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This announcement is for informational purposes only and is not an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. No public offer of securities is to be made by the Issuer in the United States.

PUBLICATION OF OFFERING CIRCULAR



SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

(舜宇光學科技(集團)有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2382.HK)

(the “Issuer”)

U.S.\$400,000,000 5.95 PER CENT. SUSTAINABILITY-LINKED BONDS DUE 2026

(Stock Code: 5676)

(the “Bonds”)

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Please refer to the offering circular dated 9 January 2023 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Offering Circular. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer, and no such inducement is intended.

By order of the Board
Sunny Optical Technology (Group) Company Limited
Ye Liaoning
Chairman and Executive Director

Hong Kong, 18 January 2023

As at the date of this announcement, the Board comprises Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie, who are executive Directors; Mr. Wang Wenjian, who is non-executive Director, and Mr. Zhang Yuqing, Mr. Feng Hua Jun, Mr. Shao Yang Dong and Ms. Jia Lina, who are independent non-executive Directors.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation:

In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular) and the Issuer (as defined in the Offering Circular) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer and the Joint Lead Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers and any person who controls the Joint Lead Managers and any director, officer, employee, agent of the Joint Lead Managers or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.



SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED

舜宇光學科技(集團)有限公司

(incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock code: 2382.HK)

U.S.\$400,000,000 5.950 per cent. Sustainability-Linked Bonds due 2026

Issue Price: 99.788 per cent.

The U.S.\$400,000,000 5.950 per cent. Sustainability-Linked Bonds due 2026 (the “**Bonds**”) will be issued by Sunny Optical Technology (Group) Company Limited 舜宇光學科技(集團)有限公司 (the “**Issuer**” or the “**Company**”), an exempted company incorporated in the Cayman Islands with limited liability. The Bonds will bear interest on their outstanding principal amount from and including 17 January 2023 at the rate of 5.950 per cent. per annum, payable semi-annually in arrear in equal instalments on 17 January and 17 July in each year commencing on 17 July 2023. Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount or, if a Trigger Event (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) has occurred, 100.5 per cent. of its principal amount, on 17 July 2026. See “*Terms and Conditions of the Bonds – Final Redemption*”.

The Bonds will constitute direct, general and (subject to Condition 4(b) of the Terms and Conditions of the Bonds) unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

At any time, on giving not less than 30 nor more than 60 days’ notice in writing to the holders of the Bonds (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) as a result of any change in, or amendment to, the laws or regulations of any Relevant Taxing Jurisdiction (as defined in the Terms and Conditions of the Bonds), or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) or the statement of a new official position with respect to such laws or regulations by a competent taxing authority, which change or amendment becomes effective, or in the case of a statement of an official position, is announced, on or after Issue Date (as defined in the Terms and Conditions of the Bonds), and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. On giving not less than 30 nor more than 60 days’ notice (an “**Make Whole Redemption Notice**”) to the Trustee and to the Agents and to the holders of the Bonds, the Issuer may at any time redeem the Bonds, in whole or in part, at the Make Whole Price (as defined in the Terms and Conditions of the Bonds) as at, and accrued and unpaid interest, if any, to (but excluding), the redemption date specified in the Make Whole Redemption Notice. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), each holder of the Bonds will have the right, at such Bondholder’s option, to require the Issuer to redeem all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of the Bonds being repurchased to but excluding the date of repurchase. See “*Terms and Conditions of the Bonds – Redemption and Purchase*”.

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 41.

The Bonds will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Bonds are expected to be rated “Baa1” by Moody’s Investors Service, Inc. (“**Moody’s**”). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Bonds involves risks. See “*Risk Factors*” beginning on page 10 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.**

Application will be made to The Stock Exchange of Hong Kong Limited (the “**SEHK**” or the “**Hong Kong Stock Exchange**”) for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, or the Group (as defined herein) or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about 17 January 2023 (the “**Closing Date**”) with a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

This Offering Circular should also be read and construed in conjunction with the Sustainability-Linked Financing Framework adopted by the Issuer, as may be amended from time to time. The Sustainability-Linked Financing Framework is available at the Issuer’s official website www.sunnyoptical.com and is not incorporated by reference in this Offering Circular.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners
(in alphabetical order)

BNP PARIBAS

Citigroup

Joint Lead Managers and Joint Bookrunners
(in alphabetical order)

Crédit Agricole CIB

UBS

Joint Sustainability Structuring Advisors

BNP PARIBAS

Citigroup

Offering Circular dated 9 January 2023

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Each Joint Lead Manager has acknowledged that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to an offer referred to in Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are “capital market intermediaries” (“**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMI, which require the attention and cooperation of prospective investors. Certain CMI may also be acting as “overall coordinators” (“**OC**s”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMI). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMI in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMI (including private bank(s)) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be

required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and UBS AG Hong Kong Branch (the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group (as defined herein) or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or their respective directors, officers, affiliates or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

No assurance is given by the Issuer, the Joint Sustainability Structuring Advisors, any Joint Lead Manager, the Trustee or any Agent (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them) that investing in the securities or the use of proceeds by the Issuer will satisfy, whether in whole or in part, any present or future investor expectations or requirements with respect to sustainability.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, directors, officers or advisers. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, directors, officers or advisers that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds are expected to be assigned a rating of “Baa1” by Moody’s. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers or advisers.

IN CONNECTION WITH THIS OFFERING, CITIGROUP GLOBAL MARKETS LIMITED AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

The Joint Lead Managers and their respective affiliates may purchase the Bonds for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

This Offering Circular should also be read and construed in conjunction with the Sustainability-Linked Financing Framework adopted by the Issuer, as may be amended from time to time. The Sustainability-Linked Financing Framework is available at the Issuer’s official website www.sunnyoptical.com and is not incorporated by reference in this Offering Circular.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers or its respective affiliates, directors, officers and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer prepares its consolidated financial statements in accordance with Hong Kong Financial Reporting Standards (the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements as at and for the years ended 31 December 2019, 2020 and 2021 and the condensed consolidated financial statements as at and for the six months ended 30 June 2021 and 2022 of the Issuer and its subsidiaries (the “**Group**”) have been audited or reviewed by Deloitte Touche Tohmatsu (“**Deloitte**”), the independent auditor of the Issuer.

HKFRS differ in certain respects from generally accepted accounting principles in other countries, including International Financial Reporting Standards (the “**IFRS**”), which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisors for an understanding of the difference between HKFRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Group, the terms of this offering and the Issuer’s recent financial information. Unless specified or the context otherwise requires, all financial information in this Offering Circular is presented on a consolidated basis.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

All non-company specific statistics and data relating to the Issuer's industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. The Issuer believes that the sources of this information are appropriate for such information and the Issuer has taken reasonable care in extracting and reproducing such information. The Issuer has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or by their respective affiliates, officers, employees, directors, advisors and agents and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, employees, directors, advisors and agents makes any representation as to the correctness, accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

This Offering Circular contains a translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of CNY6.6981 to U.S.\$1.00 (the noon buying rate in New York City on 30 June 2022 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in “**Exchange Rate**” in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**” and “**mainland China**” are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan), and all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the PRC, and all references to “**USD**”, “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer discussed in this Offering Circular regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Offering Circular to reflect any change in the Issuer’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer to be materially different include, among others:

- demands for the Group’s products;
- credit risk in respect of account receivables;
- the Group’s ability to further refine its technology and develop and introduce new products or improved processes;
- the Group’s ability to maintain its competitiveness in the market;
- disputes over intellectual property rights;
- the Group’s relationship with its critical customers, suppliers and agents for key components and raw materials;
- the Group’s revenue, profitability, overall financial condition and performance;
- the performance and condition of the PRC markets;
- price fluctuations, inflation and supply shortages of raw materials or utilities;
- ability to retain key management and attract additional management and technical staff;
- risks imposed by natural disasters, outbreaks of contagious diseases, power shortages, acts of war and terrorist attacks and the COVID-19 pandemic or other events beyond the Group’s control;
- global economic and political conditions;
- tax laws and general tax environments in the jurisdictions where the Group currently operates;
- ability to successfully implement the Groups’ business plans and strategies; and
- other factors, including those discussed in “*Risk Factors*”.

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.

OVERVIEW

The Group is a global leading integrated optical components and products manufacturer with 38 years of history. The Group possesses strong design capabilities, manufacturing know-how and an efficient production process to offer a comprehensive range of optical and optical-related products through its ability to integrate optical, mechanical and electronic technologies. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 2382) in 2007 and became the new component of the benchmark Hang Seng Index and a blue-chip company in November 2017. In 2021, according to the data from Techno Systems Research (“TSR”), in terms of shipments, the Group was the largest global vehicle lens sets producer with its market shares of approximately 31.0%, the largest global handset lens sets producer with its market shares of approximately 26.6%, and the largest global handset camera modules producer with its market shares of approximately 12.4%. Having established a three-level internal R&D system, the group has always focused on investment for R&D. The Group also has the expertise to vertically integrate its principal businesses including its optical components, optoelectronic products and optical instruments businesses.

The Group is principally engaged in the design, research and development, manufacturing and sales of optical and optical-related products, which can be broadly classified into three categories:

- Optical Components. The Group’s optical components business includes the productions of glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle light detection and ranging (“LiDAR”), security surveillance lens sets, virtual reality (“VR”) positioning lens sets and other various lens sets. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optical components business was RMB8,815.4 million, RMB9,181.1 million, RMB8,776.1 million, RMB4,343.9 million and RMB4,399.1 million, respectively, representing 23.3%, 24.2%, 23.4%, 21.9% and 25.9% of the Group’s revenue for the same periods, respectively.
- Optoelectronic Products. The Group’s optoelectronic products business includes the productions of handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optoelectronic products business was RMB28,748.4 million, RMB28,494.3 million, RMB28,333.5 million, RMB15,307.8 million and RMB12,370.9 million, respectively, representing 76.0%, 75.0%, 75.6%, 77.2% and 72.9% of the Group’s revenue for the same periods, respectively.
- Optical Instruments. The Group’s optical instruments business includes the productions of microscopes and intelligent inspection equipment. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optical instruments business was RMB284.9 million, RMB326.4 million, RMB387.3 million, RMB181.7 million and RMB201.8 million, respectively, representing 0.7%, 0.8%, 1.0%, 0.9% and 1.2% of the Group’s revenue for the same periods, respectively.

For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, the Group's revenue was RMB37,848.7 million, RMB38,001.8 million, RMB37,496.9 million, RMB19,833.4 million and RMB16,971.8 million, respectively, and its gross profit was RMB7,750.7 million, RMB8,697.9 million, RMB8,736.2 million, RMB4,946.4 million and RMB3,522.4 million, respectively.

COMPETITIVE STRENGTHS

The Group's competitive strengths are:

- well-established market leader with proven track record;
- diversified product portfolio serving a geographically diverse customer base;
- strong R&D capability with a focus on cutting-edge science and technologies in optics;
- industry-leading supply chain management;
- effective financial management and healthy financial metrics; and
- committed management team with extensive industry experience.

BUSINESS STRATEGIES

The Groups has developed the following business strategies to pursue its growth objectives:

- continue to unswervingly implement the "Mingpeijiao" strategy to build a world-renowned optoelectronic enterprise;
- to enhance its R&D capability to develop more advanced products and improve product quality;
- to leverage the Group's existing capabilities to expand product sales;
- strongly promote the accomplishment as the role of a smart optical system solution provider, and lay a solid foundation for the rapid development of the optical instruments business;
- to reinforce and diversify its supplier network; and
- to recruit, train and retain skilled engineers and experienced staff.

THE OFFERING

The following contains summary information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions relating to the Bonds in Global Form” have the same meanings in this summary. For a comprehensive description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.

Issuer	Sunny Optical Technology (Group) Company Limited 舜宇光學科技(集團)有限公司.
Issue	US\$400,000,000 5.950 per cent. Sustainability-Linked Bonds due 2026.
Issue Price	99.788 per cent.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Interest	<p>The Bonds will bear interest on their outstanding principal amount from and including 17 January 2023 at the rate of 5.950 per cent. per annum, payable semi-annually in arrear in equal instalments on 17 January and 17 July in each year commencing on 17 July 2023.</p> <p>For a more detailed description, see “<i>Terms and Conditions of the Bonds</i>”.</p>
Issue Date	17 January 2023.
Maturity Date	17 July 2026.
NDRC Registration	Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by NDRC on 14 September 2015 which came into effect on the same day, the Issuer has caused the issuance of the Bonds to be registered with NDRC and obtained a certificate from NDRC on 21 July 2022 evidencing such registration and intends to cause the requisite information on the issuance of the Bonds to be provided to NDRC within the timeframe prescribed by the NDRC after the Issue Date.

Status of the Bonds

The Bonds will constitute direct, (subject to Condition 4(b) of “*Terms and Conditions of the Bonds*”) unsecured, unconditional and unsubordinated obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least pari passu with all its other present and future, unsecured, unconditional and unsubordinated obligations.

Negative Pledge

The Bonds contain a negative pledge provision, as further described in Condition 4(b) of “*Terms and Conditions of the Bonds*”.

Events of Default

The Bonds contain certain events of default provisions as further described in Condition 9 of “*Terms and Conditions of the Bonds*”.

Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Cayman Islands, PRC, Hong Kong or any other jurisdiction in which the Issuer is incorporated or resident for tax purposes or any political subdivision or authority therein or thereof having power to tax or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In such event the Issuer shall, subject to the limited exceptions specified in Condition 8 of “*Terms and Conditions of the Bonds*”, increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

Final Redemption

Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount or, if a Trigger Event (as defined in the Terms and Conditions of the Bonds) has occurred, at 100.5 per cent. of the outstanding principal amount, on 17 July 2026.

For a more detailed description, see “*Terms and Conditions of the Bonds*”.

Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in writing to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, for taxation reasons described in Condition 6(b) of " <i>Terms and Conditions of the Bonds</i> ".
Redemption at the Option of the Issuer	At any time, on giving not less than 30 nor more than 60 days' notice (an "Make Whole Redemption Notice") to the Trustee and to the Agents and to the holders of the Bonds in accordance with Condition 17 of " <i>Terms and Conditions of the Bonds</i> ", the Issuer may at any time redeem the Bonds, in whole or in part, at the Make Whole Price (as defined in the Terms and Conditions of the Bonds) as at, and accrued and unpaid interest, if any, to (but excluding), the redemption date specified in the Make Whole Redemption Notice.
Repurchase upon a Change of Control	Upon the occurrence of a Change of Control, the Issuer will be required to make an offer to repurchase all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase, as further described in Condition 6(d) of " <i>Terms and Conditions of the Bonds</i> ".
Clearing Systems	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee for, and deposited on the Issue Date with a common depository for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Certificates for Bonds will only be issued in exchange for beneficial interests as set forth in the Global Certificate.
ISIN Code	XS2555677215.
Common Code	255567721.
Governing Law	English law.
Trustee	Citicorp International Limited.
Principal Paying Agent, Registrar and Transfer Agent	Citibank, N.A., London Branch.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only.

Rating

The Bonds are expected to be assigned a rating of “Baa1” by Moody’s.

A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation.

Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them and the timing for complying with the requirements set out in Condition 4(d) of “*Terms and Conditions of the Bonds*” in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the Bonds, as further described in Condition 13 of “*Terms and Conditions of the Bonds*”.

Use of Proceeds

See “*Use of Proceeds*”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables present summary financial information and other data of the Group. The summary audited consolidated financial information as at and for the three years ended 31 December 2019, 2020 and 2021 and as at and for the six months ended 30 June 2021 and 2022 has been derived from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2020 and 2021 and the unaudited interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2022, and should be read in conjunction with, the Group's audited consolidated financial statements and reviewed condensed consolidated financial statements, including the notes thereto. The financial statements of the Group have been prepared and presented in accordance with the HKFRS. HKFRS differs in certain material respects from generally accepted accounting principles in other jurisdictions.

Potential investors should read the following data together with the more detailed information contained in the consolidated financial statements and related notes included elsewhere in this Offering Circular. The following data is qualified in its entirety by reference to all of that information.

