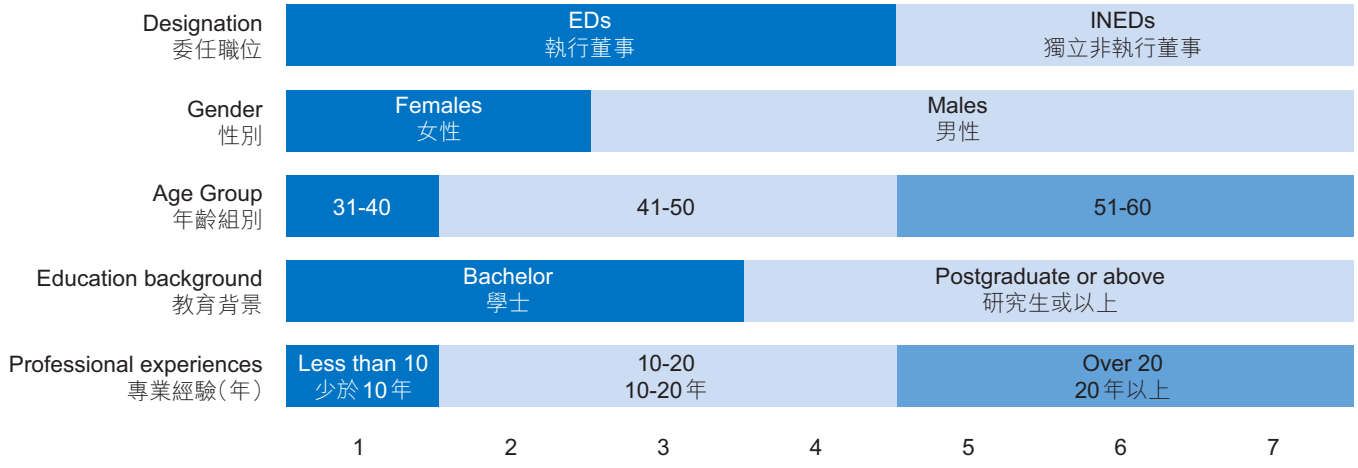
During the year ended 31 December 2021, the Board adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, 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 selection criteria, having 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 and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

董事會成員多元化政策

截至2021年12月31日止年度，董事會採納董事會成員多元化政策(「**董事會成員多元化政策**」)，列出達致董事會多元化的方針。本公司認為，董事會成員多元化可通過考慮多項因素達致，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年期。所有董事會成員均以用人唯才的原則委任，將根據甄選條件考慮各人選，並考慮成員多元化對董事會帶來的裨益。甄選人才將基於多個多元化範疇，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。最終決定將基於所選候選人將為董事會帶來的價值及貢獻而作出。

The Board's composition as at the date of this report under diversified perspectives is summarised as follows:

於本報告日期，多元化範疇的董事會組成概述如下：



As at 31 December 2021, the ratio of male and female in the workforce is 53% and 47%, respectively; and the ratio of male and female in the senior management is 60% and 40% respectively. As such, the Company's workforce and the senior management have both achieved gender diversity between males and females. The Company would continue to take into account of diversity perspectives in its hiring.

於2021年12月31日，員工的男女比率分別為53%及47%；而高級管理層的男女比率分別為60%及40%。因此，本公司的員工及高級管理層均已達致男女性別多元。本公司於聘用人才時將繼續考慮多元層面。

The Nomination Committee will review the Board Diversity Policy and monitor its implementation on an annual basis. The Nomination Committee will report annually to shareholders on the process adopted in relation to the Board appointments and the consideration given to the diversity on the Board.

提名委員會將每年審閱董事會成員多元化政策並監察其實施情況。提名委員會將每年向股東匯報委任董事會成員所採用的程序以及對董事會成員多元化所作出的考慮。

NOMINATION POLICY

提名政策

The Board has adopted a director nomination policy (the "**Nomination Policy**") on 9 December 2021 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

董事會已於2021年12月9日就提名、委任、重新委任新董事及本公司的提名程序採納董事提名政策(「**提名政策**」)，該政策規定提名委員會於評選任何董事候選人時，應當考慮候選人的品格及誠信、專業資格、技能、知識及經驗、獨立性、董事會多元化、彼是否願意投入足夠時間履行董事會成員的職責及適用於本公司業務的其他標準。

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") on 9 December 2021. A summary of the Dividend Policy is disclosed as below.

Subject to the approval of the Shareholders and requirement of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group, after taking into account the factors as detailed below and determined by the Board from time to time. The remaining net profits will be used for the Group's development and operations. The Dividend Policy allows the Company to declare special dividends from time to time in addition to the annual dividends.

In proposing any dividend payout, the Board shall also take into account, inter alia, (i) the Company's actual and expected financial performance; (ii) retained earnings and distributable reserves of the Group; (iii) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants; and (iv) the general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company.

Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board. The Dividend Policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code, namely: (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and the Directors; and (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

股息政策

董事會已於2021年12月9日採納股息政策(「**股息政策**」)。股息政策的概要披露如下。

待股東批准後並根據相關法律規定，在本集團獲利、經營環境穩定及本集團概無作出任何重大投資或承擔的情況下，經考慮下文詳述的各項因素後並按董事會不時釐定，本公司應當向股東派付年度股息。其餘純利將用作本集團的發展及營運。除年度股息外，股息政策亦允許本公司不時宣派特別股息。

於建議任何派息率時，董事會亦應當考慮(其中包括)(i)本公司的實際及預期財務表現；(ii)本集團的保留盈利及可供分派儲備；(iii)本集團的負債權益比率、股本回報率及相關財務契諾的水平；及(iv)整體經濟狀況、本集團業務的商業週期以及可能對本公司業務或財務表現及狀況產生影響的其他內部及外部因素。

本公司所宣派任何末期股息均須經股東於股東週年大會上以普通決議案批准，且不得超過董事會所建議的金額。股息政策應予定期檢討，如須修改，則須提交董事會批准。

企業管治職能

董事會負責履行企業管治守則守則條文A.2.1所載的企業管治職責，即：(i)制定及檢討本公司有關企業管治的政策和常規，並向董事會提供推薦建議；(ii)檢討及監督董事及高級管理層的培訓和持續專業發展；(iii)檢討及監察本公司有關遵守法律監管規定的政策和常規；(iv)制定、檢討及監察僱員及董事適用的操守準則及合規手冊(包括與證券交易相關方面)；及(v)檢討本公司遵守企業管治守則的情況及於本公司年報企業管治報告內的披露資料。

During the Board meeting held on 30 March 2022, the Board reviewed the Company's policies and practices on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the CG Code.

董事會已於2022年3月30日舉行董事會會議，並於會上檢討本公司有關企業管治及遵守法律監管規定的政策和常規、董事參與培訓及持續專業發展的情況，以及本公司遵守企業管治守則的情況。

The Board acknowledges its responsibility in maintaining a sound and effective internal control and risk management systems for the Group to safeguard Shareholders' investments and assets of the Company at all times.

董事會知悉其有責任為本集團維持穩健有效的內部監控及風險管理制度，以便隨時保障股東投資及本公司資產。

JOINT COMPANY SECRETARIES

聯席公司秘書

The Company has appointed Ms. Liu Jiayan and Ms. Mak Po Man Cherie as the joint company secretaries of the Company. Ms. Mak Po Man Cherie of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as one of the joint company secretaries to support the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. Ms. Liu Jiayan is the financial controller of the Group, and is the primary contact of Ms. Mak Po Man Cherie at the Company.

本公司已委任劉家燕女士及麥寶文女士為本公司的聯席公司秘書。方圓企業服務集團(香港)有限公司(外聘服務提供商)的麥寶文女士已獲本公司委聘擔任本公司的聯席公司秘書，為董事會提供支援，確保董事會內資訊交流暢順以及董事會政策及程序獲委善遵循。劉家燕女士為本集團的財務總監，亦為麥寶文女士於本公司的主要聯絡人。

Ms. Mak has confirmed that she has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

麥女士確認，彼已遵守上市規則第3.29條有關專業培訓的規定。

RISK MANAGEMENT AND INTERNAL CONTROL

風險管理及內部監控

The Board acknowledges its responsibility in maintaining a sound and effective internal control and risk management systems for the Group to safeguard the Shareholders' investments and assets of the Company at all times.

董事會知悉其有責任為本集團維持穩健有效的內部監控及風險管理制度，以便隨時保障股東投資及本公司資產。

The Company has established a set of comprehensive risk management policies and measures to identify, evaluate and manage risks arising from operations.

本公司已制定一套全面的風險管理政策及措施，以便識別、評估及管理因營運產生的風險。

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

本集團用以識別、評估及管理重大風險的程序概述如下：

Risk Identification

風險識別

- Identifies risks that may potentially affect the Group's business and operations.

- 識別可能對本集團業務及營運構成潛在影響的風險。

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The Audit Committee assists the Board in the review, which covers operational, financial, compliance controls and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the Shareholders and the assets of the Group. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. A review of the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls, will be conducted by the Board at least annually.

風險評估

- 使用管理層制定的評估準則對已識別風險進行評估；及
- 考慮風險對業務的影響及後果以及出現有關風險的可能性。

風險應對

- 透過比較風險評估的結果，排列風險處理次序；及
- 釐定風險管理策略及內部監控程序，以防止、避免或降低風險。

風險監察及匯報

- 持續並定期監察風險，並確保設有適當的內部監控程序；
- 於出現任何重大變動時，修訂風險管理策略及內部監控程序；及
- 向管理層及董事會定期匯報風險監察結果。

監控程序旨在保障資產免被挪用及處置；確保遵守相關法例、規則及規例；確保有關為業務用途或公眾使用提供可靠財務資料的會計記錄得到妥善保管；及針對重大錯誤陳述、損失或欺詐行為提供合理保證。

董事會負責本公司的風險管理及內部監控制度，並審視有關制度的有效性。董事會監察本集團的整體風險管理，致力識別及監控已識別風險的影響，並促進協調緩解措施的落實執行。審核委員會亦協助董事會進行有關維持足夠及有效之內部監控系統的檢討，當中涵蓋營運、財務、合規監控以及風險管理功能，以保障股東利益及本集團資產。本公司的風險管理及內部監控制度旨在管理而非消除未能達致業務目標的風險，並僅能針對重大錯誤陳述或損失提供合理但非絕對的保證。董事會將至少每年對本集團風險管理及內部監控制度(包括財務、營運及合規監控等)有效性作出檢討。

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

本集團並無設立內部審核部門。經計及本集團業務的規模、性質及複雜程度，董事會備有足夠能力監察風險管理及內部監控制度的設計與實施，亦有足夠能力評估其有效性，因而無需即時在本集團內設立內部審核部門。董事將每年檢討是否需要設立內部監控職能。

The Company has engaged an external consultant to perform a review on the Group's internal control and risk management systems. With the assistance of the external consultant, the Board conducted an annual review on the effectiveness of the internal control system of the Group and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies, and considers the existing internal control system and risk management system effective and adequate.

本公司已聘請外部顧問對本集團的內部監控及風險管理系統進行檢討。在外部顧問的協助下，董事會對本集團內部監控系統之成效進行年度檢討，亦考慮本公司在會計及財務報告職能方面之資源、員工資歷及經驗是否足夠，以及員工所接受之培訓課程及有關預算是否充足。董事會並未發現任何重大內部監控及風險管理缺陷，亦未發現重大違反限制或風險管理政策之情況，並認為現有內部監控系統及風險管理系統有效及足夠。

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

處理及發佈內幕消息的程序和內部監控措施

The Group strictly follows the requirements of the Securities and Futures Ordinance of (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclosed to the public, such information is kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group.

本集團嚴格遵循香港法例第571章香港證券及期貨條例(「**證券及期貨條例**」)及上市規則的規定，並確保在合理可行情況下盡快向公眾披露內幕消息，除非有關消息屬於證券及期貨條例下任何安全港條文的範圍。在向公眾全面披露內幕消息前，本集團會確保該消息絕對保密。此外，本集團所採納的政策為僅向本集團內部合適員工披露相關消息。

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

董事就綜合財務報表承擔的責任

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2021 and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements.

董事知悉彼等負責編製本公司截至2021年12月31日止年度的綜合財務報表，並確保有關財務報表根據法定規定及適用會計準則編製。董事亦須確保綜合財務報表及時發佈。

The statement of the external auditor of the Company with regard to their reporting responsibilities on the Company's consolidated financial statements, is set out in the Independent Auditor's Report on pages 60 to 66 of this annual report.

本公司外聘核數師對本公司綜合財務報表的申報責任的陳述載於本年報第60頁至第66頁的獨立核數師報告。

The Directors confirm that, to the best of their knowledge, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Company not to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

董事確認，據彼等所深知，經作出所有合理查詢後，彼等並不知悉任何可能促使本公司不會按持續基準經營的重大不確定因素的相關事宜或狀況。因此，董事於編製綜合財務報表時繼續採納持續經營的基準。

AUDITOR'S REMUNERATION

核數師酬金

During the year ended 31 December 2021, services provided to the Company by external auditor, Grant Thornton Hong Kong Limited, and the fees paid were:

於截至2021年12月31日止年度，外聘核數師致同(香港)會計師事務所有限公司向本公司提供的服務及收取的費用如下：

		2021 **2021年** **RMB'000** **人民幣千元**
Audit services	審核服務	
Annual audit fee	年度審核費用	800
Reporting accountants fee relating to the listing	有關上市的申報會計師費用	433
Grand total	總計	1,233
Non-audit services	非審核服務	8

The main non-audit services provided by Grant Thornton Hong Kong include tax compliance services.

致同(香港)提供的非審核服務主要包括税務合規服務。

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

應付高級管理人員的年度薪酬

The annual remuneration of the members of the senior management by band for the year ended 31 December 2021 is as follows:

截至2021年12月31日止年度按範圍劃分的高級管理人員年度薪酬如下：

Remuneration bands (RMB)	**薪酬範圍(人民幣元)**	**Number of individuals** **人員數目**
Nil – 1,000,000	零 – 1,000,000	3

Further details of the Directors' emoluments and five highest paid individuals required to be disclosed under Appendix 16 of the Listing Rules are set out in note 9 to the consolidated financial statements.

根據上市規則附錄16須予披露有關董事酬金及五名最高薪酬人士之進一步詳情載於綜合財務報表附註9。

INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to providing clear and full information about the Group's performance to the Shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to the Shareholders, additional information is also available to the Shareholders on the website of the Company.

The Shareholders are encouraged to attend the general meetings of the Company and the Directors always make efforts to fully address any questions raised by the Shareholders at the AGM and the extraordinary general meetings (the "**EGM**") of the Company. In addition, the Shareholders have the right to nominate a person to stand for election as a director at any general meeting by lodging a written notice to the Company.

The forthcoming AGM of the Company will be held on 22 June 2022, the notice of which will be sent to the Shareholders in accordance with the Articles of Association, the Listing Rules and other applicable laws and regulations.

Procedures for Shareholders to Convene an Extraordinary General Meeting and to put forward proposals at general meetings

The Shareholders may put forward proposals at general meetings by requisitioning an EGM. Pursuant to article 58 of the Articles of Association, EGM may be convened by the Board on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

投資者關係及通訊

董事會透過及時刊發中期業績與全年業績，致力為股東提供清晰及全面的本集團業績資料。除向股東寄發通函、通告及財務報告外，股東亦可於本公司網站閱覽更多資料。

本公司鼓勵股東出席股東大會，而董事亦一直致力全面回應股東於本公司股東週年大會及股東特別大會(「**股東特別大會**」)提出的任何問題。此外，股東亦有權向本公司發出書面通知以提名任何人士在股東大會上參選董事一職。

本公司應屆股東週年大會將於2022年6月22日舉行，大會通告將根據組織章程細則、上市規則及其他適用法律法規寄發予股東。

股東召開股東特別大會及於股東大會提程議案的程序

股東可透過要求召開股東特別大會而在股東大會提呈議案。根據組織章程細則第58條，股東特別大會可由董事會按任何一名或多名股東(彼等於提請要求當日持有本公司股東大會投票權不少於本公司繳足股本十分之一)的書面要求予以召開。該要求須就要求董事會召開股東特別大會以處理該要求指定的任何事務，透過向董事會或公司秘書發出書面要求而作出。該大會應於遞呈該要求後兩個月內舉行。倘於遞呈後21日內，董事會未能召開該大會，則作出該要求人士可以同樣方式召開大會，而作出要求人士因董事會未能召開大會而合理產生的所有開支應由本公司向作出要求人士進行償付。

Pursuant to article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice 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 such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong (as shown below) provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

根據組織章程細則第85條，除非獲董事推薦參選，否則除會上退任董事外，概無任何人士符合資格於任何股東大會上參選董事，除非由正式符合資格出席大會並於會上表決的股東(並非擬參選人士)簽署通告，當中表明建議提名該人士參選的意向，並附上所提名人士簽署表示願意參選的通知，提交本公司香港主要營業地點(如下所示)，而發出該等通知的期間最少須為七(7)天，而(若該等通知於寄發有關選舉所召開股東大會通告後遞交)該通知的提交期間於寄發召開有關選舉的股東大會通告翌日開始，亦不得遲於該股東大會舉行日期前七(7)日結束。

Procedures for directing Shareholders' enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Vanov Holdings Company Limited
No. 519, Section 2, Xinhua Avenue
Chengdu Strait Science and Technology
Industry Development Park Wenjiang District
Chengdu Sichuan Province, PRC

The Board regularly reviews the Shareholders' communication policy to ensure its implementation and effectiveness and to reflect current best practices in communications with the Shareholders and the investment community, and considers that the Shareholders' communication policy is effective and adequate.

向董事會轉達股東查詢的程序

股東可隨時以書面形式向董事會提出查詢及關注事項。聯絡詳情如下：

環龍控股有限公司
中國四川省
成都市溫江區
海峽兩岸科技產業開發園
新華大道二段519號

董事會定期檢討股東通訊政策，確保其行之有效，並反映與股東及投資者通訊的現行最佳慣例，並認為股東通訊政策屬有效及充分。

CONSTITUTIONAL DOCUMENTS

In preparation for the listing of the Shares on the Main Board of the Stock Exchange (the "**Listing**"), the Company has conditionally adopted the Memorandum and Articles of Association on 9 December 2021, which became effective on the Listing Date. Since then, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company's Memorandum and Articles is also available on the websites of the Company (www.vanov.cn) and of the Stock Exchange (www.hkex.com.hk).

章程文件

為籌備股份於聯交所主板上市(「**上市**」)，本公司已於2021年12月9日有條件採納組織章程大綱及細則，並於上市日期生效。自此，本公司並無對其組織章程大綱及細則作出任何修訂。本公司最新版本的組織章程大綱及細則亦可於本公司網站(www.vanov.cn)及聯交所網站(www.hkex.com.hk)閱覽。

EXECUTIVE DIRECTORS

Ms. Shen Genlian (沈根蓮), aged 54, Chairperson, an executive Director and the chairperson of the Nomination Committee of the Company. She is responsible for strategic development and providing advice on the operation and management of the Group. Ms. Shen is also a director of each of Lion Courage Enterprises Limited ("**Lion Courage**"), Vanov Tianhe International Holdings Limited, Virtuous Way Limited, Marvel Dragon Development Limited and Sichuan Huanlong Technology Fabric Co., Ltd.* (四川環龍技術織物有限公司) ("**Sichuan Huanlong**"), all of which being subsidiaries of the Company. She is the spouse of Mr. Zhou Jun. Ms. Shen obtained a Bachelor Degree in Mechanical Engineering (Instrumentation and Test System) from East China Institute of Technology* (華東工學院) (currently known as Nanjing University of Science and Technology* (南京理工大學)) in July 1990 and completed a study of Advanced Studies Course for Postgraduate in Business Administration (企業管理學科專業研究生課程進修班) at Southwestern University of Finance and Economics* (西南財經大學) in December 2000. Ms. Shen has more than 19 years' experience in papermaking felts manufacturing industry.

執行董事

沈根蓮女士，54歲，本公司主席、執行董事及提名委員會主席。彼負責策略發展及就本集團的營運及管理提供意見。沈女士亦為Lion Courage Enterprises Limited(「**Lion Courage**」)、環龍天和國際控股有限公司、賢途有限公司、億龍發展有限公司及四川環龍技術織物有限公司(「**四川環龍**」)各自的董事，該等公司為本公司附屬公司。彼為周駿先生的配偶。沈女士於1990年7月取得華東工學院(現稱為南京理工大學)機械工程(設備及測試系統)學士學位及於2000年12月完成西南財經大學企業管理學科專業研究生課程進修班課程。沈女士於造紙毛毯製造業擁有逾19年經驗。

Mr. Zhou Jun (周駿), aged 58, chief executive officer of the Company, an executive Director and a member of the Remuneration Committee of the Company. He is responsible for overall management, strategic and major decisions on the development and daily operation of the Group. Mr. Zhou is also director of each of Lion Courage, Chengdu Huanlong Funeng Technology Co., Ltd* (成都環龍賦能科技有限公司) ("**Huanlong Funeng**"), Chengdu Huanlong Lixin Technology Co., Ltd.* (成都環龍立欣科技有限公司) ("**Huanlong Lixin**"), Sichuan Huanlong and Shanghai Jinxiong Paper Making Net Carpet Co., Ltd.* (上海金熊造紙網毯有限公司). He is the spouse of Ms. Shen Genlian. Mr. Zhou graduated from the Technical School of China Academy of Engineering Physics* (中國工程物理研究院技工學校) in July 1982 and completed a study of Advanced Studies Course for Postgraduate (In-service Programme) in Business Administration (企業管理研究生課程進修班(在職學習)) at the Business School of Sichuan University* (四川大學商學院) in July 2000. Mr. Zhou is a Vice President of the 6th Council of Sichuan Papermaking Industry Association* (四川省造紙行業協會第六屆理事會副會長), a Vice Chairman of the 6th Council of Sichuan Papermaking Industry Association* (四川省造紙行業協會第六屆理事會副理事長), a Vice Chairman of the 9th Council of Sichuan Province Papermaking Association* (四川省造紙學會第九屆理事會副理事長), a Standing Director of the 10th Council of Sichuan Textile Engineering Society* (四川省紡織工程學會第十屆理事會常務理事), a Standing Vice President of the 2nd Council of Sichuan Papermaking Industry Association Household Paper Branch* (四川省造紙行業協會生活用紙分會第二屆理事會常務副會長), an Individual Director of the 8th Council of China Technical Association of Paper Industry (中國造紙學會第八屆理事會個人理事) and was a Vice President of the 4th Council of China Nonwovens & Industrial Textiles Association* (中國產業用紡織品行業協會第四屆理事會副會長). Mr. Zhou has more than 20 years' experience in papermaking felts manufacturing industry.

周駿先生，58歲，本公司行政總裁、執行董事及薪酬委員會成員。彼負責本集團的整體管理及就發展及日常營運作出策略性及重大決策。周先生亦為Lion Courage、成都環龍賦能科技有限公司(「**環龍賦能**」)、成都環龍立欣科技有限公司(「**環龍立欣**」)、四川環龍及上海金熊造紙網毯有限公司(「**上海金熊**」)各自的董事。彼為沈根蓮女士的配偶。周先生於1982年7月畢業於中國工程物理研究院技工學校，並於2000年7月在四川大學商學院完成企業管理研究生課程進修班(在職學習)課程。周先生為四川省造紙行業協會第六屆理事會副會長、四川省造紙行業協會第六屆理事會副理事長、四川省造紙學會第九屆理事會副理事長、四川省紡織工程學會第十屆理事會常務理事、四川省造紙行業協會生活用紙分會第二屆理事會常務副會長、中國造紙學會第八屆理事會個人理事以及中國產業用紡織品行業協會第四屆理事會副會長。周先生於造紙毛毯製造業擁有逾20年經驗。

Mr. Xie Zongguo (謝宗國), aged 50, an executive Director of the Company. He is responsible for the overall daily operation and research and development management, and participating in decision-making in respect of major matters. Mr. Xie is also a director of Sichuan Huanlong. Mr. Xie obtained a Bachelor Degree in Textile Engineering from the Tianjin Textile Institute* (天津紡織工學院) (currently known as Tianjin Polytechnic University* (天津工業大學)) in July 1993. Mr. Xie has more than 20 years' experience in papermaking felts manufacturing industry. He currently serves as general manager and director of Sichuan Huanlong. Mr. Xie is an individual director of the 8th Council of China Technical Association of Paper Industry (中國造紙學會第八屆理事會個人理事) and a technical expert of the PRC papermaking felt industry jointly awarded by the China Non-wovens & Industrial Textile Association, Papermaking Textile Branch* (中國產業用紡織品行業協會造紙用紡織品分會) and the Dewatering Equipment Profession Committee of China Technical Association of Paper Industry* (中國造紙學會脱水器材專業委員會).

謝宗國先生，50歲，本公司執行董事。彼負責整體日常營運與研發管理及參與有關重大事務的決策。謝先生亦為四川環龍的董事。謝先生於1993年7月取得天津紡織工學院(現稱為天津工業大學)的紡織工程學士學位。謝先生於造紙毛毯製造業擁有逾20年經驗。彼現時為四川環龍的總經理及董事。謝先生為中國造紙學會第八屆理事會個人理事及中國產業用紡織品行業協會造紙用紡織品分會與中國造紙學會脱水器材專業委員會聯名頒授的中國造紙毛毯行業技術專家。

Ms. Yuan Aomei (袁傲梅), aged 41, an executive Director of the Company. She is responsible for providing advice on the operation and management. Ms. Yuan obtained a graduation certificate of Top-up Undergraduate Degree (專科升本科畢業證書) in Business Administration (part-time) from Southwestern University of Finance and Economics* (西南財經大學) in July 2010. Ms. Yuan has more than 12 years' experience in business administration. Ms. Yuan joined Huanlong Industrial Group Co. Ltd.* (環龍工業集團有限公司) in August 2008 and worked as the director of its capital operations management centre* (資金運營管理中心總監) from 2014 to December 2020. She left Huanlong Industrial Group Co. Ltd.* (環龍工業集團有限公司) and joined Sichuan Huanlong as head of treasury since January 2021. Before joining the Group, Ms. Yuan worked as office manager of Chengdu Zhishan Tea Cultural Development Ltd.* (成都至善茶文化發展有限公司) from January 2007 to August 2008, and as capital representative* (資金外勤) of Chengdu Tianyou Development Ltd.* (成都天友發展有限公司) from January 2003 to December 2006.

袁傲梅女士(「袁女士」)，41歲，本公司執行董事。彼負責就營運及管理提供意見。袁女士於2010年7月取得西南財經大學工商管理(兼讀)專科升本科畢業證書。袁女士於工商管理方面擁有逾12年經驗。袁女士自2008年8月起加入環龍工業集團有限公司，並於2014年至2020年12月擔任其資金運營管理中心總監。她於2021年1月離開環龍工業集團有限公司並加入四川環龍。加入本集團前，袁女士於2007年1月至2008年8月擔任成都至善茶文化發展有限公司的辦公室經理，並於2003年1月至2006年12月擔任成都天友發展有限公司的資金外勤。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Wang Hoi (葉耘開), aged 46, an independent non-executive Director of the Company. He is also the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee of the Company. He is responsible for supervising and providing independent advice on the operation and management of the Group. Mr. Ip obtained his Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong in December 1998 and Master of Business Administration from the University of Chicago Graduate School of Business in March 2008. Mr. Ip has been a member of Hong Kong Institute of Certified Public Accountants since September 2001 and a fellow of CPA Australia since November 2020. Mr. Ip was designated as a Chartered Financial Analyst by the CFA Institute in September 2005. Mr. Ip has more than 20 years' experience in accounting, investment banking and corporate finance. Mr. Ip joined Arthur Andersen in September 1998 and was transferred to PricewaterhouseCoopers with effect from 1 July 2002. Mr. Ip left PricewaterhouseCoopers in April 2004 and his last position was a manager. Mr. Ip was employed by J.P. Morgan Securities (Asia Pacific) Limited from March 2011 to March 2016 and his last position was an executive director in the global investment banking department. Mr. Ip was employed by Tuspark Financial Holdings (HK) Limited from March 2017 to February 2020 and his last position was the chief executive officer of the corporate finance department — TUS Corporate Finance Limited. Mr. Ip has been the responsible officer of Wings Securities Limited since February 2020.

Mr. Zhang Shenjin (張慎金, formerly known as Zhang Shenlian 張慎蓮), aged 51, an independent non-executive Director of the Company. He is also a member of each of the Audit Committee and the Remuneration Committee of the Company. He is responsible for supervising and providing independent advice on the operation and management of the Group. Mr. Zhang has over 14 years of experience in financial news reporting. Mr. Zhang worked for China Business Times Shandong Reporter Station* (中華工商時報山東記者站) from September 1992 to July 2006 and worked as reporter stationmaster* (記者站站長) from 1997. Mr. Zhang has served as the fourth secretary-general of China Paper and Pulp Industry Chamber of Commerce* (中華全國工商業聯合會紙業商會) since November 2017. Mr. Zhang obtained a graduation certificate of Junior College Program (專科畢業證書) in Chinese Language and Literature by correspondence education from Shandong Heze Education University* (山東省菏澤教育學院) (currently known as Heze University* (菏澤學院)) in June 1992.