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	Year Ended 31 December			Six Months Ended 30 June	
	2019	2020	2021	2021	2022
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	(RMB in millions)				
Revenue	37,848.7	38,001.8	37,496.9	19,833.4	16,971.8
Cost of sales	(30,098.0)	(29,303.9)	(28,760.7)	(14,887.0)	(13,449.4)
Gross profit	7,750.7	8,697.9	8,736.2	4,946.4	3,522.4
Other income	405.5	510.4	689.9	258.7	408.3
Other gains and losses	(200.6)	187.1	99.1	8.3	(55.5)
Impairment losses under expected credit loss model, net of reversal	(10.9)	12.2	(5.2)	(14.5)	(7.9)
Selling and distribution expenses	(278.6)	(313.5)	(274.1)	(155.5)	(163.4)
Research and development expenditure	(2,209.3)	(2,499.1)	(2,642.2)	(1,320.8)	(1,468.2)
Administrative expenses	(650.5)	(718.4)	(757.5)	(377.3)	(438.1)
Share of results of associates	(5.5)	–	19.0	–	1.0
Finance costs	(250.4)	(233.7)	(230.3)	(116.4)	(114.9)
Profit before tax	4,550.4	5,642.9	5,634.9	3,228.9	1,683.7
Income tax expense	(531.0)	(702.6)	(579.0)	(522.3)	(304.9)
Profit for the year/period	4,019.4	4,940.3	5,055.9	2,706.6	1,378.8
Other comprehensive income (expense) for the year/period	(1.5)	(22.7)	(1.4)	(4.6)	8.0
Total comprehensive income for the year/period	4,017.9	4,917.6	5,054.5	2,702.0	1,386.8

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December			As at
	2019	2020	2021	30 June
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(RMB in millions)			
NON-CURRENT ASSETS				
Property, plant and equipment	6,566.7	7,513.2	8,303.2	8,245.9
Right-of-use assets	402.7	480.0	504.7	641.3
Investment properties	45.3	40.9	40.4	37.9
Intangible assets	419.2	363.1	306.9	278.8
Interests in associates	0.7	2.0	201.6	207.6
Deferred tax assets	131.2	207.3	255.7	270.0
Deposits and prepayments paid for acquisition of property, plant and equipment	315.4	359.3	471.6	864.7
Deposits paid for acquisition of land use right	24.8	–	–	–
Equity instruments at fair value through other comprehensive income	112.2	134.6	178.8	183.7
Debt instruments at amortised cost	28.0	–	–	–
Financial assets at fair value through profit or loss	185.1	206.2	19.5	19.5
Derivative financial assets	13.7	–	–	–
Time deposits	–	500.0	500.0	200.0
Goodwill	2.1	2.1	2.1	2.1
Total non-current assets	8,247.1	9,808.7	10,784.5	10,951.5
CURRENT ASSETS				
Inventories	5,146.1	5,783.1	5,482.0	5,311.6
Trade and other receivables and prepayment	9,629.7	8,211.9	7,448.4	7,605.9
Derivative financial assets	13.4	21.3	27.2	10.0
Financial assets at fair value through profit or loss	5,662.8	8,480.2	8,314.1	8,286.2
Debt instruments at amortised cost	55.7	52.8	–	–
Amounts due from a related party	–	–	0.3	–
Time deposits	–	–	–	500.0
Pledged bank deposits	6.1	3.4	18.3	7.1
Short term fixed deposits	15.0	234.9	1,093.9	659.8
Bank balances and cash	1,917.2	2,841.8	5,605.2	4,972.8
Total Current assets	22,446.0	25,629.4	27,989.4	27,353.4
CURRENT LIABILITIES				
Trade and other payables	11,321.6	10,733.3	9,868.8	9,051.1
Amounts due to related parties	7.5	7.0	6.9	7.3
Derivative financial liabilities	1.4	101.9	40.4	40.5
Contract liabilities	83.2	131.2	178.1	178.8
Tax payable	49.9	314.8	188.0	67.0
Bank borrowings	1,118.6	2,070.6	1,538.9	1,526.3
Lease liabilities	38.1	43.6	46.3	65.3
Deferred income	10.1	8.7	6.1	10.4
Bonds payable	–	–	–	4,021.3
Total current liabilities	12,630.4	13,411.1	11,873.5	14,968.0
NET CURRENT ASSETS	9,815.6	12,218.3	16,115.9	12,385.4
TOTAL ASSETS LESS CURRENT LIABILITIES	18,062.7	22,027.0	26,900.4	23,336.9
NON-CURRENT LIABILITIES				
Deferred tax liabilities	684.8	888.8	1,015.9	987.3
Derivative financial liabilities	–	4.8	5.1	–
Long term payables	299.2	245.6	172.0	152.9
Bank borrowings	–	–	700.0	700.0
Lease liabilities	122.5	96.9	108.0	202.5
Deferred income	73.9	68.9	188.5	186.6
Bonds payable	4,156.1	3,895.9	3,815.6	–
Total non-current liabilities	5,336.5	5,200.9	6,005.1	2,229.3
Net assets	12,726.2	16,826.1	20,895.3	21,107.6
EQUITY				
Share capital	105.2	105.2	105.2	105.2
Reserves	12,447.7	16,492.0	20,482.9	20,676.6
Equity attribute to owners of the Company	12,552.9	16,597.2	20,588.1	20,781.8
Non-controlling interests	173.3	228.9	307.2	325.8
Total equity	12,726.2	16,826.1	20,895.3	21,107.6

OTHER FINANCIAL DATA

	Year Ended 31 December			Six Months Ended 30 June	
	2019	2020	2021	2021	2022
EBITDA (RMB in millions) ⁽¹⁾	5,992.4	6,949.0	7,029.2	4,006.2	2,528.3
EBITDA margin ⁽²⁾	15.8%	18.3%	18.7%	20.2%	14.9%
EBITDA to total interest expense ratio ⁽³⁾	23.9x	29.7x	30.5x	34.4x	22.0x
Total debt to EBITDA ⁽⁴⁾	1.0x	0.9x	0.9x	0.8x	1.3x

Notes:

- (1) Earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) consists of profit plus income tax expense, finance costs, share of results of associates, other gains and losses, other income, depreciation of property, plant and equipment, depreciation of investment properties, depreciation of right-of-use assets, amortisation of intangible assets and government grants. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group’s operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA has been included because it is a useful supplement to cash flow data as a measure of the Group’s performance and the Group’s ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.
- (3) EBITDA to total interest expense ratio is calculated by dividing finance costs by EBITDA.
- (4) Total debt consists of current and non-current bank borrowings, current and non-current lease liabilities, current and non-current bonds payable, long term payables and payables for acquisition of patents. Total debt to EBITDA for the six months ended 30 June 2021 and 2022 are annualized by double the six-month EBITDA in calculation.

RISK FACTORS

In addition to other information in this Offering Circular, investors should carefully consider the following risk factors, together with all other information contained in this Offering Circular (including the financial statements and the notes thereto), before purchasing the Bonds. The risks and uncertainties described below may not be the only ones that the Group faces. Additional risks and uncertainties that the Group is not aware of or that the Issuer currently believes are immaterial may also adversely affect its business, financial condition or results of operations. If any of the possible events described below occur, the Group's business, financial condition or results of operations could be materially and adversely affected, the trading price of the Bonds could decline and investors may lose all or part of their investment.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

Demand for the Group's products depends on trends and developments in the markets for end products containing the Group's products.

Many of the Group's products are utilised or incorporated as core components for optical and/or optoelectronic instruments and systems. In particular, the Group offers a comprehensive range of optical and optoelectronic components which can be used in optical systems for a wide range of consumer electronic products. As such, demand for the Group's products depends to a large extent on trends and developments in the markets for end products which are characterised by rapidly changing technology, frequent new product specifications and changing customer preference. If the Group fails to adjust its product lines to accommodate such changes in market trends, the Group's business and profitability may be adversely affected.

The Group's success also depends on its ability to adequately respond and adapt to technological developments in a timely and cost-effective manner through continuous improvement of its existing products and services and the introduction of new products applying the latest technologies that improve performance, features and reliability. The failure of the Group to adapt to such changes may have a material adverse effect on the Group's business, operating results and financial condition.

The Group's customers may cancel their orders, change production quantities or delay production.

The Group maintains stable business relationships with its major customers and has signed memorandum with some of its customers, however, the Group's customers may continue to require shorter delivery time for their orders, cancel their orders, change production quantities or delay production for any reason. Cancellations, reductions or delays by a significant customer or by a group of customers could seriously and adversely affect the Group's results of operations.

In addition, the Group makes significant investment decisions, including determining the business segments that it will seek to develop, production schedules, component and raw material procurements, personnel needs and other resource requirements, based on its estimates of future customer demands. The short-term nature of the Group's customers' commitments and the possibility of rapid changes in demand for their products reduce the Group's ability to predict future customer demands. On occasion, customers may require rapid increases in production, which can strain the Group's resources and might reduce the Group's gross margins. Moreover, the Group may not have sufficient capacity at any given time to meet its customers' demands. In addition, because many of the Group's costs and operating expenses are fixed in nature, a reduction in customer demands could adversely impact the Group's gross margins and operating income.

If the Group is unable to timely collect account receivables, or maintain steady operating cash flows, its operations and profitability may be adversely affected.

The fluctuation of the Group's operating cash flows was mainly due to the fluctuation of the amount of trade receivables. The Group allows a credit period of average 90 days to its trade customers. As at 31 December 2019, 2020 and 2021 and 30 June 2022, the trade receivables of the Group was RMB8,358.3 million, RMB6,792.2 million, RMB5,634.7 million and RMB6,177.9 million, respectively. If the Group experiences difficulties in collecting account receivables, or is not able to maintain stable operating cash flows in the future, it may not be able to finance its operations, investment projects and/or expansion plans as and when required. As a result, the Group's, financial condition, operations and profitability may be adversely affected.

Any failure by the Group to further refine its technology and develop and introduce new products or improved processes could render its products or production methods uncompetitive or obsolete and reduce the Group's sales and market share.

The optical component industry is rapidly evolving and competitive. The Group will need to invest significant financial resources in research and development (“R&D”) to keep pace with technological advances in the optical component industry and to effectively compete in the future. For the years ended 31 December 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, the Group's R&D expenditure was RMB2,209.3 million, RMB2,499.1 million, RMB2,642.2 million, RMB1,320.8 million and RMB1,468.2 million, respectively. However, R&D activities are inherently uncertain and the Group might encounter practical difficulties in commercialising the results of its R&D activities and launching new products as originally intended. For example, the Group collaborates with various academic and research institutions for a certain portion of its R&D activities. Some of these collaborations are not conducted pursuant to any formal or contractual arrangement and, as a result, disagreements may easily arise concerning the various responsibilities, obligations, allocation of benefits (such as intellectual property ownership) or other matters.

In addition, the Group's R&D expenditure may not reap corresponding benefits and other companies may develop technologies and processes to manufacture products that prove to be more cost-effective and have better performance than that of the Group. Therefore, the Group's R&D efforts may be rendered obsolete by the technological advances of others. Any failure by the Group to further refine its technology and develop and introduce new products or improved processes could render the Group's products uncompetitive or obsolete and result in a decline in the Group's sales and market share.

The markets for the Group's products are highly competitive.

The Group faces competition from other optical products manufacturers in the PRC and abroad who offer products that are similar to or otherwise compete with those of the Group. The selling price of the Group's products and revenue generated from product orders may decrease due to competition. There is no guarantee that the Group would be able to maintain existing profit level or profitability ratios or sustain its market share. If the Group fails to maintain its competitiveness by continuing to expand its product portfolio, maintaining and improving the quality of its products and maintaining competitive prices; or if the number of competitors increases substantially, or if their service quality improves rapidly, or if the commercial terms they offer are more competitive, the profitability of the Group would be materially and adversely affected.

Moreover, although barriers of entry exist in the design and manufacturing of optical products in terms of technical expertise, substantial capital requirements, difficulties relating to building customer relationships and the large and broad customer base required for the establishment of enterprises having a size comparable with the Group, new entrants cannot be precluded from developing or acquiring the required technical capability and customer base through substantial investments in the necessary technology and market development to compete with the Group's existing business. In addition, a number of foreign companies with significant financial resources and industry expertise have established operations in the PRC. If new entrants succeed in establishing operations that compete with the Group, the Group's business and prospects may be adversely affected.

Disputes over intellectual property rights could be costly and could deprive the Group of technologies it needs to remain competitive.

The Group has not applied for patent registration in respect of some of the technological know-how in relation to its major products such as lenses, lens sets, mobile phone camera modules and optical instruments. This is because application for patent registration in the PRC requires public disclosure of design details which may not be in the best interest of the Group. Besides, patent application only provides a certain degree of protection depending on the geographical coverage of the application rather than absolute global protection for such technological know-how. Such degree of protection afforded by patent application to such technological know-how does not outweigh the potential risk of plagiarism or imitation which may arise from public disclosure under a patent application of such technological know-how. Any material infringement of such technological know-how could have an adverse effect on the Group's sales and hence, the results of its operations.

Moreover, the Group's competitors and other companies may develop substantially equivalent technologies or otherwise gain access to the Group's technical secrets and know-how and obtain patents for such technologies in the PRC or other jurisdictions. Litigation may be necessary to determine the validity and scope of the proprietary rights of others, or to otherwise enforce the Group's intellectual property rights. The outcome of such potential litigation may not be in the Group's favour. An adverse determination in any such litigation could impair the Group's intellectual property rights, such as by legally preventing the Group from utilising its own technical secrets and know-how. In addition, the Group may also need to defend the Group's intellectual property rights in legal proceedings. If the Group does not prevail in such proceedings, it could be required to pay damages, develop non-infringing products and technology or obtain licenses to certain products and technology. In the event that the Group is required to obtain any licenses, these may not be available on commercially reasonable terms or at all. Such litigation may be costly and may divert management attention as well as expend other resources away from the Group's business, and may harm the Group's business and prospects.

According to the announcement made by AAC Technologies Holdings Inc. on November 30, 2022, two subsidiaries of AAC Technologies Holdings Inc. filed several intellectual property patent-related litigation proceedings against, among other entities, Zhejiang Sunny Optics Co., Ltd. (浙江舜宇光學有限公司), a wholly-owned subsidiary of the Company, with the PRC Jiangsu Province Nanjing Intermediate People's Court (江蘇省南京市中級人民法院) in November 2022, for intellectual property infringement and seeking for, among other things, an order to immediately cease infringement, including ceasing production, offer for sale, sale of products which alleged to have infringed their invention patents, an order to destroy the inventory of products which alleged to have infringed their invention patents, and damages (the "AAC Litigation"). The AAC Litigation is following various intellectual property infringement lawsuits that Zhejiang Sunny Optics Co., Ltd. (浙江舜宇光學有限公司) has commenced against several subsidiaries of AAC Technologies Holdings Inc. in August and September 2022 and filed with the PRC Zhejiang Province Ningbo Intermediate People's Court (浙江省寧波市中級人民法院). As of the date of this Offering

Circular, the Company has not been served with any complaint or summons in connection with the AAC Litigation. The outcome of the AAC Litigation is difficult to predict. If the AAC Litigation were to be resolved against us, we might be subject to damages, or be required to cease the production and sale of some of our products and destroy part of our inventories. As of the date of this Offering Circular, the AAC Litigation does not have any material adverse impact on the Group's business or reputation. However, the litigation might be costly and any injunction or any unfavorable outcome of the AAC Litigation could have a material adverse effect on the Group's business and results of operations.

The Group derives a substantial portion of its revenue from a relatively limited number of customers.

The Group derives a substantial portion of its revenue from a small number of customers. For the years ended 31 December 2019, 2020 and 2021, the largest customer itself accounted for approximately 38.7%, 26.5% and 20.4% of its revenue, respectively, and the sales attributed to the Group's five largest customers were all less than 69.0% of its revenue during the same periods. While the five largest customers have varied from year to year, the majority were customers of optoelectronic products (mainly mobile phone camera modules). If a strong demand for mobile phone camera modules persists, the Group expects to continue to focus on supplying mobile phone camera modules to satisfy market demand even though the Group has the ability to produce various other optoelectronic products. In such case, the optoelectronic business of the Group will continue to be dependent upon a relatively limited number of customers for a significant portion of its sales volume and revenue. There is no assurance that the Group could successfully meet the changing demands of those relatively limited customers.

The Group may not be able to sustain its revenue and profitability.

For the years ended 31 December 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, the Group's total revenue was RMB37,848.7 million, RMB38,001.8 million, RMB37,496.9 million, RMB19,833.4 million and RMB16,971.8 million, respectively, and its gross profit was RMB7,750.7 million, RMB8,697.9 million, RMB8,736.2 million, RMB4,946.4 million and RMB3,522.4 million, respectively. The Group attributes such increase in revenue and profitability in part to its ability to maintain its product quality and expand its production capacity.

However, the Group may not be able to sustain such growth rates. Even if the Group maintains such growth rates, the Group may not be able to manage the growth in an efficient and effective manner. In particular, the Group may not be able to successfully address the challenges of the optoelectronic product market resulting from the rapid changing market environment given the Group's relatively limited operating experience in the optoelectronic product business compared with that of optical products. In the event the Group is unable to maintain or manage its growth, or otherwise experiences pricing pressure or loss of market share, whether due to the failure to cope with changes in the optoelectronic product market or otherwise, the Group may experience stagnant or negative growth, hence impairing its business operations and profitability.

The Group's business relies on the PRC markets.

For the years ended 31 December 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, approximately 82.2%, 83.1%, 77.0%, 79.2% and 67.8%, respectively, of the Group's revenue was derived from the PRC market (including sales to the PRC operations of leading global companies). The Group expects that the PRC markets will continue to be its major markets in the foreseeable future. In the event there are major or unfavourable changes in political, economic or social conditions, foreign trade, legal and regulatory requirements or the taxation regime in the PRC, or any adverse change in demand for the Group's products in the PRC markets or the ability or costs to supply the Group's products in the PRC markets, the Group's revenue and profitability may be adversely affected.

The Group relies on a limited number of suppliers and agents for key components and raw materials and is susceptible to supply shortages.