獨立非執行董事

葉耘開先生，46歲，本公司獨立非執行董事。彼亦為本公司薪酬委員會主席，以及審核委員會及提名委員會各自的成員。彼負責監察及就本集團的營運及管理提供獨立意見。葉先生於1998年12月取得香港大學工商管理學士(會計及財務)學位，並於2008年3月取得芝加哥大學商學院(University of Chicago Graduate School of Business)工商管理碩士學位。葉先生自2001年9月起成為香港會計師公會會員，並自2020年11月起成為澳洲會計師公會資深會員。葉先生於2005年9月獲特許財務分析師公會(CFA Institute)認可為特許財務分析師。葉先生於會計、投資銀行及企業融資方面擁有逾20年經驗。葉先生於1998年9月加入安達信會計師事務所，於2002年7月1日調往羅兵咸永道會計師事務所。葉先生於2004年4月離開羅兵咸永道會計師事務所，最後職位為經理。葉先生於2011年3月至2016年3月受僱於J.P. Morgan Securities (Asia Pacific) Limited，最後職位為全球投資銀行部執行董事。葉先生於2017年3月至2020年2月受僱於啟迪金融控股(香港)有限公司，最後職位為企業融資部 — TUS Corporate Finance Limited行政總裁。葉先生自2020年2月起擔任永時證券有限公司的負責人。

張慎金先生(舊名張慎蓮)，51歲，本公司獨立非執行董事。彼亦為本公司審核委員會及提名委員會各自的成員。彼負責監察及就本集團的營運及管理提供獨立意見。張先生於財經新聞報導方面擁有逾14年經驗。張先生於1992年9月至2006年7月於中華工商時報山東記者站任職，自1997年起擔任記者站站長。張先生自2017年11月起擔任中華全國工商業聯合會紙業商會第四任秘書長。張先生於1992年6月透過函授教育取得山東省菏澤教育學院(現稱菏澤學院)的漢語語言文學專科畢業證書。

Mr. Wang Yunchen (王運陳), aged 37, an independent non-executive Director of the Company. He is also the chairman of the Audit Committee and a member of the Nomination Committee of the Company. He is responsible for supervising and providing independent advice on the operation and management of the Group. Mr. Wang obtained a Bachelor Degree, a Master Degree and a Doctorate Degree in Financial Management from Southwestern University of Finance and Economics* (西南財經大學) in June 2007, March 2010 and December 2013, respectively. Mr. Wang was awarded the professorship of Accounting qualification issued by Sichuan Agricultural University (四川農業大學) in December 2020. Mr. Wang has been working for College of Management of Sichuan Agricultural University (四川農業大學) since January 2014 and serves as the head of its department of financial management. Mr. Wang currently serves as a postdoctoral researcher at the Postdoctoral Program Research Station of business administration* (工商管理博士後科研流動站) at Fudan University. Mr. Wang was awarded the third prize of the 18th Social Science Outstanding Achievement of Sichuan Province* (四川省第十八次社會科學優秀成果三等獎) in August 2019.

王運陳先生，37歲，本公司獨立非執行董事。彼亦為本公司審核委員會主席及提名委員會成員。彼負責監察及就本集團的營運及管理提供獨立意見。王先生於2007年6月、2010年3月及2013年12月分別取得西南財經大學財務管理學士學位、碩士學位及博士學位。王先生於2020年12月獲頒授四川農業大學發出的會計學教授資格。王先生自2014年1月起一直在四川農業大學任職，並擔任其財務管理學系主管。王先生目前於復旦大學工商管理博士後科研流動站擔任博士後研究員。王先生於2019年8月獲頒四川省第十八次社會科學優秀成果三等獎。

Mr. Wang obtained a listed company senior management training* (上市公司高級管理人員培訓) graduation certificate issued by the Shenzhen Stock Exchange in March 2017. Mr. Wang was an independent director of Sichuan Jinyu Automobile City (Group) Co., Ltd.* (四川金宇汽車城(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000803) from October 2019 to December 2019. Mr. Wang currently serves as an independent director of Chengdu Xingrong Environmental Co., Ltd.* (成都市興蓉環境股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000598) and an independent director of Sichuan Crun Co., Ltd.* (四川川潤股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002272).

王先生於2017年3月取得深圳證券交易所頒發的上市公司高級管理人員培訓畢業證書。王先生於2019年10月至2019年12月擔任四川金宇汽車城(集團)股份有限公司(一間於深圳證券交易所上市的公司，股份代號：000803)獨立董事。王先生目前擔任成都市興蓉環境股份有限公司(一間於深圳證券交易所上市的公司，股份代號：000598)的獨立董事，及四川川潤股份有限公司(一間於深圳證券交易所上市的公司，股份代號：002272)的獨立董事。

SENIOR MANAGEMENT

Ms. Liu Jiayan, aged 40, the financial controller of the Group and one of the joint company secretaries of the Company. She is responsible for the Group's overall company secretarial and financial matters. Ms. Liu has more than 10 years' experience in accounting and finance industry and has been registered as a certified public accountant in the PRC since September 2012. Ms. Liu worked at Chengdu Colorful Polymer Materials Co., Ltd (成都卡樂福高分子材料股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 872870), as a director from December 2017 to February 2019, and a secretary of board and finance controller from December 2017 to January 2019. Ms. Liu worked at Changjiang Securities Ltd. Chengdu Guanghua Village Street Securities Business Department* (長江證券股份有限公司成都光華村街證券營業部) from August 2015 to February 2017, Chengdu New Hope Properties Ltd.*(成都新希望置業有限公司) from June 2014 to July 2015 and WUYIGE Certified Public Accountants LLP, Sichuan branch* (大信會計師事務所四川分所) from September 2010 to June2014 and was mainly responsible for accounting and auditing. Ms. Liu obtained a bachelor degree (distance learning) in accountancy from Southwestern University of Finance and Economics (西南財經大學) in July 2014.

Mr. Gao Qiang, aged 47, the sales director of the Group. He is responsible for the creation of sales strategies and the management of sales goals and targets. Mr. Gao has more than 20 years' experience in sales and papermaking felts manufacturing industry. Before joining the Group, Mr. Gao has worked for Huanlong Industrial Group Co. Ltd.* (環龍工業集團有限公司) as sales manager since December 2001, responsible for the creation of sales strategies and the management of sales goals and targets. Mr. Gao left Huanlong Industrial Group Co. Ltd.* (環龍工業集團有限公司) and joined Sichuan Huanlong as sales manager in February 2007 and currently serves as the sales director of the Group. Mr. Gao obtained a graduation certificate of Junior College Program (專科畢業證書) in Textile Engineering issued by the Wuhan Textile Industry College* (武漢紡織工學院) (currently known as Wuhan Textile University* (武漢紡織大學)) in July 1998.

高級管理層

劉家燕女士，40歲，本集團財務總監及本公司聯席公司秘書之一。彼負責本集團整體公司秘書及財務事宜。劉女士在會計及財務行業擁有逾10年經驗，自2012年9月起成為中國註冊執業會計師。劉女士於2017年12月至2019年2月擔任成都卡樂福高分子材料股份有限公司(一間於全國中小企業股份轉讓系統上市的公司，股份代號：872870)的董事，並於2017年12月至2019年1月擔任其董事會秘書兼財務總監。劉女士於2015年8月至2017年2月任職於長江證券股份有限公司成都光華村街證券營業部，於2014年6月至2015年7月任職於成都新希望置業有限公司，於2010年9月至2014年6月任職於大信會計師事務所四川分所，主要負責會計及審計。劉女士於2014年7月取得西南財經大學的會計學士學位(遙距課程)。

高強先生，47歲，本集團銷售總監。彼負責制定銷售策略以及管理銷售目標及指標。高先生於銷售及造紙毛毯製造業擁有逾20年經驗。加入本集團前，高先生自2001年12月起於環龍工業集團有限公司擔任銷售經理，負責制定銷售策略以及管理銷售目標及指標。高先生於2007年2月離開環龍工業集團有限公司並加入四川環龍擔任銷售經理，現時為銷售總監。高先生於1998年7月取得武漢紡織工學院(現稱武漢紡織大學)的紡織工程專科畢業證書。

Ms. Lin Xiaoyan, aged 40, the director of the operation department of the Group. She is responsible for the promotion of the operational efficiency and quality for the Group's overall marketing. Ms. Lin has more than 14 years' experience in corporate management and operation. She joined Sichuan Huanlong since its establishment in February 2007 and was promoted to operation director in April 2019. Ms. Lin obtained a graduation certificate of Junior College Program (專科畢業證書) in Industrial Enterprise Management jointly issued by the Southwestern University of Finance and Economics* (西南財經大學) and the Sichuan Province Higher Education Self-study Examination Committee* (四川省高等教育自學考試委員會) in December 1999 and a graduation certificate of Specialized Secondary School Program (普通中等專業學校畢業證書) in Pulp and Paper Making Process from the Sichuan Light Industry School* (四川省輕工業學校) in July 2000.

林曉燕女士，40歲，本集團運營部門總監。彼負責提升本集團整體營銷的運營效率及質量。林女士在企業管理及營運方面擁有逾14年經驗。她於2007年2月四川環龍成立時加入，於2019年4月晉升為運營總監。林女士於1999年12月取得西南財經大學及四川省高等教育自學考試委員會聯合頒發的工業企業管理專科畢業證書，並於2000年7月取得四川省輕工業學校紙漿及造紙過程普通中等專業學校畢業證書。

Ms. Mak Po Man Cherie, aged 47, is one of the joint company secretaries of the Company. Ms. Mak is the Vice President of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 17 years of experience in the fields of audit, accounting, corporate finance, compliance and corporate secretarial. Ms. Mak obtained a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2017. She has been admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

麥寶文女士，47歲，為本公司聯席公司秘書之一。麥女士為方圓企業服務集團(香港)有限公司的副總監。彼曾在多家專業機構及香港上市公司工作，擁有逾17年工作經驗，範疇包括審計、會計、公司財務、合規及公司秘書。麥女士於2017年獲香港理工大學公司管治碩士學位。彼於2017年獲認可為香港特許公司治理公會及英國特許公司治理公會會士、於2003年獲認可為香港會計師公會會員及於2006年獲認可為英國特許公認會計師公會資深會員。

DIRECTORS' REPORT
董事會報告

The Directors present their annual report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2021.

董事謹此提呈本公司及本集團截至2021年12月31日止年度的年報及經審核綜合財務報表。

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements.

主要業務

本公司為投資控股公司。主要附屬公司的主要業務刊載於綜合財務報表附註14。

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 67.

The Board does not recommend the payment of dividend in respect of the year ended 31 December 2021.

業績及股息

本集團截至2021年12月31日止年度的業績刊載於第67頁的綜合損益及其他全面收益表。

董事會並不建議就2021年12月31日止年度派付股息。

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution to Shareholders amounted to nil, representing the aggregation of the share premium, the contributed surplus and the retained profits.

可供分派的儲備

於2021年12月31日，本公司可供分派予股東的儲備乃股份溢價、實繳盈餘及保留溢利的總和，合共為零。

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 164 of the annual report.

四年財務概要

本集團最近四個財政年度的業績和資產及負債摘要刊載於年報第164頁。

PROPERTIES OWNED BY THE GROUP

The Group owns properties in Wenjiang District, Chengdu, Sichuen, the PRC for production (the "**Properties**"), pursuant to the valuation of an independent firm of qualified professional property valuer, their value amounts to approximately RMB70,550,000 as at 31 October 2021, as disclosed in the Prospectus. No additional depreciation that would be charged against the statement of profit or loss and other comprehensive income had the Properties been stated at valuation in the consolidated financial statements in this annual report. Details of the Properties owned by the Group as at 31 December 2021 are set out on page 162.

本集團所擁有的物業

本集團於中國四川省成都市溫江區擁有物業作生產用途(「**物業**」)，誠如招股章程所披露，根據第三方合資格專業物業估值公司的估值，於2021年10月31日，該等物業的價值約為人民幣70,550,000元。由於本年報中物業在綜合財務報表以估值呈列，故並無在損益及其他全面收益表扣除額外折舊。本集團於2021年12月31日所擁有的物業詳情載於第162頁。

INVESTMENT PROPERTY

One factory building of the Properties was on 5 December 2021 leased to an independent third party in a short term basis for investment purpose. Details of the movements in the investment property of the Group during the year are set out in note 13 to the consolidated financial statements. Details of the major investment property held by the Group as at 31 December 2021 are set out on page 163.

投資物業

物業的其中一間廠房於2021年12月5日以短期租賃出租予一名獨立第三方作投資用途。有關本集團於年內的投資物業變動詳情載於綜合財務報表附註13。有關本集團於2021年12月31日所持的主要投資物業詳情載於第163頁。

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately RMB75.8 million (2020: RMB20.3 million) for the purpose of expanding its business. Details of the movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

物業、廠房及設備

於年內，本集團為擴展業務而購置物業、廠房及設備的成本約為人民幣75.8百萬元(2020年：人民幣20.3百萬元)。有關本集團物業、廠房及設備於年內的變動詳情刊載於綜合財務報表附註12。

BUSINESS REVIEW

A fair review of the Group's business and indication of likely future development in the Group's business are provided in the "Chairman's Statement" and "Management Discussion sections of this annual report. An analysis using key financial performance indicators is set out in "Management Discussion and Analysis" section while the principal risks and uncertainties are contained in the "Notes to Financial Statements" section of this annual report. Compliance with relevant laws and regulations that have a significant impact on the Group can be found throughout this annual report, in particular, the "Corporate Governance Report". Discussions on the Group's environmental policies and performance are covered by a separate Environmental, Social and Governance (ESG) Report which will be available on the Company's website under the "Corporate Social Responsibility" section and the website of the Stock Exchange on or before 31 May 2022. The above sections form part of this Report of the Directors.

業務回顧

有關本集團業務的公正審閱以及本集團業務的未來發展趨勢刊載於本年報「主席報告」及「管理層討論及分析」各節。使用關鍵財務績效指標所作出的任何分析刊載於本年報「管理層討論及分析」一節，而主要風險及不確定因素則刊載於「財務報表附註」一節。本集團所遵守且對本集團具重大影響的相關法律及法規已刊載於本年報各章節(特別是「企業管治報告」)。有關本集團環境政策及表現的討論已單獨載於環境、社會及管治(ESG)報告內，有關報告將於2022年5月31日或之前在本集團網站「企業社會責任」一欄及聯交所網站可供閱覽。上述各節構成本董事會報告內容的一部分。

Key relationships with stakeholders

The Group believes that its success depends on the support from its key stakeholders, namely employees, customers and suppliers.

與持份者的主要關係

本集團相信成功取決於主要持份者的支持，即僱員、客戶及供應商。

Employees

The Group endeavours to provide better working conditions and attractive remunerations to its employees. The Group offers remuneration package to its employees, which include salary, allowances and payment for welfare contributions, including social insurance contributions and housing provident fund contributions. Based on the performance of each employee, the Group will provide salary increments, bonuses and promotions, so as to encourage the employees' personal developments. The Group provides regular on-the-job training to its employees in order to build up a sound career platform for employees.

Customers

The Group has developed strong relationships with its customers. The Group communicates and works closely with its customers during the entire production process to ensure that its products are properly designed and manufactured in accordance with the customers' production needs. For the purpose of strengthening business relationships with customers, the Group's sales and marketing teams will visit customers' production facilities regularly to understand their needs and keep abreast of the latest development and trends of its customers' products. As part of the Group's after-sales service, it issues complimentary technical advisory proposals to the customers analysing the performance of their production machines, in order to provide tailor-made papermaking felts solutions to its customers.

Suppliers

The Group maintains good relationships with its key suppliers through the established long-term business relationships with them. The Group carefully selects its suppliers of raw materials and maintains a list of approved suppliers. The approved suppliers are selected based on a number of factors, including product quality, supply capacity, pricing and way of settlement. The Group believes that the established long-term business relationships with these key suppliers enables the Group to have a steady supply of raw materials which are manufactured according to the specifications and timing requested by it and its customers, and such relationships have been built upon a mutual trust and confidence over the years of cooperation between the Group and suppliers.

僱員

本集團致力為僱員提供良好工作環境及具吸引力的薪酬待遇。本集團向僱員提供的薪酬待遇包括薪金、津貼及繳付福利供款，其中包括社會保險供款及住房公積金供款。本集團根據每名僱員的表現提供薪酬調升、花紅及晉升機會，以鼓勵僱員的個人發展。本集團定期為僱員提供在職培訓，旨在為僱員建立穩固的事業基礎。

客戶

本集團與客戶建立強大的關係。本集團與客戶於整個生產過程緊密溝通及合作，以確保產品根據客戶的生產需求妥為設計及製造。就鞏固與客戶的業務關係而言，本集團的銷售及營銷團隊定期到訪客戶的生產設施，以了解客戶的需求，緊貼客戶產品需求的最新發展及趨勢。作為售後服務的一部分，本集團向客戶提供免費技術諮詢建議，分析其生產機器的表現，為客戶提供訂製造紙毛毯解決方案。

供應商

本集團透過與主要供應商建立長期業務關係維持友好關係。本集團審慎挑選原材料供應商，並設有獲批供應商名單。獲批供應商乃基於多項因素而挑選，包括產品質量、供應能力、價格及結算方式。本集團相信，與主要供應商的長期業務關係使本集團可獲得按照本集團及客戶要求的規格及時間所製造的原材料的穩定供應，而該等關係建基於多年來本集團與供應商合作建立的互信及信心。

Social insurance and housing provident fund contributions

As disclosed in the section headed "Business — Legal proceedings and compliance — Non-compliances — (2) Non-compliance in relation to social insurance contributions" in the Prospectus, the Group did not pay social insurance contributions of approximately RMB3.3 million according to the Social Insurance Law of the PRC and housing provident fund contributions of approximately RMB1.0 million according to the Regulation on Administration of Housing Provident Fund, for the three years ended 31 December 2020. Up to the date of this annual report, the Group did not receive any demand of payment or penalty from the relevant PRC regulatory authorities, including Chengdu City Wenjiang District Human Resources and Social Security Bureau* (成都市溫州區人力資源和社會保障局) and Chengdu Housing Provident Funds Management Centre* (成都住房公積金管理中心), in respect of such non-payments of social insurance contributions and housing provident fund contributions. As disclosed in the Prospectus, Ms. Shen Genlian and Mr. Zhou Jun have committed that they will fully and unconditionally make and pay such social insurance contributions and housing provident fund contributions when required by the regulatory authorities, and will fully and conditionally compensate for any other expenses or economic losses incurred by the Group because of such non-compliances.

社會保險及住房公積金供款

誠如招股章程「業務—法律訴訟及合規—不合規事件—(2)有關社會保險供款的不合規事件」一節所披露，截至2020年12月31日止三個年度，本集團未有根據《中華人民共和國社會保險法》繳納社會保險供款約人民幣3.3百萬元，以及未有根據《住房公積金管理條例》繳納住房公積金供款約人民幣1.0 百萬元。直至本年報日期，本集團並未因欠繳社會保險供款及住房公積金供款而遭相關中國監管機構(包括成都市溫州區人力資源和社會保障局及成都住房公積金管理中心)要求付款或處罰。如招股章程所披露，沈根蓮女士及周駿先生已承諾，在監管機構要求下，將無條件全數補繳有關社會保險供款及住房公積金供款，並有條件地全數補償本集團因有關不合規事件而招致的其他開支或經濟損失。

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in the consolidated statement of changes in equity on page 70 and note 29 to the consolidated financial statements respectively.

儲備

本集團及本公司儲備於年內的變動分別載於綜合權益變動表第70頁以及綜合財務報表附註29。

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

股本

本公司股本於年內的變動詳情刊載於綜合財務報表附註27。

BONDS ISSUED

The Company did not have any bonds in issue or existence for the year ended 31 December 2021.

已發行債券

截至2021年12月31日止年度，本公司概無發行或存續任何債券。

BORROWINGS

Details of borrowings of the Group during the year ended 31 December 2021 are set out in notes 24 and 25 to the consolidated financial statements.

借款

有關本集團截至2021年12月31日止年度的借款詳情刊載於綜合財務報表附註24及25。

TAXATION

The information on the taxation of the Company and the Group in 2021 is set out in note 8 to the consolidated financial statements.

稅項

有關本公司及本集團於2021年的稅項資料刊載於綜合財務報表附註8。

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

董事及董事的服務合約

於年內直至本報告日期的董事如下：

Executive Directors

Ms. Shen Genlian (Chairperson)
Mr. Zhou Jun (Chief executive officer)
Mr. Xie Zongguo
Ms. Yuan Aomei

執行董事

沈根蓮女士(主席)
周駿先生(行政總裁)
謝宗國先生
袁傲梅女士

Independent non-executive Directors

Mr. Ip Wang Hoi (appointed on 9 December 2021)
Mr. Zhang Shenjin (appointed on 9 December 2021)
Mr. Wang Yunchen (appointed on 9 December 2021)

獨立非執行董事

葉耘開先生(於2021年12月9日獲委任)
張慎金先生(於2021年12月9日獲委任)
王運陳先生(於2021年12月9日獲委任)

The biographical details of the Directors are set out on page 35 to page 39 of this annual report.

董事履歷詳情刊載於本年報第35頁至39頁。

Each of the Directors has entered into a service contract ("**Directors' service Contract(s)**") with the Company for a term up to the end of the AGM of 2022 which is subject to termination by either party giving not less than three month's written notice. Since the Directors' service contracts will expire on the date of AGM of 2022, all the Directors shall retire from office at the AGM and, being eligible, offer themselves for re-election. Subject to the approval of their re-elections by the Shareholders at the AGM, each of the Directors will enter into a new service contract with the Company for a term of three years from the date of the AGM of 2022.

各董事已與本公司訂立服務合約(「**董事服務合約**」)，任期直至2022年股東週年大會結束為止，任何一方均可發出不少於三個月的書面通知終止合約。由於董事的服務合約將於2022年股東週年大會當日屆滿，所有董事將於股東週年大會上退任，並合資格膺選連任。待股東於股東周年大會批准董事連任後，各董事將與本公司訂立新服務合約，自2022年股東週年大會日期起為期三年。

No director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

擬於應屆股東週年大會上膺選連任的董事概無與本公司訂立服務合約，禁止本公司於一年內終止合約而毋須作出賠償(法定賠償除外)。

CHANGES IN DIRECTORS' OR CHIEF EXECUTIVES' INFORMATION

Pursuant to Rule 13.51B(1), all change and updated information regarding the Directors and chief executive are set out in the section headed "Biographies of Directors and Senior Management". Save as disclosed in the above section, there was no change to any of the information required to be disclosed pursuant to Rule 13.51(2)(a) to (e) and (g).

董事及最高行政人員的資料變動

根據第13.51B(1)條規定，有關董事及最高行政人員的所有資料變動及更新刊載於「董事及高級管理層的履歷」一節。除上文所披露者外，概無任何資料變動須根據第13.51(2)(a)條至(e)條和(g)條規定予以披露。

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and five highest paid individuals during the year are set out in note 9 to the consolidated financial statements.

董事薪酬及五名最高薪酬人士

有關年內董事薪酬及五名最高薪酬人士的詳情刊載於綜合財務報表附註9。

PERMITTED INDEMNITY

The Articles of Association provide that the Directors 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 shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. Such provisions were in force during the course of the year under review and remained in force as of the date of this report.

獲准許的彌償

根據組織章程細則，董事按各自的職務執行其職責(或假定職責)時因所作出、同意或遺漏的任何作為而招致或蒙受的所有訴訟、費用、收費、損失、損害及開支，均可獲本公司的資產及溢利給予補償，並確保其免受損失。有關條款於回顧年度生效，且截至本報告日期仍然生效。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or are required to be kept under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in the Shares

Name of Director 董事姓名	Capacity/Nature 身份／性質	Number of Shares held/ interested in 持有／擁有權益的股份數目	Approximate percentage of interest in the Company 於本公司權益的概約百分比
Ms. Shen Genlian *(Note)* 沈根蓮女士*(附註)*	Founder of a discretionary trust; interest of spouse 全權信託創立人；配偶權益	359,947,200	74.46%
Mr. Zhou Jun *(Note)* 周駿先生*(附註)*	Founder of a discretionary trust; interest of spouse 全權信託創立人；配偶權益	359,947,200	74.46%

Note: Perfect Angle Limited ("**Perfect Angle**") and Wonderful Advisor Limited ("**Wonderful Advisor**") are holding 269,960,400 and 89,986,800 Shares. Each of Perfect Angle and Wonderful Advisor is directly and wholly owned by Vistra Trust (Singapore) Pte. Limited ("**Vistra Trust**"), the trustee of the SGL Trust and the ZJ Trust. The SGL Trust is an irrevocable discretionary trust established by Fame Attain Limited ("**Fame Attain**"), which is wholly-owned by Ms. Shen Genlian, as the settlor. The beneficiaries of the SGL Trust are Ms. Shen Genlian and the children of Ms. Shen Genlian. The ZJ Trust is an irrevocable discretionary trust established by South Source Enterprises Limited ("**South Source**"), which is wholly-owned by Mr. Zhou Jun, as the settlor. The beneficiaries of the ZJ Trust are Mr. Zhou Jun and the children of Ms. Shen Genlian. Ms. Shen Genlian and Mr. Zhou Jun are wife and husband. Accordingly, each of Ms. Shen Genlian and Mr. Zhou Jun is deemed to be interested in the said 269,960,400 and 89,986,800 Shares (in aggregate 359,947,200 Shares) under the SFO.

董事於股份、相關股份及債權證中的權益及淡倉

於2021年12月31日，本公司各董事於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉，或根據證券及期貨條例第352條須記錄於登記冊內的權益及淡倉，或根據標準守則須知會本公司及聯交所的權益及淡倉如下：

(i) 於股份中的好倉

附註： Perfect Angle Limited(「**Perfect Angle**」)及Wonderful Advisor Limited(「**Wonderful Advisor**」)持有269,960,400股及89,986,800股股份。Perfect Angle及Wonderful Advisor各自分別由Vistra Trust (Singapore) Pte. Limited(「**Vistra Trust**」)直接全資擁有，Vistra Trust為SGL Trust及ZJ Trust的受託人。SGL Trust為譽致有限公司(「**譽致**」)成立的不可撤銷全權信託，譽致為沈根蓮女士作為財產授予人全資擁有。SGL Trust的受益人為沈根蓮女士以及沈根蓮女士的子女。ZJ Trust為南源企業有限公司(「**南源**」)成立的不可撤銷全權信託，南源由周駿先生作為財產授予人全資擁有。ZJ Trust的受益人為周駿先生以及沈根蓮女士的子女。沈根蓮女士及周駿先生為夫婦。因此，根據證券及期貨條例，沈根蓮女士及周駿先生各自被視為於上述269,960,400股及89,986,800股股份(合共359,947,200股股份)中擁有權益。

(ii) Long position in the ordinary shares of associated corporations

(ii) 於相聯法團普通股中的好倉

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Capacity/Nature 身份／性質	Number of Shares or registered capital held/ interested in 持有／擁有權益的股份或註冊資本數目	Approximate percentage of interest 權益概約百分比
Ms. Shen Genlian *(Note 1)* 沈根蓮女士*(附註1)*	Perfect Angle	Founder of a discretionary trust 全權信託創立人	100	100%
Mr. Zhou Jun *(Note 1)* 周駿先生*(附註1)*	Perfect Angle	Interest of spouse 配偶權益	100	100%
Ms. Shen Genlian *(Note 2)* 沈根蓮女士*(附註2)*	Huanlong Lixin 環龍立欣	Interest in a controlled corporation/interest of spouse 於受控法團的權益／配偶權益	RMB10,000 人民幣10,000元	1% 1%
Mr. Zhou Jun *(Note 2)* 周駿先生*(附註2)*	Huanlong Lixin 環龍立欣	Interest of spouse 配偶權益	RMB10,000 人民幣10,000元	1% 1%

Notes:

1. Perfect Angle is holding 269,960,400 Shares. Perfect Angle is directly and wholly owned by Vistra Trust, the trustee of the SGL Trust. The SGL Trust is an irrevocable discretionary trust established by Fame Attain, which is wholly-owned by Ms. Shen Genlian, as the settlor. The beneficiaries of the SGL Trust are Ms. Shen Genlian and the children of Ms. Shen Genlian. Ms. Shen Genlian and Mr. Zhou Jun are wife and husband. Accordingly, Perfect Angle is a holding company and an associated corporation of the Company, and each of Ms. Shen Genlian and Mr. Zhou Jun is deemed to be interested in the said shares of the associated corporation under the SFO.

2. Huanlong Lixin is an indirect non-wholly owned subsidiary of the Company, the equity interest of which is held as to 99% by Huanlong Funeng, a wholly-owned subsidiary of the Company and 1% by Huanlong Industrial Group Co., Ltd* (環龍工業集團有限公司), respectively. Huanlong Industrial Group Co., Ltd* (環龍工業集團有限公司) is held as to 75% by Ms. Shen Genlian and 25% by Mr. Zhou, respectively. Ms. Shen Genlian and Mr. Zhou Jun are wife and husband. Accordingly, Huanlong Lixin is an associated corporation of the Company, and each of Ms. Shen Genlian and Mr. Zhou Jun is deemed to be interested in the equity interest of the associated corporation under the SFO.

Save as disclosed in the foregoing, as at 31 December 2021, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year under review or subsisting at the end of the year under review are set out below:

Share Option Scheme

On 9 December 2021, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the Shareholders, under which, options may be granted to any Eligible Participants (as defined below) to subscribe for the Shares subject to the terms and conditions stipulated in the Share Option Scheme. The Company has adopted the Share Option Scheme as an incentive to the Directors and the Eligible Participants.