The Group currently purchases certain of its key components and raw materials in respect of the production of optoelectronic products and optical components from a limited number of suppliers and agents. The Group expects it to continue to depend upon a relatively limited number of suppliers and agents for certain of its key components and raw materials. The Group has entered into framework agreements with most of its major suppliers. However, if any of these major suppliers or agents cease to supply important components or raw materials to the Group in the future and the Group is unable to find alternative suppliers or agents in a timely manner or on commercially reasonable terms, the Group's business and financial performance may be adversely affected.

Price fluctuations, inflation and supply shortages of raw materials or utilities may cause a substantial disruption to the Group's business and results of operations.

Due to the Group's large scale of operations, it requires large quantities of components and raw materials for the production of optoelectronic products and optical components and therefore it is important for the Group to secure reliable supplies of raw materials in order to maintain a high level of components and raw materials output with high quality standard. The Group sources some components internally but raw materials externally, and purchases raw materials based on prevailing market prices. Price volatility caused by external conditions are beyond the Group's control. These include market price fluctuations or changes in government policies.

Similar to other companies with worldwide operations, the Group is exposed to risks from fluctuations in inflation, which could adversely affect its business by increasing the cost of raw materials, energy, labour and transportation of goods. Current or future efforts by governments where the Group operates to stimulate the economy may increase the risk of significant inflation. There is no assurance that the Group's key suppliers will continue to provide the Group with raw materials at reasonable prices or at the level of quality required by the Group's business. If the prices of raw materials required by the Group's for its businesses increase significantly or the quality of the raw materials supplied to the Group are substandard, or if there is any material disruption to the supply of raw materials to the Group, the Group may seek to increase the sales prices of its products in order to maintain satisfactory profits. Such increases in prices may not be accepted by its customers and may not be sufficient to compensate the Group for the negative impact of inflation. Inflation might also reduce disposable income on a macro basis, eroding savings values, which could affect the demand for products that contain the Group's solutions. If the Group is not able to offset the effects of increased inflation, it could have a negative effect on the Group's business, financial condition, results of operations and cash flows.

The value of components or raw materials kept in stock may decrease, which could adversely affect the Group's business, liquidity and profitability.

During the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022, the Group usually maintained a certain level of stock of components and raw materials sufficient for the manufacture of various products as a buffer in the event of any shortage of supply from its suppliers, and the Group intends to continue this practice. However, the value of such components or raw materials may decrease while it is kept in stock. In the event that the Group experiences a decrease in sales resulting in longer turnover time or higher inventory levels of stock components or raw materials, the Group's exposure to the risk of such decreases would increase, and any such decrease would adversely affect the Group's business, liquidity and profitability.

The Group may not be able to pass onto its customers all increases in raw material or component costs, which would eventually reduce its profit margin ratio.

The principal raw materials and components used in the Group's production are subject to price volatility caused by factors such as commodity price fluctuations and currency fluctuations.

The Group cannot guarantee that the price the Group pays for its raw materials and components will be stable in the future. Moreover, the Group does not hedge against changes in its raw material and component prices. Fluctuation in the prices of the Group's raw materials or components may result in corresponding fluctuations in the Group's costs of sales. In the event that the prices of the raw materials or components used by the Group increase significantly and such increase could not be successfully pass through to the customers, the Group's profit margin ratio may decrease and its business and profitability ratio may be adversely affected.

The Group's success depends significantly on key management and its ability to retain and attract additional management and technical staff.

The Group's past success is attributable to the vision, experience, expertise and managerial and technical skills of its core management team led by Mr. Wang Wenjie, Mr. Ye Liaoning and Mr. Sun Yang. In particular, Mr. Wang is responsible for the Group's business strategy and overall development and has more than 30 years of experience in the optical industry. The future success of the Group is dependent on the continued efforts, performance and abilities of such key management. The loss of Mr. Wang Wenjie, Mr. Ye Liaoning or Mr. Sun Yang may result in: (i) a loss of organisational focus; (ii) poor operating execution; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of capacity. These adverse effects could, among other things, reduce potential revenue, prevent the Group from expanding its service lines and increase its exposure to downturns in its market. Those circumstances, in turn, could adversely affect the Group's profitability and financial results. Moreover, competition for personnel in the optical industry in the PRC is intense, and the availability of suitable and qualified candidates is limited. There is no assurance that the Group will be able to retain existing employees or identify or recruit suitable and qualified new employees. The sales and marketing, technical support as well as the R&D functions of the Group require staff with relevant technical knowledge. Accordingly, the success of the Group's operations is reliant on the availability and continuity of technical expertise and support. If the Group fails to recruit or retain the necessary personnel, the Group's business may be materially and adversely affected.

Shutdown, delay, interruptions to the Group's production and damage or loss to the Group's facilities caused by natural disasters, outbreaks of contagious diseases, power shortages, acts of war and terrorist attacks and the COVID-19 pandemic or other events beyond the Group's control, and the Group's insurance may not be sufficient to cover such interruption, damage or loss.

Shutdown, delay, interruptions to the Group's production and damage or loss to the Group's facilities caused by fire, severe weather, earthquakes, pandemic or epidemic or other acts of God, government intervention or other events which are beyond the Group's control could lead in the difficulty in meeting customer demands and harm the business, operating results and prospects of the Group.

In particular, the Group's operations are subject to outbreaks of contagious diseases such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), or H7N9 avian flu, Middle East Respiratory Syndrome (MERS), Ebola virus disease or COVID-19. The outbreak of COVID-19 in the PRC since late 2019 have adversely impacted the PRC economy and growth in 2020. Furthermore, COVID-19 spread around the world in early 2020 and was declared a pandemic on 11 March 2020 by the World Health Organization. The outbreak of COVID-19 across the PRC and around the world has resulted in a global health crisis and has restricted the level of business activity in affected areas. Stringent measures, including mandatory quarantines and travel restrictions, were imposed in numerous regions across the PRC in an effort to contain the outbreak, causing a noticeable reduction in regional and national economic activities. Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity in recent years. In addition to properly carrying out work to prevent and control the epidemic, the Group has also promptly taken active steps to resume its production and operations in a full manner, while mitigating the negative impacts of the epidemic through measures to broaden revenue streams and reduce expenditure. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved by the end of 2021 and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity. The current COVID-19 pandemic has caused delays in some of the Group's construction projects. Moreover, the continuation of zero-COVID strategies by China have also weighed on the economic recovery at a time when other major countries are easing and lifting their restrictions and learning to live with the virus. The further outbreak of COVID-19, the emergence of any new COVID-19 variants, a recurrence of SARS or an outbreak of any other epidemics could lead to resurgence in infection rates and re-imposition of tight border control and travel restrictions and economic activities, posing further economic growth risk, and may result in material influence on the Group's business, which in turn may adversely affect its financial condition and results of operations. Any period of sustained disruption to the Group's operation may have an adverse effect on its business, financial condition and results of operations.

In addition, the Group's manufacturing processes require a stable source of electricity, especially since the Group's manufacturing facilities are operating on longer shifts with shorter downtimes in order to meet increased demand until new production facilities are constructed and come into operation. In case of the significant demand for electricity in the PRC, the local electricity supply may not be reliable or stable for consumption at all times. The backup power of the Group is not sufficient to support normal operations and the Group cannot guarantee that it will not experience blackouts or a shortage of electricity in the future. If at any time the Group does not have adequate electricity to sustain normal production, it may need to limit, delay or halt production, which could lead in the difficulty in meeting customer demands and adversely affect its business and operating results.

Furthermore, any interruption, damage or loss caused by such events may not be adequately covered by proceeds from insurance maintained by the Group.

The Group is required to comply with extensive environmental, safety and health laws and regulations and quality control standards. Any failure to comply with these regulations or standards may result in suspension of operations, failure in evaluation, substantial penalties and fines, administrative proceedings or litigation.

The Group is required to comply with extensive environmental, safety and health laws and regulations promulgated by the PRC government, as well as quality control standards. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. If the Group fails to comply with these laws, regulations and industry standards applicable to its operations, the Group could be subject to suspension of operations, failure in evaluation when delivering the project, substantial penalties, fines, suspension, administrative proceedings or litigation. Such events could have a material adverse effect on the Group's business, results of operations, financial condition and reputation. As these laws and regulations continue to evolve, there is no assurance that the PRC Government will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs.

Compliance with environmental regulations adopted by the relevant authorities or requirements imposed by customers can be expensive, and non-compliance with these regulations or requirements may adversely affect the Group's business, reputation and financial condition.

As the Group's manufacturing processes generate noise, waste water and other industrial wastes, the Group is required to comply with all PRC national and local regulations regarding environmental protection. If more stringent regulations are adopted by the relevant authorities or more stringent requirements are required by the customers in the future, the costs of compliance with these new regulations or requirements could be substantial. Moreover, if the Group fails to comply with present or future environmental regulations, it may be required to pay substantial fines, suspend production or cease operations. If the Group fails to comply with present or future environmental certifications or other requirements imposed by the customers, it may fail to meet the requirements of its customers and may result in the Group losing such customers. In such event, the Group's business, reputation and financial condition may be adversely affected.

Any failure to maintain effective quality control systems at the Group's facilities could have a material adverse effect on its business and operations.

The performance and quality of the Group's products are critical to the success of its business. These factors depend significantly on the effectiveness of the Group's quality control systems, which in turn, depends on a number of factors, including the design of the systems, the quality training programme, and the Group's ability to ensure that its employees adhere to its quality control policies and guidelines. Any significant failure or deterioration of the Group's quality control systems could have a material adverse effect on the Group's business reputation, results of operations and financial condition.

In addition, some members of the Group have received internationally recognised certifications relating to the Group's environmental and quality management standards. Some members of the Group have also been recognised by certain of the Group's major customers for meeting such customers' rigorous manufacturing and quality control standards. These recognitions and certifications are a significant contributor to the Group's overall success. Accordingly, any significant failure or deterioration of the Group's quality control systems could result in the Group losing such recognitions and certifications, which in turn could have a material adverse effect on the Group's reputation and prospects.

If the Group fails to maintain effective internal controls, then its business, financial results and reputation could be materially and adversely affected.

The Company is a public company, and the Group's internal control system will be even more essential to the integrity of its business and financial results, and its public reporting obligations are expected to place a strain on the Group's management, operational and financial resources and systems in the foreseeable future. The Group has implemented measures to enhance its internal controls. The Group has implemented the systems focusing on making plans for future operations by reference to the historical external business environment, early warning in respect of the financial performance of the Group and formulating solutions and implementing policies in response to any operational issues, to monitor the manufacturing activities of the Group. The Group has also adopted detailed guidelines for internal financial and audit procedures. Meetings of heads of the Company and the Group's operating subsidiaries were held for, among other matters, reporting the operation of the relevant operating subsidiaries, discussing coming production plans and market trends and evaluating implementation of policies.

There can be no assurance that all such measures will continue to be effective. The Group's efforts to enhance its internal controls have required, and will continue to require, increased costs and significant management time and commitment. If the Group fails to maintain effective internal controls in the future, then the Group's business, financial results and reputation may be materially and adversely affected.

The Group may be subject to potential product liability.

If the products the Group developed and sold contain defects or errors which adversely affect the performance of such products, the Group may incur additional costs in correcting the defects or defending any legal proceedings and/or claims brought by its customers against the Group for damages. The Group does not maintain any product liability insurance. There can be no assurance that there will not be any such product liability claims in the future and, accordingly, the Group will not be covered or compensated by insurance in respect of losses, damages, claims and/or liabilities arising from or in connection with product or third party liability. These events could adversely affect the reputation and profitability of the Group.

If the Group is unable to implement its plan to expand production capability and capacity, its growth prospects may be limited and its profitability may be adversely affected.

The Group's growth prospects and its future profitability depend on, among other matters, its ability to increase its production capability and capacity, either generally or with respect to demand from customers for its particular types of products.

To successfully expand its production capability and capacity, the Group will need to purchase additional equipment, hire and train personnel necessary to operate such additional equipment, expand its existing facilities, and construct new facilities, all of which will be affected by, but not limited to, the following factors:

- availability of capital for purchasing manufacturing equipment;
- shortages or delays in the delivery of manufacturing equipment;
- delays or difficulties which may arise in the installation of manufacturing equipment; and
- implementation of new manufacturing processes.

As a result of these factors, there is no assurance that the Group's expansion plan, if implemented, will be operationally or financially successful. In addition, there is also no assurance that such expansion plan will be substantiated by sufficient market demand for or profit margin of the Group's products. If the Group is unable to implement the expansion plan, its business and profitability may be adversely affected.

Some parts of the Group's business can be seasonal in nature, and such seasonality could adversely affect its business and operating results.

Since many of the Group's optical components and optoelectronic products are used in optical systems for consumer electronic products, such part of the Group's business can be seasonal in nature due to changes in demand as a result of changes in retail performance of consumer electronic products. In the Group's business, normally the second half of the year tends to experience higher revenue than the first half of the year. Seasonality in demand for the Group's products might have an effect on its revenue in the future. Since a portion of the Group's costs of sales are fixed, any such seasonal declines in revenue may adversely affect its business and profitability.

Global economic and political conditions could materially and adversely affect our results of business, results of operations, financial condition and prospects.

The optoelectronic and the consumer electronic products industry relies on a global supply chain. In recent years, political, economic and financial crises have negatively affected the optoelectronic and the consumer electronic products industry and its end markets. There have been political and trade tensions among a number of the world's major economies, which resulted in the implementation of tariffs, non-tariff trade barriers and sanctions, including the use of export control restrictions and sanctions against certain countries and individual companies.

Tensions between the U.S. and China could re-escalate, particularly as the U.S. and China head towards the midterm elections and 20th Party Congress respectively in the fourth quarter of 2022. In the first half of 2022, military conflict between Russia and Ukraine, including imposition of financial and trade sanctions as a result of the conflict, and risks of inflation have created uncertainties regarding potential impacts on the cost and supply of materials needed in the optoelectronic and the consumer electronic products industry. The conflict has also created uncertainty about broader impacts that economic sanctions, prioritization of humanitarian shipments and export control restrictions may have on global supply chains and markets generally. Mismatches in supply and demand caused by the impact of the COVID-19 pandemic have also continued to exert pressure on consumer prices. In addition, some markets, including China, continue to grapple with COVID-19, which has also placed strains on supply chains. Against this backdrop, central banks around the world, including in the United States and several large emerging markets, have tightened monetary policy, and the International Monetary Fund expects global growth to slow to 3.6% in 2022. Reflecting tighter financial conditions and weaker growth prospects, global equities as measured by the MSCI AC World Index declined 13% over the first five months of 2022.

Prolonged or increased use of trade barriers could result in a decrease in the growth of the global economy and the optoelectronic and the consumer electronic products industry and cause turmoil in global markets that could result in declines in electronic products sales from which demand for the Group's products and its services could be affected. Also, any increase in the use of export control restrictions and sanctions to target certain countries and entities, any expansion of the extraterritorial jurisdiction of export control laws, or complete or partial ban on semiconductor products sales to certain entities could impact not only the Group's ability to continue supplying products to those customers, but also its customers' demand for the Group's products. As at the date of this Offering Circular, the Group's current results of operations have not been materially affected by the expanded export control regulations or the novel rules or measures adopted to counteract them. Nevertheless, depending on future developments in global trade tensions and military conflicts, such regulations, rules, or measures may have an adverse impact on the Group's business and operations.

Any future systemic political, economic or financial crisis or market volatility, including but not limited to interest rate and foreign exchange rate fluctuations, inflation or deflation and changes in economic, fiscal and monetary policies in major economies, could cause revenue or profits for the optoelectronic and the consumer electronic products industry as a whole to decline dramatically, and if the economic conditions or financial conditions of the Group's customers were to deteriorate, the demand for the Group's products and services may decrease and additional accounting related allowances may be required, which could reduce the Group's operating income and net income.

We may not remain entitled to the preferential tax rate, government grants and other preferential treatment applicable to us, which may adversely affect our financial condition and results of operations.

We have benefited from preferential tax treatments from the government and government grants during the three years ended 31 December 2021 and the six months ended 30 June 2022. According to the EIT Law and the Regulation on the Implementation of the EIT Law (《中華人民共和國企業所得稅法實施條例》), in general, foreign-invested enterprises and domestic enterprises are subject to a unified corporate income tax rate of 25%. Furthermore, the EIT Law provides a preferential tax treatment for high and new technology enterprises (高新技術企業) ("High and New Technology Enterprises") in the form of a reduced corporate income tax rate of 15% subject to competent authorities' review and approval. Enterprises qualified as high and new technology enterprises are entitled to a 15% corporate income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its High and New Technology Enterprise status. Some of our subsidiaries are qualified as a High and New Technology Enterprise and thus was entitled to a preferential tax rate of 15% for the three years ended 31 December 2021 and the six months ended 30 June 2022. For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, our income tax expenses were approximately RMB531.0 million, RMB702.6 million, RMB579.0 million, RMB522.3 million and RMB304.9 million, respectively. For the same period, our effective tax rate was 11.7%, 12.5%, 10.3%, 16.2% and 18.1%, respectively. The continued qualification as a High and New Technology Enterprises is subject to a three-year review by the relevant authorities in the PRC. We may not be able to successfully renew our high and new technology enterprise certificate or continue to enjoy the same preferential tax treatments in the future. In the event that the PRC government changes its tax policy of supporting new technology development, or our subsidiaries cease to be eligible for such preferential tax treatments, we may be subject to higher tax rates.