附註：

1. Perfect Angle持有269,960,400股股份。Perfect Angle由Vistra Trust(SGL Trust的受託人)直接全資擁有。SGL Trust為譽致成立的不可撤銷全權信託，譽致由沈根蓮女士作為財產授予人全資擁有。SGL Trust的受益人為沈根蓮女士以及沈根蓮女士的子女。沈根蓮女士及周駿先生為夫婦。因此，根據證券及期貨條例，Perfect Angle為本公司的控股公司及相聯法團，且沈根蓮女士及周駿先生各自被視為於上述相聯法團股份中擁有權益。

2. 環龍立欣為本公司的間接非全資附屬公司，其股權分別由本公司的全資附屬公司環龍賦能持有99%及由環龍工業集團有限公司持有1%。環龍工業集團有限公司分別由沈根蓮女士持有75%及由周駿先生持有25%。沈根蓮女士及周駿先生為夫婦。因此，根據證券及期貨條例，環龍立欣為本公司的相聯法團，且沈根蓮女士及周駿先生各自被視為於相聯法團股權中擁有權益。

除上文所披露者外，於2021年12月31日，本公司概無董事、最高行政人員或彼等各自的緊密聯繫人於本公司或其任何相聯法團的股份、相關股份及債權證中，擁有根據證券及期貨條例第352條須記錄於登記冊內的任何權益及淡倉，或根據證券及期貨條例第XV部第7及8分部或根據標準守則須知會本公司及聯交所的權益及淡倉。

權益掛鈎協議

有關於回顧年度內訂立或於回顧年末仍存續的權益掛鈎協議詳情刊載如下：

購股權計劃

於2021年12月9日，股東批准並採納購股權計劃(「**購股權計劃**」)。據此，任何合資格參與者(定義見下文)可根據購股權計劃所訂明的條款及條件，獲授予購股權以認購股份。本公司已採納購股權計劃以獎勵董事及合資格參與者。

The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

購股權計劃將讓合資格參與者有機會於本公司擁有個人權益，並旨在達成以下目標：(i)鼓勵合資格參與者為本集團的利益而提高其表現效率；及(ii)吸引並挽留合資格參與者或以其他方式與合資格參與者維持長久的業務關係，而該合資格參與者的貢獻乃對或將會對本集團的長遠發展有利。

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine to the following persons (the "**Eligible Participants**"): (i) any full-time or part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any Director (including executive, non-executive or independent non-executive Directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, where required under the Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

董事會可酌情決定向以下人士(「**合資格參與者**」)授出購股權，按董事會釐定的新股份數目作出認購：(i)本集團任何成員公司的全職或兼職僱員；(ii)本集團任何成員公司的諮詢人或顧問；(iii)本集團任何成員公司的董事(包括執行董事、非執行董事或獨立非執行董事)；(iv)本集團任何成員公司的主要股東；及(v)本集團任何成員公司的分銷商、承包商、供應商、代理、客戶、業務夥伴或服務供應商。董事會(或視乎情況根據上市規則規定為獨立非執行董事)將不時根據參與者對本集團的發展及增長所作出或可能作出的貢獻，決定該參與者是否合資格獲授予購股權。

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 48,000,000 Shares, being 10% of the total number of the Shares in issue as at the date of this annual report.

根據本公司購股權計劃及任何其他購股權計劃授出的所有購股權(就此而言，不包括根據本公司購股權計劃及任何其他購股權計劃的條款已失效的購股權)，於行使時可獲發行的股份數目上限合共不得超出48,000,000股股份(即於本年報日期已發行股份總數的10%)。

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the total number of the Shares in issue for the time being. Any further grant of options in excess of the 1% limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

於任何12個月期間，根據本公司購股權計劃及任何其他購股權計劃授予各參與者的購股權(包括已行使及尚未行使的購股權)獲行使時，已發行及將會發行的股份總數不得超過當時已發行股份總數的1%。額外授出任何超過1%上限的購股權須經股東於股東大會上批准，且有關參與者及其緊密聯繫人須於會上放棄投票。

An offer for the grant of option must be accepted within seven days from the offer date. Options granted shall be taken up upon payment of HK$1.00 as consideration for the grant of option. Options may be exercised at any time from the date which option is deemed to be granted and accepted and expired on the date as the Board in its absolute discretion determine and which shall not exceed a period of 10 years from the date on which the share options are deemed to be granted and accepted but subject to the provisions for early termination thereof contained in the Share Option Scheme.

授出購股權的要約須於要約日期起計七日內接納。已授出的購股權須於支付1.00港元作為授出購股權的代價後方告接納。購股權可自購股權被視為已授出及接納的日期起隨時行使，並於董事會全權酌情釐定的日期屆滿，惟不得超過購股權被視為授出及接納的日期起計10年的期限，但可根據購股權計劃所載條文予以提早終止。

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

購股權計劃下的普通股認購價將由董事會釐定，且不得低於下列各項中的最高者：(i)股份於授出日期（須為聯交所開市買賣證券的日子）在聯交所每日報價表所示的收市價；(ii)緊接授出日期前五個營業日股份在聯交所每日報價表所示的平均收市價；及(iii)股份面值。

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 9 December 2021. No share option has been granted by the Company under the Share Option Scheme since its adoption up to the date of this annual report.

購股權計劃自2021年12月9日起10年內生效及有效。自採納購股權計劃起直至本年報日期，本公司概無授出任何購股權。

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 48,000,000, representing approximately 9.93% of the issued Shares as at the date of this annual report.

於本年報日期，根據購股權計劃可供發行的股份總數為48,000,000股，約佔本年報日期已發行股份的9.93%。

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

除購股權計劃外，本公司概無於2021年12月31日止年度內訂立或於年末存續其他權益掛鈎協議。

RETIREMENT BENEFIT PLANS

退休福利計劃

Details of retirement benefit plans of the Group during the year under review are set out in note 2.20 to the consolidated financial statements.

本集團於回顧年度的退休福利計劃詳情載於綜合財務報表附註2.20。

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

As at 31 December 2021, so far as the Directors are aware, the interest and short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO and which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO are as follows:

主要股東於本公司股份及相關股份中的權益及淡倉

於2021年12月31日，據董事所知，以下人士(本公司董事或最高行政人員除外)於本公司的股份及相關股份中擁有的權益及淡倉，須根據證券及期貨條例第336條記錄於備存登記冊內，及須根據證券及期貨條例第XV部第2及3分部向本公司作出披露：

Name 姓名／名稱	Capacity/Nature 身份／性質	Number of Shares held/ interested in 持有／擁有權益的股份數目	Approximate percentage of interest 權益概約百分比
Perfect Angle	Beneficial owner 實益擁有人	269,960,400	55.84%
Wonderful Advisor	Beneficial owner 實益擁有人	89,986,800	18.61%
Vistra Trust *(Note)* *(附註)*	Trustee 受託人	359,947,200	74.46%

Note: Vistra Trust is the trustee of the SGL Trust and ZJ Trust and holds 100% issued share capital of both Perfect Angle and Wonderful Advisor, thus Vistra Trust is deemed to be interested in all the Shares held by Perfect Angle and Wonderful Advisor for the purpose of the SFO.

附註： Vistra Trust為SGL Trust及ZJ Trust的受託人，並持有Perfect Angle及Wonderful Advisor 100%的已發行股本，因此，根據證券及期貨條例，Vistra Trust被視為於Perfect Angle及Wonderful Advisor持有的所有股份中擁有權益。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" above, at no time during the year under review was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate.

股份或債權證的收購安排

除上文「購股權計劃」一節所披露的購股權計劃外，本公司、其控股公司，或其任何附屬公司或同系附屬公司概無於回顧年度任何時間參與訂立任何安排，致使董事可藉由收購本公司或任何其他法人團體的股份或債券(包括債權證)而獲益。

CORPORATE GOVERNANCE

The Group is committed to maintaining a high level of corporate governance. Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 34 of this annual report.

企業管治

本集團致力維持高水準的企業管治。有關本公司企業管治措施的詳情刊載於本年報第17至34頁的企業管治報告。

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

委任獨立非執行董事

本公司已接獲各獨立非執行董事根據上市規則第3.13條就其獨立性發出的年度書面確認。本公司認為所有獨立非執行董事均屬獨立人士。

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the related party transactions as disclosed in note 33 to the consolidated financial statements, there were no other transactions, arrangements or contracts that are significant in relation to the business of the Group to which the Company or any of its subsidiary was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2021.

董事於重大交易、安排或合約中的權益

除綜合財務報表附註33所披露的關聯方交易外，截至2021年12月31日止年度內任何時間，本公司或其任何附屬公司概無簽訂對本集團業務而言屬重大的其他交易、安排及合約，亦無董事或其關連實體於其他交易、安排及合約中直接或間接擁有重大權益。

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

管理合約

除僱傭合約外，截至2021年12月31日止年度，概無訂立或存在任何涉及本公司整體或任何重大部分業務的管理及行政合約。

TRANSACTIONS BETWEEN SOLE SPONSOR AND INTERMEDIARIES

CMBC International Capital Limited was the sole sponsor (the "**Sole Sponsor**") for the Global Offering and the Listing. The Sole Sponsor, Grant Thornton Hong Kong Limited, Conyers Dill & Pearman, Loogn & Yeung and SHINEWING Risk Services Limited were appointed as the Compliance Adviser, auditors, legal advisers as to Cayman Island laws, legal advisers as to Hong Kong laws and internal control consultant of the Company, respectively, after the Listing.

Earn Talent International Limited, a Hong Kong company owned by Ms. Shen Genlian and Mr. Zhou Jun as to 50% and 50%, opened a securities account in Forwin Securities Group Limited, one of the underwriters in the Global Offering, for trading of securities, and paid service fees and commissions to Forwin Securities Group Limited in each transaction of securities during the year under review. Perfect Angle opened a securities account in CMBC Securities Company Limited, the Stabilising Manager (as defined in the Prospectus) to deposit the Shares of the Company therein.

Save as: (a) the fees in relation to the services after the Listing and the transactions as disclosed above; and (b) the listing expense in relation to the Listing, there was no transactions between (i) the Company, its Controlling Shareholders (as defined in the Prospectus in respect of the Global Offering and the Listing), subsidiaries, Directors, Senior Management or their respective associates; (ii) any of (aa) the Sole Sponsor, (bb) any of the intermediaries (including the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, underwriting syndicate members, non-syndicate sub-placing agents and distributors (both terms were defined in the Prospectus)) involved in the placing, distribution or underwriting of the Global Offering or (cc) any of the placees under the International Placing (as defined in the Prospectus) (including the ultimate beneficial owners, subsidiaries, directors senior management or the respective associates of the parties referred to in (aa), (bb) and (cc)); and (iii) consultants or advisers involved in the application of the Listing, commencing from the first day of the financial year 2021 and ending on the date of this annual report.

獨家保薦人及中介之間的交易

民銀資本有限公司為我們股份的全球發售及上市的獨家保薦人(「**獨家保薦人**」)。上市後，獨家保薦人、致同(香港)會計師事務所有限公司、康德明律師事務、龍炳坤、楊永安律師行及信永方略風險管理有限公司分別獲委任為本公司合規顧問、核數師、關於開曼群島法律的法律顧問、關於香港法律的法律顧問及內部監控顧問。

駿得國際有限公司，一間由沈根蓮女士及周駿先生以50%及50%持有的香港公司，於回顧年度在富榮證券集團有限公司(在全球發售的其中一間包銷商)開立了一個證券戶口以買賣證券，每個證券交易會付給富榮證券集團有限公司服務及佣金。Perfect Angle已於民銀證券有限公司(穩定價格操作人，定義見招股章程)開立證券戶口以存置本公司股份。

除：(a)如上述披露上市後有關服務的費用及交易；及(b)有關上市的上市開支，(i)本公司、其控股股東(定義見招股章程，內容有關全球發售及上市、附屬公司、董事、高級管理層或彼等各自的聯繫人；(ii)任何(aa)獨家保薦人、(bb)任何參與全球發售的配售、分銷或包銷的中介(包括獨家全球協調人、聯席賬簿管理人、聯席牽頭經辦人、包銷團成員、非財團分配售代理及分銷商(以上詞彙定義見招股章程))或(cc)國際配售下的任何承配人(定義見招股章程)(包括(aa)、(bb)及(cc)所述各方的最終實益擁有人、附屬公司、董事、高級管理層或各自的聯繫人)；及(iii)於2021財政年度首日開始及本年報結束之日，參與上市申請的諮詢人或顧問，概無訂立任何交易。

COMPETING INTEREST

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

競爭權益

截至2021年12月31日止年度及直至本年報日期，除本集團業務外，董事、控股股東或彼等各自的緊密聯繫人並無從事與本集團主要業務構成競爭或可能構成競爭的業務，或在當中擁有權益，而導致須根據上市規則第8.10條作出披露，亦無與本集團存在其他利益衝突。

DEED OF NON-COMPETITION

Ms. Shen Genlian and Mr. Zhou Jun (the "**Covenantors**") entered into a deed of non-competition (the "**Deed of Non-Competition**") on 9 December 2021 in favour of the Company (for itself and for the benefit of each other member of the Group), pursuant to that they will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group during the period that the Deed of Non-Competition remains effective.

The Company has received the annual confirmation of the Covenantors in respect of their compliance with the non-competition undertakings under the Deed of Non-Competition during the year ended 31 December 2021.

The independent non-executive Directors also reviewed the Covenantors' compliance with the non-competition undertakings. The independent non-executive Directors confirmed that the Covenantors were not in breach of the non-competition undertakings during 31 December 2021.

不競爭契據

於2021年12月9日，沈根蓮女士及周駿先生(「**契諾人**」)以本公司為受益人(為其本身及本集團各間其他成員公司的利益)訂立不競爭契據(「**不競爭契據**」)。據此，於不競爭契據生效期間，彼等不會直接或間接從事任何業務活動，從而或會與本集團的業務構成競爭，或於當中持有任何權利或權益，或以其他方式涉及其中。

截至2021年12月31日止年度，本公司已收取契諾人根據不競爭契據遵守不競爭承諾的年度確認。

獨立非執行董事亦已就契諾人有否遵守不競爭承諾作出審查。獨立非執行董事確認，契諾人於2021年12月31日期間並無違反不競爭承諾。

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Shares were not listed during the year ended 31 December 2021 and no purchase, sale or redemption of the Shares could be made by the Company until 11 January 2022, the date when the Shares listed on the Main Board of the Stock Exchange.

購買、出售或贖回證券

截至2021年12月31日止年度，股份概無上市；直至2022年1月11日之前(即股份於聯交所主板上市的日子)，本公司亦無法購買、出售或贖回股份。

PRE-EMPTIVE RIGHTS

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

優先認購權

本公司的組織章程細則或開曼群島的法律並無有關優先認購權的條文，規定本公司須按比例向現有股東提呈發售新股份。

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holding of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

稅務寬減及豁免

本公司並不知悉任何股東因持有股份而享有任何稅務寬減。股東如對購買、持有、出售、買賣股份或行使任何股份相關權利的稅務影響有任何疑問，務請諮詢彼等的專業顧問。

CONNECTED AND RELATED TRANSACTIONS

The related party transactions of the Group made during the year ended 31 December 2021 were disclosed in note 33 to the consolidated financial statements.

During the year under review, there was no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules, which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements.

關連及關聯方交易

本集團於2021年12月31日止年度所進行的關聯方交易披露於綜合財務報表附註33。

於回顧年度內，本公司概無進行任何上市規則第14A章所指的關連交易或持續關連交易須遵守任何申報、公告或獨立股東批准的規定。

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

There was no transactions, arrangements and contracts of significance, to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事於重大交易、安排或合約中的權益

於年末或年內任何時間，本公司、其控股公司，或其任何附屬公司或同系附屬公司概無訂立重大交易、安排及合約，亦無董事於其中直接或間接擁有重大權益。

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

Save as the section headed "Connected and Related Transactions" above and note 33 to the consolidated financial statements, there is no contract of significance whether for provision of service or otherwise, between the Company or any of its subsidiaries and the Controlling Shareholders or any of the Controlling Shareholders' subsidiaries at any time during the year under review.

本公司與控股股東的合約

除上文「關連及關聯方交易」一節及綜合財務報表附註33所述者外，於回顧年度內任何時間，本公司或其任何附屬公司概無與控股股東或控股股東任何附屬公司訂立提供服務或其他方面的重大合約。

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the aggregate sales attributable to the Group's five largest customers accounted for approximately 16.1% of the Group's total sales for the year and the sales to the largest customer included therein amounted to approximately 3.7%. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 81.0% of the Group's total purchases for the year and the largest supplier included therein amounted to approximately 49.5%.

None of the Directors, their associates or any Shareholder which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the Group's five largest suppliers or customers.

主要客戶及供應商

於回顧年度內，本集團五大客戶應佔銷售總額佔本集團年內銷售總額約16.1%，最大客戶的銷售額則佔約3.7%。本集團五大供應商應佔採購總額佔本集團年內採購總額約81.0%，最大供應商則佔約49.5%。

據董事所深知，概無董事、彼等的聯繫人或任何股東擁有超過5%的本公司已發行股本或於本集團的五大供應商或客戶中擁有任何股本權益。

SUFFICIENCY OF PUBLIC FLOAT

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

充足的公眾持股量

根據本公司可得的公開資料及據董事所知，於刊發本年報前的最後實際可行日期，本公司始終按上市規則的規定維持充足的公眾持股量。

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Wang Yunchen, Mr. Zhang Shenjin and Mr. Ip Wang Hoi. This 2021 annual report has been reviewed by the Audit Committee.

審核委員會的審閱

本公司的審核委員會由三名獨立非執行董事組成，包括王運陳先生、張慎金先生及葉耘開先生。2021年報乃經由審核委員會審閱。

AUDITORS

Grant Thornton Hong Kong Limited, the auditors of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the AGM to be held on 22 June 2022 to seek the Shareholders' approval on the reappointment of Grant Thornton Hong Kong Limited as auditors of the Company until the conclusion of the next AGM and to authorise the Board to fix their remuneration.

核數師

本公司的核數師，致同(香港)會計師事務所有限公司，將於本公司的應屆股東週年大會結束時退任，並合資格膺選連任。將於2022年6月22日舉行的股東週年大會上將提呈決議案，以尋求股東批准續聘致同(香港)會計師事務所有限公司為本公司的核數師，直至下屆股東週年大會結束為止，以及授權董事會釐定其酬金。

ANNUAL GENERAL MEETING

The Company will hold the AGM on Wednesday. 22 June 2022. A notice convening the AGM will be published and despatched to Shareholders in due course.

股東週年大會

本公司將於2022年6月22日(星期三)舉行股東週年大會。召開股東週年大會的通告將適時刊發並寄發予股東。

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on Wednesday, 22 June 2022. The record date will be Wednesday, 22 June 2022. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 16 June 2022.

暫停辦理股份過戶登記手續

本公司將於2022年6月17日(星期五)至2022年6月22日(星期三)(包括首尾兩天)暫停辦理股份過戶登記手續,以釐定有權出席訂於2022年6月22日(星期三)舉行的股東週年大會並於會上投票的股東。2022年6月22日(星期三)將為記錄日期。為符合資格出席股東週年大會並於會上投票,所有過戶表格連同有關股票須於2022年6月16日(星期四)下午四時三十分之前送交本公司的香港股份過戶登記處,香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712–1716舖。

EVENTS AFTER THE REPORTING PERIOD

On the Listing Date, the Company issued 114,200,000 Shares at an offer price of HK$1.22 per Share in the Global Offering and the Shares were listed on the Main Board of the Stock Exchange. In addition, the over-allotment option granted by the Company to the International Underwriters (as defined in the Prospectus) was partially exercised and the Company further issued 3,442,000 Shares, representing approximately 3.0% of the number of Shares of the Company initially offered at HK$1.22.

Save as disclosed above, no other significant events of the Group occurred after 31 December 2021 and up to the date of this annual report.

期後事件

於上市日期,本公司於全球發售中以每股股份1.22港元的發售價發行114,200,000股股份,股份於聯交所主板上市。此外,本公司向國際包銷商(定義見招股章程)授出的超額配股權部份獲行使,以及本公司再發行3,442,000股股份,相當於按本公司的每股股份1.22港元初始提呈認購的股份數目約3.0%。

除上述所披露者外,於2021年12月31日後直至本年報日期,概無發生任何重大事件。

On behalf of the Board

Shen Genlian
CHAIRPERSON

Hong Kong, 30 March 2022

代表董事會

沈根蓮
主席

香港,2022年3月30日

INDEPENDENT AUDITOR'S REPORT
獨立核數師報告

Grant Thornton 致同

To the members of Vanov Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vanov Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 161, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF 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.

Grant Thornton 致同

致環龍控股有限公司的成員公司
(於開曼群島註冊成立的有限公司)

意見

吾等已審核第67至161頁所載環龍控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，當中包括於2021年12月31日的綜合財務狀況表，及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及載有重大會計政策概要的綜合財務報表附註。

吾等認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)，真實而中肯地反映　貴集團於2021年12月31日的綜合財務狀況，及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露要求妥為編製。

意見的基礎

吾等已根據香港會計師公會頒佈的《香港審核準則》(「香港審核準則」)進行審核。吾等在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表須承擔的責任」一節中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(「守則」)，吾等獨立於　貴集團，並已履行守則中的其他職業道德責任。吾等相信，吾等所獲得的審核憑證足夠且適合作為審核意見的基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審核事項

關鍵審核事項乃吾等根據專業判斷，認為對本期間綜合財務報表的審核最為重大的事項。吾等於審核整體綜合財務報表及出具意見時處理該等事項。吾等不會對該等事項提供單獨的意見。

Revenue recognition for sales of papermaking felts
銷售造紙毛毯的收益確認

Refer to Notes 2.16 and 4 to the consolidated financial statements
請參閱綜合財務報表附註2.16及4。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等的審核如何處理關鍵審核事項
Revenue principally comprises revenue from the design, manufacture and sales of papermaking felts. 收益主要包括設計、製造及銷售造紙毛毯所得收益。	Our audit procedures to assess the recognition of revenue included: 吾等評估收益確認的審核程序包括： • obtaining an understanding of the processes and internal control in relation to recognition of revenue from sales of papermaking felts; • 了解銷售造紙毛毯時確認收益的過程及內部監控； • assessing the appropriateness of judgment made by management on revenue recognition on the sales of papermaking felts by reviewing the sales contracts, on a sample basis, with reference to HKFRS 15; • 參照香港財務報告準則第15號抽樣審閱銷售合約，以評估管理層確認銷售造紙毛毯收益時所作出的判斷是否恰當； • testing the revenue recognised from sales of papermaking felts, on a sample basis, against sales contracts or orders, and customer acknowledgement of delivery and installation to evaluate whether the control of the papermaking felts has passed to the customers; • 抽樣對照銷售合約或訂單和顧客的交付及安裝回執(用作評估造紙毛毯的控制權是否已移交顧客)，以測試銷售造紙毛毯所確認的收益； • performing analysis of revenue, gross profit trend and their fluctuation; and • 分析收益，毛利趨勢及其波幅；及 • assessing the adequacy of the Group's disclosure with respect to revenue recognised. • 評估　貴集團就收益確認所作出的披露是否足夠。
Sales of papermaking felts are recognised when control of the goods has been transferred to the customers, being at the point in time when the goods are delivered. 造紙毛毯的銷售於貨品的控制權轉移至顧客後(即交付貨品時)予以確認。	
We identified the recognition of revenue as a key audit matter because of its significance to the Group and revenue is one of the key performance indicators of the Group, therefore it is a significant audit risk area. 收益確認已獲吾等確定為關鍵審核事項，因為其對　貴集團屬重大，且收益乃　貴集團的關鍵績效指標之一，因此收益屬重大的審核風險範疇。	

KEY AUDIT MATTERS (Continued) 關鍵審核事項(續)

Impairment assessment of trade receivables
貿易應收款項的減值評估

Refer to Notes 2.9, 18 and 35.4 to the consolidated financial statements
請參閱綜合財務報表附註2.9、18及35.4。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等的審核如何處理關鍵審核事項
The Group's net trade receivables amounting to approximately RMB132,369,000 has been net off with lifetime expected credit losses ("ECL") on trade receivables amounted to approximately RMB3,639,000 as at 31 December 2021. 於2021年12月31日， 貴集團的貿易應收款項淨額約為人民幣132,369,000元，且已扣除貿易應收款項的全期預期信貸虧損(「預期信貸虧損」)約人民幣3,639,000元。	Our audit procedures to assess the impairment assessment of trade receivables included: 吾等評估貿易應收款項減值評估的審核程序包括： • obtaining an understanding of management's processes and internal control regarding the collection and the assessment of the recoverability of trade receivables; • 了解管理層收回貿易應收款項的過程及內部監控，以及就貿易應收款項可否回收作出的評估； • testing the accuracy of the trade receivables ageing analysis, on a sample basis, by checking to the source documents; • 檢查原始文件，以抽樣測試貿易應收款項的賬齡分析是否準確； • evaluating the management's assessment on the ECL of trade receivables, including their identification of credit-impaired receivables and the reasonableness of management's grouping of the remaining trade receivables into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix, with reference to the historical payment records, public available information and credit history of the Group's customers and the correspondence with customers; and • 參照過往付款記錄、公開可得資料以及 貴集團顧客的信貸記錄及相關通訊，以評核管理層就貿易應收款項預期信貸虧損作出的測試，包括確定信貸減值的應收款項、管理層有否合理地按撥備矩陣內的不同類別為剩餘的貿易應收款項分組，以及撥備矩陣內各類別用作為基準的估計虧損率；及 • Evaluating the disclosures regarding the impairment assessment of trade receivables to the consolidated financial statements. • 評核綜合財務報表就貿易應收款項減值評估作出的披露。
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating ECL of the Group's trade receivables at the end of the reporting period. 貿易應收款項的減值評估已獲吾等確定為關鍵審核事項，因為貿易應收款項對 貴集團的綜合財務狀況屬重大，加上評估 貴集團於報告期末的貿易應收款項預期信貸虧損時涉及管理層的主觀判斷及估計。	

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

其他資料

董事須對其他資料負責。其他資料包括　貴公司2021年報內的所有資料，惟不包括綜合財務報表及吾等的核數師報告。

吾等對於綜合財務報表的意見並不涉及其他資料，吾等亦不會對該等其他資料發表任何形式的鑒證結論。

就吾等對綜合財務報表的審核而言，吾等的責任乃閱覽其他資料，藉以考慮其他資料是否與綜合財務報表或吾等於審核時所了解的情況出現重大抵觸，又或是否存在重大錯誤陳述。基於吾等已執行的工作，倘若吾等認為其他資料存在重大錯誤陳述，則吾等須如實報告。就此而言，吾等並無任何報告事項。

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

董事就綜合財務報表須承擔的責任

根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，董事有責任編製真實而中肯的綜合財務報表，亦須對其認為屬必要的內部監控負責，以避免編製綜合財務報表時因欺詐或錯誤而引致重大錯誤陳述。

於編製綜合財務報表時，董事有責任評估　貴集團持續經營的能力，於適用情況下披露有關持續經營的事項，並使用持續經營為會計基礎，除非董事有意將　貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督　貴集團的財務報告過程的責任。

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

核數師就審核綜合財務報表須承擔的責任

吾等旨在就綜合財務報表整體是否不存在因欺詐或錯誤而引致的重大錯誤陳述作出合理鑒證，並出具載有吾等意見的核數師報告。吾等按照所協定的委聘條款僅向閣下(作為整體)報告吾等的意見，除此之外本報告別無其他目的。吾等概不就本報告的內容向任何其他人士負上或承擔任何責任。

合理鑒證屬高水平的保證，惟無法保證按照香港審核準則作出的審核將能一直發現存在重大錯誤陳述。倘錯誤陳述可在合理預期情況下影響綜合財務報表的個別或整體使用者根據該等報表作出經濟決定，則有關錯誤陳述視作重大。

根據香港審核準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別並評估因欺詐或錯誤而引致綜合財務報表存在重大錯誤陳述的風險，設計並執行審核程序以應對該等風險，以及獲取充足及適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而引致重大錯誤陳述的風險高於未能發現因錯誤而引致重大錯誤陳述的風險。

- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對　貴集團內部監控是否有效發表意見。

- 評估董事所採用的會計政策是否恰當、作出的會計估計及相關披露是否合理。

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

核數師就審核綜合財務報表須承擔的責任(續)

- 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.

- 就董事採用的持續經營會計基礎是否恰當作出結論。根據所獲取的審核憑證，確定是否存在有關事項或情況的重大不確定因素，從而可能導致 貴集團的持續經營能力產生重大疑慮。倘若吾等認為存在重大不確定因素，則有必要於核數師報告中提請使用者注意綜合財務報表中的相關披露。倘若相關披露不足，則吾等應修改意見。吾等的結論按照截至核數師報告日期止所取得的審計憑證為基準。然而，未來事項或情況可能導致 貴集團無法持續經營。

- 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.

- 評估綜合財務報表的整體呈報方式、結構及內容(包括披露資料)，以及綜合財務報表有否中肯地反映相關交易和事項。

- 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.

- 就 貴集團當中的實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。吾等負責 貴集團審核的方向、監督及執行。吾等為審核意見承擔全部責任。

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.

吾等與審核委員會溝通(其中包括)審計的計劃範圍、時間安排、重大審核發現，包括吾等於審核時所確定的任何內部監控重大缺陷。

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, action taken to eliminate threats or safeguards applied.

吾等亦向審核委員會發出聲明，說明吾等已符合有關獨立性的相關專業道德要求，及告知彼等一切有可能影響吾等獨立性的關係及其他事項，以及相關防範措施(如適用)。

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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

30 March 2022

Lau Kwong Kei
Practising Certificate No.: P07578

核數師就審核綜合財務報表須承擔的責任（續）

與審核委員會溝通的事項當中，吾等確定哪些事項對於本期綜合財務報表的審核最為重大，屬關鍵審核事項。除非法律法規禁止公開披露該等事項，又或於極端罕見的情況下，吾等認為在吾等報告內發佈某事項造成合理預期的負面後果超過發佈所帶來的公眾利益，否則吾等將於核數師報告中敘述該等事項。

致同(香港)會計師事務所有限公司
執業會計師
香港
銅鑼灣
恩平道28號
利園二期11樓

2022年3月30日

劉廣基
執業證書編號：P07578

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
綜合損益及其他全面收益表

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

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue	**收益**	*4*	**213,668**	182,759
Cost of sales	銷售成本		**(100,046)**	(83,140)
Gross profit	**毛利**		**113,622**	99,619
Other income	其他收入	*5*	**5,509**	6,025
Selling and distribution expenses	銷售及分銷開支		**(19,855)**	(17,764)
Administrative and other operating expenses	行政及其他經營開支		**(31,587)**	(32,145)
Finance costs	財務成本	*6*	**(8,229)**	(7,241)
Profit before income tax	**除所得稅前溢利**	*7*	**59,460**	48,494
Income tax expense	所得稅開支	*8*	**(8,770)**	(7,481)
Profit and total comprehensive income for the year	**年內溢利及全面收益總額**		**50,690**	41,013
Profit and total comprehensive income attributable to:	**以下各方應佔溢利及全面收益總額：**			
Equity holders of the Company	本公司權益持有人		**50,136**	40,517
Non-controlling interests	非控股權益		**554**	496
			50,690	41,013
Earnings per share attributable to equity holders of the Company	**本公司權益持有人應佔每股盈利**			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	*10*	**13.71**	11.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

As at 31 December 2021 於2021年12月31日

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
ASSETS AND LIABILITIES	**資產及負債**			
Non-current assets	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	*12*	**92,360**	72,694
Investment property	投資物業	*13*	**40,952**	—
Land lease prepayment	土地租賃預付款項	*15*	**5,518**	5,856
Intangible assets	無形資產	*16*	**61,341**	51,108
Prepayment of acquisition for property, plant and equipment and intangible assets	收購物業、廠房及設備及無形資產的預付款項		**35,784**	22,593
Deposit	按金		**2,100**	2,100
Deferred tax assets	遞延稅項資產	*26*	**720**	1,086
			238,775	155,437
Current assets	**流動資產**			
Inventories	存貨	*17*	**11,903**	10,034
Trade and other receivables	貿易及其他應收款項	*18*	**153,477**	141,111
Amounts due from related parties	應收關聯方款項	*33(c)*	**—**	205
Restricted bank deposit	受限制銀行存款	*19*	**—**	1,000
Cash and cash equivalent	現金及現金等價物	*19*	**12,609**	29,775
			177,989	182,125
Current liabilities	**流動負債**			
Contract liabilities	合約負債	*20*	**512**	739
Trade and other payables	貿易及其他應付款項	*21*	**58,793**	47,221
Lease liabilities	租賃負債	*22*	**1,338**	1,545
Amount due to a related party	應付關聯方款項	*33(c)*	**20**	27
Discounted bills financing	貼現票據融資	*23*	**3,821**	—
Bank borrowings	銀行借款	*24*	**105,000**	115,000
Other borrowing	其他借款	*25*	**8,326**	—
Income tax payable	應付所得稅		**7,483**	6,586
			185,293	171,118
Net current (liabilities)/assets	**流動(負債)／資產淨額**		**(7,304)**	11,007
Total assets less current liabilities	**總資產減流動負債**		**231,471**	166,444

As at 31 December 2021 於2021年12月31日

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Non-current liabilities	**非流動負債**			
Lease liabilities	租賃負債	*22*	**—**	1,338
Other borrowing	其他借款	*25*	**14,208**	—
Deferred tax liabilities	遞延稅項負債	*26*	**2,281**	814
			16,489	2,152
Net assets	**資產淨值**		**214,982**	164,292
CAPITAL AND RESERVES	**資本及儲備**			
Share capital	股本	*27*	**1**	1
Reserves	儲備	*28*	**212,548**	162,412
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		**212,549**	162,413
Non-controlling interests	非控股權益		**2,433**	1,879
Total equity	**總權益**		**214,982**	164,292

The notes on pages 73 to 161 are an integral part of these consolidated financial statements.

第73至161頁所載的附註構成此等歷史財務報表的一部分。

The consolidated financial statements on pages 67 to 161 were approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

第67至161頁的綜合財務報表於2022年3月30日經董事會批准，並由以下人士代為簽署：

Shen Genlian
沈根蓮
Director
董事

Xie Zongguo
謝宗國
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動表

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

		Attributable to equity holders of the Company 本公司權益持有人應佔						
		Share capital 股本 RMB'000 人民幣千元	Capital Reserve* 資本儲備* RMB'000 人民幣千元 (Note 28) (附註28)	Statutory Reserve* 法定儲備* RMB'000 人民幣千元 (Note 28) (附註28)	Retained Profits* 保留溢利* RMB'000 人民幣千元	Subtotal 小計 RMB'000 人民幣千元	Non-controlling interests 非控股權益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	**於2020年1月1日**	1	43,841	23,902	54,152	121,896	1,383	123,279
Profit and total comprehensive income for the year	年內溢利及全面收益總額	—	—	—	40,517	40,517	496	41,013
Transfer	轉撥	—	—	5,001	(5,001)	—	—	—
As at 31 December 2020 and 1 January 2021	**於2020年12月31日及2021年1月1日**	1	43,841	28,903	89,668	162,413	1,879	164,292
Profit and total comprehensive income for the year	年內溢利及全面收益總額	—	—	—	50,136	50,136	554	50,690
Transfer	轉撥	—	—	4,409	(4,409)	—	—	—
As at 31 December 2021	**於2021年12月31日**	1	43,841	33,312	135,395	212,549	2,433	214,982

* The reserves accounts comprise the Group's reserves of RMB$212,548,000 (2020: RMB$162,412,000) in the consolidated statement of financial position.

* 儲備賬目包括綜合財務狀況表內的本集團儲備人民幣212,548,000元(2020年:人民幣162,412,000元)。

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Operating activities	**經營活動**		
Profit before income tax	除所得稅前溢利	**59,460**	48,494
Adjustments for:	就下列各項作出調整：		
Amortisation of intangible assets	無形資產攤銷	**2,075**	1,261
Depreciation of property, plant and equipment	物業、廠房及設備折舊	**9,724**	9,141
Depreciation of investment property	投資物業折舊	**164**	—
Depreciation of land lease prepayment	土地租賃預付款項折舊	**338**	338
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	**610**	9
Reversal of provisions for inventories	存貨撥備撥回	**(475)**	(750)
(Reversal of provision)/Provision for legal claim	法律申索(撥備撥回)／撥備	**(358)**	1,303
(Reversal of)/Provision of allowance on trade and bills receivables, net	貿易應收款項及應收票據(撥備撥回)／撥備淨額	**(2)**	1,456
Provision for warranty	保養撥備	**4,115**	3,928
Interest income	利息收入	**(151)**	(191)
Rent concessions	租金優惠	**—**	(387)
Finance costs	財務成本	**8,229**	7,241
Operating cash flows before working capital changes	營運資金變動前的經營現金流量	**83,729**	71,843
(Increase)/Decrease in inventories	存貨(增加)／減少	**(1,394)**	1,979
Increase in trade and other receivables	貿易及其他應收款項增加	**(11,700)**	(13,682)
Decrease in amounts due from related parties	應收關聯方款項減少	**205**	3,184
Increase/(Decrease) in trade and other payables	貿易及其他應付款項增加／(減少)	**13,881**	(3,734)
(Decrease)/Increase in contract liabilities	合約負債(減少)／增加	**(227)**	28
Decrease in amount due to a related party	應付關聯方款項減少	**(7)**	(3)
Cash generated from operations	經營所得現金	**84,487**	59,615
Income tax paid	已付所得稅	**(6,040)**	(4,984)
Net cash generated from operating activities	**經營活動所得現金淨額**	**78,447**	54,631

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

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

		Note 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Investing activities	**投資活動**			
Acquisition of property, plant and equipment	收購物業、廠房及設備		**(57,508)**	(30,247)
Acquisition of intangible assets	收購無形資產		**(12,308)**	(8,214)
Interest received	已收利息		**151**	191
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		**150**	23
Decrease in restricted bank deposit	受限制銀行存款減少		**1,000**	—
Net cash used in investing activities	*投資活動所用現金淨額*		**(68,515)**	(38,247)
Financing activities	**融資活動**			
Proceeds of bank borrowings	銀行借款所得款項		**105,000**	115,000
Repayment of bank borrowings	償還銀行借款		**(115,000)**	(117,000)
Repayment of other borrowings	償還其他借款		**(4,415)**	—
Repayment of lease liabilities	償還租賃負債		**(1,545)**	(1,282)
Interest paid	已付利息		**(8,229)**	(7,230)
Listing expenses paid	已付上市開支		**(6,730)**	(4,086)
Increase/(Decrease) in discounted bills financing	貼現票據融資增加／(減少)		**3,821**	(450)
Net cash used in from financing activities	*融資活動所用現金淨額*		**(27,098)**	(15,048)
Net (decrease)/increase in cash and cash equivalents	**現金及現金等價物(減少)／增加淨額**		**(17,166)**	1,336
Cash and cash equivalents at beginning of year	年初現金及現金等價物		**29,775**	28,439
Cash and cash equivalents at end of year	**年末現金及現金等價物**	*19*	**12,609**	29,775

1. GENERAL INFORMATION

1.1 General information

Vanov Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 5 November 2018 as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its headquarter is situated at No.519, Section 2, Xinhua Avenue, Chengdu Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan Province, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of papermaking felts.

The Company's immediate holding company is Perfect Angle Limited ("Perfect Angle"), a company incorporated in the British Virgin Islands ("BVI"). The Company's ultimate controlling parties are Ms. Shen Genlian ("Ms. Shen") and Mr. Zhou Jun ("Mr. Zhou"), the Spouse of Ms. Shen (together, the "Controlling Shareholders").

Pursuant to a group reorganisation (the "Reorganisation") as detailed in the section headed "History, Reorganisation and Corporate Structure" to the Company's prospectus dated 29 December 2021 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 13 August 2019.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 January 2022.

These consolidated financial statements for the year ended 31 December 2021 were approved for issue by the board of directors (the "Board") on 30 March 2022.

1. 一般資料

1.1 一般資料

環龍控股有限公司(「本公司」)於2018年11月5日根據開曼群島公司法第22章(1961年第3號法例,經綜合及修訂)在開曼群島註冊成立為獲豁免有限責任公司,註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands,而其總部位於中華人民共和國(「中國」)四川省成都市溫江區海峽兩岸科技產業開發園新華大道二段519號。

本公司為一間投資控股公司,連同其附屬公司主要從事造紙毛毯的設計、製造及銷售。

本公司的直接控股公司為Perfect Angle Limited(「Perfect Angle」),該公司於英屬處女群島(「英屬處女群島」)註冊成立。本公司的最終控制方為沈根蓮女士(「沈女士」)及周駿先生(「周先生」)(沈女士的配偶)(統稱為「控股股東」)。

根據本公司日期為2021年12月29日的招股章程(「招股章程」)「歷史、重組及公司架構」一節所詳述的集團重組(「重組」),本公司於2019年8月13日成為本集團現時旗下各公司的控股公司。

本公司股份於2022年1月11日在香港聯合交易所有限公司(「聯交所」)主板上市。

截至2021年12月31日止年度的此等綜合財務報表於2022年3月30日經董事會(「董事會」)批准刊發。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The Group had net current liabilities of approximately RMB7,304,000 as of 31 December 2021. In view of the net current liabilities position as of 31 December 2021, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Having considered (i) the cash inflow from operations; (ii) the refinancing of bank borrowings upon their expiry by drawing down new bank borrowings; and (iii) the net proceeds of HK$92.8 million, through the global offering of the shares of the Company and the listing of its shares on the Stock Exchange on 11 January 2022, and HK$4.2 million upon partial exercise of the over-allotment option granted by the Company on 31 January 2022, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements has been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The consolidated financial statements does not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

2. 重大會計政策概要

2.1 編製基準

本綜合財務報表乃按照香港財務報告準則(「香港財務報告準則」)編製。香港財務報告準則僅為一個統稱，當中包括香港會計師公會(「香港會計師公會」)頒佈的所有適用的個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋，以及香港一般公認的會計原則。綜合財務報表亦符合香港公司條例及聯交所證券上市規則(「上市規則」)的適用披露規定。

截至2021年12月31日，本集團的流動負債淨額約為人民幣7,304,000元。經計及截至2021年12月31日流動負債淨額的狀況，董事在評估本集團是否有足夠財務資源持續經營時，已仔細考慮本集團未來的資金流動性及業績以及其可用的資金來源。

經考慮(i)經營活動的現金流入；(ii)通過提取新的銀行借款對已到期銀行借款進行再融資；及(iii)本公司於2022年1月11日透過全球發售本公司股份及其股份於聯交所上市的所得款項淨額92.8百萬港元，以及本公司於2022年1月31日授出的超額配股權部分獲行使後所得4.2百萬港元，董事確信本集團有能力在可預見的未來依期徹底履行其財務責任。因此，綜合財務報表乃按持續經營基礎編製。

如本集團不能繼續以持續經營的方式開展業務，則必須進行調整以將資產價值重列至其可收回金額，為可能產生的任何進一步負債作出撥備，並將非流動資產重新分類為流動資產。綜合財務報表不包括因本集團未能繼續持續經營而導致的任何調整。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of this consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented in the consolidated financial statements, unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 2.2.

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements has been prepared on the historical cost basis. The consolidated financial statements is presented in RMB, which is also the functional currency of the Company and its subsidiaries.

It should be noted that accounting estimates and assumptions are in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2. 重大會計政策概要(續)

2.1 編製基準(續)

編製本綜合財務報表所採用的重大會計政策概述於下文。除非另有說明，否則該等政策已貫徹應用於綜合財務報表內呈列的所有年度。新訂或經修訂香港財務報告準則的採用以及對本集團財務報表的影響(如有)於附註2.2披露。

綜合財務報表乃按歷史成本基礎編製。

綜合財務報表乃按歷史成本基礎編製。綜合財務報表以人民幣呈列，人民幣亦為本公司及其附屬公司的功能貨幣。

務請注意，編製綜合財務報表時會使用會計估計及假設。儘管該等估計乃基於管理層對目前事件及行動的最佳理解及判斷作出，惟實際結果最終可能與該等估計有異。涉及較高程度判斷或複雜性之範圍，或假設及估計對綜合財務報表而言屬重大之範圍於附註3披露。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, on 1 January 2020, the Group has early applied Amendments to HKFRS 16 "COVID-19-Related Rent Concessions" and "COVID-19-Related Rent Concessions beyond 30 June 2021" which is mandatorily effective for the Group for the financial year beginning on or after 1 April 2021.

Except for those mentioned below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" and Amendment to HKFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"

The amendments to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 ("COVID-19-Related Rent Concessions") are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

2. 重大會計政策概要(續)

2.2 採用新訂及經修訂的香港財務報告準則

於2021年1月1日開始之年度期間生效的經修訂香港財務報告準則

於本年度，本集團首次應用以下由香港會計師公會頒佈的經修訂香港財務報告準則，有關準則與本集團的營運有關及適用於2021年1月1日開始的年度期間本集團的綜合財務報表：

香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號(修訂本)	利率基礎改革 — 第二階段

此外，於2020年1月1日，本集團已提早應用香港財務報告準則第16號(修訂本)的「新型冠狀病毒相關租金優惠」及「2021年6月30日後新型冠狀病毒相關租金優惠」，其將於本集團於2021年4月1日或之後開始的財政年度強制生效。

除以下所述外，採納經修訂香港財務報告準則對本期間及過往期間的業績及財務狀況的編製及呈列方法並無重大影響。

香港財務報告準則第16號(修訂本)「新型冠狀病毒相關租金優惠」及香港財務報告準則第16號(修訂本)「2021年6月30日後新型冠狀病毒相關租金優惠」

香港財務報告準則第16號(修訂本)僅適用於承租人會計，對出租人會計並無影響。該修訂本提供一個實用權宜方法，允許承租人無需評估作為新型冠狀病毒的直接後果而發生的若干合資格租金優惠(「新型冠狀病毒相關租金優惠」)是否屬於租賃修改，而是將該等租金優惠作為非租賃修改進行會計處理。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended HKFRSs (Continued)

Amended HKFRSs that are effective for annual periods beginning on 1 January 2021 (Continued)

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" and Amendment to HKFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" (Continued)

The practical expedient is only applicable to COVID-19-Related Rent Concessions and only if all of the following conditions are met:

(a) 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;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to early adopt the above amendments and applies the practical expedient to all qualifying COVID-19-Related Rent Concessions granted to the Group throughout the years.

Consequently, rent concessions received have been recognised RMB387,000 for the year ended 31 December 2020 and nil for the year ended 31 December 2021 as negative variable lease payments in profit or loss in the period in which the event or condition that triggers those payments occurred.

2. 重大會計政策概要(續)

2.2 採用新訂及經修訂的香港財務報告準則(續)

於2021年1月1日開始之年度期間生效的經修訂香港財務報告準則(續)

香港財務報告準則第16號(修訂本)「新型冠狀病毒相關租金優惠」及香港財務報告準則第16號(修訂本)「2021年6月30日後新型冠狀病毒相關租金優惠」(續)

實用權宜方法僅適用於新型冠狀病毒相關租金優惠及僅在符合以下所有條件，方可作實：

(a) 租賃付款的變化導致修訂後的租賃代價與緊接變化前的租賃代價基本相同或更少；

(b) 任何租賃付款的減少僅影響原先在2022年6月30日或之前到期的付款(例如，如果租金優惠導致2022年6月30日或之前的租賃付款減少，而2022年6月30日後的租賃付款增加，則符合此一條件)；及

(c) 租約的其他條款及條件並無重大變化。

本集團已選擇提前採用上述修訂，並對整個年度授予本集團的所有符合條件的新型冠狀病毒相關租金優惠採用實用權宜方法。

因此，已收到的租金優惠在截至2020年12月31日止年度確認為人民幣387,000元，在截至2021年12月31日止年度確認為零，作為觸發該等付款的事件或條件發生期間的損益中的負面可變租賃付款。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended HKFRSs (Continued)

Issued but not yet effective HKFRSs

The Group has not early applied the following new and amended standards, amendments and interpretations ("new and amended HKFRSs") which have been issued but not yet effective:

HKFRS 17	Insurance Contracts and related amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020[1]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[4]

2. 重大會計政策概要(續)

2.2 採用新訂及經修訂的香港財務報告準則(續)

已頒佈但尚未生效的香港財務報告準則

本集團尚未提早應用下列已頒佈但尚未生效的新訂及經修訂準則、修訂及詮釋(「新訂及經修訂香港財務報告準則」):

香港財務報告準則第17號	保險合約及相關修訂[2]
香港財務報告準則第3號(修訂本)	概念框架索引[4]
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業間的資產出售或投入[3]
香港會計準則第1號(修訂本)	將負債分類為流動或非流動及香港詮釋第5號的相關修訂(2020年)[2]
香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本)	會計政策的披露[2]
香港會計準則第8號(修訂本)	會計估計的定義[2]
香港會計準則第12號(修訂本)	產生自單一交易的資產及負債相關延遞稅項[2]
香港會計準則第16號(修訂本)	物業、廠房及設備於作擬定用途前的所得款項[1]
香港會計準則第37號(修訂本)	虧損性合約 — 履行合約的成本[1]
香港財務報告準則(修訂本)	香港財務報告準則2018年至2020年的年度改進[1]
會計指引第5號(經修訂)	共同控制的合併的會計處理[4]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective date not yet determined
4 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of the new and amended HKFRSs. Except for those mentioned below, other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

2. 重大會計政策概要(續)

2.2 採用新訂及經修訂的香港財務報告準則(續)

已頒佈但尚未生效的香港財務報告準則(續)

1 於2022年1月1日或之後開始的年度期間生效
2 於2023年1月1日或之後開始的年度期間生效
3 生效日期尚未確定
4 對於自2022年1月1日或之後開始的第一個年度期間開始之日或之後的企業合併／共同控制的合併有效

董事預期，所有新訂及經修訂香港財務報告準則將於其生效日期後開始的首個期間納入本集團的會計政策。除下文所述者外，其他新訂及經修訂香港財務報告準則預期不會對本集團的綜合財務報表產生重大影響。

香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本)「會計政策的披露」

香港會計準則第1號修訂要求實體在其財務報表中披露重要的會計政策資料，而非重大會計政策。該修訂亦就如何識別重要的政策資料提供若干指導，並提供了部分會計政策資料可能屬重要的例子。

於2021年3月，香港會計師公會發佈了香港財務報告準則實務報告第2號「作出重要性判斷」，就實體在根據香港財務報告準則編製其一般目的財務報表時如何作出重要性判斷提供非強制性的指導。香港財務報告準則實務報告第2號隨後進行了修訂，就如何將重要性概念應用於會計政策披露提供了指導及實例。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Adoption of new and amended HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" (Continued)

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in Note 2 may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12. The amendments are effective for annual reporting period beginning on or after 1 January 2023. Earlier application is permitted. The directors expect that the amendments have no other material impact on the consolidated financial statements.

2. 重大會計政策概要(續)

2.2 採用新訂及經修訂的香港財務報告準則(續)

已頒佈但尚未生效的香港財務報告準則(續)

香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本)「會計政策的披露」(續)

香港會計準則第1號(修訂本)在2023年1月1日或之後開始的年度報告期生效，並提前應用。允許提前應用。除附註2中的會計政策披露可能需要修訂以應對上述變動外，董事預期，該等修訂對綜合財務報表並無其他重大影響。

香港會計準則第12號(修訂本)「產生自單一交易的資產及負債相關延遞稅項」

修訂澄清了香港會計準則第12號中對遞延稅項的初始確認豁免不適用於產生相等的應稅及可扣減暫時性差異的交易，例如產生確認租賃負債及相應使用權資產的租賃合約。相反，實體需要在初始確認時確認相關的遞延稅項資產及負債，而任何遞延稅項資產的確認均須符合香港會計準則第12號的可收回性標準。該修訂在2023年1月1日或之後開始的年度報告期生效。允許提前應用。董事預期，該修訂對綜合財務報表並無其他重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and all its subsidiaries made up to 31 December each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Subsidiaries are entities controlled by the Group.

The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary. Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2. 重大會計政策概要(續)

2.3 合併基準

綜合財務報表載有本公司及其所有附屬公司截至每年12月31日的財務報表。

附屬公司編製財務報表的報告期及採用的會計政策與本公司相同。附屬公司為本集團所控制的實體。

當本集團承受或享有參與實體所得的可變回報，且有能力透過其對實體的權力影響該等回報時，則本集團控制該實體。於評估本集團對實體是否擁有權力時，僅考慮(由本集團及他人持有)與實體有關的實質權利。

本集團的綜合財務報表載有附屬公司自本集團取得其控制權當日起至失去其控制權當日止期間的收入及開支。集團內公司間交易、結餘及集團公司之間交易的未變現收益及虧損於編製綜合財務報表時抵銷。倘集團內公司間資產銷售的未變現虧損於綜合入賬時撥回，則相關資產亦從本集團的角度進行減值測試。附屬公司財務報表的申報金額已作必要調整，以確保本集團採用的會計政策一致。

本集團於附屬公司的權益變動倘不會引致喪失控制權，則以權益交易入賬，並據此對綜合權益中控股權益的金額作調整，以反映相關權益的變動，惟不會調整商譽及確認盈虧。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Basis of consolidation (Continued)

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.4 Foreign currency translation

The consolidated financial statements is presented in RMB, which is also the functional currency of the Company.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rate at the transaction date).

2. 重大會計政策概要(續)

2.3 合併基準(續)

除非附屬公司乃持作出售或計入出售組別，否則於本公司的財務狀況表中，附屬公司按成本扣除任何減值虧損列賬。成本亦包括投資直接應佔成本。

附屬公司的業績由本公司按報告日期已收及應收股息為基準入賬。不論所收取股息是以投資對象的收購前或收購後溢利作出，全部股息均於本公司的損益中確認。

2.4 外幣換算

綜合財務報表以人民幣呈列，人民幣本公司的功能貨幣。

於合併實體的獨立財務報表中，外幣交易乃按交易當日適用的匯率換算為個別實體的功能貨幣。於報告日期，以外幣計值的貨幣資產及負債乃按該日期的匯率換算。因結算該等交易及於報告日期重新換算的貨幣資產及負債所產生的外匯損益均於損益中確認。

以外幣計值且按公平值呈列的非貨幣項目乃按公平值釐定當日適用的匯率重新換算。按歷史成本以外幣計量的非貨幣項目不作重新換算(即僅採用交易日期的匯率換算)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

2.5 Property, plant and equipment

Property, plant and equipment (other than construction-in-progress as described below) are stated at cost less accumulated depreciation and impairment losses. Cost (other than cost of right-of-use assets as described in Note 2.13) includes expenditure that is directly attributable to the acquisition of the asset.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. 重大會計政策概要(續)

2.4 外幣換算(續)

於綜合財務報表中，原以本集團呈報貨幣以外的貨幣呈列的海外業務的所有獨立財務報表均已換算為人民幣。資產及負債已按報告日期的收市匯率換算為人民幣。收入與支出按交易日適用的匯率，或按報告期間的平均匯率換算為人民幣(假設匯率並無重大波動)。任何因此程序產生的差額已於其他全面收益中確認並於權益內的換算儲備單獨累計。

2.5 物業、廠房及設備

物業、廠房及設備(下文所述的在建工程除外)按成本減累計折舊及減值虧損列賬。成本(附註2.13所述的使用權資產成本除外)包括資產收購直接應佔開支。

在建工程包括作生產或自用用途的在建物業、廠房及設備。在建工程按成本扣除任何已確認減值虧損列賬。成本包括專業費用。在建工程於落成及可供作擬定用途時分類至物業、廠房及設備的適當類別。當資產可供作擬定用途時，該等資產開始按其他物業資產的相同基準折舊。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is provided to write off the cost less their residual values, if any, over their estimated useful lives, using the straight-line method, at the following rates per annum:

Building	20 years or shorter of the lease term
Leasehold improvements	5 years or shorter of the lease term
Plant and machinery	5–12 years
Furniture and fixtures	3–5 years
Motor vehicles	5 years

Accounting policy for depreciation of right-of-use assets is set out in Note 2.13.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

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

2. 重大會計政策概要(續)

2.5 物業、廠房及設備(續)

物業、廠房及設備折舊以直線法於其估計可使用年期內按下列年率作出撥備，以撇銷成本減其剩餘價值(如有)：

樓宇	20年或租期(以較短者為準)
租賃裝修	5年或租期(以較短者為準)
廠房及機器	5至12年
傢俱及固定裝置	3至5年
汽車	5年

使用權資產折舊的會計政策載於附註2.13。

資產的剩餘價值、折舊方法及使用年期於各報告日期進行檢討及於適當時作出調整。

報廢或出售所產生的收益或虧損按出售所得款項與相關資產的賬面值之間的差額釐定，並於損益內確認。

後續成本計入資產的賬面值或於適當時確認為一項個別資產，前提條件為與該項目相關的未來經濟利益極有可能流入本集團及該項目成本能可靠計量。終止確認已重置部分的賬面值。所有其他成本(如維修及保養成本)於該等成本產生的財務期間自損益內扣除。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2.13) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Such properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the expected useful life and after taking into account of their estimated residual value. The principal expected useful life for this purpose are as follows:

Building	20 years

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

2.7 Intangible assets (other than goodwill) and research and development activities

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Computer software	5 years
Capitalised development costs	10 years

2. 重大會計政策概要(續)

2.6 投資物業

投資物業指根據租賃權益(見附註2.13)擁有或持作賺取租金收入及／或資本增值的土地及／或樓宇，包括未確定未來用途的持有土地以及正在建造或發展以供日後作投資物業用途的物業。

該等物業按成本初步計量。初步確認之後，投資物業按成本減累計折舊及累計減值虧損(如有)列賬。折舊乃以直線法按預期可使用年期，並經計及其剩餘價值計算。就此而言，主要的預期可使用年期如下：

樓宇	20年

報廢或出售投資物業的任何收益或虧損於報廢或出售年度在綜合損益及其他全面收益表當中予以確認。

2.7 無形資產(不包括商譽)及研發活動

無形資產

已收購無形資產初步按成本值確認。於初步確認後，具有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損列賬。具有限可使用年期的無形資產於估計可使用年期內以直線法攤銷。無形資產於可供使用時開始攤銷。可使用年期的應用如下：

電腦軟件	5年
資本化開發成本	10年

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (other than goodwill) and research and development activities (Continued)

***Intangible assets** (Continued)*

Intangible assets with indefinite useful lives (i.e. trademarks) are carried at cost less any subsequent accumulated impairment losses.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets, with finite and indefinite useful lives, are tested for impairment as described below in Note 2.19.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

— demonstration of technical feasibility of the prospective product for internal use or sale;

— there is intention to complete the intangible asset and use or sell it;

— the Group's ability to use or sell the intangible asset is demonstrated;

— the intangible asset will generate probable economic benefits through internal use or sale;

— sufficient technical, financial and other resources are available for completion; and

— the expenditure attributable to the intangible asset can be reliably measured.