We also recorded government grants in the amount of approximately RMB113.1 million, RMB141.8 million, RMB212.3 million, RMB48.1 million and RMB142.5 million for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, respectively, mainly representing incentives awarded by the local governments to support our operation, such as our high and new

technology projects. In the event that we do not receive government grants or other preferential tax treatments provided by the various local governments, or if the conditions or contingencies for the relevant government grant change, or if we fail to maintain our qualification for the preferential tax treatment, our financial results may be adversely affected.

Our business is subject to the general tax environments in the countries in which we currently operate, and any changes to these tax environments may increase our tax burden.

Our business and operations are subject to the tax laws and regulations of the countries and markets in which they are organised and in which they operate. Changes in tax laws, tax regulations or interpretations of these laws or regulations may have a material adverse effect on our business, financial condition and results of operations. These changes also could materially reduce the sales of, or demand from our customers for, some of our products, or materially increase the number of policy withdrawals or surrenders. We cannot predict whether any tax laws or regulations impacting corporate taxes or insurance products will be enacted, what the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition and results of operations.

In addition, the Organisation for Economic Co-operation and Development (“**OECD**”) is currently undertaking a new phase of work on tax policy (“**BEPS 2.0**”), which has two pillars. On 8 October 2021, 136 of the 140 members of the OECD/G20 Inclusive Framework (the “**Inclusive Framework**”), including Hong Kong, agreed to the two-pillar BEPS 2.0 proposals (as summarised in a statement released by the Inclusive Framework on that date). The first pillar (“**Pillar One**”) focuses on the allocation of taxing rights among jurisdictions for multinational enterprises that meet certain revenue thresholds. It aims to allocate more taxing rights to sales or market jurisdictions, and to ensure a taxable presence in jurisdictions where such enterprises have little or no physical presence but still have a significant economic presence. Pillar One currently includes an exclusion for regulated financial services businesses. Although work continues among the members of the Inclusive Framework to finalize the rules relating to Pillar One and the details of this exclusion are still to be determined, the exclusion is expected to apply to the Group. The second pillar (“**Pillar Two**”) focuses on the development of rules that seek to apply a minimum effective tax rate of at least 15% (determined on a jurisdiction by jurisdiction basis) to multinational enterprises and their cross-border transactions. On 20 December 2021, the OECD released the Pillar Two model rules which are intended to serve as a template that participating jurisdictions can translate into domestic law. The Inclusive Framework has agreed that participating jurisdictions should enact these rules into law in 2022, with the majority of the rules to be effective from 2023. The BEPS 2.0 rules are likely to adversely impact the Group’s effective tax rate, however a number of material areas remain unclear.

The Group may not be able to implement its business strategies on schedule or within budget or at all.

The Group may not be able to implement fully its business strategies or implement them on schedule or within budget or at all. Its strategies are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond its control and could delay or increase the costs of implementation. Such potential events relating to its expansion plans include, but are not limited to, delays in the delivery and installation of manufacturing equipment, labour disputes, design or construction changes, changes in costs or requirements related to compliance with environmental or other laws and regulations, delays in securing the necessary governmental approvals and land use rights, a downturn in the economy, and changes to plans for additional facilities necessitated by changes in market conditions. Delays in the expansion of the Group’s production facilities could result in the loss or delayed receipt of revenues, an increase in financing costs, or a failure to meet profit and earnings projections, any of which would adversely affect its business and results of operations.

The Group faces risks associated with the marketing, distribution and sale of its products internationally, and if it is unable to effectively manage these risks, its ability to expand its business abroad could become impaired.

For the years ended 31 December 2019, 2020, 2021 and six months ended 30 June 2021 and 2022, approximately 17.8%, 16.9%, 23.0%, 20.8% and 32.2% of the Group's revenue, respectively, was generated by sales to customers outside the PRC. The marketing, distribution and sale of its products overseas expose the Group to a number of risks, including:

- fluctuations in currency exchange rates of foreign currencies against the Renminbi;
- increased costs associated with maintaining marketing and sales activities in various countries;
- difficulty and costs relating to compliance with different commercial and legal requirements in the jurisdictions in which the Group's products are offered;
- inability to obtain, maintain or enforce intellectual property rights; and
- trade barriers, such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of the Group's products and make the Group less competitive in some countries.

If the Group is unable to effectively manage these risks, its ability to conduct or expand its business abroad would be impaired, which may in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As a holding company, the Company's liquidity and its ability to make shareholder distributions and other payments depend to a significant extent upon the distribution of earnings and other payments made by its PRC operating subsidiaries.

The ability of the Company's PRC operating subsidiaries to make distributions and other payments to the Company is subject to various factors, including available cash and distributable reserves, investment, cash flow and working capital requirements. These factors depend on other factors which are outside their respective control, including a possible economic downturn and delays in payments from customers. If any of the Company's operating subsidiaries encounter any of these or other problems, they may not be able to make distributions and other payments to the Company as is currently planned.

The ability of the operating subsidiaries to pay dividends to the Company is also subject to PRC regulations. Under PRC accounting rules, dividends may only be paid out of distributable profits. As a result, the Company's operating subsidiaries may not be able to pay dividends to the Company in any given year to the extent they do not have distributable profits as determined under PRC accounting rules, even if they may have profits in accordance with accounting standards of other jurisdictions. Accordingly, if the Company does not receive dividend distributions from its operating subsidiaries, its liquidity, financial condition and ability to make dividend distributions will be materially and adversely affected.

Life cycles of optical products' application and imaging devices are short due to rapid changes of technology.

The Group's future success will partly depend on its ability to develop and market products and improve manufacturing processes which meet changing customer needs and to successfully anticipate or respond to technological changes in manufacturing processes in a cost-effective and timely manner. Many of the Group's products are applied in optical products such as imaging devices, which have short product life cycles due to frequent product introductions, rapidly changing technology and evolving industry standards. There can be no assurance that the Group will be successful in developing new products as a result of its R&D efforts or its cooperation with industry leaders, or that it will keep pace with technological changes taking place in the market. Any delay or failure to adequately respond to the technological changes could have a material adverse effect on the Group's business or on the operating results.

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect the Group's businesses, financial condition and results of operations.

China's economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, the Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future businesses, financial condition and results of operations.

China has been one of the world's fastest growing economies as measured by GDP in recent years. However, China may not be able to sustain such a growth rate. In order to maintain the sustainable growth of the economy, the PRC Government from time to time implements various macroeconomic and other policies and measures, including but not limited to contractionary or expansionary policies and measures at times of or in anticipation of changes in the PRC's economic conditions. In an effort to stimulate the growth of the Chinese economy, the PRC Government has implemented and may continue to implement various monetary, fiscal or other economic measures to expand investments in infrastructural projects, increase liquidity in the credit markets and encourage employment. However, there is no assurance that such monetary, fiscal or other economic measures will prove to be effective. If the Chinese economy experiences a slowdown or even a downturn, the Group may experience a delay or reduction in, or cancellation of, projects available to the Group and demand for the services and products the Group provides in the Group's various business segments may grow at a lower-than-expected rate or otherwise decrease. Furthermore, the Group cannot guarantee that the Group is able to make timely adjustments to the Group's business and operational strategies so as to capture and benefit from the potential business opportunities presented to the Group as a result of the changes in the economic and other policies of the PRC Government. Also, the PRC Government will continue to make adjustments to its economic policy objectives and measures in the future, which may include or result in a significant reduction in its budget for investments in infrastructure and other projects. This could have an adverse effect on the Group's businesses, financial condition and results of operations. Moreover, unfavourable financing and other economic conditions for the industries that the Group serves could negatively impact the Group's customers and their ability or willingness to fund capital expenditures in the future or pay for past services.

The PRC Government's control of foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, the Renminbi still cannot be freely exchanged into any foreign currencies, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, the Group will have sufficient foreign currencies to meet the Group's demand for foreign currencies. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE. If the Group fails to obtain approval from SAFE to exchange Renminbi into any foreign currencies for any purposes, the Group's capital expenditure plans, and even the Group's businesses, operating results and financial condition, may be materially and adversely affected.

Any occurrence of force majeure events, natural disasters, contagious disease outbreaks or other adverse incidents in the PRC may materially and adversely affect the Group's businesses, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, may materially and adversely affect the Group's businesses and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect the Group's businesses. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. As the Group's businesses are dependent on economic conditions in the PRC as a whole, any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group's businesses and results of operations. There is no assurance that any future occurrence of natural disasters or outbreak of avian influenza, severe acute respiratory syndrome, swine influenza or other epidemics or the measures taken by the PRC government or other countries in response to such events will not seriously disrupt the Group's operations or those of the Group's business partners or prospective investors in the Group's, which may have a material adverse effect on the Group's results of operations.

The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or are better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products are likely to increase. This may in turn affect the selling prices of the products, which may then affect the demand of such products and thereby adversely affect the Group's sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC were 2.5% and 0.9% in 2020 and 2021 respectively. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The PRC legal system is continuously evolving and has uncertainties, and the legal protections available to the Bondholders may be limited.

Although the Issuer is not incorporated under PRC law, most of the Group's businesses are conducted in the PRC and the Group's operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty.

Substantial amendments to the PRC Company Law (中華人民共和國公司法) came into effect on 26 October 2018 and substantial amendments to the PRC Securities Law (中華人民共和國證券法) came into effect on 1 March 2020. As a result, the State Council and CSRC may revise the Special Regulations and the Mandatory Provisions and adopt new rules and regulations, to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. The Group cannot guarantee that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of Bondholders.

It may be difficult to effect service of process or enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.

Although the Issuer is not incorporated in the PRC, a substantial amount, if not all, of the Group's assets is located in the PRC. Further, all of the Issuer's management reside in the PRC, together with their personal assets. Therefore, investors may encounter difficulties in effecting service of process from outside PRC upon the Group or the management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested.

China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or impossible.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"), which is still in full force and effect as at the date of this Offering Circular and will be replaced by and become invalid when the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Arrangement**"), which was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply. Under the Arrangement, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Arrangement are limited and the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

Under the PRC Enterprise Income Tax Law, the Issuer may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences.

Under the new PRC Enterprise Income Tax Law (the "**EIT Law**") and the implementation rules which both took effect on 29 December 2018, enterprises established outside the PRC whose "de facto management bodies" are located in PRC are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise.

A circular issued by the State Administration of Taxation (“SAT”) on 22 April 2009, Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises, in Accordance with the Actual Standards of Organisation Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定居民企業有關問題的通知》) (“Circular 82”) provides that foreign enterprise controlled by a PRC company or a PRC company group will be treated as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management frequently reside within the PRC. On 27 July 2011, the SAT issued Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group (《關於印發<境外註冊中資控股居民企業所得稅管理辦法(試行)>的公告》) (“Circular 45”), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group”. Circular 45 provides two ways for a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau for the final decision. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its active investigation. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest and redemption premium payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent. Further, in accordance with the Individual Income Tax Law of the PRC (the “IIT Law”) which was amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest and redemption premium payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20 per cent. individual income tax which the Issuer would be obliged to withhold from payments of interest and redemption premium to non-resident individual holders of the Bonds. These rates may be reduced under applicable tax treaties.

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent., on income derived from sources within the PRC realized by a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The IIT Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realized by

non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realized by holders of the Bonds are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. These rates may be reduced under applicable tax treaties.

On 23 March 2016, the SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》Caishui [2016] No. 36, “**Circular 36**”) which provides for that the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax was entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds may be regarded as provision of financial services by holders of the Bonds and the payments of the interest and other interest like earnings such as redemption premium under the Bonds received by a holder of the Bonds from the Issuer may be subject to VAT and local levies at a combined rate of approximately 6.72%.

Where a holder of the Bonds who is an individual resells the Bonds, the VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a holder of the Bonds who is an entity located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, where a holder of the Bonds who is an entity resells the Bonds, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to foreign investors who are “non-resident enterprises or individuals”, the Issuer may be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Bonds, as well as its profitability and cash flow. In addition, if Bondholders are required to pay PRC income tax on the transfer of the Bonds, the value of investments in the Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC “resident enterprise”, holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

The licenses, certificates, permits, authorizations, approvals and filings of the Group may not be able to comply with mandatory requirements under applicable laws of the PRC.

The licenses, certificates, permits, authorizations, approvals and filings of the Group are subject to relevant mandatory requirements under applicable laws of the PRC. Due to the change of business, the results of operation and the financial condition of the Group, there is no assurance that the Group could comply with the mandatory requirements under applicable laws of the PRC with regard to such licenses, certificates, permits, authorizations, approvals and filings. In the event that the Group fails to comply with

applicable laws of the PRC with regard to such licenses, certificates, permits, authorizations, approvals and filings, such licenses, certificates, permits, authorizations, approvals and filings may be suspended or revoked, which may have adverse impacts in the business of the Group.

In addition, if the valid period (if any) of the abovementioned licenses, certificates, permits, authorizations, approvals and filings expires, and the Group fails to comply with the mandatory requirements under applicable laws of the PRC for the purpose of extending such valid period, then the Group may not be able to extend the valid period of the abovementioned licenses, certificates, permits, authorizations, approvals and filings expires, which may have adverse impacts in the business of the Group.

RISKS RELATING TO THE BONDS

The Bonds do not contain restrictive operating covenants.

The Trust Deed will contain various covenants intended to benefit the Bondholders that limit the ability of the Issuer to, among other things, incur liens on Relevant Indebtedness (as defined in the “*Terms and Conditions of the Bonds*”). The Trust Deed, however, does not contain restrictions on the payment of dividends or making of other restricted payments. In addition, the Trust Deed does not contain any other covenants or provisions designed to afford the Bondholders protection in the event of a highly leveraged transaction involving the Issuer that could adversely affect such holders. Subject to the terms of the existing debt and credit facilities of the Issuer, the Issuer may incur substantial additional indebtedness in the future.

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Issuer. The payment obligations under the Bonds may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer’s indebtedness.

If any of these events were to occur, the Issuer’s assets may not be sufficient to pay amounts due on the Bonds.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal, premium (if any) or interest payments is different from the potential investor's home currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Credit ratings may not reflect all risks.

The Bonds are expected to be assigned a rating of "Baa1" by Moody's upon issuance. Additionally, the Issuer has been assigned a corporate credit rating of "Baa1" with stable outlook by Moody's. The ratings represent opinions of the rating agencies and their assessment of the ability of the Issuer to perform its obligations under the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any downgrading of the Issuer's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

The Issuer has been assigned a corporate credit rating of "Baa1" with stable outlook by Moody's. Any adverse revision to the Issuer's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Moody's, S&P and Fitch may adversely affect the Group's business, its financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

Change of law may affect the Conditions of the Bonds.

The conditions of the Bonds are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Exchanges and Clearing Limited, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Exchanges and Clearing Limited. The disclosure standards imposed by the Hong Kong Exchanges and Clearing Limited may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof.

Following the occurrence of a Change of Control (as defined in the “*Terms and Conditions of the Bonds*”), the Issuer will be required to make an offer to repurchase all of the Bonds at 101 per cent. of their principal amount, together with accrued and unpaid interest on the amount of Bonds being repurchased to but excluding the date of repurchase. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to repurchase or redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Company would have sufficient liquidity at such time to make the required repurchase or redemption of the Bonds. The ability to repurchase or redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer’s failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer’s or the Group’s other indebtedness.

The Bonds are redeemable in the event of certain withholding taxes being applicable or at the Issuer’s option at any time.

There are no assurances as to whether or not payments on the Bonds may be made without withholding taxes or deductions on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within, inter alia, the Cayman Island, the PRC or Hong Kong (or any authority therein or thereof having power to tax). Although pursuant to the “*Terms and Conditions of the Bonds*”, the Issuer is required to gross up payments on account of any such withholding taxes or deductions, the Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay an Additional Tax Amount (as defined in the “*Terms and Conditions of the Bonds*”), as further described in Condition 6(b) of the “*Terms and Conditions of the Bonds*”. The Issuer may also redeem the Bonds at any time in whole or in part, at the Make Whole Price (as defined in the “*Terms and Conditions of the Bonds*”) as further described in Condition 6(c) of the “*Terms and Conditions of the Bonds*”.

If the Issuer redeems the Bonds prior to their maturity date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer’s ability to redeem the Bonds may reduce the market price of the Bonds.

The insolvency laws of Cayman Islands, the PRC and other local insolvency laws may differ from the laws of jurisdictions with which holders of the Bonds are familiar.

The Issuer is incorporated under the laws of Cayman Islands. Therefore, an insolvency proceeding relating to the Issuer would likely involve the insolvency laws of Cayman Islands, which may have different procedural and substantive provisions from the United States federal bankruptcy law.

We conduct substantially all of our business operations through subsidiaries incorporated in the PRC or other local jurisdictions. We are therefore subject to the bankruptcy and insolvency laws of the PRC and such other local jurisdictions in a bankruptcy or insolvency proceeding involving our PRC or other subsidiaries. The laws and regulations of the PRC and other local jurisdictions relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of jurisdictions with which the holders of the Bonds are familiar. You should analyse the risks and uncertainties carefully before you invest in our Bonds.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Trust Deed, there could be a default under the terms of these agreements or the Trust Deed, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Trust Deed, or our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Trust Deed, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Bonds, or result in a default under our other debt agreements, including the Trust Deed. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

A trading market for the Bonds may not develop, and there are restrictions on resales of the Bonds.

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made to the SEHK for the listing of the Bonds by way of debt issues to Professional Investors only, the Issuer cannot assure investors as to the liquidity of the Bonds, that an active trading market will develop, or that the Issuer will be able to maintain a listing of the Bonds on the Hong Kong Exchanges and Clearing Limited. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial price depending on many factors, including prevailing interest rates, our operating and financial results and the market for similar securities. We have been advised that the Joint Lead Managers intend to make, or to continue to make, a market in the Bonds, but none of the Managers is obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Bonds are being offered without registration under the Securities Act and, as a result, you will only be able to resell your Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “*Subscription and Sale*”. We cannot predict whether an active trading market for the Bonds will develop or be sustained.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals for new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. We cannot assure you that these developments will not occur in the future.

Developments in the international financial markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for securities of entities with PRC operations is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009 and the pandemic of COVID-19 in 2020, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Bonds will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Bonds will initially only be issued in global form and held through Euroclear and Clearstream. Interests in the Bonds represented by the Global Certificate will trade in book-entry form only, and Bonds in definitive registered form, or definitive registered Bonds, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners or holders of the Bonds. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Certificate representing the Bonds. Payments of principal, premium (if any), interest and other amounts owing on or in respect of the Global Certificate representing the Bonds will be made to the Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Certificate representing the Bonds and credited by such participants to indirect participants. After payment to the Paying Agent, we will have no responsibility or liability for the payment of interest, principal, premium (if any) or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream or, if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of Bondholder under the Trust Deed.

Unlike the holders of the Bonds themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Bondholders. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the Trust Deed, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Bonds.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer pursuant to Condition 17 and taking enforcement steps pursuant to Condition 14 of the “*Terms and Conditions of the Bonds*”, the Trustee of the Bonds may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able

to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the “*Terms and Conditions of the Bonds*”) of the Bonds or the “*Terms and Conditions of the Bonds*” or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The “*Terms and Conditions of the Bonds*” contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individuals.

Exchange rate risks, exchange controls and interest rate risks may result in a Bondholder receiving less on the Bonds than expected.

The Issuer will pay principal, premium (if any) and interest on the Bonds in U.S. Dollars. This presents certain risks relating to currency conversions if a Bondholder’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollars or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the U.S. Dollars would decrease (a) the Investor’s Currency equivalent yield on the Bonds; (b) the Investor’s Currency equivalent value of the principal payable on the Bonds; and (c) the Investor’s Currency equivalent market value of the Bonds.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Bondholder may receive less interest, premium (if any) or principal than expected, or no interest, premium (if any) or principal.

The Bonds will carry a fixed interest rate. Consequently, the trading price of the Bonds will vary with fluctuations in interest rates. If a Bondholder tries to sell any Bonds before their maturity, the Bondholder may receive an offer that is less than the amount invested.

No assurance or representation is given by the Issuer, any other member of the Group, the Joint Lead Managers, the Joint Sustainability Structuring Advisors, the Trustee, the Agents, the Second-Party Opinion Provider or the External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report, certification or validation of any third party in connection with the offering of the Bonds or the Sustainability Performance Target to fulfil any green, social, sustainability, sustainability-linked and/or other criteria. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Offering Circular.

In connection with the issue of the Bonds, the Issuer has engaged S&P Global Rating (the “**Second-Party Opinion Provider**”) to provide a second-party opinion in relation to the Sustainability-Linked Financing Framework and its alignment with the Sustainability-Linked Bond Principles 2020 administered by the International Capital Market Association and Sustainability-Linked Loan Principles 2022 published by Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association (the “**Second-Party Opinion**”). The Second-Party Opinion is not incorporated into, and does

not form part of, this Offering Circular. The Second-Party Opinion Provider and providers of similar opinions, certifications and validations are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, any member of the Group, the Joint Lead Managers, the Joint Sustainability Structuring Advisors, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them or any Second-Party Opinion Provider, the External Verifier or any other person to buy, sell or hold Bonds. None of the Issuer, any member of the Group, the Joint Lead Managers, the Joint Sustainability Structuring Advisors, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them makes any representation or provide any assurance as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer, including the Second-Party Opinion) that may be made available in connection with Issuer's Sustainability-Linked Financing Framework or the Bonds.

Any such opinion or assurance may not reflect the potential impact of all risks related to the structure, market, regulatory backdrop, and matters related to the additional risk factors discussed herein and other factors that may affect the value of the Bonds. The Issuer does not assume any obligation or responsibility to release any update or revision to the Sustainability-Linked Financing Framework to reflect events or circumstances after the date of its publication nor procure any update or revision of any second party opinion (including the Second-Party Opinion). Bondholders have no recourse against the Issuer, any of the Joint Lead Managers, the Joint Sustainability Structuring Advisors, the Trustee, any Agent or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Bonds. Any withdrawal of any opinion or certification or any such opinion, certification attesting that the Group is not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

In addition, we cannot assure you that any information that the Issuer or any other person may provide in connection with this offering now or in the future will be sufficient to enable any potential investor to satisfy any disclosure or reporting requirements imposed on such investor from time to time either as a result of its own objectives or those of its clients as set out in its by-laws or other governing rules and/or investment portfolio mandates. In addition, such requirements may have been conditioned by the application of laws and regulations relating to the types of, and criteria relating to, investments that such funds can make in order to qualify or be eligible as a particular type of "ESG" or other sustainable finance-related investment. The rules applicable to such investors and funds, whether internal or resulting from any such investment portfolio mandates and/or applicable laws and regulations, may require such investor to make periodic disclosure of its investment, including any investment in the Bonds. Such requirements may evolve over time.

Each prospective investor should have regard for the factors described in the "*Sustainability-Linked Financing Framework*" and the relevant information contained in this Offering Circular and seek advice from their independent financial adviser or other professional advisers regarding its purchase of the Bonds before deciding to invest. The Issuer's Sustainability-Linked Financing Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this document.

The Bonds are not “green bonds,” “social bonds” or “sustainable bonds” and may not satisfy an investor’s requirements or future standards for assets with sustainability characteristics.

Although the Issuer is obligated to pay the Maturity Premium (as defined in the Terms and Conditions of the Bonds) in respect of the Bonds if the Issuer fails to satisfy the Sustainability Performance Target, the Bonds may not satisfy an investor’s requirements or any future legal, quasi-legal or market standards or taxonomies for investment in assets with sustainability characteristics. The Bonds are not being marketed as green bonds, social bonds or sustainable bonds. The Issuer expects to use the net proceeds of this offering as described under “*Use of Proceeds*,” and therefore the Issuer does not intend to (i) allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria or (ii) be subject to any other limitations associated with green bonds, social bonds or sustainable bonds.

As there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes an “ESG”, “green”, “social”, “governance”, “sustainable” or equivalently-labeled target or as to what precise attributes are required for a particular target to be defined as such or what a “sustainability-linked” bond is (and, in addition, the requirements of any such label may evolve from time to time), no assurance is or can be given to investors by the Issuer, any of the Joint Lead Managers, the Joint Sustainability Structuring Advisors, the Trustee, any Agent or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them or any second party opinion providers or any external verifier that the Bonds will meet any or all investor expectations regarding the Bonds or Issuer’s targets and goals qualifying as “sustainable” or that no other adverse consequences will occur in connection with the Issuer striving to achieve such targets and goals.

Although the Issuer intends to achieve the Sustainability Performance Target, there can be no assurance of the extent to which the Issuer will be successful in doing so or that any future investments the Issuer makes in furtherance of this target will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. In addition, under the Sustainability-Linked Financing Framework, if the Issuer subsequently issues other sustainability-linked bonds linked to the same Scope 1 and 2 Greenhouse Gases (“GHG”) Emissions Intensity (as defined in the “*Terms and Conditions of the Bonds*”), the same 2021 Baseline and the same Target Observation Date (as defined in the “*Terms and Conditions of the Bonds*”), but with a reduction target higher than 20% from the 2021 Baseline, the Sustainability Performance Target of the Bonds shall be automatically adjusted upward to equal the Scope 1 and 2 GHG Emissions Intensity reduction percentage required by such subsequent sustainability-linked bonds. There is no assurance that the Issuer will be able to achieve such adjusted target. Adverse environmental or social impacts may occur during the design, construction and operation of any investments the Issuer makes in furtherance of this target or such investments may become controversial or criticized by activist groups or other stakeholders. Moreover, the Issuer may determine that it is in its best interest to prioritize other business, social, governance or sustainable investments over the achievement of the Sustainability Performance Target based on economic, regulatory and social factors, business strategy or pressure from investors, activists or other stakeholders.

Although if the Sustainability Performance Target is not met, it will oblige the Issuer to pay the Maturity Premium in respect of the Bonds upon an applicable trigger event, it will not be an Event of Default (as defined in the “*Terms and Conditions of the Bonds*”) under the Bonds nor will the Issuer be required to repurchase or redeem any Bonds in such circumstances. Moreover, it will not be an Event of Default under the Bonds nor will the Issuer be required to repurchase or redeem the Bonds if the Second-Party Opinion issued in connection with such Bonds were to be withdrawn.

Achieving the Sustainability Performance Target or any similar performance targets will require the Issuer to expend significant resources, while not meeting any such targets could have a material impact on the market price of the Bonds and could expose the Issuer to reputational risks.

The Sustainability Performance Target requires the Issuer to, among others, achieve a reduction of 20% Scope 1 and 2 GHG Emissions Intensity by 31 December 2025, as compared to the 2021 Baseline. Should the Issuer satisfy the Sustainability Performance Target, Bondholders will not be entitled to the Maturity Premium on the Bonds on account of the Sustainability Performance Target. Should the Issuer fail to satisfy its Sustainability Performance Target, except in certain circumstances as described in the “*Terms and Conditions of the Bonds*”, as applicable, the Issuer will be required to pay the Maturity Premium on the Bonds, which may have an adverse impact on its liquidity and financial position. No breach or Event of Default shall occur under the Bonds, nor will the Issuer be required to repurchase or redeem the Bonds, if the Issuer fails to meet the Sustainability Performance Target.

As described in the section entitled “*Sustainability-Linked Financing Framework*” of this Offering Circular, prior to 2021, the Scope 1 and 2 GHG Emissions Intensity had increased from 8.00 tCO₂e/RMB million revenue in 2019 to 8.90 tCO₂e/RMB million revenue in 2020. Although the Issuer intends to meet the Sustainability Performance Target, there can be no assurance of the extent to which the Sustainability Performance Target will be achieved, that the Issuer will continue to work towards maintaining the Sustainability Performance Target even if the Sustainability Performance Target has been achieved, or that any future investments it makes in furtherance of achieving such targets and goals will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulation or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact.

As described in the section entitled “*Sustainability-Linked Financing Framework*” of this Offering Circular, achieving the Sustainability Performance Target may require the Issuer to, among other things, introduce new energy-saving equipment and optimize power supply mode, increase the consumption ratio of green energy to reduce carbon footprint; optimize the design and manufacturing processes and promote technological innovation, enhance management and promote training to employees. As a result, achieving the Sustainability Performance Target or any similar sustainability performance targets the Group may choose to include in future financings or other arrangements may require the Group to expend significant resources.

Any of the above could adversely impact the trading price of the Bonds and the price at which a Bondholder will be able to sell the Bonds in such circumstance prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Bondholder.

In addition, a failure by Issuer to satisfy the Sustainability Performance Target or any such similar sustainability performance targets or goals that the Issuer may choose to include in any future financings would not only result in increased interest payments or premium, as the case may be, under the Bonds or other relevant financing arrangements, but could also harm the Issuer’s reputation. Climate-related issue is an ESG topic that is, in particular, receiving heightened attention from investors, shareholders, lawmakers and regulators, including the various securities supervising and regulatory bodies. Furthermore, Issuer’s efforts in satisfying the Sustainability Performance Target, or its other projects or investments, may become controversial or be criticised by activist groups or other stakeholders. Each of such circumstances could have a material adverse effect on the Issuer, its business, its financial condition or its results of operations.

The Issuer calculates and reports its key performance indicators (“KPI”) based on certain methodology which may change over time and accordingly impact the result whether the Issuer achieves or fails to achieve the Sustainability Performance Target.

The Issuer is advancing the sustainability program with long-term KPI developed to further support of the United Nations Sustainable Development Goals. The Group will measure and report on the progress verified by an external verifier each year. The scope of the KPI covers only four principal subsidiaries in China, namely “Zhejiang Sunny Optics Co., Ltd.”, “Ningbo Sunny Automotive Optech Co., Ltd.”, “Ningbo Sunny Opotech Co., Ltd.”, and “Yuyao Sunny Optical Intelligence Technology Co., Ltd.”. In the past 5 years, the entities accounted for more than 90% of the overall revenue and Scope 1 and 2 emissions of the Group. There is no assurance that those entities will continue to remain substantial contribution to the overall revenue or emission of the Group in future. The Issuer selected reduction of Scope 1 and 2 GHG emission intensity, which is measured by tons of carbon dioxide equivalents per million RMB revenue. The Scope 1 emission covers the Group’s direct GHG emission, including diesel oil, gasoline and air-conditioning coolant. Meanwhile, Scope 2 emission captures the Group’s indirect emission, covering electricity consumption of the Group. The carbon dioxide emission factors of diesel and gasoline used by the Group refer to the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions by Electronic Equipment Manufacturing Enterprises issued by the National Development and Reform Commission in 2015. The global warming coefficient of air-conditioning coolant used by the Group refers to the 2014 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories. The carbon dioxide emission factor of the purchased electricity used by the Group refers to the average carbon dioxide emission factor of the power grids in East China in the 2012 China Regional Grid Average Carbon Dioxide Emission Factor. The Greenhouse Gas Protocol (the “**GHG Protocol**”) has been adopted for the GHG emission data disclosed in the Sustainability-Linked Financing Framework. There is no assurance that these guidelines and standards will not change materially over time, which may result in a material impact on the calculation of the KPI.

The industry-wide methodologies used, including the GHG Protocol, may change over time, which may impact, positively or negatively, the ability of the Issuer to satisfy its Sustainability Performance Target, which could in turn adversely affect the market price of the Bonds and/or the reputation of the Issuer. In the event an updated version of those guidelines, standards or protocols are published or opted by the Issuer under the Sustainability-Linked Financing Framework, the methods of calculating the KPI for purposes of the Bonds may be revised without consent of the Bondholders. In addition, the Sustainability Performance Target is measured against the 2021 Baseline (as defined in the “*Terms and Conditions of the Bonds*”) which may be restated as a result of future material divestments or acquisitions of assets. Emissions sources from an acquired company will be included in both base year and the current years. Similarly, emissions sources from divested companies will be excluded from both base year and current years. Moreover, in certain circumstances, in the event of material changes in the Applicable Laws (as defined in the “*Terms and Conditions of the Bonds*”) or upon occurrence of a Force Majeure Event (as defined in the “*Terms and Conditions of the Bonds*”), the Maturity Premium in respect of the Bonds will not apply, even if a Trigger Event may have occurred. See “*Terms and Conditions of the Bonds*” in this Offering Circular.

Any such change could also result in Issuer’s achieving or failing to achieve the Sustainability Performance Target and therefore impact whether the applicable increase in interest rate applies to the Bonds in the future. Each such circumstance could have a material adverse effect on the Issuer, its business prospects, its financial condition or its results of operations.

EXCHANGE RATES INFORMATION

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on rates set by PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to US dollars remained generally stable. Although the PRC Government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loans or securities, still requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2 per cent. against the US dollar. On 18 May 2007, PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the US dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate, effective on 21 May 2007. This allows the Renminbi to fluctuate against the US dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. The floating band was further widened to 1 per cent. on 16 April 2012 and to 2 per cent. on 17 March 2014. From 21 July 2005 to 31 December 2014, the value of the Renminbi appreciated by approximately 33 per cent. against the US dollar. On 11 August 2015, the PBOC announced plans to improve the central parity rate of the RMB against the US dollar by authorising market-makers to provide parity to the China Foreign Exchange Trading Centre operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. On 11 December 2015, the CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The Renminbi continued to experience further fluctuation in value against the U.S. dollar in 2019. On 5 August 2019, the PBOC set the Renminbi daily reference rate above RMB7 per U.S. dollar for the first time in over a decade. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. PBOC announces the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day.

The following table sets forth the exchange rate of the Renminbi against the US dollar as set forth in the H.10 statistical release of the Federal Reserve Board for and as at the period ends indicated.