2. 重大會計政策概要(續)

2.7 無形資產(不包括商譽)及研發活動(續)

無形資產(續)

具無限可使用年期的無形資產(即商標)按成本減任何後續累計減值虧損列賬。

資產攤銷法及可使用年期於各報告日期檢討並於適當時作出調整。

具有限及無限可使用年期的無形資產按下文附註2.19所述進行減值測試。

研發成本

與研究活動有關的成本乃於其產生時於損益內支銷。直接歸屬於開發活動的成本乃確認為無形資產，惟其須符合以下確認規定：

— 證明開發該供內部使用或銷售的準產品技術上可行；

— 有意完成該無形資產並加以使用或將其出售；

— 證明本集團有能力使用或出售該無形資產；

— 透過內部使用或銷售該無形資產將產生可能的經濟利益；

— 具備充足技術、財務及其他資源以供完成；及

— 該無形資產的應佔開支能可靠地計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (other than goodwill) and research and development activities (Continued)

***Research and development costs** (Continued)*

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

2.8 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

2. 重大會計政策概要(續)

2.7 無形資產(不包括商譽)及研發活動(續)

研發成本(續)

直接成本包括因開發活動產生的僱員成本連同有關日常開支的適當部分。內部生成的軟件、產品或技術知識並符合上述確認標準的開發成本均確認為無形資產，並採用與所收購無形資產相同的後續計量方法。

所有其他開發成本均於產生時支銷。

2.8 金融工具

確認及終止確認

倘本集團成為金融工具合約條文的訂約方，則確認金融資產及金融負債。

當收取金融資產的現金流量的合約權利屆滿，或金融資產及金融資產的絕大部分風險及回報已被轉移時，則終止確認金融資產。金融負債於其消除、解除、註銷或到期時終止確認。

金融資產

金融資產的分類及初步計量

除該等不包含重大融資成分且按照香港財務報告準則第15號按交易價格計量的貿易應收款項外，所有金融資產初步按公平值計量，倘如金融資產並非按公平值計入損益(「按公平值計入損益」)，加上直接歸屬於收購該金融資產的交易成本。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial instruments (Continued)

***Financial assets** (Continued)*

Classification and initial measurement of financial assets (Continued)

Financial assets are classified into the following categories:

— amortised cost;

— FVTPL; or

— fair value through other comprehensive income ("FVOCI").

The classification is determined by both the entity's business model for managing the financial asset; and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, or other income, except for expected credit losses ("ECL") of trade and bills receivables which is presented within administrative and other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

— they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

— the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. 重大會計政策概要(續)

2.8 金融工具(續)

***金融資產**(續)*

金融資產的分類及初步計量(續)

金融資產分為以下類別:

— 攤銷成本;

— 按公平值計入損益;或

— 按公平值計入其他全面收益(「按公平值計入其他全面收益」)。

分類乃根據實體管理金融資產的業務模式;及金融資產的合約現金流量特徵釐定。

與於損益中確認的金融資產有關的所有收入及開支於財務成本或其他收入內呈列,惟於行政及其他經營開支內呈列的貿易應收款項及應收票據的預期信貸虧損(「預期信貸虧損」)除外。

金融資產的後續計量

債務工具

按攤銷成本計量的金融資產

倘金融資產符合以下條件(且並非指定為按公平值計入損益),則該資產按攤銷成本計量:

— 以持有金融資產及收取合約現金流量為目的的經營模式下持有的金融資產;及

— 金融資產的合約條款產生的現金流量純粹為支付本金及未償還本金的利息。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial instruments (Continued)

Subsequent measurement of financial assets (Continued)

Debt investments (Continued)

Financial assets at amortised cost (Continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, amounts due from related parties, restricted bank deposit and cash and cash equivalent fall into this category of financial instruments.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include bank borrowings, other borrowing, lease liabilities, trade and other payables, amount due to a related party and discounted bills financing.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

Accounting policies of lease liabilities are set out in Note 2.13.

2. 重大會計政策概要(續)

2.8 金融工具(續)

金融資產的後續計量(續)

債務工具(續)

按攤銷成本計量的金融資產(續)

於初始確認後，該等金融資產使用實際利率法按攤銷成本計量。來自該等金融資產的利息收入計入損益中的其他收入。倘貼現影響微乎其微，則貼現可忽略不計。本集團的貿易及其他應收款項、應收關聯方款項、受限制銀行存款以及現金及現金等價物均屬於此類金融工具。

金融負債

金融負債的分類及計量

本集團金融負債包括銀行借款、其他借款、租賃負債、貿易及其他應付款項、應付關聯方款項及貼現票據融資。

金融負債(租賃負債除外)初步按公平值計量，及(倘適用)就交易成本進行調整。

隨後，金融負債(租賃負債除外)使用實際利率法按攤銷成本計量。

所有利息相關費用均計入財務成本。

租賃負債的會計政策載於附註2.13。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial instruments (Continued)

***Financial liabilities** (Continued)*

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Other financial liabilities

Other financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.9 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

2. 重大會計政策概要(續)

2.8 金融工具(續)

***金融負債**(續)*

借款

借款初步按公平值扣除產生的交易成本確認。借款其後按攤銷成本列賬;借款所得款項(扣除交易成本)與贖回價值之間的任何差額按實際利率法於借款期內於損益中確認。

除非本集團有無條件權利將負債的償還期限遞延至報告日期後最少十二個月,否則借款分類為流動負債。

其他金融負債

其他金融負債初步按其公平值確認,隨後採用實際利率法按攤銷成本計量。

2.9 金融資產減值

香港財務報告準則第9號的減值規定採用更具前瞻性的資料確認預期信貸虧損 — 「預期信貸虧損模式」。屬於該範疇的工具包括按攤銷成本計量的貸款及其他債務類金融資產以及根據香港財務報告準則第15號確認及計量的貿易應收款項。

本集團在評估信貸風險及計量預期信貸虧損時考慮更廣泛的資料,包括過往事件、當前狀況、影響工具未來現金流量預期可收回性的合理且言之有據的預測。

於應用該前瞻性方法時,須對下列各項作出區別:

— 自初始確認以來信貸質量未顯著惡化或信貸風險較低的金融工具(「第一階段」);及

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of financial assets (Continued)

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix with appropriate groupings and/or individually assessed for debtors with significant balances, that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

2. 重大會計政策概要(續)

2.9 金融資產減值(續)

— 自初始確認以來信貸質量顯著惡化且信貸風險不低的金融工具(「第二階段」)。

「第三階段」將涵蓋於報告日期具有客觀減值證據的金融資產。

「12個月預期信貸虧損」於第一階段類別內確認，而「全期預期信貸虧損」於第二階段類別內確認。

預期信貸虧損的計量於金融工具預計存續期內按信貸虧損的概率加權估計釐定。

貿易應收款項

就貿易應收款項而言，本集團採用簡化方法計算預期信貸虧損，並於各報告日期基於全期預期信貸虧損確認虧損撥備。考慮到金融資產存續期內任何時間點均可能出現違約事件，該等為合約現金流量的預期缺口。於計算預期信貸虧損時，本集團已用適當的分類及／或對有重大餘額的債務人進行單獨評估，以建立基於其過往信貸虧損經驗及外部指標的撥備矩陣，並根據債務人特定前瞻性因素及經濟環境作調整。

於計量預期信貸虧損時，貿易應收款項已根據共同信貸風險特徵及逾期天數分類。

按攤銷成本計量的其他金融資產

本集團按相等於12個月預期信貸虧損計量其他應收款項的虧損撥備，除非自初始確認以來信貸風險大幅增加，則本集團確認全期預期信貸虧損。評估應否確認全期預期信貸虧損乃基於自初始確認以來發生違約風險的可能性的大幅增加。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of financial assets (Continued)

***Other financial assets measured at amortised cost** (Continued)*

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

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

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in regulatory, business, financial, economic conditions or technology environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

— an actual or expected significant deterioration in the operating results of the debtor.

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

2. 重大會計政策概要(續)

2.9 金融資產減值(續)

***按攤銷成本計量的其他金融資產**(續)*

於評估信貸風險是否自初始確認以來已大幅增加時，本集團比較金融資產於報告日期出現違約的風險與該金融資產於初始確認日期出現違約的風險。作此評估時，本集團會考慮合理及有理據的定量及定性資料，包括歷史經驗及毋須花費過度成本或精力即可獲得的前瞻性資料。

尤其是，評估信貸風險是否大幅增加時會考慮下列資料：

— 金融工具外部(如有)或內部信貸評級的實際或預期重大惡化；

— 信貸風險的外部市場指標的重大惡化，例如信貸息差、債務人的信貸違約掉期價大幅增加；

— 預期將導致債務人履行其債務責任的能力大幅下降的監管、業務、財務、經濟狀況或技術環境的現有或預測不利變動；及

— 債務人經營業績的實際或預期重大惡化。

不論上述評估的結果如何，本集團認為，當合約付款逾期超過30天，則自初始確認以來信貸風險已大幅增加，除非本集團有合理有據的資料證明。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of financial assets (Continued)

***Other financial assets measured at amortised cost** (Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in Note 35.4.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all cost of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined by using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2. 重大會計政策概要(續)

2.9 金融資產減值(續)

按攤銷成本計量的其他金融資產(續)

儘管如此，倘於各報告期末釐定債務工具的信貸風險較低，則本集團假設該債務工具的信貸風險自初始確認以來並無顯著增加。倘該債務工具違約風險較低、借款人近期具充分償付合約現金流量負債的能力及長期而言經濟及業務狀況的不利變動未必降低借款人償付合約的現金流量負債的能力，債務工具被釐定為具有較低的信貸風險。

就內部信貸風險管理而言，本集團認為，違約事件在(i)內部制訂或來自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時；及(ii)金融資產已逾期90天時發生。

有關貿易應收款項及按攤銷成本計量的其他金融資產的預期信貸虧損評估的詳細分析載於附註35.4。

2.10 存貨

存貨以成本與可變現淨值兩者中較低者列賬。成本包括所有購買成本及(倘適用)將存貨移至現址及達致現況而產生的其他成本，並採用加權平均法釐定。可變現淨值為日常營業過程中的估計售價減估計完工成本及適用銷售開支。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Cash and cash equivalents and restricted bank deposit

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in "restricted bank deposit" of the consolidated statements of financial position. Restricted bank deposit are excluded from cash and cash equivalents.

2.12 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2.16). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2.8).

2.13 Lease

Definition of a lease

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

— the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

— the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

2. 重大會計政策概要(續)

2.11 現金及現金等價物以及受限制銀行存款

現金及現金等價物包括銀行存款及手頭現金、銀行活期存款及原定到期日為三個月或以下、可隨時兑換為已知數額現金且價值變動風險較低的短期高度流動性投資。

受限制使用的銀行存款計入綜合財務狀況表的「受限制銀行存款」。受限制銀行存款並不計及現金及現金等價物。

2.12 合約負債

合約負債乃本集團確認相關收益前在客戶支付代價時確認(見附註2.16)。倘本集團在本集團確認相關收益前有無條件收取代價的權利，則亦確認合約負債。在此情況下，亦會確認相應應收款項(見附註2.8)。

2.13 租賃

租賃定義

於合約訂立時，本集團會考慮一項合約是否或有無包含租賃。租賃乃定義為一項合約或合約的一部分，給予權利在一段時間內使用已識別資產(相關資產)以換取代價。為應用該定義，本集團評估合約是否符合三項主要評估：

— 合約是否包含已識別資產，其於合約中明確識別或透過於資產可供本集團使用時識別以暗示方式指定；

— 本集團是否有權於整個使用期取得使用已識別資產的絕大部分經濟利益，考慮本集團於合約界定的範圍內的權利；及

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Lease (Continued)

***Definition of a lease** (Continued)*

— the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

2. 重大會計政策概要(續)

2.13 租賃(續)

租賃定義(續)

— 本集團是否有權於整個使用期內主導使用已識別資產。本集團評估其是否有權於整個使用期主導資產的「使用方式及目的」。

作為承租人計量及確認租賃

於租賃開始日期，本集團於綜合財務狀況報表確認使用權資產及租賃負債。使用權資產按成本計量，成本由租賃負債初始計量、本集團產生任何初始直接成本、任何於租賃屆滿時拆卸及移除相關資產的成本估計及任何於租賃開始日期前作出的預付租賃款項(減任何已收取的租賃優惠)組成。

本集團將使用權資產由租賃開始日期至使用權資產使用年期完結前或租賃年期屆滿(除本集團合理肯定於租賃年期屆滿時取得擁有權外)時(以較早者為準)按直線法折舊。本集團亦於該等指標出現時評估使用權資產減值。

於開始日期，本集團按當日未支付租賃付款之現值計量租賃負債，並使用租賃中隱含的利率予以貼現，或倘該利率不容易釐定，則採用本集團的增量借貸利率予以貼現。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Lease (Continued)

***Measurement and recognition of leases as a lessee** (Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. The only exception is any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 "Leases". In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

2. 重大會計政策概要(續)

2.13 租賃(續)

作為承租人計量及確認租賃(續)

計量租賃負債計入的租賃付款為固定付款(包括實物固定付款)減任何應收租賃優惠、按指數或價格計量的可變付款及根據剩餘價值保證應付的預期金額。

於初始計量後，負債將按已付租賃付款減少，並按租賃負債利息成本增加。其將重新計量為反映任何重新評估或租賃修訂、或倘實物固定付款出現變動。

就未作為單獨租賃入賬的租賃修改而言，本集團按透過使用修改生效日期的經修訂貼現率貼現經修訂租賃付款的經修改租賃的租期重新計量租賃負債。唯一的例外是因新型冠狀病毒疫情而直接產生的任何租金優惠，而其符合香港財務報告準則第16號「租賃」第46B段所載的條件。在該等情況下，本集團利用香港財務報告準則第16號第46A段所載的實際權宜方法，確認代價變動，猶如其並非租賃修改。

當租賃重新計量時，相關的調整將反映於使用權資產，或倘使用權資產已減至零時於損益中反映。

本集團選擇使用可行權宜處理短期租賃入賬。有關該等租賃的付款於租期內按直線法於損益中確認為開支，而非確認使用權資產及租賃負債。短期租賃為租期為12個月或以下的租賃。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Lease (Continued)

***Measurement and recognition of leases as a lessee** (Continued)*

Right-of-use assets that do not meet the definition of investment property have been included in property, plant and equipment. The prepaid lease payments for leasehold land are presented as "land lease prepayment" under non-current assets.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Measurement and recognition of leases as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.14 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2. 重大會計政策概要(續)

2.13 租賃(續)

作為承租人計量及確認租賃(續)

不符合投資物業定義的使用權資產已計入物業、廠房及設備。租賃土地的預付租賃付款於非流動資產項下呈列為「土地租賃預付款項」。

已支付的可退還租賃按金根據香港財務報告準則第9號入賬並按公平值初始計量。對初始確認的公平值作出的調整被視為額外租賃付款並計入使用權資產成本。

作為出租人計量及確認租賃

作為出租人，本集團將其租賃分類為經營租賃或融資租賃。

當租賃轉移相關資產擁有權附帶的絕大部分風險及回報時，則該租賃分類為融資租賃；否則分類為經營租賃。

本集團通過其投資物業的經營租賃賺取租金收入。租金收入按租期以直線法予以確認。

2.14 撥備及或然負債

倘本集團因過往事件而承擔現時責任(法定或推定)，而履行該責任很可能需要有經濟利益的流出，且能可靠地估計有關責任的金額，則確認撥備。倘金額的時間價值重大，則撥備乃按預期履行責任所需開支的現值列賬。

所有撥備乃於各報告日期審核並作出調整以反映目前最佳估計。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.15 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.16 Revenue recognition

Revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflect the consideration to which the Group expects to be entitled in exchange for those goods and services. Specially, the Group uses a 5-step approach for revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. 重大會計政策概要(續)

2.14 撥備及或然負債(續)

倘經濟利益流出的可能性不大，或金額無法可靠估計，該責任乃披露為或然負債，除非經濟利益流出的可能性極低則另作別論。除非經濟利益流出的可能性極低，否則視乎某宗或多宗並非完全在本集團控制範圍內的未來事件是否發生方可確定是否存在的潛在責任，亦會披露為或然負債。

2.15 股本

普通股乃分類為權益。倘交易成本為股本交易直接應佔的遞增成本，則股本按已發行股份的代價金額確認，當中扣除與發行股份相關的任何交易成本(扣除任何相關所得稅利益)。

2.16 收益確認

收益乃確認以說明向客戶轉讓已承諾貨品及服務，其金額反映本集團預期就交換該等貨品及服務而有權獲得的代價。具體而言，本集團採用5步法進行收益確認。

第1步： 識別與客戶的合約

第2步： 識別合約中的履約責任

第3步： 釐定交易價

第4步： 就合約中的履約責任分配交易價

第5步： 當(或在)實體達成履約責任時確認收益

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

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

Control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if:

— the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;

— the Group's performance creates and enhances an asset that customer controls as the Group performs; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress toward complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Revenue from sales of papermaking felts products are recognised at a point in time when the legal title of the finished good is transferred and the Group has present right to payment and the collection of the consideration is probable. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

2. 重大會計政策概要(續)

2.16 收益確認(續)

當(或在)達成履約責任時,即當特定履約責任相關的貨品或服務的「控制權」轉移予客戶時,本集團即確認收益。

對貨品或服務的控制權可隨時間或於某時間點轉移。倘出現以下情況,貨品或服務的控制權將隨時間轉移:

— 客戶於本集團履約時同時接受及使用實體履約所提供的利益;

— 於本集團履約時創造及加強客戶所控制的資產;或

— 當本集團履約時並無創造可由本集團另作他用的資產,且本集團對迄今完成的履約付款具有可強制執行的權利。

倘對貨品或服務的控制權隨時間轉移,則收益乃參照履約責任圓滿完成的進度於合約期間確認。否則,收益於客戶獲得對貨品或服務的控制權的時間點確認。

銷售造紙毛毯產品的收益於轉移成品的法定所有權的時間點,且本集團擁有收取款項之現有權利並極有可能收取代價時確認。此通常被視為貨品交付及客戶接收貨品的時間。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Revenue recognition (Continued)

Sales-related warranties associated with papermaking felts cannot be purchased separately and are served as an assurance that the products sold comply with agreed-upon specifications (i.e. assurance-type warranties). Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Rental income from letting the Group's investment property is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time proportion basis using the effective interest rate method.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Government grants relating to income is presented in gross under "Other income" in the consolidated statements of profit or loss and other comprehensive income.

2.18 Borrowing costs

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

2. 重大會計政策概要(續)

2.16 收益確認(續)

與造紙毛毯有關的銷售相關保養不能單獨購買，並作為所售產品符合商定規格(即保證型保養)的保證。因此，本集團根據香港會計準則第37號「撥備、或然負債及或然資產」入賬列作擔保。

租賃本集團投資物業所得的租金收入按租期以直線法予以確認。

利息收入使用實際利率法按時間比例確認。

2.17 政府撥款

倘能夠合理地保證政府撥款將可收取，且本集團將遵守所有附帶條件，來自政府的撥款按其公平值確認。政府撥款遞延入賬，並按擬補償的成本配合其所需期間於損益確認。有關購買資產的政府撥款從資產的賬面金額中扣除，因此通過減少折舊開支在資產的使用年限內於損益中有效確認。

與收入相關的政府撥款乃於綜合損益及其他全面收益表內「其他收入」項內合計呈列。

2.18 借款成本

借款成本於產生期間在損益中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Impairment of non-financial assets

Property, plant and equipment (including right-of-use assets), investment property, intangible assets, land lease prepayment and investments in subsidiaries in the Company's statements of financial position are subject to impairment testing. Intangible assets with indefinite useful lives and that are not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. Others are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. 重大會計政策概要(續)

2.19 非金融資產減值

在本公司財務狀況表的物業、廠房及設備(包括使用權資產)、投資物業、無形資產、土地租賃預付款項及於附屬公司的投資須進行減值測試。尚未可供使用的具無限可使用年期的無形資產不論有否出現減值跡象均須每年進行減值測試。當有跡象顯示其他資產的賬面值可能無法收回時，則對有關其他資產進行減值測試。

減值虧損按資產之賬面值超出其可收回金額的差額，即時確認為開支。可收回金額為公平值(反映市場狀況減出售成本)與使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量以税前貼現率貼現至現值，以反映現時市場對金錢時間值及該資產的特定風險的評估。

為評估減值，倘資產未能產生很大程度上獨立於其他資產的現金流入，可收回金額則按獨立產生現金流入的最小組別資產(即現金產生單位)釐定。因此，部分資產個別進行減值測試，另有部分資產則按現金產生單位水平測試。

減值虧損乃按比例計入現金產生單位內的資產，惟資產賬面值不會減少至低於其個別公平值減銷售或使用價值(倘可予釐定)則除外。

倘用以釐定資產可收回金額的估計出現有利變動，減值虧損予以撥回，並僅以資產賬面值不超過在並無確認減值虧損的情況下應予釐定的賬面值(扣除折舊或攤銷)為限。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contributions retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assure the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The contributions are recognised as employee benefit expenses when they are due.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. 重大會計政策概要(續)

2.20 僱員福利

退休福利

根據中國的規則及法規，本集團的中國僱員參與由中國相關市級及省級政府組織的各類界定供款退休福利計劃，據此本集團及中國僱員須按僱員薪金的計算比例(不超過上限)按月向該等計劃供款。

市級及省級政府承諾確保根據上述計劃中應付的所有現時及未來已退休中國僱員的退休福利責任。除每月供款外，本集團並無向其僱員支付退休及其他退休後福利的其他責任。該等計劃的資產由中國政府管理的獨立管理基金保管，與本集團的資產分開持有。

供款於到期時確認為僱員福利開支。

短期僱員福利

僱員應得的年假於其應享有時確認。就截至報告日期僱員已提供服務所產生的年假的估計負債計提撥備。

病假及產假等非累計有薪休假於正式告假時方予以確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

2. 重大會計政策概要(續)

2.21 所得稅會計處理

所得稅包括當期稅項及遞延稅項。

當期所得稅資產及／或負債包括就目前或以往報告期(且於報告日尚未繳付)向財政部門履行的責任或其提出的申索，乃基於年內應課稅溢利，根據有關財政年度適用的稅率及稅法計算。當期稅項資產或負債的所有變動均於損益確認為稅項開支的一部分。

遞延稅項採用負債法就於報告日期綜合財務報表中資產及負債的賬面值與其各自稅基間的暫時差額計算。遞延稅項負債一般按所有應課稅暫時差額確認。遞延稅項資產則一般按所有可扣稅暫時差額、可結轉稅項虧損以及其他未動用稅項抵免確認，惟以可能錄得應課稅溢利(包括現有應課稅暫時差額)用作抵銷可扣稅暫時差額、未動用稅項虧損及未動用稅項抵免為限。

倘暫時差額來自交易(不影響應課稅或會計溢利或虧損)中初步確認的資產及負債，則不會確認遞延稅項資產及負債。

於附屬公司的投資所產生的應課稅暫時差額確認為遞延稅項負債，惟倘本集團可以控制暫時差額的撥回，而暫時差額可能不會於可預見將來撥回則除外。

遞延稅項按於報告日期已經或大致上已實施預期於償付負債或變現資產期間適用的稅率計算，毋須貼現。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) 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.

2. 重大會計政策概要(續)

2.21 所得稅會計處理(續)

倘遞延稅項資產或負債的變動與自其他全面收益或直接於權益中扣除或計入的項目有關，則該等遞延稅項資產或負債的變動於損益或於其他全面收益或直接於權益內確認。

當期稅項資產及當期稅項負債僅在以下情況以淨額呈列：

(a) 本集團依法有強制執行權可以抵銷確認金額；及

(b) 擬以淨額基準結算，或變現該資產，同時結清該負債。

本集團僅在以下情況以淨額呈列遞延稅項資產及遞延稅項負債：

(a) 該實體依法有強制執行權可以將當期稅項資產與當期稅項負債對銷；及

(b) 遞延稅項資產及遞延稅項負債是關於同一稅務機關就以下任何一項所徵收的所得稅：

(i) 同一應課稅實體；或

(ii) 計劃於各未來期間(而預期在有關期間內將結清或收回巨額的遞延稅項負債或資產)以淨額基準結算當期稅項負債及資產或同時變現資產及結清負債的不同應課稅實體。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Related parties

For the purposes of these consolidated financial statements, 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 if that person:

(i) has control or joint control over of 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.

(b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).

(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).

2. 重大會計政策概要(續)

2.22 關聯方

就本綜合財務報表而言，倘下列情況適用，則一方被視為與本集團相關連：

(a) 該方為一名人士或該名人士的近親家族成員且倘該人士：

(i) 對本集團有控制權或共同控制權；

(ii) 對本集團有重大影響力；或

(iii) 為本集團或本集團母公司主要管理層成員。

(b) 該方為一個實體且倘下列情況適用：

(i) 該實體及本集團屬同一集團的成員。

(ii) 一個實體為另一實體的聯營公司或合資公司(或為某一集團的成員的聯營公司或合資公司，而該另一實體為此集團的成員)。

(iii) 該實體及本集團皆為相同第三方的合資公司。

(iv) 一個實體為第三實體的合資公司及另一實體為第三實體的聯營公司。

(v) 該實體乃為本集團或與本集團有關連的實體的僱員福利而設的離職後福利計劃。

(vi) 該實體受(a)所識別的人士控制或共同控制。

(vii) 於(a)(i)所識別的人士對實體有重大影響，或為該實體(或實體的母公司)主要管理層成員。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Related parties (Continued)

(b) (Continued)

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

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

2.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker ("CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

2. 重大會計政策概要(續)

2.22 關聯方(續)

(b) (續)

(viii) 該實體或其所屬公司的任何成員，向本集團或本集團的母公司提供主要管理人員服務。

有關人士的近親家族成員為預期於實體交易時將影響該人士或受該人士影響的家族成員。

2.23 分部呈報

本集團識別經營分部，並根據定期呈報予主要經營決策者(「主要經營決策者」)以供彼等決定本集團業務部分的資源分配及審閱該等部分表現的內部財務資料編製分部資料。

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

3.1 Sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Warranty provision

The Group provides warranty to certain customers. The provision for warranty is estimated based on expected warranty work to be performed for goods under the warranty period and labor charges expected to be incurred. As historical maintenance and service record may not resemble the future maintenance and service of the products sold, differences between the actual amount and the estimated amount of this provision may affect future profit or loss. The carrying amount of the Group's warranty provision at the end of each reporting period is set out in Note 21 to the consolidated financial statements.

Estimation of impairment of trade and other receivables

The Group follows the guidance of HKFRS 9 to determine when a receivable is impaired. In making this estimation and judgment, the Group evaluate, among other factors, the ageing analysis of receivables, the financial healthiness and collection history of the individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, existing market conditions and change in macro-economic indicators, etc. at the end of each reporting period as set out in note 35.4.

The carrying amount of the Group's trade and other receivables as at 31 December 2021 amounted to approximately RMB150,560,000 (2020: RMB135,509,000) and ECL allowance amounted to approximately RMB3,639,000 (2020: RMB5,724,000). Details of the trade and other receivables are disclosed in Note 18 to the consolidated financial statements.

3. 關鍵會計估計及判斷

3.1 估計不明朗因素的來源

本集團對未來作出估計及假設。就會計估計的結果而言，顧名思義，絕少會與有關實際結果相同。有極高風險導致下個財政年度的資產及負債的賬面值出現重大調整的估計及假設討論如下：

保養撥備

本集團為若干客戶提供保養。保養撥備乃根據保養期內就貨品進行的預期保養工作及預計將產生的勞工費用估計。由於過往維護及服務記錄未必與已售出產品的未來維護及服務相同，該撥備的實際金額與估計金額的差異可能會影響未來損益。本集團於各報告期末的保養撥備賬面值載於綜合財務報表附註21。

估計貿易及其他應收款項減值

本集團遵循香港財務報告準則第9號的指引釐定應收款項於何時減值。誠如附註35.4所載，在作出該估計及判斷時，本集團於各報告末評估(其中包括)應收款項的賬齡分析、個別債務人的財務穩健性及收款記錄以及信貸風險的預期未來變動，包括考慮總體經濟表現、當時市況及宏觀經濟指標變動等因素。

於2021年12月31日，本集團貿易及其他應收款項賬面值約為人民幣150,560,000元(2020年：人民幣135,509,000元)，而預期信貸虧損撥備則約為人民幣3,639,000元(2020年：人民幣5,724,000元)。貿易及其他應收款項的詳情於綜合財務報表附註18披露。

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

3.1 Sources of estimation uncertainty (Continued)

Useful lives of property, plant and equipment and investment property

The Group's management determines the estimated useful lives and related depreciation for its property, plant and equipment and investment property. The estimates are based on the historical experience of the actual economic lives of property, plant and equipment and investment property of similar nature and functions. Actual economic lives may differ from estimated useful lives. Management will adjust the depreciation where the useful lives are estimated to be different from the previous estimates. Periodic reviews could result in a change in useful lives and therefore depreciation expense in future periods. The carrying amounts of property, plant and equipment and investment property at the end of each reporting period is set out in Notes 12 and 13 to the consolidated financial statements.