Period	Renminbi per U.S. Dollar Noon Buying Rate			
	End	Average ⁽¹⁾	High	Low
	(RMB per U.S.\$1.00)			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021	6.3726	6.4382	6.5716	6.3435
2022				
July	6.7433	6.7352	6.7655	6.6945
August	6.8890	6.8007	6.9100	6.7230
September	7.1135	7.0195	7.1384	6.8985
October	7.3048	7.1902	7.3048	7.1103
November	7.0879	7.1812	7.3000	7.0440
December (through 23 December 2022) . . .	6.9880	6.9770	7.0424	6.9430

Source: Federal Reserve H.10 Statistical Release

Note:

- (1) Annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and except for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the US\$400,000,000 5.950 per cent. sustainability-linked bonds due 2026 (the “**Bonds**” which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) of Sunny Optical Technology (Group) Company Limited 舜宇光學科技(集團)有限公司 (the “**Issuer**”) will be constituted by a Trust Deed (the “**Trust Deed**”) to be dated on or about 17 January 2023 between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds will be the subject of an agency agreement (the “**Agency Agreement**”) to be dated on or about 17 January 2023 relating to the Bonds between the Issuer, the Trustee, Citibank, N.A., London Branch, a banking corporation organised and existing under the laws of the States of New York with Limited liability, as registrar (the “**Registrar**”), as transfer agent (the “**Transfer Agent**”) and as initial principal paying agent (the “**Principal Paying Agent**”), and any other agents named in it. References herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders will be entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement will be available for inspection by Bondholders upon reasonable prior written notice and satisfactory proof of holding at all reasonable times during usual business hours at the principal place of business of the Trustee (presently at 20th Floor, Citi Tower, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong) and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

The Bonds are represented by registered certificates (“**Certificates**”) and save as provided in Condition 2(b), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register in accordance with the provisions of the Agency Agreement. The holder of any Bond will, except as otherwise required by law or as ordered by a court of competent jurisdiction, be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” or “**holder**” in relation to a Bond means the person in whose name a Bond is registered.

2 TRANSFERS OF BONDS

(a) Register

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) and 2(f) herein, a Bond may be transferred in whole or in part in the Authorised Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed, and any other evidence as the Registrar or such Transfer Agent may require; *provided, however*, that a Bond may not be transferred unless the principal amount of the Bonds transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of the Bonds not transferred are Authorised Denominations. In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds shall be available for delivery within five business days of receipt of a duly completed form of transfer, surrender of the existing Certificate(s) and provision of such evidence as the Registrar or the relevant Transfer Agent may require. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 2(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge to the relevant holder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but (i) upon payment by the relevant holder of any and all tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), and (ii) subject to Conditions 2(e) and 2(f).

(e) Closed Periods

No holder may require the transfer of a Bond to be registered during the period of (i) seven business days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond, (ii) during the period of seven business days ending on (and including) any Record Date (as defined in Condition 7(a)), (iii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Conditions 6(b) or 6(c), or (iv) after any such Bond has been put for redemption pursuant to Condition 6(d).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any holder upon reasonable prior written request and satisfactory proof of holding.

3 STATUS OF THE BONDS

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(b)) unsecured obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations and subject to Condition 4(b), at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.

Upon issue, the Bonds will be initially evidenced by a global certificate (the “Global Certificate”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) and will be exchangeable for individual Bond Certificates only in the circumstances set out therein.

4 COVENANTS

(a) Undertaking by the Issuer

The Issuer undertakes that so long as any Bond remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, it shall use all reasonable endeavours to maintain a rating on the Bonds by any one of the Rating Agencies and notify the Trustee of any change in such rating in accordance with the Trust Deed.

(b) Negative Pledge

So long as any Bond remains outstanding, the Issuer will not and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge, encumbrance or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto (i) according to the Bonds equally and ratably the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution of the Bondholders.

(c) Financial Statements and Notices of Default

So long as any Bond remains outstanding, the Issuer shall send to the Trustee:

- (i) as soon as practicable after their date of publication and in any event not more than 135 calendar days after the end of each Relevant Period, two copies of the Issuer Audited Financial Reports (audited by an internationally or nationally recognised firm of independent accountants) prepared and presented in accordance with accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants, together with a certificate signed by a director or duly authorised officer of the Issuer certifying that such translation is complete and accurate; and
- (ii) as soon as practicable after their date of publication and in any event not more than 90 calendar days after the end of each Relevant Period, two copies of the Issuer Unaudited Financial Reports (reviewed by an internationally or nationally recognised firm of independent accountants) prepared on a basis consistent with Issuer Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) an internationally or nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by an internationally or nationally recognised firm of independent accountants together with a certificate signed by a director or duly authorised officer of the Issuer certifying that such translation is complete and accurate;

provided that, if at any time the Capital Stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 10 calendar days after any financial or other reports of the Issuer are filed with any recognised exchange on which the Issuer's Capital Stock is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in clauses (i) and (ii) above, if such financial or other report is in the English language.

So long as any of the Bonds remain outstanding, the Issuer will file with the Trustee, as soon as possible and in any event within 10 calendar days after the Issuer becomes aware of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes, or which, after notice or lapse of time or both, would become, an Event of Default and a director's certificate of the Issuer setting forth the details thereof and the action the Issuer is taking or proposes to take with respect thereto.

(d) NDRC Registration

- (i) The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the timeframe prescribed by the NDRC after the Issue Date (as defined under Condition 5) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).
- (ii) The Issuer shall within 15 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with a certificate in English signed by an authorised officer of the Issuer confirming the submission of the NDRC Post-issue Filing and having attached to it documents evidencing submission of the NDRC Post-issue Filing and provide the Trustee with a notice confirming the completion of the NDRC Post-issue Filing for dissemination to the Bondholders in accordance with Condition 17 of the same.

The Trustee shall have no obligation to monitor or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation, or other documents in relation to or in connection with the NDRC Post-issue Filing, and shall not be liable to Bondholders or any other person for not doing so.

In this Condition 4:

“**Capital Stock**” means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of capital stock of a corporation or any and all equivalent ownership interests in a Person (other than a corporation).

“**Event of Default**” has the meaning ascribed to it in Condition 9.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People's Republic of China.

“**Indebtedness**” of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person.

“Issuer Audited Financial Reports” means the annual audited consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows of the Issuer and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them.

“Issuer Unaudited Financial Reports” means the semi-annual unaudited but reviewed consolidated balance sheet, income statement, statement of cash flows and statements of changes in owners’ equity of the Issuer and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ review reports) and the notes attached to or intended to be read with any of them, if any.

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity.

“PRC” means the People’s Republic of China, which shall for the purposes of these Conditions, exclude Hong Kong, Macau and Taiwan.

“Rating Agencies” means (i) S&P Global Ratings and its successors (**“S&P”**); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (**“Moody’s”**); (iii) Fitch Ratings Ltd. and its successors (**“Fitch”**); and (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Bonds publicly available, any United States nationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be.

“Registration Business Day” means a day, other than a Saturday, Sunday or a public holiday, on which the relevant NDRC branch in the PRC is open for business;

“Relevant Indebtedness” of any Person means, at any date, Indebtedness incurred or issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market without regard, however, to whether such securities are sold through public offering or private placements (which for the avoidance of doubt shall not include any indebtedness under any transferable loan facilities or agreements (including any drawing down of any existing credit line or facility of the Issuer, or any of the Issuer’s Subsidiaries)).

“Relevant Period” means (a) in relation to the Issuer Audited Financial Reports, each period of twelve months ending on the last day of the Issuer’s financial year (being 31 December of that financial year) and (b) in relation to the Issuer Unaudited Financial Reports, each period of six months ending on the last day of the Issuer’s respective first half financial year (being 30 June of that financial year).

“**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 17 January 2023 at the rate of 5.950 per cent. per annum (the “**Interest Rate**”), payable semi-annually in arrear in equal instalments on 17 January and 17 July in each year (each an “**Interest Payment Date**”) commencing on 17 July 2023. The amount of interest payable on each Interest Payment Date shall be U.S.\$29.75 per Calculation Amount (as defined below).

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgement) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the Interest Rate, the Calculation Amount and the day-count fraction for the relevant period.

In this Condition 5:

“**Interest Period**” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (and excluding) the next Interest Payment Date.

“**Issue Date**” means the initial issuance date of the Bonds.

6 REDEMPTION AND PURCHASE

(a) Final Redemption

(i) Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 17 July 2026 (the “**Maturity Date**”). The Issuer shall on the Maturity Date redeem the Bonds at a price (the “**Final Redemption Price**”) equal to:

(A) 100 per cent. of the outstanding principal amount of Bonds if none of the Trigger Events as described in this Condition 6(a) has occurred; or

(B) 100.5 per cent. of the outstanding principal amount of Bonds if a Trigger Event as described in this Condition 6(a) has occurred. For the avoidance of doubt, such redemption price includes 100 per cent. of the principal amount and 0.5 per cent. of the principal amount premium (the “**Maturity Premium**”); provided, however, that the Maturity Premium shall not apply upon the occurrence of a Trigger Event in accordance with the foregoing if (x) (A) such Trigger Event occurs due to any material amendment to, or changes in, any applicable laws, regulations and rules relating to the business of the Issuer and its Subsidiaries (the “**Applicable Laws**”) after the Issue Date such that the performance of the Sustainability Performance Target and relevant obligations would result in the Issuer or a Principal Subsidiary being in breach of mandatory provisions of the Applicable Laws as amended, and (B) the Issuer delivers to the Trustee on the Verification Date a certificate signed by one director or duly authorised officer of the Issuer, as well as an opinion of counsel of recognised standing, stating that the performance of the Sustainability Performance Target and relevant obligations would result in the Issuer or a Principal Subsidiary being in breach of mandatory provisions of the Applicable Laws then in effect due to such changes in the Applicable Laws; or (y) (A) such Trigger Event is due to another event having occurred after the Issue Date and remained continuing which, in the opinion of the Trustee, is beyond the control of the Issuer (a “**Force Majeure Event**”) and inevitably restricts or prohibits the achievement of the Sustainability Performance Target, and (B) the Issuer delivers to the Trustee on the Verification Date a certificate signed by one director or duly authorised officer of the Issuer certifying that such a Force Majeure Event has occurred and is continuing which inevitably restricts or prohibits the achievement of the Sustainability Performance Target.

The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

- (ii) In the event that any Maturity Premium applies pursuant to Condition 6(a)(i), the Issuer shall notify the Bondholders (in accordance with Condition 17) and the Trustee in writing (the “**Increase Notice**”), substantially in the form scheduled to the Trust Deed, no later than five Business Days following the occurrence of the Trigger Event, which notice shall specify the new Final Redemption Price following such application of the Maturity Premium.
- (iii) Notwithstanding anything to the contrary in these Conditions, the Trust Deed and the Agency Agreement, in the absence of its receipt of an Increase Notice, each of the Trustee and the Agents may assume that the Maturity Premium does not apply and shall not be liable to the Issuer, any Bondholder or any other person for so assuming or for any loss as a result of such assumption. Any verification, determination or confirmation of the External Verifier in the calculation of the Sustainability Performance Target shall (in the absence of manifest error) be final and binding upon all parties and the Bondholders.
- (iv) So long as any Bond remains outstanding, the Issuer shall, at least on an annual basis for each fiscal year ended on and after 31 December 2022, use commercially reasonable efforts to publish a Sustainability Performance Report on its official website for information purposes by the end of April of each fiscal year, which shall disclose, among other things, the performance of the Scope 1 and 2 GHG Emissions Intensity for the relevant fiscal year and its progress against the Sustainability Performance Target, verified by an External Verifier, *provided that* the Sustainability Performance Report for the fiscal year ended 31 December 2025 shall be published in accordance with Condition 6(a)(v).

- (v) On or prior to the Verification Date, the Issuer shall publish on its official website (a) the Sustainability Performance Report for the fiscal year ended 31 December 2025 which shall disclose, among other things, the performance of the Scope 1 and 2 GHG Emissions Intensity for the fiscal year ended 31 December 2025 and the progress against the Sustainability Performance Target, verified by an External Verifier, and (b) the confirmation by the External Verifier whether the Sustainability Performance Target is achieved as of 31 December 2025 (the “**Verification Assurance Confirmation**”).

In this Condition 6(a):

“**2021 Baseline**” means the Scope 1 and 2 GHG Emissions Intensity of 10.30 tCO₂e/RMB million revenue for the year ended 31 December 2021, *provided that* such 2021 Baseline may be adjusted (the “**Baseline Adjustment**”) upon, and in accordance with, a future material divestment or acquisition of assets of the Principal Subsidiaries or other corporate action with similar effect, *provided further* that such Baseline Adjustment shall in no event cause any adjustment of the Sustainability Performance Target except as otherwise adjusted in accordance with the SPT Upward Adjustment (as defined below) and shall be verified by an External Verifier and published in the Sustainability Performance Report or on the Issuer’s official website in a timely manner;

“**Business Day**” means a day, other than a Saturday or a Sunday or a public holiday, on which banks are open for business in Beijing, Hong Kong, Singapore, London and New York City;

“**External Verifier**” means any independent accounting or appraisal firm, or other independent qualified provider of third-party assurance or attestation services appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under this Condition 6, as determined by the Issuer;

“**GHG**” means Greenhouse Gases;

“**Principal Subsidiaries**” means the following subsidiaries of the Issuer and any of their successors: Zhejiang Sunny Optics Co., Ltd. (浙江舜宇光學有限公司), Ningbo Sunny Automotive Optech Co., Ltd. (寧波舜宇車載光學技術有限公司), Ningbo Sunny Opotech Co., Ltd. (寧波舜宇光電信息有限公司) and Yuyao Sunny Optical Intelligence Technology Co., Ltd. (餘姚舜宇智能光學技術有限公司);

“**Scope 1 and 2 GHG Emissions**” means the direct GHG emission from operations that are owned or controlled by the Principal Subsidiaries, covering diesel oil, gasoline and air conditioning coolant, and the indirect emission from the generation of purchased or acquired electricity by the Principal Subsidiaries, as published in the Sustainability Performance Report;

“**Scope 1 and 2 GHG Emissions Intensity**” means the Scope 1 and 2 GHG Emissions of the Principal Subsidiaries for a certain period of time divided by the revenue of such Principle Subsidiaries (in RMB millions) for the same period of time on a non-consolidated basis, as published in the Sustainability Performance Report;

“**Sustainability Performance Report**” means the Issuer’s sustainability performance report or other document at the Issuer’s annual report, sustainability report or a separate report which is published on its official website and verified by an External Verifier;

“Sustainability Performance Target” means the reduction of the Scope 1 and 2 GHG Emissions Intensity for the year ended 31 December 2025 (the **“Target Observation Date”**) by 20% as compared to the 2021 Baseline, which will be verified by an External Verifier and published on the official website of the Issuer on or before the Verification Date, *provided that* if the Issuer or any of its Subsidiaries subsequently issues, outside the PRC, other sustainability-linked bonds linked to the same Scope 1 and 2 GHG Emissions Intensity, the same 2021 Baseline and the same Target Observation Date, but with a reduction target higher than 20% from the 2021 Baseline, the Sustainability Performance Target of the Bonds shall be automatically adjusted upward to equal the Scope 1 and 2 GHG Emissions Intensity reduction percentage required by such subsequent sustainability-linked bonds (the **“SPT Upward Adjustment”**);

A **“Trigger Event”** will be deemed to occur if any of the following events occurs: (a) the Sustainability Performance Target is not achieved as determined by the External Verifier on or before the Verification Date in the Verification Assurance Confirmation, or (b) the Issuer fails to publish the Sustainability Performance Report for the fiscal year ended 31 December 2025 or the relevant Verification Assurance Confirmation on or before the Verification Date; and

“Verification Date” means 30 April 2026.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice in writing to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will on the next Interest Payment Date become obliged to pay Additional Tax Amounts as provided in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8), or any change in an existing official position regarding the application or interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction) or the statement of a new official position with respect to such laws or regulations by a competent taxing authority, which change or amendment becomes effective, or in the case of a statement of an official position, is announced, on or after Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (x) a certificate signed by any one Director of the Issuer stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of counsel of recognised standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Tax Amounts results from a change, amendment or the stating of a new official position referred to in Condition 6(b)(i) above. The Trustee shall be entitled (but shall not be obliged) to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b)(ii) above, in which event it shall be conclusive and binding on the Bondholders.

Notwithstanding anything to the contrary herein, the Bonds may not be redeemed under this Condition 6(b) in the case that Additional Tax Amounts are payable in respect of PRC withholding tax at the Applicable PRC Rate or less.

(c) Redemption at the Option of the Issuer

At any time, on giving not less than 30 nor more than 60 days' notice (an "**Make Whole Redemption Notice**") to the Trustee and to the Agents and to the Bondholders in accordance with Condition 17, the Issuer may at any time redeem the Bonds, in whole or in part, at the Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date (the "**Make Whole Redemption Date**") specified in the Make Whole Redemption Notice.

In this Condition 6(c):

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the Maturity Date, which would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

"**Comparable Treasury Price**" means, with respect to any Make Whole Redemption Date:

- (i) the average of the Reference Treasury Dealer Quotations for such Make Whole Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or
- (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"**Make Whole Price**" means, with respect to a Bond at the Make Whole Redemption Date, the amount calculated by the Quotation Agent to be the greater of (1) the present value of the principal amount of the Bonds and, to the extent a Trigger Event as described in Condition 6(a) has occurred when the Make Whole Redemption Notice is given, the Maturity Premium, assuming a scheduled repayment thereof on the Maturity Date plus all required remaining scheduled interest payments due on such Bond through the Maturity Date (but excluding accrued and unpaid interest to the Make Whole Redemption Date), computed using a discount rate equals to the Treasury Rate plus 35 basis points, and (2) the principal amount of such Bonds and, to the extent a Trigger Event as described in Condition 6(a) has occurred when the Make Whole Redemption Notice is given, the Maturity Premium.

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee.

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected and appointed by the Issuer in good faith and notified in writing to the Trustee and the Quotation Agent.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Make Whole Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Make Whole Redemption Date.

“Treasury Rate” means, with respect to any Make Whole Redemption Date, the rate per annum equal to: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated **“H.15(519)”** (at the website: <http://www.federalreserve.gov/releases/h15/current/default.htm> on the Issue Date) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption **“Treasury Constant Maturities”**, for the maturity corresponding to the applicable Comparable Treasury Issue; *provided that*, if no maturity is within three months before or after the remaining life of the Bonds to be redeemed, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for the applicable Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

(d) Repurchase upon a Change of Control

Upon a Change of Control (as defined below), the Issuer will be required to make an offer to repurchase all of the Bonds at a price in cash equal to 101 per cent. of the principal amount of the Bonds to be repurchased, plus accrued and unpaid interest on the principal amount of Bonds being repurchased to but excluding the date of repurchase (a **“Change of Control Offer”**).

Within 14 calendar days following any Change of Control, the Issuer will be required to give written notice to holders and to the Trustee and to the Agents describing the transaction or transactions that constitute the Change of Control and offering to repurchase all of the Bonds on the date specified in the notice, which date will be no earlier than 30 calendar days and no later than 60 calendar days from the date such notice is given.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Bonds properly tendered and not withdrawn under its offer.

A holder of Bonds will have no right to require the Issuer to repurchase portions of Bonds if it would result in the issuance of new Bonds, representing the portion not repurchased, in an amount of less than US\$200,000.

The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of Bonds pursuant to this covenant.

In this Condition 6(d):

“**Change of Control**” means the occurrence, at any time, of any of the following:

- (i) the Controlling Persons in aggregate ceasing to own and control directly or indirectly 30 per cent. of the Voting Shares of the Issuer;
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person or persons acting together; or
- (iii) any person or persons acting together acquires, owns or controls, directly or indirectly, more Voting Shares of the Issuer than the Voting Shares of the Issuer owned or controlled by the Controlling Persons in aggregate, directly or indirectly.

“**Controlled Entities**” means any person the Voting Shares of which (or in the case of a trust, the beneficial interests in which) are 50.1 per cent. or more owned by the relevant Controlling Person.

“**Controlling Persons**” means Wang Wenjian, his Immediate Family Members and Controlled Entities and the trustee(s) (which expression shall include the successor(s) and all persons from time to time appointed as the trustee or trustees, as applicable) of the Sunny Group Employee Offshore Trust.

“**Immediate Family Members**” means, with respect to an individual, any or all of the following:

- (i) his or her spouse or any persons cohabiting as a spouse, child or step child, or
- (ii) any Legal Representative of any of the foregoing.

“**Legal Representative**” means, with respect to any person, any or all of the following: (i) his or her legal heir or legally recognised guardian, any executor of his or her estate, any administer (duly appointed or otherwise recognized by law) for his or her assets and other affairs, or (ii) any person of the same or analogous nature or performing the same or analogous functions as any of the foregoing.

“**Voting Shares**” means, with respect to any Person, the Capital Stock having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(e) Purchase

The Issuer and the Issuer’s Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 14.

(f) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(g) No Duty to Monitor

The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control or Event of Default has occurred or to monitor the occurrence of any Change of Control or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

(h) Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption, including without limitation the Make Whole Price, and shall not be liable to the Bondholders or any other person for not doing so.

7 PAYMENTS

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifteenth business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to a U.S. dollar registered account of the holder and (i) (in the case of interest payable on redemption) upon surrender, or (ii) (in the case of part payment only) upon endorsement of the relevant Certificates at the specified office of any Paying Agent. In this Condition 7(a)(ii), a holder’s “**registered account**” means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date; and “**business day**” means a day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(b) Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Bondholders in respect of such payments.

Notwithstanding any other provision of these Conditions, any amounts to be paid by or on behalf of the Issuer in respect of the Bonds will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any Treasury regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any legislation, regulations or official guidance implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Trustee, the Principal Paying Agent nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

(c) Payment Initiation

Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar and (iii) a Transfer Agent.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, (i) “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in Hong Kong, London, New York City and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands, PRC, Hong Kong or any other jurisdiction in which the Issuer is incorporated or resident for tax purposes or any political subdivision or authority therein or thereof having power to tax (each, a “**Relevant Taxing Jurisdiction**”) or any jurisdiction through which payments are made or any political subdivision or authority therein or thereof having power to tax (together, with the Relevant Taxing Jurisdictions, the “**Relevant Jurisdictions**”), unless such withholding or deduction is required by law.

Where such withholding or deduction is required to be made by the Issuer by or within the PRC up to the Applicable PRC Rate, the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any PRC deduction or withholding in excess of the Applicable PRC Rate or that any deduction or withholding is required by or within any other Relevant Jurisdiction, the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts or additional amounts payable pursuant to the preceding paragraph (collectively, the “**Additional Amounts**”) shall be payable in respect of any Bond:

- (a) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its or the beneficial owner having some connection with the Relevant Jurisdiction other than the mere holding of the Bond, the receipt of payments thereunder or the enforcement of the Bond; or

- (b) in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

In these Conditions:

“**Applicable PRC Rate**” means (i) in the case of deduction or withholding of PRC enterprise income tax, 10%, (ii) in the case of deduction or withholding of PRC value added tax (including any related local levies), approximately 6.72%, or (iii) in the case of deduction or withholding of both PRC income tax and PRC value added tax (including any related local levies), approximately 16.72%.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such surrender.

At least 30 days prior to each date on which any payment under or with respect to the Bonds is due and payable, if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee and the Principal Paying Agent a certificate signed by a director or authorised signatory of the Issuer stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the holders on such payment date.

In addition, the Issuer will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Bonds, or any documentation with respect thereto.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (*provided that* the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together with (if applicable) premium and accrued interest. An “**Event of Default**” occurs if:

- (a) **NON-PAYMENT:** there has been a failure to pay the principal or premium (if any) of or interest on any of the Bonds when due and, in the case of interest, such failure continues for a period of seven days; or
- (b) **BREACH OF OTHER OBLIGATIONS:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed or the Agency Agreement and such default (i) is incapable of remedy or, (ii) being a default which is capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) **CROSS-DEFAULT:**
 - (i) any Indebtedness of the Issuer or any of the Issuer’s Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
 - (iii) the Issuer or any of the Issuer’s Material Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds US\$40,000,000 (or its equivalent in any other currency or currencies); or
- (d) **UNSATISFIED JUDGEMENT:** one or more judgement(s) or order(s) for the payment of an aggregate amount in excess of US\$40,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or the Issuer’s Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **SECURITY ENFORCED:** an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any material part of the property, assets or revenues of the Issuer or any of the Issuer’s Material Subsidiaries and such appointment is not discharged within 45 days; or

- (f) **INSOLVENCY:** the Issuer or any of the Issuer's Material Subsidiaries (x) is, or (y) is deemed by law (while the Issuer or such Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business), or (z) is deemed by a court to be, insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of the Issuer's Material Subsidiaries; *provided however* that sub-paragraph (x) or (y), in terms of any of the Material Subsidiaries, only applies where the auditors of such Material Subsidiary have issued a qualified opinion with respect to such Material Subsidiary's ability to continue as a going concern in the audited financial report with respect to the latest fiscal year or any subsequent period of such Material Subsidiary; or
- (g) **WINDING-UP:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of the Issuer's Material Subsidiaries, or the Issuer or any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of any of the Issuer's Material Subsidiaries (other than the Issuer), whereby the undertaking and assets of the Issuer's Material Subsidiaries are transferred to or otherwise vested in the Issuer (as the case may be) or another of the Issuer's Subsidiaries; or
- (h) **NATIONALISATION:** any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of all or a material part of the assets of the Issuer or any of the Issuer's Material Subsidiaries; or
- (i) **AUTHORISATION AND CONSENTS:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed, and the Agency Agreement (other than with regard to the performance of and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **ILLEGALITY:** it is or will become unlawful for the Issuer to perform or comply with any one or more of their respective obligations under any of the Bonds, the Trust Deed or the Agency Agreement; or
- (k) **ANALOGOUS EVENTS:** any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(k) (both inclusive).

In this Condition 9,

“**Material Subsidiary**” means any Subsidiary of the Issuer

- (i) as to which one or more of the following conditions is/are satisfied:
 - (a) its revenue or (in the case of one of the Issuer’s Subsidiaries which has one or more Subsidiaries) consolidated revenue attributable to the Issuer is at least 10 per cent. of the Issuer’s consolidated revenue;
 - (b) its net profit or (in the case of one of the Issuer’s Subsidiaries which has one or more Subsidiaries) consolidated net profit attributable to the Issuer (in each case before taxation and exceptional items) is at least 10 per cent. of the Issuer’s consolidated net profit (before taxation and exceptional items); or
 - (c) its net assets or (in the case of one of the Issuer’s Subsidiaries which has one or more Subsidiaries) consolidated net assets attributable to the Issuer (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent. of the Issuer’s consolidated net assets (after deducting minority interests in Subsidiaries),

all as calculated by reference to the then latest available financial statements (consolidated or, as the case may be, unconsolidated) of the Issuer’s Subsidiary and the Issuer’s then latest consolidated financial statements, *provided that*: (1) in the case of a Subsidiary of the Issuer acquired after the end of the fiscal year to which the then latest relevant available financial statements relate, the reference to the then latest available financial statements for the purposes of the calculation above shall, until financial statements for the fiscal period in which the acquisition is made become available, be deemed to be a reference to the financial statements adjusted to consolidate the latest available financial statements of such Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Issuer which itself has one or more Subsidiaries, no consolidated financial statements are prepared, its consolidated revenue, consolidated net profits and consolidated net assets shall be determined on the basis of *pro forma* consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Issuer (not being a Subsidiary referred to in (1) above) are not consolidated with those of the Issuer then the determination of whether or not the Subsidiary is a Material Subsidiary shall, if the Issuer requires, be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer and its Subsidiaries; or

- (ii) to which is transferred all or substantially all of the assets of the Issuer’s Subsidiary which immediately prior to the transfer was a Material Subsidiary, *provided that*, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Material Subsidiary (but without prejudice to paragraph (i) above) and the Issuer’s Subsidiary to which the assets are so transferred shall become a Material Subsidiary.

A certificate signed by any director of the Issuer confirming that a Subsidiary is or is not, or was or was not, a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

10 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee (subject to it first being indemnified, pre-funded and/or provided with security to its satisfaction) upon the request in writing of Bondholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Bonds. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest or premium is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by the holders of not less than 90 per cent. in aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by one or more Bondholders.

(b) Modification of the Conditions, the Trust Deed, the Agency Agreement

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed or the Agency Agreement that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable. The Issuer shall notify as soon as possible the Rating Agencies of any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(d) Directions from Bondholders

Notwithstanding anything to the contrary in the Bonds, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms of these Conditions or the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

13 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the existing Bonds in all respects (or in all respects except for the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-issue Filings) and so that such further issue shall be consolidated and form a single series with the existing Bonds; *provided that* the Issuer shall undertake to comply with Condition 4 with respect to such new bonds and “**Issue Date**” as used therein and in Condition 6(e) shall be deemed to mean the initial issue date of such new bonds.

References in these Conditions to the existing Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13. However, such further securities may only be issued if (i) the Rating Agencies have been informed of such issue; (ii) such issue will not result in any change in the then credit rating of the Bonds; and (iii) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

14 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and the Bonds, but it need not take any such actions, steps or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 INDEMNIFICATION OF THE TRUSTEE

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee and the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders or to any other person on a report, advice, opinion, confirmation or certificate or any advice from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16 CURRENCY INDEMNITY

US dollar is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds, including damages. Any amount received or recovered in a currency other than US dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as applicable, to the extent of the US dollar amount which the recipient is

able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that US dollar amount is less than the US dollar amount expressed to be due to the recipient under any Bond, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or any other judgement or order.

17 NOTICES

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Except as otherwise provided in the Trust Deed, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

19 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Bonds and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with any Bonds (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

The Issuer has agreed to receive service of process at its principal office at Unit 2304-5, 23/F, Henley Building, 5 Queen's Road Central, Hong Kong in any Proceedings in Hong Kong based on any of the Bonds. If Issuer ceases to have a place of business or principal office in Hong Kong, the Issuer shall promptly appoint a person in Hong Kong to accept service of process on its behalf and notify the Bondholders of such appointment within 30 days. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

To the extent that the Issuer may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate for the Bonds contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.

The Bonds will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay the amount payable upon redemption under the Terms and Conditions of the Bonds represented by the Global Certificate to the Bondholders in such circumstances as the same may become payable in accordance with the Terms and Conditions of the Bonds.

The Global Certificate will become exchangeable in whole, but not in part, for individual Bond Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 occurs.

Whenever the Global Certificate is to be exchanged for individual Bond Certificates, such individual Bond Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Bondholders of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such individual Bond Certificates (including, without limitation, the names and addresses of the persons in whose names the individual Bond Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Bondholders or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Certificate will contain provisions that modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

PAYMENTS ON BUSINESS DAYS

In the case of all payments made in respect of the Global Certificate, “**business day**” means any day which is a day on which dealings in foreign currencies may be carried on in New York City and Hong Kong.

PAYMENT RECORD DATE

Each payment in respect of the Global Certificate will be made to the person shown as the Bondholders in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 6(d) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agents of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Conditions 6(b) and 6(c) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that the Terms and Conditions of the Bonds.

NOTICES

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any alternative clearing system, notices to the Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or such alternative clearing system, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions of the Bonds.

TRANSFERS

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any alternative clearing system) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any alternative clearing system) and their respective direct and indirect participants.

CANCELLATION

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer and its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds evidenced by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each US\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

USE OF PROCEEDS

The Issuer estimates that the gross proceeds from the offering of the Bonds (the “**Offering**”) will be US\$399,152,000. The Issuer intends to use the proceeds from the Offering for refinancing existing indebtedness.

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

1. INTRODUCTION

1.1 Business Overview

Founded in 1984, Sunny Optical Technology (Group) Company Limited, together with its subsidiaries, (“Sunny Optical” or the “Group”) is a leading manufacturer of integrated optical components and products manufacturer in the world and is the first domestic optical enterprise listed in Hong Kong. Over the past 30 years, Sunny Optical has grown at a rate of more than 10 times every decade. Sunny Optical was listed on the main board of the Hong Kong Stock Exchange in 2007 and was included in the Hong Kong Hang Seng Index constituent stocks in 2017. In 2022, the Group was included in ‘Fortune China Top 500 list’ for the eighth consecutive years¹.

The Group is principally engaged in the design, research and development, manufacture, and sales of optical and optical-related products, including optical components, optoelectronic products and optical instruments. At present, the Group has formed eight business sectors: mobile phone business, automobile business, security business, microscopes business, robot business, augmented reality (AR) and virtual reality (VR) business, industrial detection business and medical detection business.

Sunny Optical upholds the vision of “be stronger, bigger and go further to become a ‘Hundred-Year-Old Brand’ in the optoelectronic industry” and is committed to building a world-renowned optoelectronic enterprise. The Group attaches great importance to the principle of ‘customer-centered’ and establishes a close and stable strategic cooperative relationship with global customers in relevant business sectors. With the efforts, the Group continues to consolidate the global No. 1 position in vehicle lens sets, handset lens, and handset camera modules in 2021².

<u>Development Strategy</u>	<u>Mission</u>	<u>Vision</u>
Unswervingly implement the ‘Mingpeijiao’ strategy to build a world-renowned optoelectronic enterprise	To explore the prosperous road for the development of China’s optoelectronic industry	Be stronger, bigger and go further to become a ‘Hundred-Year-Old Brand’ in the optoelectronic industry

The Group has been recognized for the sustainability performance and ESG disclosure. In 2021, Sunny Optical was successively selected as constitutes of the FTSE4Good Index Series, Hang Seng ESG 50 Index, Hang Seng Corporate Sustainability Index, Hang Seng Index ESG Screened Index and Hang Seng Index Low Carbon Index, reflecting the recognition of the market for works in sustainable development.

1.2 Key Strategies for Sustainable Growth and Management Structure

The Group adheres to the core value of ‘create together’ in sustainable development and firmly fulfills the social, environmental and economic responsibilities:

- **Social responsibility:** Sunny Optical promotes joint efforts for the harmonious development of the society and aims to create a civilized and progressive society with friends from all walks of life.