Provision for inventories

The Group reviews the carrying amount of inventories based on consideration of obsolescence of raw materials and the net realisable value of finished goods. The identification of inventory obsolescence and estimated selling price in the ordinary course of business require the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of inventories in the period in which such estimate has been changed. During the year ended 31 December 2021, reversal for inventories of RMB475,000 (2020: reversal of RMB750,000) was recognised. The carrying amount of inventories is set out in Note 17 to the consolidated financial statements.

3. 關鍵會計估計及判斷(續)

3.1 估計不明朗因素的來源(續)

物業、廠房及設備以及投資物業的可使用年期

本集團管理層釐定其物業、廠房及設備以及投資物業的估計可使用年期及相關折舊。該等估計乃根據性質及功能相若的物業、廠房及設備以及投資物業實際經濟壽命期的過往經驗而定。實際經濟壽命期可能有別於估計可使用年期。當可使用年期估計有別於原先估計，則管理層將調整折舊。定期審查可能導致可使用年期出現變動，繼而導致未來期間的折舊費出現變動。物業、廠房及設備以及投資物業於各報告期末的賬面值載於綜合財務報表附註12及13。

存貨撥備

本集團基於對原材料過時及成品的可變現淨值的考慮，審查存貨的賬面值。於日常業務過程中確定存貨過時及估計售價須採用判斷及估算。倘預期有別於原先估計，該差額將影響有關估計變更期間的存貨賬面值。於截至2021年12月31日止年度期間已確認存貨撥回人民幣475,000元(2020年：撥回人民幣750,000元)。存貨賬面值載於綜合財務報表附註17。

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

3.2 Critical accounting judgments

In the process of applying the Group's accounting policies, management has made the following accounting judgments:

Current income tax

The Group is subject to Enterprise Income Tax ("EIT") in the PRC. Significant judgment is required in determining the provision for EIT. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such differences will impact the current income tax and deferred tax provision in the period in which such determination is made.

Research and development activities

Careful judgment by the Company's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at the end of each reporting period. In addition, all internal activities related to the research and development of new products or know how are continuously monitored by the Company's management.

3. 關鍵會計估計及判斷(續)

3.2 關鍵會計判斷

在應用本集團會計政策的過程時，管理層已作出以下會計判斷：

當期所得稅

本集團須繳納中國企業所得稅(「企業所得稅」)。釐定企業所得稅撥備須作出重大判斷。在日常業務過程中，多項交易及計算方式均會導致未能確定最終所定稅項。倘該等事項的最終稅務結果有別於最初錄得的款項，有關差額將影響釐定期間的當期所得稅及遞延稅項撥備。

研發活動

本公司管理層於決定開發成本是否已達到確認要求時作出審慎判斷。由於任何產品開發能否取得經濟效益尚未明朗，及於確認時可能會受制於未來技術問題，故此屬必要之舉。判斷基於各報告期末可獲得的最佳資料作出。此外，有關研發新產品的所有內部活動由本公司管理層持續監督。

4. REVENUE AND SEGMENT REPORTING

4. 收益及分部呈報

4.1 Revenue

4.1 收益

The Group was engaged in the design, manufacture and sales of papermaking felts. An analysis of the Group's revenue by products during the year is as follows:

本集團從事造紙毛毯的設計、製造及銷售。以下為本集團年內按產品劃分的收益分析：

Recognised at a point in time:

於一個時間點確認：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Packaging papermaking felts	包裝紙造紙毛毯	**147,437**	124,863
Specialty papermaking felts	特種紙造紙毛毯	**39,047**	32,090
Printing papermaking felts	印刷造紙毛毯	**11,440**	10,732
Household papermaking felts	生活紙造紙毛毯	**10,955**	9,490
Pulp papermaking felts	漿板造紙毛毯	**4,789**	5,584
		213,668	182,759

Remaining performance obligations

剩餘履約責任

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) is as follows:

下表載列預期未來將確認有關未履行(或部分履行)的履約責任的收益：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within one year	一年內	**11,362**	11,108
After one year but within two years	一年後但兩年內	**—**	247
		11,362	11,355

4. REVENUE AND SEGMENT REPORTING (Continued)

4. 收益及分部呈報(續)

4.2 Segment information

4.2 分部資料

The Group is mainly engaged in the design, manufacture and sales of papermaking felts in the PRC. Information reported to the CODM (i.e. the board of directors) for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available.

本集團主要在中國從事造紙毛毯的設計、製造及銷售。由於本集團的資源已整合，且並無任何獨立財務資料，故就資源分配及表現評估而向主要營運決策者(即董事會)報告的資料集中於本集團整體的經營業績。

No segment of assets and liabilities are presented as no discrete financial information is available.

由於並無獨立財務資料，故不呈列資產及負債分部。

Geographical information

地理資料

The following table sets out information on the geographical locations of the Group's revenue determined based on geographical region of the customers.

下表載列本集團根據客戶地區釐定收益的地理位置資料。

		2021 **2021年** **RMB'000** **人民幣千元**	2020 2020年 RMB'000 人民幣千元
The PRC	中國	**204,010**	175,171
Overseas	海外	**9,658**	7,588
		213,668	182,759

As at 31 December 2021 and 2020, all of the non-current assets of the Group were located in the PRC.

於2021年及2020年12月31日，本集團的所有非流動資產均位於中國。

Information about major customers

有關主要客戶的資料

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for the years ended 31 December 2021 and 2020, no information about major customers in accordance with HKFRS 8 "Operating Segments" is presented.

由於本集團於截至2021年及2020年12月31日止年度並無單一客戶的銷售額佔本集團總收益的10%或以上，故並無根據香港財務報告準則第8號「經營分部」呈列有關主要客戶的資料。

5. OTHER INCOME

5. 其他收入

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Bank interest income	銀行利息收入	**151**	191
Sales of scrap materials	銷售廢料	**2,385**	1,836
Government subsidies *(note)*	政府補貼*(附註)*	**2,385**	3,509
Rental income	租金收入	**175**	—
Rent concessions	租金優惠	**—**	387
Reversal of provision for legal claims *(Note 7(a))*	法律申索撥備撥回 *(附註7(a))*	**358**	—
Sundry income	雜項收入	**55**	102
		5,509	6,025

Note: The amount represents unconditional government subsidies received from the local government authorities for the purpose of research and development and supporting its operation.

附註： 該款項指收取地方政府機關為研究及開發及支持其營運所給予的無條件政府補貼。

6. FINANCE COSTS

6. 財務成本

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Interest expenses on:	以下各項的利息開支：		
Discounted bills financing	貼現票據融資	**44**	—
Bank borrowings	銀行借款	**6,795**	7,194
Other borrowing	其他借款	**1,287**	—
Lease liabilities	租賃負債	**103**	47
		8,229	7,241

7. PROFIT BEFORE INCOME TAX

7. 除所得稅前溢利

Profit before income tax is arrived at after charging/(crediting):

除所得稅前溢利於扣除／(計入)以下各項後釐定：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Amortisation of intangible assets	無形資產攤銷	**2,075**	1,261
Depreciation of land lease prepayment	土地租賃預付款項折舊	**338**	338
Cost of inventories recognised as expenses	已確認為開支的存貨成本	**61,808**	51,743
Depreciation of owned assets	自有資產折舊	**8,080**	7,762
Depreciation of right-of-use asset	使用權資產折舊	**1,644**	1,379
Depreciation of investment property	投資物業折舊	**164**	—
Exchange losses, net	匯兑虧損淨額	**231**	613
Listing expenses	上市開支	**3,245**	6,394
Lease charges on short term leases	短期租約租賃費用	**337**	216
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	**610**	9
(Reversal of)/Provision of ECL allowance on trade and bills receivables, net	貿易應收款項及應收票據(撥回)／預期信貸虧損撥備淨額	**(2)**	1,456
(Reversal of provision)/Provision for legal claim *(note a)*	法律申索(撥備撥回)／撥備*(附註a)*	**(358)**	1,303
Provision for warranty	保養撥備	**4,115**	3,928
Research and development costs	研發成本	**7,049**	5,681
Reversal of provisions for inventories	存貨撥備撥回	**(475)**	(750)
Auditor's remuneration	核數師酬金	**800**	—
Rental income from investment property	投資物業所得租金收入	**175**	—
Staff cost (including directors' remuneration)	**員工成本(包括董事薪酬)**		
Salaries, wages and other benefits	薪金、工資及其他福利	**30,618**	24,093
Contributions to defined contribution plans *(note b)*	界定供款計劃供款*(附註b)*	**5,213**	1,964

7. PROFIT BEFORE INCOME TAX (Continued)

Notes:

(a) A subsidiary of the Group, being the defendant, was involved in litigation during the year ended 31 December 2020 in relation to the dispute on construction of a factory of the Group. Based on the advice of the Group's legal advisers, the directors estimated that the total potential claims payable to the claimant, being the previous constructor, is approximately RMB1.9 million, which included certain site preparation and construction works of approximately RMB0.6 million performed by the claimant (in which the amount have been recognised as part of the additions to the property, plant and equipment for the year ended 31 December 2020) and provision of legal claims of approximately RMB1.3 million recognised in profit or loss for the year ended 31 December 2020. On 16 July 2021, the court made the first-instance judgement and no party had lodged an appeal to the court and the Group settled the amount of approximately RMB2.1 million to the claimant according to the aforesaid judgement on 27 August 2021. For the year ended 31 December 2021, approximately RMB0.6 million has been recognised as part of additions to the property, plant and equipment and a reversal of provision for legal claim of approximately RMB358,000 has been recognised as other income.

(b) Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February to December 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme for the year ended 31 December 2020.

During the years ended 31 December 2021 and 2020, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2021 and 2020, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contribution.

7. 除所得稅前溢利(續)

附註:

(a) 截至2020年12月31日止年度,本集團附屬公司(作為被告)因本集團一家廠房的建設糾紛而捲入訴訟。根據本集團法律顧問的意見,董事估計向申索人(即前建築商)作出的潛在應付申索總額約為人民幣1.9百萬元,其中包括申索人進行的若干地盤準備及建築工程約人民幣0.6百萬元(該金額已確認為截至2020年12月31日止年度的物業、廠房及設備添置的一部分),以及截至2020年12月31日止年度於損益確認的法律申索撥備約人民幣1.3百萬元。原訟法庭已於2021年7月16日作出判決,訴訟雙方均無向法庭提出上訴,本集團根據上述判決已於2021年8月27日向申索人償清約人民幣2.1百萬元。截至2021年12月31日止年度,約人民幣0.6百萬元已確認為物業、廠房及設備添置的一部分,約人民幣358,000元的法律申索撥備撥回已確認為其他收入。

(b) 由於新型冠狀病毒的影響,政府於2020年2月至12月頒佈了包括減免社會保險在內的多項政策,以加快經濟活動恢復,導致截至2020年12月31日止年度已減免若干界定供款計劃供款。

於截至2021年及2020年12月31日止年度,就供款全數歸屬前經已退出計劃的僱員而言,本集團概無代該等僱員沒收任何有關供款,亦無動用有關沒收供款以降低未來供款。於2021年及2020年12月31日,概無沒收供款可供本集團使用以降低現有供款水平。

8. INCOME TAX EXPENSE

8. 所得稅開支

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Current tax	**當期稅項**		
PRC EIT	中國企業所得稅	**7,067**	7,181
Over-provision in prior year	過往年度超額撥備	**(130)**	(253)
		6,937	6,928
Deferred tax	**遞延稅項**		
Current year *(Note 26)*	本年度*(附註26)*	**1,833**	553
Income tax expense	所得稅開支	**8,770**	7,481

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

根據開曼群島規則及法規，本公司毋須在開曼群島繳納任何所得稅。

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group had no assessable profits subject to Hong Kong Profits Tax during the year ended 31 December 2021 (2020: nil).

由於本集團於截至2021年12月31日止年度並無須繳納香港利得稅的應課稅溢利(2020年：無)，故並無在綜合財務報表中就香港利得稅計提撥備。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT is calculated at 25% of the assessable profits for subsidiary established in the PRC.

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，中國企業所得稅按在中國境內成立附屬公司應課稅溢利的25%計算。

Pursuant to the relevant laws and regulations in the PRC, a subsidiary of the Group, Sichuan Huanlong Technology Fabric Co., Ltd. ("Sichuan Huanlong"), is qualified as a company under the development strategy of the PRC's western region and was able to enjoy a preferential income tax rate of 15% for the years ended 31 December 2021 and 2020.

根據中國相關法律法規，本集團附屬公司四川環龍技術織物有限公司(「四川環龍」)合資格成為中國西部大開發項下公司，並可於截至2021年及2020年12月31日止年度享有15%的優惠所得稅稅率。

The Company's subsidiary, Shanghai Jinxiong Paper Making Net Carpet Co., Ltd. ("Shanghai Jinxiong") was accredited as High and New Technology Enterprise since in 2014 and further renewed in November 2017 and November 2020, therefore entitled to a preferential tax rate of 15% for 2020 to 2022.

本公司的附屬公司上海金熊造紙網毯有限公司(「上海金熊」)由2014起獲評定為高新技術企業，於2017年11月及2020年11月進一步重續，因此於2020年至2022年有15%的優惠稅率。

8. INCOME TAX EXPENSE (Continued)

In addition, both Sichuan Huanlong and Shanghai Jinxiong are eligible for tax deduction up to 200% and 175% of approved research and development costs incurred for the years ended 31 December 2021 and 2020 respectively.

Reconciliation between income tax expense and accounting profit at applicable tax rate:

8. 所得稅開支(續)

此外，四川環龍及上海金熊分別於截至2020年及2021年12月31日止年度產生的核准研發成本均合資格享有最高200%和175%的稅收減免。

所得稅開支與按適用稅率計算的會計溢利對賬如下：

		2021 **2021年** **RMB'000** **人民幣千元**	2020 2020年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	**59,460**	48,494
Tax at the applicable income tax of 25%	適用所得稅25%的稅項	**14,865**	12,124
Tax effects of non-deductible expenses *(note)*	不可扣減開支的稅務影響*(附註)*	**1,820**	2,314
Utilisation of temporary differences previously not recognised	使用先前未確認的暫時性差異	**(83)**	(92)
Additional deduction for research and development expenses	就研發開支額外扣減	**(2,258)**	(1,291)
Over-provision in prior year	過往年度超額撥備	**(130)**	(253)
Effect of income taxed at concessionary rate	按優惠稅率計算的所得稅影響	**(5,444)**	(5,321)
Income tax expenses	所得稅開支	**8,770**	7,481

Note: Non-deductible expenses mainly included listing expenses and certain entertainment expenses.

附註： 不可扣減開支主要包括上市開支及若干招待開支。

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

9. 董事酬金及五大最高薪酬人士

9.1 Directors' emolument

9.1 董事酬金

		Year ended 31 December 2021 截至2021年12月31日止年度				
		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and benefits 薪金、津貼及福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Contributions to retirement benefit schemes 退休福利計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors:	**執行董事：**					
Mr. Zhou	周先生	**—**	**800**	**—**	**—**	**800**
Ms. Shen	沈女士	**—**	**—**	**—**	**—**	**—**
Mr. Xie Zongguo ("Mr. Xie")	謝宗國先生(「謝先生」)	**—**	**700**	**400**	**61**	**1,161**
Ms. Yuan Aomei ("Ms. Yuan") *(Note a)*	袁傲梅女士(「袁女士」)*(附註a)*	**—**	**184**	**—**	**39**	**223**
		—	**1,684**	**400**	**100**	**2,184**

		Year ended 31 December 2020 截至2020年12月31日止年度				
		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and benefits 薪金、津貼及福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Contributions to retirement benefit schemes 退休福利計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors:	**執行董事：**					
Mr. Zhou	周先生	—	—	—	—	—
Ms. Shen	沈女士	—	—	—	—	—
Mr. Xie	謝先生	—	392	—	22	414
		—	392	—	22	414
Non-executive director:	**非執行董事：**					
Ms. Yuan	袁女士	—	—	—	—	—

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

9.1 Directors' emolument (Continued)

Notes:

(a) Ms. Yuan was redesignated as executive director on 14 April 2021.

(b) The appointments of Mr. Ip Wang Hoi, Mr. Zhang Shenjin and Mr. Wang Yunchen as independent non-executive directors of the Company took effect upon listing on 11 January 2022. During the year ended 31 December 2021, the independent non-executive directors have not yet been appointed and have not received any directors' remuneration in the capacity of independent non-executive directors.

9.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2021 include two (2020: one) directors whose emoluments are disclosed in Note 9.1. The aggregate of the emoluments of the three (2020: four) individuals for the year ended 31 December 2021 are as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Salaries, allowances and benefits	薪金、津貼及福利	**2,378**	1,850
Contributions to retirement benefit schemes	退休福利計劃供款	**158**	66
		2,536	1,916

The above individuals' emoluments are within the following band:

		2021 2021年	2020 2020年
Nil to HK$1,000,000	零至1,000,000港元	**3**	4

9. 董事酬金及五大最高薪酬人士(續)

9.1 董事酬金(續)

附註:

(a) 袁女士於2021年4月14日獲調任為執行董事。

(b) 葉耘開先生、張慎金先生及王運陳先生獲委任為本公司獨立非執行董事,並已於2022年1月11日上市後生效。截至2021年12月31日止年度,概無獨立非執行董事獲委任,並以獨立非執行董事身份收取任何董事薪酬。

9.2 五名最高薪酬人士

截至2021年12月31日止年度,本集團五名最高薪酬人士包括兩名(2020年:一名)董事,其酬金於附註9.1披露。截至2021年12月31日止年度,三名(2020年:四名)人士的酬金合計如下:

上述人士的酬金屬於以下範圍:

9. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

9.2 Five highest paid individuals (Continued)

No director or the five highest paid individual received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2021 (2020: nil). No director or the five highest paid individual has waived or agreed to waive any emoluments during the year ended 31 December 2021 (2020: nil).

9. 董事酬金及五大最高薪酬人士(續)

9.2 五名最高薪酬人士(續)

截至2021年12月31日止年度，董事或五名最高薪酬人士概無向本集團收取任何酬金(2020年：無)，作為吸引其加入或於加入本集團時的誘因或作為離職的補償。截至2021年12月31日止年度，董事或五名最高薪酬人士概無放棄或同意放棄任何酬金(2020年：無)。

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

10. 每股盈利

本公司權益持有人應佔每股基本盈利乃根據下文所列計算得出：

		2021 **2021年**	2020 2020年
Earnings	**盈利**		
Profit for the year attributable to equity holders of the Company (in RMB'000)	本公司權益持有人應佔年內溢利(人民幣千元)	**50,136**	40,517
Number of ordinary shares for the purpose of calculating basic earnings per share	用作計算每股基本盈利的普通股數目	**365,800,000**	365,800,000
Earnings per share (RMB cents)	每股盈利(人民幣分)	**13.71**	11.08

As at 31 December 2021 and 2020, the total shares of the Company in issue were 12,000 ordinary shares. The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in Note 27) of 365,788,000 ordinary shares had been effective on 1 January 2020.

於2021年及2020年12月31日，本公司的已發行股份總數為12,000股普通股。用作計算每股基本盈利的普通股數目乃基於重組及資本化發行(定義見附註27)365,788,000股普通股已於2020年1月1日生效的假設而釐定。

Diluted earnings per share is the same as basic earnings per share for years ended 31 December 2021 and 2020 as there were no dilutive potential ordinary shares in issue during the years.

由於截至2021年及2020年12月31日止年度概無已發行的潛在攤薄普通股，因此該等年度的每股攤薄盈利與每股基本盈利一致。

11. DIVIDEND

The Board did not recommend the payment of a dividend for the year ended 31 December 2021 (2020: nil).

11. 股息

董事會不建議就截至2021年12月31日止年度派付股息(2020年：零)。

12. PROPERTY, PLANT AND EQUIPMENT 12. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃裝修 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture and fixtures 傢俱及固定裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	**成本**							
As at 1 January 2020	於2020年1月1日	43,575	981	77,767	2,560	658	2,411	127,952
Additions	添置	3,686	—	614	132	—	15,869	20,301
Transfers	轉撥	—	—	589	16	—	(605)	—
Disposals	出售	—	—	(483)	(33)	—	(2)	(518)
As at 31 December 2020	於2020年12月31日	47,261	981	78,487	2,675	658	17,673	147,735
As at 1 January 2021	於2021年1月1日	47,261	981	78,487	2,675	658	17,673	147,735
Additions	添置	—	895	1,094	192	641	72,971	75,793
Transfers	轉撥	40,892	—	9,908	877	—	(51,677)	—
Transfer to investment property	轉入投資物業	(41,443)	—	—	—	—	—	(41,443)
Disposals/Written-off	出售／撇銷		(9,397)	—	(1,220)	(17)	(86)	(10,720)
As at 31 December 2021	**於2021年12月31日**	37,313	1,876	88,269	3,727	1,213	38,967	171,365
Accumulated depreciation	累計折舊							
As at 1 January 2020	於2020年1月1日	20,397	556	42,455	2,384	594	—	66,386
Charge for the year	年內支出	3,601	128	5,297	103	12	—	9,141
Written back on disposals	出售時撥回	—	—	(459)	(27)	—	—	(486)
As at 31 December 2020	於2020年12月31日	23,998	684	47,293	2,460	606	—	75,041
As at 1 January 2021	於2021年1月1日	23,998	684	47,293	2,460	606	—	75,041
Charge for the year	年內支出	3,853	188	5,478	181	24	—	9,724
Transfer to investment property	轉入投資物業	(327)	—	—	—	—	—	(327)
Written back on disposals/written-off	出售／撇銷時撥回	(4,304)	—	(1,031)	(17)	(81)	—	(5,433)
As at 31 December 2021	**於2021年12月31日**	23,220	872	51,740	2,624	549	—	79,005
Net book amount	**賬面淨值**							
As at 31 December 2020	於2020年12月31日	23,263	297	31,194	215	52	17,673	72,694
As at 31 December 2021	**於2021年12月31日**	14,093	1,004	36,529	1,103	664	38,967	92,360

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

12. 物業、廠房及設備(續)

As at 31 December 2021, the Group's property, plant and machinery with aggregate net book amount of RMB70,769,000 (2020: RMB46,494,000) were pledged to secure the bank borrowings granted to the Group (Note 34).

於2021年12月31日，本集團已抵押總賬面淨值為人民幣70,769,000元(2020年：人民幣46,494,000元)的物業、廠房及機器以取得授予本集團的銀行借款(附註34)。

Included in the net carrying amount of property, plant and equipment is right-of-use assets as follows:

計入物業、廠房及設備的賬面值淨額內的使用權資產如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Buildings	樓宇	**1,352**	2,996

The above right-of-use assets is depreciated on a straight-line basis over their estimated useful life or lease term as follows:

上述使用權資產的估計可使用年期或租期以直線法減值如下：

Buildings	5% or shorter of the lease term	樓宇	5%或租期較短者

During the year ended 31 December 2021, expenses of RMB337,000 (2020: RMB216,000) related to short-term leases was recognised in profit or loss.

截至2021年12月31日止年度，人民幣337,000元(2020年：人民幣216,000元)的開支與短期租賃有關，並已於損益中予以確認。

13. INVESTMENT PROPERTY

13. 投資物業

		RMB'000 人民幣千元
Cost	成本	
At 1 January 2020, 31 December 2020 and 1 January 2021	於2020年1月1日、2020年12月31日及2021年1月1日	—
Transfer from property, plant and equipment	轉出物業、廠房及設備	41,443
At 31 December 2021	**於2021年12月31日**	41,443
Accumulated depreciation	**累計折舊**	
At 1 January 2020, 31 December 2020 and 1 January 2021	於2020年1月1日、2020年12月31日及2021年1月1日	—
Transfer from property, plant and equipment	轉出物業、廠房及設備	327
Charge for the year	年內支出	164
At 31 December 2021	**於2021年12月31日**	491
Net book amount	**賬面淨值**	
At 31 December 2020	於2020年12月31日	—
At 31 December 2021	**於2021年12月31日**	40,952

Details the Group's investment property and information about the fair value hierarchy as at the end of the reporting period are as follows. The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

於報告期末，本集團的投資物業及有關公平值層級資料的詳情如下。以下各等級乃基於輸入值在計量時可否觀察及是否重大劃分：

- 第一級：相同資產及負債在活躍市場未經調整的報價。
- 第二級：除第一級包括的報價外，可直接或間接觀察的資產或負債輸入值，且並無涉及重大不可觀察的輸入值。
- 第三級：重大不可觀察的資產或負債輸入值。

13. INVESTMENT PROPERTY (Continued)

13. 投資物業(續)

		As at 31 December 2021 於2021年12月31日			
		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Recurring fair value measurement	**經常性公平值計量**				
— Factory building in the PRC	—於中國的廠房	**—**	**—**	**42,000**	**42,000**
		—	**—**	**42,000**	**42,000**

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2021 (2020: nil).

截至2021年12月31日止年度，第一級與第二級之間概無發生轉撥(2020年：無)。

The Group's investment property was revalued at 31 December 2021 by an independent professional qualified valuer. The Group's management has discussion with the valuer on the valuation assumptions when the valuation is performed at the end of reporting period.

本集團的投資物業於2021年12月31日獲獨立合資格專業估值師重新估值。於報告期末進行估值時，本集團的管理層已就估值的假設與估值師展開討論。

The fair value of the factory building in the PRC is estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy level, the terms of leases and expectations for rentals from future leases over the remaining economic life of the properties.

於中國的廠房採用收入法估計公平值，即使用相似物業於近期交易時的隱含市場孳息率得出的折現率，將估計的租金收入流扣除預測經營成本後撥充資本。當實際租金與估計租金出現重大差異時，估計租金值則會作出調整。估計租金流經計及當前出租率、估計的未來空置率、租賃條款，以及按物業的剩餘經濟壽命預測未來租賃的租金。

14. INTERESTS IN SUBSIDIARIES

As at the date of this report, the Company had direct and indirect interest in the following subsidiaries, all of which are private limited liability companies, and the particulars of which are set out below:

14. 於附屬公司的權益

於本報告日期，本公司於以下附屬公司(均為私人有限責任公司)擁有直接及間接權益，詳情載列如下：

Company name 公司名稱	Place and date of incorporation and operation 註冊成立及 經營地點及日期	Registered / Issued and paid up capital 已註冊／已發行 及繳足資本	As at 31 December 於12月31日 2021 2021年	 2020 2020年	As at the date of this report 於本報告日期	Principal activities 主要業務
Directly held: **直接持有：**						
Lion Courage Enterprises Limited *(note a)* Lion Courage Enterprises Limited *(附註a)*	BVI, 23 October 2018 英屬處女群島，2018年10月23日	USD100 100美元	**100%**	100%	100%	Investment holding 投資控股
Virtuous Way Limited 賢途有限公司	BVI, 22 August 2018 英屬處女群島，2018年8月22日	USD100 100美元	**100%**	100%	100%	Investment holding 投資控股
Indirectly held: **間接持有：**						
Vanov Tianhe International Holdings Limited 環龍天和國際控股有限公司	Hong Kong, 30 November 2018 香港，2018年11月30日	HKD10,000 10,000港元	**100%**	100%	100%	Investment holding 投資控股
成都環龍賦能科技有限公司 Chengdu Huanlong Funeng Technology Co., Ltd.*	The PRC, 28 February 2019 中國，2019年2月28日	RMB1,000,000 人民幣1,000,000元	**100%**	100%	100%	Investment holding 投資控股
成都環龍立欣科技有限公司 Chengdu Huanlong Lixin Technology Limited*	The PRC, 27 March 2019 中國，2019年3月27日	RMB1,000,000 人民幣1,000,000元	**99%**	99%	99%	Investment holding 投資控股
Marvel Dragon Development Limited 億龍發展有限公司	Hong Kong, 6 July 2018 香港，2018年7月6日	HKD 100 100港元	**100%**	100%	100%	Investment Holding 投資控股
四川環龍技術織物有限公司 Sichuan Huanlong Technology Fabrics Co., Ltd*	The PRC, 7 February 2007 中國，2007年2月7日	RMB40,650,000 人民幣40,650,000元	**99%**	99%	99%	Manufacturing and sales of papermaking felts 造紙毛毯的製造及銷售
上海金熊造紙網毯有限公司 Shanghai Jinxiong Paper Making Net Carpet Co., Ltd*	The PRC, 31 October 2000 中國，2000年10月31日	RMB35,590,000 人民幣35,590,000元	**100%**	100%	100%	Manufacturing and sales of papermaking felts 造紙毛毯的製造及銷售

* The translation of name in English is for identification purposes only.

The above table includes subsidiaries of the Company which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

* 英文譯名僅供識別。

上表載列的本公司附屬公司乃對本集團年度業績構成主要影響，或組成本集團資產淨值主要部分的附屬公司。

15. LAND LEASE PREPAYMENT

15. 土地租賃預付款項

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
The Group's land lease prepayments comprise:	本集團的土地租賃預付款項包括：		
The PRC, held on :	中國，以下列租約持有：		
— Leases of between 10 to 50 years	— 10至50年的租約	**5,518**	5,856
Carrying amount at the beginning of the year	年初賬面值	**5,856**	6,194
Depreciation	折舊	**(338)**	(338)
Carrying amount at the end of the year	年末賬面值	**5,518**	5,856

The leasehold land is situated in the PRC and held under medium lease. As at 31 December 2021, the Group's land lease prepayment with a carrying amount of RMB5,518,000 (2020: RMB5,856,000) were pledged to a bank to secure bank borrowings granted to the Group (Note 34).

租賃土地位於中國，並以中期租約持有。於2021年12月31日，本集團向銀行抵押賬面值為人民幣5,518,000元(2020年：人民幣5,856,000元)的土地租賃預付款項，以取得授予本集團的銀行借款(附註34)。

16. INTANGIBLE ASSETS

16. 無形資產

		Trademarks 商標 RMB'000 人民幣千元	Computer software 電腦軟件 RMB'000 人民幣千元	Capitalised development costs 資本化開發成本 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	成本					
As at 1 January 2020	於2020年1月1日	32,454	615	7,863	4,481	45,413
Additions	添置	—	96	—	1,474	1,570
Additions from internal developments	內部開發添置	—	—	—	6,644	6,644
Transfer	轉撥	—	—	4,481	(4,481)	—
As at 31 December 2020	於2020年12月31日	32,454	711	12,344	8,118	53,627
As at 1 January 2021	於2021年1月1日	32,454	711	12,344	8,118	53,627
Additions	添置	—	199	—	699	898
Additions from internal developments	內部開發添置	—	—	—	11,410	11,410
Transfer	轉撥			14,556	(14,556)	—
As at 30 December 2021	**於2021年12月30日**	32,454	910	26,900	5,671	65,935
Accumulated amortisation	**累計攤銷**					
As at 1 January 2020	於2020年1月1日	—	51	1,207	—	1,258
Charge for the year	年內支出	—	29	1,232	—	1,261
As at 31 December 2020	於2020年12月31日	—	80	2,439	—	2,519
As at 1 January 2021	於2021年1月1日	—	80	2,439	—	2,519
Charge for the year	年內支出	—	65	2,010	—	2,075
As at 30 December 2021	**於2021年12月30日**	—	145	4,449	—	4,594
Net book amount	**賬面淨值**					
As at 31 December 2020	於2020年12月31日	32,454	631	9,905	8,118	51,108
As at 30 December 2021	**於2021年12月30日**	32,454	765	22,451	5,671	61,341

16. INTANGIBLE ASSETS (Continued)

Intangible assets mainly represent:

(1) the trademarks were acquired from the non-controlling shareholder of a subsidiary. The trademarks were regarded as having indefinite useful lives because in opinion of the directors of the Group, they are capable of being renewed indefinitely at insignificant cost;

(2) computer software were acquired from third parties; and

(3) capitalised development costs generated through internal research and developments and capitalised technical know-hows by the Group.

The Group assesses the useful lives capitalised developments costs by considering the economic life cycles, continuous technological advancement of the patents, the experience on previous products of the Group and contractual legal rights of the patents, it is concluded that the useful lives of these patents are 10 years.

The amortisation charge for the year ended 31 December 2021 and 2020 is included in "Administrative and other operating expenses" in the consolidated statements of profit or loss and other comprehensive income.

Impairment testing

The trademarks with indefinite useful lives and the intangible assets that under construction in progress which not yet available for use have been allocated to the relevant cash-generating units (the "CGU") which is the same for impairment testing.

The recoverable amount of the CGU has been determined based on value in use calculations, covering a detailed five-year budget plan, followed by an extrapolation of expected cash flows at the average growth rates of 4% (2020: 4%).

16. 無形資產(續)

無形資產主要指:

(1) 自附屬公司的非控股股東收購所得的商標。商標被視為具有無限可使用年期,因為本集團董事認為該等商標能夠以極低成本無限期重續;

(2) 自第三方購入的電腦軟件;及

(3) 本集團通過內部研發及資本化技術知識產生的資本化開發成本。

本集團透過考慮經濟生命週期、專利的持續技術進步、本集團過往產品的經驗及專利的合約合法權利,以評估資本化開發成本的可使用年期,本集團認為該等專利的可使用年期為10年。

截至2021年及2020年12月31日止年度,攤銷費用已計入綜合損益及其他全面收益表的「行政及其他經營開支」。

減值測試

具無限可使用年期的商標及尚未可供使用的在建無形資產已分配至作相同減值測試的相關現金產生單位(「現金產生單位」)。

現金產生單位的可收回金額按使用價值計算而釐定,涵蓋一個詳細的五年預算計劃,隨後按4%(2020年:4%)的平均增長率外推預期現金流量。

16. INTANGIBLE ASSETS (Continued)

Impairment testing (Continued)

As at 31 December 2021, the discount rates applied to the cash flow projections were 13.9% (2020: 13.0%). The key assumptions for the Group has been determined by the Group's management based on past performance and its expectations for the industry development. The discount rates used are pre-tax and reflects specific risks relating to the segment.

Based on the above key assumptions, as at 31 December 2021 the recoverable amount would exceed the carrying amounts of the CGU by not less than approximately RMB49.3 million (2020: RMB57.0 million). If the growth rate decreased by 1% or the discount rate (pre-tax) increased by 1%, the recoverable amount of the relevant CGU would be dropped by approximately RMB7.1 million and RMB9.2 million as at 31 December 2021 (2020: RMB7.3 million and RMB9.8 million).

In the opinion of the directors of the Company, a reasonably possible change in key parameters would not cause the carrying amount of the relevant CGU to exceed the recoverable amount. If the growth rate decreased by 25% or discount rate increased by 12% as at 31 December 2021 (as at 31 December 2020: the growth rate decreased by 25% or discount rate increased by 13%), the recoverable amount of the relevant CGU would be approximated to its carrying amount.

In the opinion of the directors, there is no reasonably possible change in the key assumptions on which the recoverable amount of the trademarks is based that would cause the carrying amounts to exceed the recoverable amount.

As at 31 December 2021, the Group's intangible assets with a carrying amount of nil (2020: RMB3,531,000) were pledged to a bank to secure bank borrowings granted to the Group (Note 34).

16. 無形資產(續)

減值測試(續)

現金流量預測所應用貼現率於2021年12月31日為13.9%(2020年:13.0%)。本集團的主要假設由本集團管理層根據過去表現及對行業發展的預期釐定。所使用貼現率未計及稅項,反映分部相關的具體風險。

根據上述主要假設,於2021年12月31日,可收回金額分別將超過現金產生單位的賬面值不少於約人民幣49.3百萬元(2020年:人民幣57.0百萬元)。倘增長率減少1%或貼現率(除稅前)增加1%,則於2021年12月31日相關現金產生單位的可收回金額將減少約人民幣7.1百萬元及人民幣9.2百萬元(2020年:人民幣7.3百萬元及人民幣9.8百萬元)。

本公司董事認為,主要參數的合理可能變動不會導致相關現金產生單位的賬面值超過可收回金額。倘於2021年12月31日的增長率減少25%或貼現率增加12%(2020年12月31日:增長率減少25%或貼現率增加13%),則相關現金產生單位的可收回金額將與其賬面值相若。

董事認為,為商標可收回金額基礎的主要假設並無合理可能變動,導致賬面值超出可收回金額。

於2021年12月31日,本集團概無抵押無形資產(2020年:抵押賬面值為人民幣3,531,000元的無形資產)予銀行以取得授予本集團的銀行借款(附註34)。

17. INVENTORIES

17. 存貨

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Raw materials	原材料	**5,636**	5,448
Work-in-progress	在建工程	**4,596**	2,922
Finished goods	成品	**2,363**	2,831
		12,595	11,201
Less: provision for inventories	減：存貨撥備	**(692)**	(1,167)
		11,903	10,034

Analysis of the provision for inventory write down is as below:

存貨撇減撥備的分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
At the beginning of the year	於年初	**1,167**	1,917
Reversal for the year	年內撥回	**(475)**	(750)
At the end of the year	於年末	**692**	1,167

During the years ended 31 December 2020 and 2021, the reversal of provision for inventory arose from sale of obsolete inventory.

截至2020年及2021年12月31日止年度，存貨撥備撥回乃由於出售過時存貨產生。

As at 31 December 2021, the Group's inventories of nil (2020: RMB2,421,000) were pledged to a bank to secure bank borrowings granted to the Group (Note 34).

於2021年12月31日，本集團概無抵押存貨(2020年：抵押人民幣2,421,000元的存貨)予銀行，以取得授予本集團的銀行借款(附註34)。

18. TRADE AND OTHER RECEIVABLES

18. 貿易及其他應收款項

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade receivables	貿易應收款項		
— Third parties	—第三方	**135,298**	110,475
— Related parties	—關聯方	**710**	577
Bills receivables	應收票據	**15,553**	27,408
Less: Loss allowance provision	減：虧損撥備	**(3,639)**	(5,724)
		147,922	132,736
Prepayments	預付款項	**844**	3,004
Prepaid listing expenses	預付上市開支	**3,805**	3,141
Other receivables	其他應收款項	**906**	2,230
		5,555	8,375
		153,477	141,111

The directors considered that the fair values of trade and other receivables are not materially different from their carrying amounts. As at 31 December 2021, the Group's trade receivables of nil (2020: RMB15,782,000) were pledged to secure bank borrowings granted to the Group (Note 34).

董事認為貿易及其他應收款項的公平值與其賬面值並無重大差異。於2021年12月31日，本集團概無抵押貿易應收款項(2020年：抵押人民幣15,782,000元的貿易應收款項)以取得授予本集團的銀行借款(附註34)。

18. TRADE AND OTHER RECEIVABLES (Continued)

18. 貿易及其他應收款項(續)

As at each reporting date, the ageing analysis of trade receivables based on the delivery date is as follows:

於各報告日期，根據交付日期作出的貿易應收款項賬齡分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 90 days	90天內	**92,081**	73,589
91 days to 180 days	91天至180天	**25,505**	20,472
181 days to 365 days	181天至365天	**11,724**	11,314
Over 365 days	365天以上	**6,698**	5,677
		136,008	111,052

The bills represent promissory notes issued by banks received by the Group from customers who discharge their liabilities to pay the Group for the goods or services invoiced. These bills are endorsable, unsecured, non-interest bearing and matured within 1 year.

票據指本集團從客戶收取由銀行發出的承兑票據，有關客戶就發票貨品或服務履行向本集團的付款責任。該等票據為可背書、無抵押、不計息及於1年內到期。

As at 31 December 2021, included in the balances, bills receivables of RMB3,821,000 (2020: nil) were discounted with recourse. These bills receivables were not derecognised as the title of these bills receivables were not transferred to the counterparties. In the other hand, as at 31 December 2021, discounted bills financing of RMB3,821,000 (2020: nil) was recognised for the cash received (Note 23).

於2021年12月31日，計入結餘的應收票據中，人民幣3,821,000元(2020年：零)已貼現並具有追索權。該等應收票據尚未被終止確認，乃由於該等應收票據的所有權並未轉移至對手方。另一方面，於2021年12月31日，已就收取的現金確認貼現票據融資人民幣3,821,000元(2020年：零)(附註23)。

The ageing analysis of bills receivables presented based on issue date at the end of each reporting period is as follows:

根據各報告期末發行日期呈列的應收票據賬齡分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
0–90 days	0至90天	**10,184**	12,894
91–180 days	91至180天	**4,839**	12,395
181–365 days	181至365天	**530**	2,119
		15,553	27,408

18. TRADE AND OTHER RECEIVABLES (Continued)

18. 貿易及其他應收款項(續)

Bills receivables endorsed

已背書應收票據

Not included in the years end balances, during the year ended 31 December 2021, the Group has transferred bills receivables amounted to RMB106,335,000 (2020: RMB80,189,000) to settle its payables through endorsing the bills to its suppliers. Under the bills arrangements, the Group has also transferred bills receivables amounted to nil (2020: RMB281,000) to the parties under Bills-To-Cash/Bills Arrangement and to customers under Bills Change Arrangement during the year ended 31 December 2021. In accordance with the Law of Negotiable Instruments in the PRC, the endorsee of the bills have a right of recourse against the endorser if the issuing banks default. For those endorsed to its suppliers, the Group has derecognised these bills receivables and the trade and other payables in their entirety. For those endorsed under Bills-To-Cash/Bills Arrangement or Bills Change Arrangement, the Group has also derecognised these bills receivables in their entirety and recognised the corresponding amount of cash and/or endorsed bank acceptance bills of total equal value. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills to the endorsee. The Group has limited exposure in respect of the settlement obligation of these bills receivables under relevant PRC rules and regulations should the issuing banks failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

不計入年末結餘，於截至2021年12月31日止年度，本集團已轉讓應收票據人民幣106,335,000元(2020年：人民幣80,189,000元)，以向其供應商透過背書該等票據結算其應付款項。根據票據安排，本集團並無於截至2021年12月31日止年度根據票據兑現／票據安排向各方轉讓，或根據票據差額安排向客戶轉讓應收票據(2020年：人民幣281,000元)。根據中國票據法，如發出票據的銀行違約，票據的被背書人可向背書人行使追索權。就向其供應商背書的票據而言，本集團已悉數終止確認該等應收票據及貿易及其他應付款項。就根據票據兑現／票據安排或票據差額安排背書的票據而言，本集團已全額終止確認該等應收票據，並確認相應金額的現金及／或總價值相等的背書銀行承兑票據。本公司董事認為，本集團已將該等票據所有權的絕大部分風險及回報轉移至有關被背書人。根據中國相關規則及法規，倘發行銀行未能於到期日結算票據，本集團就該等應收票據承受的結算責任之風險有限。本集團認為票據發行銀行具良好信貸質量，且發行銀行於到期時未能結算的風險屬微不足道。

As at 31 December 2021, the maximum exposure to loss, which is same as the amount payable by the Group to the endorsee in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date amounted to RMB106,335,000 (2020: RMB80,470,000). All the bills receivables endorsed have a maturity date of less than one year from the end of each reporting period.

於2021年12月31日，倘發行銀行未能於到期日償付票據，則最大虧損風險相等於本集團就已背書票據應付有關被背書人的金額為人民幣106,335,000元(2020年：人民幣80,470,000元)。所有已背書應收票據之到期日自報告期末起計均少於一年。

18. TRADE AND OTHER RECEIVABLES (Continued)

18. 貿易及其他應收款項(續)

Bills receivables endorsed (Continued)

已背書應收票據(續)

The movement in the ECL allowance of trade and bills receivables is as follows:

貿易應收款項及應收票據的預期信貸虧損撥備變動如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
At the beginning of the year	於年初	**5,724**	4,268
Amounts written off	已撇銷金額	**(2,083)**	—
(Reversal of)/Provision of ECL allowance	預期信貸虧損（撥備撥回）／撥備	**(2)**	1,456
At the end of the year	於年末	**3,639**	5,724

As at 31 December 2021, included in the balance of loss allowance provision are individually impaired trade receivables with an aggregate balance of RMB1,187,000 (2020: RMB1,652,000), with reference to the historical experience of these receivables, the collection of these receivables may not be recoverable. The Group does not hold any collateral over these balances.

於2021年12月31日，虧損撥備結餘包括個別減值的貿易應收款項的總結餘為人民幣1,187,000元(2020年：人民幣1,652,000元)，而參考該等應收款項的過往經驗，該等應收款項未必可收回。本集團並無就該等結餘持有任何抵押品。

Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 35.4.

本集團的信貸政策及貿易及其他應收款項產生的信貸風險詳情載於附註35.4。

19. CASH AND CASH EQUIVALENT AND RESTRICTED BANK DEPOSIT

19. 現金及現金等價物以及受限制銀行存款

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	**12,609**	30,775
Less: Restricted bank deposit	減：受限制銀行存款	**—**	(1,000)
Cash and cash equivalents	現金及現金等價物	**12,609**	29,775

Cash at banks earns interests at floating rates based on daily bank deposit rates. As at 31 December 2020, the restricted bank deposit was denominated in RMB carried 0.35% interest at prevailing market rate and pledged to a bank to secure bank borrowings granted to the Group (Note 34).

銀行現金按根據每日銀行存款利率計算的浮動利率賺取利息。於2021年12月31日，受限制銀行存款(以人民幣計值)的利息為0.35%，按現行市場利率計算，並已抵押予一間銀行以取得授予本集團的銀行借款(附註34)。

20. CONTRACT LIABILITIES

20. 合約負債

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Amount received in advance for sales of papermaking felts products expected to be recognise:	預期就銷售造紙毛毯產品預先收取的款項將於以下期間確認：		
— within one year	— 一年內	**512**	739

Contract liabilities represent the deposits received from the customers in advance of the transfer of papermaking felts to the customers.

合約負債即就向客戶轉移造紙毛毯前的已收客戶按金。

For the contract liabilities as at 31 December 2021, the balances of RMB200,000 (2020: RMB424,000) are recognised as revenue to profit or loss within one year after the end of each reporting period.

於2021年12月31日的合約負債而言，人民幣200,000元(2020年：人民幣424,000元)的結餘已在報告期末後一年內悉數於損益確認為收益。

21. TRADE AND OTHER PAYABLES

21. 貿易及其他應付款項

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade payables	**貿易應付款項**		
— Third parties	—第三方	**25,016**	19,054
Other payables	**其他應付款項**		
Other payables	其他應付款項	**4,460**	3,237
Construction payables	應付工程款項	**4,547**	—
Accrued salaries	應計工資款項	**5,411**	4,337
Receipt in advance from a tenant	預收租戶款項	**1,225**	—
Accruals	應計款項	**1,334**	177
Accrued listing expenses	應計上市開支	**5,604**	8,425
Warranty provision	保養撥備	**4,605**	3,932
Provision for legal claim	法律申索撥備	**—**	1,903
Other tax payables	其他應付税項	**6,591**	6,156
		33,777	28,167
		58,793	47,221

21. TRADE AND OTHER PAYABLES (Continued)

21. 貿易及其他應付款項(續)

The Group is granted by its suppliers a credit periods of 30 to 90 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

本集團獲其供應商授予30至90天的信貸期。根據發票日期，貿易應付款項的賬齡分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 30 days	30天內	**11,289**	7,961
31 days to 60 days	31天至60天	**6,961**	4,646
61 days to 90 days	61天至90天	**2,585**	1,920
91 days to 180 days	91天至180天	**1,622**	2,087
181 days to 365 days	180天至365天	**1,049**	1,568
Over 365 days	365天以上	**1,510**	872
		25,016	19,054

The carrying values of trade and other payables are considered to be reasonable approximation of their fair values.

貿易及其他應付款項的賬面值被視為合理地與其公平值相若。

The movement in the warranty provision is as follows:

保養撥備的變動如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Product warranties:	產品保養：		
At beginning of year	於年初	**3,932**	3,422
Provision for the year	年內撥備	**4,115**	3,928
Utilisation for the year	年內使用	**(3,442)**	(3,418)
At end of year	年末	**4,605**	3,932

The warranty provision represents management's best estimate of the Group's liability under 45 to 120 days warranty granted on papermaking felts, based on prior experience and industry averages for defective products.

保養撥備指管理層對本集團就造紙毛毯提供45至120天保養(根據過往經驗及有關缺陷產品的行業常規得出)所承擔責任的最佳估計。

22.LEASE LIABILITIES

22.租賃負債

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Total minimum lease payment due:	應付最低租賃付款總額：		
— Within one year	—一年內	**1,367**	1,648
— After one year but within two years	—超過一年但少於兩年	**—**	1,367
		1,367	3,015
Future finance charges on leases liabilities	租賃負債未來融資費用	**(29)**	(132)
Present value of lease liabilities	租賃負債現值	**1,338**	2,883

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Present value of minimum lease payments:	最低租賃付款現值：		
— Within one year	—一年內	**1,338**	1,545
— After one year but within two years	—超過一年但少於兩年	**—**	1,338
		1,338	2,883
Less: Portion due within one year included under current liabilities	減：流動負債項下的一年內到期部分	**(1,338)**	(1,545)
Portion due after one year included under non-current liabilities	非流動負債項下的一年後到期部分	**—**	1,338

The Group leases properties for operation and these lease liabilities were measured at the present value of the lease payments that are not yet paid. All leases are entered at fixed prices and typically made for fixed periods of 1 to 5 years, lease terms are negotiated on an individual basis.

本集團就經營而租用物業，該等租賃負債按尚未支付的租賃付款的現值計量。所有租賃均以固定價格及一般以1至5年的固定租期訂立。租期乃按個別基準磋商而定。

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

本集團並無就有關其租賃負債面對重大流動資金風險。本集團的庫務部門監察租賃負債。

The total cash outflows for leases including the payments of lease liabilities for the year ended 31 December 2021 were RMB1,985,000 (2020: RMB1,534,000).

截至2021年12月31日止年度，租賃的現金流出總額(包括租賃負債的付款)為人民幣1,985,000元(2020年：人民幣1,534,000元)。

23. DISCOUNTED BILLS FINANCING

The balance represents borrowings from banks by discounting, with recourse, bills receivables to the Group which were endorsed by third parties. The Group continues to recognise the carrying amount of the underlying bills receivables, as presented in Note 18, since the title of receivables was not transferred to the counterparties.

23. 貼現票據融資

該結餘指通過貼現本集團具追索權的應收票據而取得的銀行借款，該等借款由第三方背書。由於應收款項的所有權並無轉移至對手方，因此本集團繼續確認附註18所呈列相關應收票據的賬面值。

24. BANK BORROWINGS

Bank borrowings were carried at amortised cost, secured and repayable within one year.

24. 銀行借款

銀行借款乃按攤銷成本列賬、已抵押及須於一年內償還。

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Bank loans, secured:	銀行貸款，有抵押：		
— repayable within one year	—須於一年內償還	**105,000**	115,000

As at 31 December 2021, the effective interest rate of the bank borrowings were at 6.06% (2020: 6.05%) per annum.

於2021年12月31日，銀行借款的實際年利率為6.06%（2020年：6.05%）。

The bank borrowings were secured by:

銀行借款由以下各項擔保：

(a) pledged assets (Note 34);

(a) 已抵押資產（附註34）；

(b) personal guarantee provided by the Controlling Shareholders; and

(b) 由控股股東提供的個人擔保；及

(c) corporate guarantee provided by a related party.

(c) 由關聯方提供的公司擔保。

The personal guarantee provided by the Controlling Shareholders and corporate guarantee provided by a related party mentioned above has been subsequently released after the end of reporting period.

控股股東提供的個人擔保及上述關聯方提供的公司擔保已於報告期末之後解除。

25. OTHER BORROWING

25. 其他借款

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Other borrowing	其他借款		
— repayable within one year	—須於一年內償還	**8,326**	—
— repayable in the second to fifth year inclusive	—須於第二至第五年(包括首尾兩年)償還	**14,208**	—
		22,534	—

During the year ended 31 December 2021, the Group entered into sale and leaseback agreements amounting to RMB26,949,000 with leasing companies for acquisition of machinery and equipment and motor vehicle ("Secured Assets") amounting to RMB36,926,000 for a period of 1 to 3 years. On loan drawdown date, the amount of RMB26,949,000 was directly transferred from the leasing companies to the suppliers of the Secured Assets. Upon maturity, the Group will be entitled to purchase the Secured Assets. As at 31 December 2021, one of the sale and leaseback agreement amounting to RMB400,000 has been settled before maturity and the related Secured Assets amounting to RMB506,000 has been purchased by the Group.

截至2021年12月31日止年度，本集團與租賃公司訂立金額為人民幣26,949,000元的售後回租協議，以獲得人民幣36,926,000元的機器及設備以及汽車(「抵押資產」)，為期一至三年。於貸款提取日期，人民幣26,949,000元由該租賃公司直接轉讓予抵押資產的供應商。於到期時，本集團將有權購買有抵押資產。於2021年12月31日，其中一份價值人民幣400,000元的售後回租協議已於到期前解除，且本集團已購買人民幣506,000元的有關抵押資產。

The effective interest rates underlying the contract is 7.2% (2020: nil) per annum.

合約的相關實際年利率為7.2%(2020年：無)。

Sale and leaseback obligation of RMB22,534,000 as at 31 December 2021 was secured by the Group's construction in progress, the total carrying amount of which was RMB29,998,000 (Note 12) and personal guarantee provided by the Controlling Shareholders. The personal guarantee provided by the Controlling Shareholders has been subsequently released after the end of reporting date.

於2021年12月31日的售後回租責任為人民幣22,534,000元，由本集團的在建工程(賬面總值為人民幣29,998,000元，附註12)及控股股東提供的個人擔保作抵押。控股股東提供的個人擔保已於報告期末之後解除。

26. DEFERRED TAX

26. 遞延稅項

The movements in deferred tax assets/(liabilities) are as follows:

遞延稅項資產／(負債)的變動如下：

Deferred Tax Assets

遞延稅項資產

		Accelerated tax depreciation 加速稅項折舊 RMB'000 人民幣千元	Provision for inventories 存貨撥備 RMB'000 人民幣千元	Provision of allowance on receivable 應收款項撥備 RMB'000 人民幣千元	Unrealised profit in inventories 未變現存貨溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	33	288	579	42	942
Credited to/(Recognised in) profit or loss *(Note 8)*	於損益中計入／(確認)*(附註8)*	(33)	(113)	280	10	144
As at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	—	175	859	52	1,086
Credited to/(Recognised in) profit or loss *(Note 8)*	於損益中計入／(確認)*(附註8)*	—	(71)	(313)	18	(366)
As at 31 December 2021	於2021年12月31日	—	104	546	70	720

Deferred Tax Liabilities

遞延稅項負債

		Accelerated tax depreciation 加速稅項折舊 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	—	(117)	(117)
Recognised in profit or loss *(Note 8)*	於損益中確認*(附註8)*	(648)	(49)	(697)
As at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	(648)	(166)	(814)
Recognised in profit or loss *(Note 8)*	於損益中確認*(附註8)*	(1,466)	(1)	(1,467)
As at 31 December 2021	於2021年12月31日	(2,114)	(167)	(2,281)

26. DEFERRED TAX (Continued)

Deferred Tax Liabilities (Continued)

As at 31 December 2021, deferred tax liabilities has not been recognised on the aggregate amount of temporary differences associated with the undistributed profits of Sichuan Huanlong for the withholding taxes that would be payable on the unremitted earnings of approximately RMB166,253,000 (2020: RMB115,266,000) that are subject to withholding taxes. The Company controls the dividend policy of Sichuan Huanlong and it is not probable that the temporary differences will reverse in the foreseeable future.

26. 遞延税項(續)

遞延税項負債(續)

於2021年12月31日，尚未就四川環龍未分配利潤與未匯出收入應繳預扣税相關的暫時性差異總額確認遞延税項負債，需要繳納預扣税的未匯出收入約為人民幣166,253,000元(2020年：人民幣115,266,000元)。本公司控制四川環龍的股息政策，故該暫時性差異於可見將來不大可能逆轉。

27. SHARE CAPITAL

27. 股本

		No. of shares 股份數目	RMB'000 人民幣千元
Authorised:	法定：		
Ordinary shares of HK$0.01 each	每股面值0.01港元的普通股		
As at 1 January 2020, 31 December 2020 and 1 January 2021	於2020年1月1日、2020年12月31日以及2021年1月1日	38,000,000	335
Increase in authorised share capital	增加法定股本	1,962,000,000	24,020
As at 31 December 2021	2021年12月31日	2,000,000,000	24,355
Issued and fully paid:	已發行及繳足：		
As at 1 January 2020, 31 December 2020 and 30 December 2021	於2020年1月1日、2020年12月31日以及2021年12月30日	12,000	1

The Company was incorporated in the Cayman Islands on 5 November 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

本公司於2018年11月5日在開曼群島註冊成立，法定股本為380,000港元，分為38,000,000股每股面值0.01港元的普通股。

27. SHARE CAPITAL (Continued)

On 9 December 2021, the shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 additional shares, each ranking pari passu with the shares then in issue in all respects.

Pursuant to the resolutions of the shareholders passed on 9 December 2021, subject to the share premium account of the Company being credited as a result of the global offering, the directors were authorised to allot and issue a total of 365,788,000 shares credited as fully paid at par to the holders of the shares on the register of members of the Company at the close of business on 8 December 2021 in proportion to their shareholdings by way of capitalisation of the sum of HK$3,657,880 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue is effective upon listing on 11 January 2022, pursuant to the written resolutions of the shareholders passed on 22 December 2021. The shares allotted and issued rank pari passu in all respects with the existing issued shares.

27. 股本(續)

於2021年12月9日，股東議決通過增設1,962,000,000股額外股份，將本公司的法定股本由380,000港元增加至20,000,000港元，每股股份於所有方面與當時已發行的股份享有同等地位。

根據股東於2021年12月9日通過的決議案，就本公司的股份溢價賬因全球發售而出現進賬，董事獲授權透過將本公司股份溢價賬進賬3,657,880港元撥充資本，根據2021年12月8日結束營業時名列本公司股東名冊的股份持有人所持的股權比例，向彼等配發及發行按面值入賬列作繳足的合共365,788,000股股份(「資本化發行」)。根據股東於2021年12月22日通過的書面決議案，資本化發行自2022年1月11日上市起生效。所配發及發行的股份於各方面與現存已發行股份享有同等地位。

28. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's equity is set out in the consolidated statements of changes in equity.

Statutory reserve

In accordance with the Company Law of the PRC, each of the company that was registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with the PRC accounting standards, to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital.

Capital reserve

The capital reserve of the Group represents the aggregate of the share capital of the subsidiaries comprising the Group arising from the Reorganisation.

28. 儲備

本集團權益中各部分期初與期末結餘的對賬載於綜合權益變動表。

法定儲備

根據中國公司法，在中國註冊的各公司須就根據中國會計準則釐定的年度法定除稅後溢利(抵銷任何過往年度虧損後)劃撥10%至法定儲備，直至儲備金結餘達到該實體註冊資本的50%為止。法定儲備可用於抵銷過往年度虧損或增加資本，惟法定儲備的餘額不少於註冊資本的25%。

資本儲備

本集團的資本儲備指重組後本集團旗下附屬公司的股本總數。

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

29. 本公司的財務狀況表

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
ASSETS AND LIABILITIES	**資產及負債**			
Non-current assets	非流動資產			
Interests in subsidiaries	於附屬公司的權益		**1,594**	1,594
Current assets	**流動資產**			
Prepaid listing expenses	預付上市開支	*18*	**3,805**	3,141
Current liabilities	**流動負債**			
Amount due to a subsidiary	應付附屬公司款項		**23,739**	16,408
Accruals	應計款項		**6,404**	8,425
			30,143	24,833
Net current liabilities	**流動負債淨額**		**(26,338)**	(21,692)
Total assets less current liabilities/ net liabilities	**總資產減流動負債／負債淨額**		**(24,744)**	(20,098)
CAPITAL AND RESERVES	**資本及儲備**			
Share capital	股本	*27*	**1**	1
Reserves	儲備		**(24,745)**	(20,099)
Capital deficiencies	**資本虧絀**		**(24,744)**	(20,098)

Approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

於2022年3月30日經由董事會批准，並由以下人士代為簽署。

Shen Genlian
沈根蓮
Director
董事

Xie Zongguo
謝宗國
Director
董事

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

29. 本公司的財務狀況表(續)

Note: The movement of the Company's reserves are as follows:

附註: 本公司的儲備變動如下:

		Capital reserve 資本儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	1,592	(13,185)	(11,593)
Loss for the year	年內虧損	—	(8,506)	(8,506)
As at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	1,592	(21,691)	(20,099)
Loss for the year	年內虧損	—	(4,646)	(4,646)
As at 31 December 2021	於2021年12月31日	1,592	(26,337)	(24,745)

As at 31 December 2021, the distributable reserves of the Company amounting to nil (2020: nil).

於2021年12月31日,本公司的可分派儲備金額為零(2020年:零)。

30. LEASE COMMITMENTS

30. 租賃承擔

As at end of the reporting date, the lease commitments for short-term leases are as follows:

於報告日期末,短期租賃的租賃承擔如下:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within one year	一年內	—	59

As at 31 December 2020, the Group leases properties with a lease period of 12 months, which are qualified to be accounted for short-term lease exemption under HKFRS 16.

於2020年12月31日,本集團以12個月的租期租用物業,根據香港財務報告準則第16號符合計入短期租賃豁免的資格。

31. CAPITAL COMMITMENTS

31. 資本承擔

As at end of the reporting period, the Group has capital commitments are as follows:

於報告期末，本集團的資本承擔如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Contracted but not provided for property, plant and equipment	已訂約但未撥備的物業、廠房及設備	**59,972**	44,746

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

32. 綜合現金流量表附註

Reconciliation of liabilities arising from financing activities:

融資活動產生的負債對賬：

		Bank borrowings 銀行借款 RMB'000 人民幣千元	Other borrowing 其他借款 RMB'000 人民幣千元	Discounted bills financing 貼現票據融資 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元
As at 1 January 2020	**於2020年1月1日**	117,000	—	450	1,405
Cash flows:	現金流量：				
Proceeds	所得款項	115,000	—	—	—
Repayment	還款	(117,000)	—	(450)	—
Capital element of lease rentals paid	已付租賃租金本金部分	—	—	—	(1,282)
Interest element of lease rentals paid	已付租賃租金利息部分	—	—	—	(36)
Non-cash transaction:	非現金交易：		—	—	—
New lease	新租賃	—	—	—	3,136
Rental concession	租金優惠	—	—	—	(387)
Effect of interest charges	利息費用影響	—	—	—	47
As at 31 December 2020 and 1 January 2021	**於2020年12月31日及2021年1月1日**	115,000	—	—	2,883
Cash flows:	現金流量：				
Proceeds	所得款項	105,000	—	3,821	—
Repayment	還款	(115,000)	(4,415)	—	—
Capital element of lease rentals paid	已付租賃租金本金部分	—	—	—	(1,545)
Interest element of lease rentals paid	已付租賃租金利息部分	—	—	—	(103)
Non-cash transactions:	非現金交易：				
New borrowing *(Note 25)*	新增借款*(附註25)*	—	26,949	—	—
Effect of interest charges	利息費用影響	—	—	—	103
As at 31 December 2021	**於2021年12月31日**	105,000	22,534	3,821	1,338

33. RELATED PARTY TRANSACTIONS

Save as disclosed in Notes 18 and 24 to the consolidated financial statements, the Group had the following transactions with its related parties during the year:

(a) Names and relationship

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Huanlong Industrial Group Co., Ltd. (環龍工業集團有限公司) (formerly known as Chengdu Huanlong Industrial Felt Group Co., Ltd.* (成都環龍工業用呢集團有限公司)) 環龍工業集團有限公司(前稱成都環龍工業用呢集團有限公司)	A company controlled by the Controlling Shareholders 受控股股東控制的公司
Sichuan Huanlong New Material Ltd.* (四川環龍新材料有限公司) 四川環龍新材料有限公司	A company controlled by the Controlling Shareholders 受控股股東控制的公司
Sichuan Xilong Biomass Materials Technology Ltd.* (四川省西龍生物質材料科技有限公司) (formerly known as Sichuan Xilong Paper Ltd.* (四川省西龍紙業有限公司)) 四川省西龍生物質材料科技有限公司(前稱四川省西龍紙業有限公司)	A company controlled by the Controlling Shareholders 受控股股東控制的公司
Sichuan Huanlong Daily Products Ltd.* (四川省環龍生活用品有限公司) (formerly known as Anxian Paper Ltd.* (安縣紙業有限公司)) 四川省環龍生活用品有限公司(前稱安縣紙業有限公司)	A company controlled by the Controlling Shareholders 受控股股東控制的公司
Chengdu Huanlong Robot Ltd.* (成都環龍智能系統設備有限公司) 成都環龍智能系統設備有限公司	A company controlled by the Controlling Shareholders 受控股股東控制的公司
Mr. Zhou 周先生	The controlling shareholder 控股股東
Ms. Shen 沈女士	The controlling shareholder 控股股東
Mr. Xie 謝先生	An executive director of the Company 本公司控股股東
Ms. Yuan 袁女士	An executive director of the Company 本公司控股股東

* The translation of name in English is for identification purposes only.

33. 關聯方交易

除綜合財務報表附註18及24所披露者外，本集團於年內與其關聯方進行了以下交易：

(a) 名稱及關係

* 英文譯名僅供識別。

33. RELATED PARTY TRANSACTIONS (Continued)

33. 關聯方交易(續)

(b) Related party transactions

(b) 關聯方交易

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
(i) Material transactions with related parties **(i) 與關聯方的重大交易**			
Name of related party **關聯方名稱**	**Nature** **性質**		
Sichuan Huanlong New Material Ltd. 四川環龍新材料有限公司	Sales 銷售	**574**	371
Sichuan Huanlong Daily Products Ltd. 四川省環龍生活用品有限公司	Sales 銷售	**1,121**	617
(ii) Key management personnel compensation **(ii) 主要管理人員報酬**			
Salaries, allowances and benefits	薪金、津貼及福利	**3,242**	1,466
Contribution to defined contribution retirement plans	界定供款退休計劃供款	**220**	73
		3,462	1,539

33. RELATED PARTY TRANSACTIONS (Continued)

33. 關聯方交易(續)

(c) Balances with related parties

(c) 與關聯方的結餘

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Amounts due from/(to) related parties:	**應收／(應付)關聯方款項：**		
Sichuan Huanlong New Material Ltd.	四川環龍新材料有限公司		
— trade	—貿易	**294**	132
— non-trade *(note a)*	—非貿易*(附註a)*	**—**	155
— non-trade *(note b)*	—非貿易*(附註b)*	**(20)**	—
Sichuan Huanlong Daily Products Ltd.	四川省環龍生活用品有限公司		
— trade	—貿易	**416**	444
Mr. Zhou	周先生		
— non-trade *(note a)*	—非貿易*(附註a)*	**—**	25
Ms. Shen	沈女士		
— non-trade *(note a)*	—非貿易*(附註a)*	**—**	25
Mr. Xie	謝先生		
— non-trade *(note b)*	—非貿易*(附註b)*	**—**	(27)
		690	754

Notes:

a. The amounts comprised to "amounts due from related parties" in the face of consolidated statement of financial position.

b. The amount comprised to "amount due to a related party" in the face of consolidated statement of financial position.

附註：

a. 該等金額包含在綜合財務狀況表的「應收關聯方款項」。

b. 該等金額包含在綜合財務狀況表的「應付關聯方款項」。

33. RELATED PARTY TRANSACTIONS (Continued)

33. 關聯方交易(續)

The maximum outstanding balances are as follows:

最高未償還結餘如下：

Amounts due from/(to) related parties:

應收／(應付)關聯方款項：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Maximum outstanding balances due from:	應收以下各方的最高未償還結餘：		
— Sichuan Huanlong New Material Ltd.	—四川環龍新材料有限公司	**156**	507
— Sichuan Xilong Biomass Materials Technology Ltd.	—四川省西龍生物質材料科技有限公司	**—**	3,204
— Sichuan Huanlong Daily Products Ltd.	—四川省環龍生活用品有限公司	**806**	1,302
— Mr. Zhou	—周先生	**34**	25
— Ms. Shen	—沈女士	**34**	25
— Ms. Yuan	—袁女士	**39**	—

The amounts due are unsecured, interest-free and repayable on demand. The carrying amounts approximates their fair value and are denominated in RMB. The outstanding balances with the related parties will be settled prior to the listing.

應付款項為無抵押、免息及須按要求償還。賬面值與其公平值相若，並以人民幣計值。關聯方的未償還結餘將於上市前結清。

34. PLEDGE OF ASSETS

34. 資產抵押

At the end of each reporting period, certain of the Group's assets were pledged to secure bank borrowings of the Group. The aggregate carrying amount of the assets of the Group pledged at the end of the reporting period are as follows:

於各報告期末，本集團若干資產已抵押以取得授予本集團的銀行借款。本集團已抵押資產於報告期末的賬面總值如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Property, plant and equipment *(Note 12)*	物業、廠房及設備*(附註12)*	**70,769**	46,494
Intangible assets *(Note 16)*	無形資產*(附註16)*	**—**	3,531
Land lease prepayment *(Note 15)*	土地租賃預付款項*(附註15)*	**5,518**	5,856
Inventories *(Note 17)*	存貨*(附註17)*	**—**	2,421
Trade receivables *(Note 18)*	貿易應收款*(附註18)*	**—**	15,782
Restricted bank deposit *(Note 19)*	受限制銀行存款*(附註19)*	**—**	1,000
		76,287	75,084

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall financial risk management policies focuses on the unpredictability and volatility at financial markets and seeks to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

35. 財務風險管理及公平值計量

本集團就其於日常業務過程及投資活動中使用金融工具承受財務風險。財務風險包括市場風險(包括外幣風險及利率風險)、信貸風險及流動性風險。

本集團的整體財務風險管理政策專注於金融市場的不可預測性及波動性，及尋求盡量減少對本集團財務狀況、財務表現及現金流量可能造成的不利影響。概無採用衍生金融工具對沖任何風險。

35.1 Categories of financial assets and liabilities

35.1 金融資產及負債分類

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Financial assets	**金融資產**		
Financial assets measured at amortised cost:	*按攤銷成本計量的金融資產：*		
Trade and other receivables	貿易及其他應收款項	**150,560**	135,509
Amounts due from related parties	應收關聯方款項	**—**	205
Restricted bank deposit	受限制銀行存款	**—**	1,000
Cash and cash equivalent	現金及現金等價物	**12,609**	29,775
		163,169	166,489
Financial liabilities	**金融負債**		
Financial liabilities measured at amortised cost:	*按攤銷成本計量的金融負債：*		
Trade and other payables	貿易及其他應付款項	**46,372**	37,133
Lease liabilities	租賃負債	**1,338**	2,883
Amount due to a related party	應付關聯方款項	**20**	27
Discounted bills financing	貼現票據融資	**3,821**	—
Bank borrowings	銀行借款	**105,000**	115,000
Other borrowing	其他借款	**22,534**	—
		179,085	155,043

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.2 Foreign currency risk

35.2 外幣風險

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk arise primarily from its sales transactions, which are primarily denominated in US$ which is not the functional currencies of the respective entities within the Group to which these transactions relate.

外幣風險指金融工具的公平值或未來現金流量因匯率變動而波動的風險。本集團面臨的外幣風險主要來自其主要以美元計值的銷售交易，美元並非本集團與該等交易有關的實體的功能貨幣。

As at the end of each of reporting period, US$ denominated financial assets translated into RMB at the closing rates, are as follows:

於各報告期末，以美元計值及按期末匯率換算為人民幣的金融資產如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	**2,440**	676

The following table illustrates the sensitivity of the Group's profit after income tax for the year and equity in regards to an appreciation in the functional currencies of respective group entities against US$. These sensitivity rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

下表顯示本集團的年內除所得稅後溢利及權益對各集團實體的功能貨幣兑美元升值的敏感度。該等敏感度比率為向主要管理人員內部報告外幣風險時所採用的比率，並代表管理層對外幣匯率可能出現的變動的最佳評估。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.2 Foreign currency risk (Continued)

35.2 外幣風險(續)

	Sensitivity rate 敏感度	Decrease in profit 溢利減少 RMB'000 人民幣千元	Decrease in equity 權益減少 RMB'000 人民幣千元
Year ended 31 December 2020 截至2020年12月31日止年度	5%	29	29
Year ended 31 December 2021 **截至2021年12月31日止年度**	5%	104	104

The same % depreciation in the respective group entities' functional currencies against the respective foreign currencies would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

倘有關集團實體的功能貨幣兑各外幣出現相同百分比的貶值，則對本集團的年內溢利及權益具有程度相同但性質相反的影響。

The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitor the scale of foreign currency transactions, foreign currency assets and liabilities.

本集團目前並無外幣對沖政策，並密切監察外幣交易規模、外幣資產及負債以管理其外幣風險。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Bank borrowings and other borrowing bearing variable rates expose the Group to cash flow interest rate risk and the Company was not subject to interest rate risk. The Group's interest rate risk arises primarily from variable rates bank borrowings and other borrowing. The exposure to interest rates for the Group's bank deposits is considered immaterial.

The interest rates of the Group's borrowings at the reporting date were as follows:

35.3 利率風險

利率風險涉及金融工具的公平值或現金流量因市場利率變動而浮動的風險。按浮動利率計息的銀行借款及其他借款使本集團承受現金流量利率風險，而本公司則不受利率風險影響。本集團的利率風險主要來自浮息銀行借款及其他借款。本集團銀行存款承受的利率風險微不足道。

本集團於報告日期借款的利率如下：

		As at 31 December 於12月31日			
		2021 2021年		2020 2020年	
		Interest rate 利率	RMB'000 人民幣千元	Interest rate 利率	RMB'000 人民幣千元
Bank borrowings	銀行借款				
— Floating interest rate	—浮息	**6.0%**	**85,000**	6.1%–6.5%	95,000
— Fixed interest rate	—定息	**6.5%**	**20,000**	5.2%–7.0%	20,000
			105,000		115,000
Other borrowing	其他借款				
— Floating interest rate	—浮息	**7.2%**	**22,534**	—	—
			127,534		115,000

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.3 Interest rate risk (Continued)

35.3 利率風險(續)

The following table illustrates the sensitivity of the Group's profit for the year and the total equity as at the end of each reporting period to a possible change in interest rates.

下表顯示本集團的年內溢利及各報告期末的總權益對利率可能出現的變動的敏感度。

		Decrease in profit for the year and total equity 年內溢利及總權益減少	
		2021	2020
		2021年	2020年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Increase by 50 basis points	增加50個基點	**459**	405

The same degree of decrease in basis point would have the same magnitude on the Group's profit for the year and the total equity as at the end of each reporting period but of opposite effect.

相同基點減幅將對本集團於年內的溢利及各報告期末的總權益具有程度相同但性質相反的影響。

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate. The analysis is performed on the same basis during the years.

利率的假設變動乃經觀察現行市況後視為合理地可能出現的變動，並代表管理層對利率合理地可能出現變動的評估。該分析乃按年內的相同基準進行。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The Group's maximum exposure to credit risk is limited to the carrying amounts of the financial assets at end of each reporting period as detailed in Note 35.1.

Trade and bills receivables

The Group usually grants a credit period of 30 to 180 days (2020: 30 to 180 days) to its customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically.

To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss below also incorporate forward-looking information.

35. 財務風險管理及公平值計量(續)

35.4 信貸風險

信貸風險指金融工具的交易對手方未能履行其金融工具條款項下責任，導致本集團蒙受財務虧損的風險。本集團承受的信貸風險主要來自於日常業務過程中給予客戶的信貸。本集團承受的最高信貸風險以附註35.1所詳述各報告期末金融資產的賬面值為限。

貿易應收款項及應收票據

本集團通常給予其客戶30至180天(2020年：30至180天)的信貸期。於接納任何新客戶之前，本集團會評估潛在客戶的信貸質素，並界定客戶的信貸限額。授予客戶的信貸限額會定期檢討。

為計量預期信貸虧損，貿易應收款項及應收票據已根據共同信貸風險特徵及逾期天數分類。以下預期信貸虧損亦包含前瞻性資料。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.4 Credit risk (Continued)

35.4 信貸風險(續)

Trade and bills receivables (Continued)

貿易應收款項及應收票據(續)

The Group applies the HKFRS 9 simplified approach to measuring ECL, which uses a lifetime expected loss allowance for all trade and bills receivables using a provision matrix and individual assessment. The ECL rate of collectively assessed trade and bills receivables are detailed in the following table:

本集團應用香港財務報告準則第9號簡化方法計量預期信貸虧損，使用撥備矩陣及個別評估就所有貿易應收款項及應收票據使用全期預期虧損撥備。下表詳列統評貿易應收款項及應收票據的預期信貸虧損率：

		2021 **2021年**	2020 2020年
Trade receivables	貿易應收款項		
Neither past due nor impaired (in %)	並無逾期亦無減值(%)	**0.9%**	1%
Less than 91 days past due (in %)	逾期少於91天(%)	**3%**	5%
91-365 days past due (in %)	逾期91至365天(%)	**42%–100%**	10%–30%
More than 365 days past due (in %)	逾期超過365天(%)	**100%**	40%
Individually impaired (in RMB'000)	個別減值(人民幣千元)	**1,187**	1,652
Bills receivables	應收票據	**—**	—

Throughout the years ended 31 December 2021 and 2020, the historical credit loss experience of the customers of the Group, the forward-looking factors specific to the debtors and the economic environment remains no significant changes. As such, expected credit loss rate throughout the years remains stable.

於截至2021年及2020年12月31日止年度，本集團客戶的過往信貸虧損經驗、債務人的特定前瞻性因素及經濟環境並無重大變動。因此，全年內的預期信貸虧損率維持穩定。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.4 Credit risk (Continued)

Other receivables and amounts due from related parties

In order to minimise the credit risk of other receivables, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information and adjusted to reflect probability weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low after considering the factors as set out in Note 2.9 and, thus, no ECL recognised during the year ended 31 December 2021 (2020: nil).

Restricted bank deposits and cash and cash equivalents

The credit risks are considered to be insignificant because the counterparties are financial institutions that have sound credit rating.

35. 財務風險管理及公平值計量(續)

35.4 信貸風險(續)

其他應收款項及應收關聯方款項

為盡量減低其他應收款項的信貸風險，本集團管理層已指派一支團隊負責釐定信貸限額及信貸審批。管理層將根據過往結算記錄及過往經驗以及目前外部資料，定期對其他應收款項的可收回性進行集體及個別評估，其會進行調整以反映概率加權的前瞻性資料，包括相關債務人營運的違約率。另已制定其他監督程序以確保採取跟進行動以收回逾期債務。就此方面，其他應收款項的信貸風險被視為甚低。

此外，管理層考慮到附註2.9所載因素後，認為由於違約風險甚低，因該等其他應收款項的信貸風險自初始確認以來並無顯著增加，因此截至2021年12月31日止年度並無確認預期信貸虧損(2020年：無)。

受限制銀行存款及現金及現金等價物

信貸風險被視為微不足道，因為對手方為擁有穩健信貸評級的財務機構。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of its payables, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2021. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

35. 財務風險管理及公平值計量(續)

35.5 流動資金風險

流動資金風險涉及本集團無法履行以現金或其他金融資產結算的金融負債相關責任的風險。本集團就結算其應付款項以及管理其現金流量面臨流動資金風險。本集團的目標是維持適當的流動資產水平及取得獲承諾的信貸融資，以應付其短期及較長期的流動資金需求。

以下為本集團於2021年12月31日的金融負債餘下合約到期分析。倘債權人有權選擇負債的償付時間，則該負債根據本集團可能被要求支付的最早日期列賬。倘負債須分期償付，則每期還款分配至本集團承諾支付的最早期間。以下合約到期分析乃根據金融負債未貼現現金流量作出。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

35. 財務風險管理及公平值計量(續)

35.5 Liquidity risk (Continued)

35.5 流動資金風險(續)

		Within 1 year or on demand 一年內或按要求 RMB'000 人民幣千元	More than 1 year but not exceeding two years 多於一年但不超過兩年 RMB'000 人民幣千元	More than 2 years but not exceeding five years 多於兩年但不超過五年 RMB'000 人民幣千元	Total undiscounted amount 未貼現總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
As at 31 December 2020	**於2020年12月31日**					
Trade and other payables	貿易及其他應付款項	37,133	—	—	37,133	37,133
Lease liabilities	租賃負債	1,648	1,367	—	3,015	2,883
Amount due to a related party	應付關聯方款項	27	—	—	27	27
Bank borrowings	銀行借款	117,432	—	—	117,432	115,000
		156,240	1,367	—	157,607	155,043
As at 31 December 2021	**於2021年12月31日**					
Trade and other payables	貿易及其他應付款項	46,372	—	—	46,372	46,372
Lease liabilities	租賃負債	1,367	—	—	1,367	1,338
Amount due to a related party	應付關聯方款項	20	—	—	20	20
Discounted bills financing	貼現票據融資	3,821	—	—	3,821	3,821
Bank borrowings	銀行借款	107,569	—	—	107,569	105,000
Other borrowing	其他借款	9,942	9,942	4,971	24,855	22,534
		169,091	9,942	4,971	184,004	179,085

35.6 Fair value measurements of financial instruments

35.6 金融工具的公平值計量

The carrying amounts of the Group's financial assets and liabilities are not materially different from their fair value at the end of each reporting period due to their short maturities.

由於到期日較短，本集團金融資產及負債的賬面值與其於各報告期末的公平值並無重大差異。

36. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to the equity holders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings, discounted bills financing and lease liabilities less cash and cash equivalents. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the equity holders, issue new shares and raise new debt financing.

The net debt-to-equity ratio as at the end of each reporting period is as follows:

36. 資本管理

本集團的資本管理目標為確保本集團能夠持續經營業務，並透過為貨品及服務訂立與風險水平相稱的價格，藉以為權益持有人提供充裕回報。

本集團積極及定期檢討其資本架構，並因應經濟狀況變動作出調整。本集團以淨負債權益比率基準監察其資本架構。就此而言，淨債務乃界定為借款、貼現票據融資及租賃負債減現金及現金等價物。為維持或調整該比率，本集團可調整向權益持有人派付股息的金額、發行新股及籌集新債務融資。

以下為於各報告期末的淨負債權益比率：

		2021 **2021年** **RMB'000** **人民幣千元**	2020 2020年 RMB'000 人民幣千元
Bank borrowings	銀行借款	**105,000**	115,000
Other borrowing	其他借款	**22,534**	—
Discounted bills financing	貼現票據融資	**3,821**	—
Lease liabilities	租賃負債	**1,338**	2,883
Less: Cash and cash equivalents	減：現金及現金等價物	**(12,609)**	(29,775)
Net debt	淨債務	**120,084**	88,108
Total equity	總權益	**214,982**	164,292
Net debt to equity ratio	淨負債權益比率	**55.86%**	53.63%

37. EVENT AFTER THE END OF THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2021:

(i) As a result of the continuous outbreak of novel coronavirus ("COVID-19"), the global has taken numerous measures including travel and transportation restrictions to prevent the spread of the epidemic. Certain measures were undertaken by the PRC central government and various provincial or municipal governments including but not limited to implementation of travel restrictions and quarantine policies. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at date of this report.

(ii) On 11 January 2022, the Company issued 114,200,000 new shares at HK$1.22 per share for a net proceeds, after deduction of the underwriting fees and commission and the estimated expenses payable by the Company, of approximately HK$92.8 million, by way of initial public offering of the Company on the Stock Exchange.

(iii) On 31 January 2022, the Company further issued 3,442,000 new shares at HK$1.22 per share for a net proceeds, after deduction of the underwriting fees and commission and the estimated expenses payable by the Company, of approximately HK$4.2 million, upon partial exercise of the over-allotment option granted by the Company.

37. 報告期末後事件

以下重大事件於2021年12月31日後發生：

(i) 由於新型冠狀病毒(「新型冠狀病毒」)持續爆發，全球採取多項措施，包括出行及交通限制，以防止此大流行病傳播。中國中央政府及多個省或市政府採取若干措施，包括但不限於實施出行限制及隔離政策。待其後有關非調整事件發展完成後，本集團的財務業績或受影響，其程度於本報告日期無法估計。

(ii) 本公司於2022年1月11日在聯交所進行首次公開發售，發行了114,200,000股新股，每股1.22港元，所得款項淨額經扣除包銷費用、佣金以及本公司預期應付開支後約為92.8百萬港元。

(iii) 本公司授出的超額配股權於2022年1月31日獲部分行使後，本公司進一步發行了3,442,000股新股，每股1.22港元，所得款項淨額經扣除包銷費用、佣金以及本公司預期應付開支後約為4.2百萬港元。

PROPERTIES OWNED BY THE GROUP
本集團所擁有的物業

Type of properties 物業類型	Location 位置	Main usage 主要用途	Description 描述
Land	No. 519, Section 2, Xinhua Avenue Chengdu Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu Sichuan Province, the PRC	Industrial use	A parcel of land with a site area of approximately 38,391 square metres
土地	中國四川省成都市溫江區海峽兩岸科技產業開發園新華大道二段519號	工業用途	一幅地盤面積約38,391平方米的土地
Buildings	No. 519, Section 2, Xinhua Avenue Chengdu Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu Sichuan Province, the PRC	Two factory buildings, one staff dormitory, one staff cafeteria and two power distribution houses	Buildings built on the parcel of land at No.519, west section of Xinhua Road, Cross-Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan, the PRC with an aggregate gross floor area of approximately 34,613.24 square metres
建築物	中國四川省成都市溫江區海峽兩岸科技產業開發園新華大道二段519號	兩間廠房、一間員工宿舍、一間員工食堂及兩間配電房	建於中國四川省成都市溫江區海峽兩岸科技產業開發園新華路西段519號土地的建築物，總建築面積約為34,613.24平方米

Investment Property 投資物業

Location 位置	Type of properties 物業類型	Main usage 主要用途	Lease term 租賃年期
No. 519, Section 2, Xinhua Avenue Chengdu Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu Sichuan Province, the PRC 中國四川省成都市溫江區海峽 兩岸科技產業開發園新華大道 二段519號	Building 建築物	One factory building 一間廠房	Short lease 短期租賃

FOUR-YEAR FINANCIAL SUMMARY
四年財務概要

		Year ended 31 December 截至12月31日止年度			
		2018	2019	2020	**2021**
		2018年	2019年	2020年	**2021年**
		RMB'000	RMB'000	RMB'000	**RMB'000**
		人民幣千元	人民幣千元	人民幣千元	**人民幣千元**
Revenue	**收益**	159,356	167,314	182,759	**213,668**
Cost of sales	銷售成本	(81,472)	(77,985)	(83,140)	**(100,046)**
Gross profit	**毛利**	77,884	89,329	99,619	**113,622**
Other income	其他收入	8,083	4,761	6,025	**5,509**
Selling and distribution expenses	銷售及分銷開支	(12,587)	(14,855)	(17,764)	**(19,855)**
Administrative and other operating expenses	行政及其他經營開支	(22,437)	(31,088)	(32,145)	**(31,587)**
Finance costs	財務成本	(7,483)	(6,669)	(7,241)	**(8,229)**
Profit before income tax	**除所得稅前溢利**	43,460	41,478	48,494	**59,460**
Income tax expense	所得稅開支	(6,254)	(6,401)	(7,481)	**(8,770)**
Profit and total comprehensive income for the year	**年內溢利及全面收益總額**	37,206	35,077	41,013	**50,690**
Assets and liabilities	**資產及負債**				
Total assets	總資產	258,931	291,533	337,562	**416,764**
Total liabilities	總負債	172,670	168,254	173,270	**201,782**

VANOV HOLDINGS COMPANY LIMITED
環龍控股有限公司