1 Fortune China Top 500 list: https://www.fortunechina.com/fortune500/c/2022-07/12/content_413677.htm

2 Sunny Optical’s 2021 Annual Report: <https://www.sunnyoptical.com/webfile/temps/202204381344433.pdf>

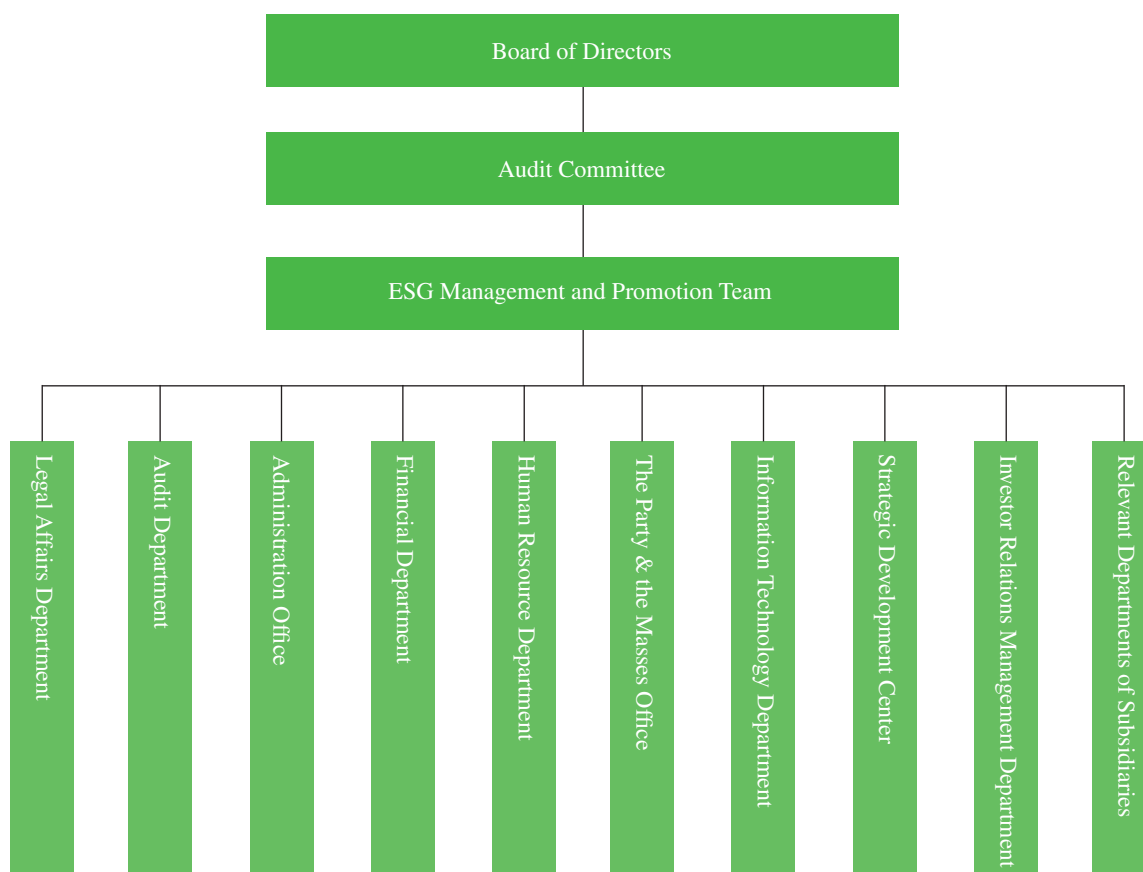
- **Environmental responsibility:** Sunny Optical shoulders the responsibility in promoting environmental sustainable development. The Group fully considers the environmental protection requirements in the operation activities, follows various international environmental protection laws and regulations, and pursues environmental protection and sustainable development through technological innovation and manufacturing reform.
- **Economic responsibility:** Sunny Optical, as an enterprise citizen, strives to promote economic development, social security, cultural education and has been devoted to the progress and sustainable development of the society for the long term.

The Group has set specific sustainable development goals, built a sustainable development management system and established corresponding assessment indicators, in order to further deepen the capacity building for sustainable development. In light of this, Sunny Optical focuses on the following environmental and social aspects:

<u>Environmental Goals</u>	<u>Social Goals</u>
<ul style="list-style-type: none"> • Reduce the emission of greenhouse gas • Reduce the emission of hazardous wastes • Save paper • Save electricity • Save water 	<ul style="list-style-type: none"> • No significant safety liability accidents • Consistently provide trainings and development opportunities to employees • Provide an equal, healthy and safe working environment

The Group has established a three-level ESG management structure composed of the Board, the Audit Committee, and the ESG management and promotion team to conduct the top-down supervision of ESG matters and ensure the smooth development of the Group’s ESG work.

- **The Board** takes overall responsibility for the ESG management system and information disclosure, ensures appropriate and effective ESG risk management and internal control system, and supervises and manages ESG related targets and work progress.
- **The Audit Committee** is responsible for duties such as, managing the ESG strategies and policies, managing ESG disclosure matters, checking the effectiveness of the Audit Committee in the discharge of its duties of overseeing the ESG-related matters and reporting ESG matters to the Board.
- **The Group’s ESG management and promotion team** composes the management personnel of from various departments. It is responsible for communicating with stakeholders, identifying ESG risks the Group is facing, formulating ESG management system, targets and working plan, promoting the establishment and optimization of the ESG management system, collecting ESG information, preparing the annual ESG report and disclosing the ESG-related information through multiple channels.



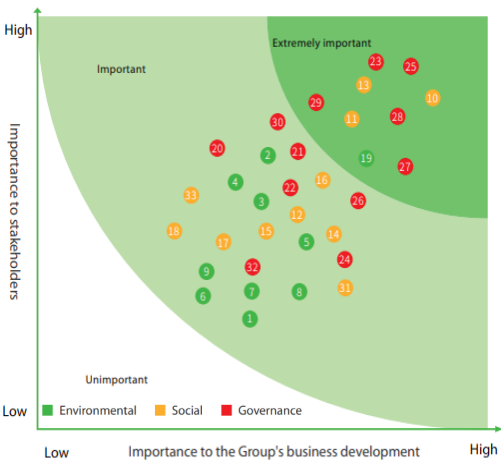
Graph: The ESG management structure of the Group

In addition, Sunny Optical promotes board diversity, which can enhance corporate governance standard and decision-making capabilities. To this end, the Group has issued the Board Diversity Policy to fully integrate diversity elements when identifying suitable candidates for Board members, considering merits such as skills, knowledge, gender, age, cultural and educational background or professional experience. The Group views that the diversified composition of the Board can provide different perspectives, insights and questions to enable the Board to perform its duties and responsibilities more effectively, support better decision making in view of the core businesses and strategies of the Group.

1.3 Stakeholder Engagement and Materiality Assessment

Stakeholder engagement is the foundation for the Group to fulfill its social responsibility and steers the direction of sustainable development. Therefore, the Group systematically examines its relations with stakeholders and maintains close communication with shareholders, investors, customers, suppliers, employees and other stakeholders through various channels such as e-mail, telephone, and WeChat official account to understand and respond to the expectations and requests of stakeholders in a timely manner, which promotes the common development of the Group and all stakeholders.

In addition to the continuous communications with stakeholders, Sunny Optical carried out materiality assessment and invited internal and external stakeholders to fill in questionnaires, as part of the assessment to identify material ESG topics to the Group. The materiality assessment also allows the Group to respond to the expectations and requests of stakeholders in a targeted manner. The 2021 ESG materiality assessment result is as below:



ESG Materiality Topic	
1 Environmental protection investment	18 Child labour
2 Greenhouse gas	19 Management of green products
3 Management of water resources	20 Supply chain management
4 Wastewater disposal	21 Intellectual property
5 Energy management	22 Customer privacy
6 Climate change	23 Product/service quality
7 Management of waste	24 Management of conflict minerals
8 Compliance of environmental laws	25 Product safety
9 Packaging materials	26 Customer complaint
10 Employee remuneration and welfares	27 Customer satisfaction
11 Employee trainings and development	28 Compliant operation
12 Basic principles and rights of employees	29 Corporate governance structure
13 Occupational health and safety of employees	30 Business operational impact
14 No discrimination	31 Community engagement
15 Internal communication mechanism	32 Anti-malpractice
16 Employee diversity	33 Public welfare investment
17 Grievance mechanism	

Graph: 2021 ESG Materiality Matrix

1.4 Climate Change and Environmental Management

Sunny Optical has paid continuous attention to the trend of global climate change and is committed to achieving carbon peak by 2028 and carbon neutrality by 2058, supporting the China’s “30-60” dual decarbonization pledge. To this end, the Group has been formulating plans and implementing various environmental initiatives for the decarbonization journey. The Group strives to adopt green energy and introduce equipment of high energy efficiency and proactively cultivates the environmental awareness of employees.

Scope 3 emission is a rising ESG topic. Acknowledging its importance and complexity, Sunny Optical strives to estimate the Scope 3 emission and is exploring the feasibility of formulating a plan to quantify and mitigate the Scope 3 footprint. To expand the decarbonization efforts along the supply chain, the Group will be promoting its suppliers to use green energy.

Meanwhile, Sunny Optical actively promotes the R&D and application of clean technologies in the design, material selection and manufacturing phases to incorporate environmental considerations throughout the product life-cycle. To this end, the Group considers clean technology projects, such as promoting heat dissipation lamp bead on projection display, laser heat sink, low voltage chip, and graphene gimbal back cover, aiming to drive materials and energy conservation.

To capture the risk of the climate change, the Group made reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have implemented the various measures to combat climate change, such as increasing consumption ratio of green energy and enhancing energy efficiency.

The Group has also formulated management policies such as the ‘Administrative Policies on Greenhouse Gases’ and the ‘Regulations on the Administration of Energy and Resources’ to drive the management of relevant matters. Besides, the Group has obtained the ISO 14001 Environmental Management System Certification for some of its operations.

In terms of addressing physical risks, the Group has formulated the ‘Procedures on Emergency Preparation, Response and Control’ to ensure accurate, rapid and timely responses to emergencies, such as typhoon. The ‘Working Handbook on Preventing Flood and Typhoon’ and the ‘Typhoon Emergency Plan’ are in place to specify the steps of the Group’s work on prevention of flood and typhoon.

Sunny Optical also promotes sustainable waste management and supports waste reduction, waste recycling, and harmless treatment. Meanwhile, the Group attaches great importance to the consumption and utilization of water resources, and continuously commits itself to the protection of water resources. In relation to sustainable water management, Sunny Optical carried out water saving projects to promote optimization of cleaning process and recycling of wastewater.

1.5 Safe and Flourishing Workplace

The Group attaches great importance to the health and safety of employees and always prioritizes life safety and occupational health of employees by providing a safe working environment and protecting employees from occupational hazards. In addition to national laws and regulations, Sunny Optical strives to take one step further and some operations have passed the certification of ISO 45001 on occupational health and safety management system.

The ‘Occupational Safety and Health Policy’ of the Group adheres to three main principles:

- **Focus on prevention, integrity and law-abiding:** Eliminate major casualties, control the incidence rate of work-related injuries, and eliminate fire, explosion and electric shock accidents.
- **People-oriented and continuous improvement:** Optimize the working environment, ensure the health and life safety of employees, and eliminate the occurrence of occupational diseases.
- **Environmental friendly and green operation:** Emit wastewater, waste gas and noise in compliance with laws and regulations, effectively manage hazardous solid waste, and ensure the content of hazardous substances in the products meets the standards.

Health and safety guidelines and trainings are in place to ensure safe production process and proper management of hazardous substances.

Talent development is critical to the Group’s sustainable development. Sunny Optical has formulated a series of policies and standards to provide employees with various methods for learning and improving. Besides, based on the development needs of different levels, the Group has established a development and training system which covers all employees with new employee development module, professional and technical personnel development module, and leadership development module as its core to consistently encourage employees to keep learning.

1.6 Product Quality and Safety

Product quality and safety are the basis on which the Group stands. In addition to national laws and regulations, the Group also establishes a robust quality management system. Some operations of the Group has passed the ISO 9001 quality management system certification, and established hazardous substance management requirements in accordance with the relevant standards of QC 080000 hazardous substance process management. The quality assurance department of each subsidiary of the Group is the main responsible department of quality supervision.

Adhering to the business philosophy of ‘continuous improvement’, the Group strives to gain a deep understanding of customers’ demands and formulates a clear quality management strategy to continuously enhance the competitiveness of the products. In light of this, Sunny Optical carries out the life-cycle quality control over products from different aspects and has formulated a series of quality management policies to reduce risks and improve product competitiveness.

2. SUNNY OPTICAL SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Sunny Optical promotes sustainability through the way it does business, the solutions it provides and its engagement in society. Sunny Optical believes the future issuance of Sustainability-Linked Instruments (“SLIs”) will further reinforce its efforts to achieve its decarbonization targets and overall sustainability commitments.

The Sustainability-Linked Financing Framework (the “Framework”) sets out the governance and processes under which Sunny Optical intends to issue SLIs and in doing so contribute to positive environmental and social impacts.

In accordance with the Group’s sustainability strategy, Sunny Optical has developed this Framework in fulfillment of the Sustainability-Linked Bond Principles 2020 (“SLBP 2020”) as administered by ICMA³, and the Sustainability-Linked Loan Principles 2022 (“SLLP 2022”), published by the LMA, APLMA, and LSTA⁴. The following five components form the basis of this Framework:

- Selection of Key Performance Indicator (“KPI”)
- Calibration of Sustainability Performance Target (“SPT”)
- Financing characteristics
- Reporting
- Verification

Under the Framework, the Group will raise, from time to time, SLIs with characteristics that vary depending on whether the Group achieves pre-defined environmental, social and corporate governance objectives. As such, SLIs are a forward-looking performance-based instrument. The proceeds of SLIs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in the Group’s categorization.

3 ICMA Sustainability-Linked Bond Principles 2020: [Sustainability-Linked Bond Principles \(SLBP\) \(icmagroup.org\)](https://www.icmagroup.org/sustainability-linked-bond-principles/)

4 LMA Sustainability-Linked Loan Principles 2022: [Sustainability-Linked Loan Principles \(SLLP\) \(lma.eu.com\)](https://www.lma.eu.com/sustainability-linked-loan-principles/)

SLIs as defined in this Framework will include debt and debt-like instruments, such as secured or unsecured bonds, convertible bonds and loans, repurchase agreements as well as derivatives. These instruments can be of any seniority, including subordinated/hybrid instruments, but in any case are expected to be issued ranking pari passu with any other conventional instrument of similar status and subordination.

In any case, proceeds from any SLIs will exclude the types of activities below:





- Production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans.
- Production or trade of any product or activity deemed unaligned with the UN Guiding Principles on Business and Human Rights, International Labour Organization Declaration on Fundamental Principles and Rights at Work, United Nations Universal Declaration of Human Rights, and Responsible Business Alliance Code of Conduct.

The Framework will be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and taxonomies. The Framework, and any updates thereto, will be available in the corporate website.

2.1 Selection of Key Performance Indicator (“KPI”)

Sunny Optical is advancing the sustainability program with long-term KPIs developed to further support of the UN Sustainable Development Goals. The Group will measure and report on the progress each year.

For each SLI, Sunny Optical will select the following KPIs with measurable or quantifiable key sustainability performance indicators that are relevant, core and material to Sunny Optical’s ESG strategy and of high strategic significance to Sunny Optical’s current and future business operations.

Key Performance Indicator (KPI)
KPI: Reduction of Scope 1 and 2 Greenhouse Gases (“GHG”) emissions intensity
Unit: tons of carbon dioxide equivalents per million RMB revenue
Alignment with United Nations Sustainable Development Goals (UN SDGs)
The target to reduce carbon intensity supports the below UN SDGs:
– UN SDG 7 – Affordable and Clean Energy
– UN SDG 9 – Industry, Innovation and Infrastructure and
– UN SDG 11 – Sustainable Cities and Communities
– UN SDG 13 – Climate Action
   

Rationale

With the commitment to achieve carbon peak by 2028 and carbon neutrality by 2058, GHG reduction is the top priority of the Group. Sunny Optical views emissions intensity to be a relevant and material metric given the Group's role in supporting China and the world's growth of the optical industry, which is essential supplier to TMT and automotive industries globally, while recognizing the need for the Group to echo the China's carbon neutrality "30-60" agenda by improving the Group's carbon footprint. In relation to the materiality, the 2021 materiality assessment of the Group identified GHG relevant topics such as "greenhouse gas", "energy management", "climate change" as important.

Sunny Optical is committed to improving environmental performance and decarbonizing the global operations, including manufacturing plants, offices, and other operations worldwide. The Group's Scope 1 & Scope 2 emissions reduction goals align with the Group's core sustainability commitment and strategy, contributing to the Group's 2058 carbon neutrality commitment and the national "30-60" pledge. The Group selects the GHG emission intensity KPI to capture the efforts of decarbonization during the expansion phase of scale and production. The numerator of the KPI covers Scope 1 and Scope 2 GHG emissions of the Group. Continuing Sunny Optical's approach to annual sustainability reporting, the Scope 1 emission covers the Group's direct GHG emission, including diesel oil, gasoline and air conditioning coolant. Meanwhile, Scope 2 emission captures the Group's indirect emission, covering electricity consumption of the Group. The denominator of the KPI is million RMB revenue and aims to reflect the growth of the Group's business and production.

The scope of the KPI covers only four principal subsidiaries in China, namely "Zhejiang Sunny Optics Co., Ltd.", "Ningbo Sunny Automotive Optech Co., Ltd.", "Ningbo Sunny Optech Co., Ltd.", and "Yuyao Sunny Optical Intelligence Technology Co., Ltd.". In the past 5 years, the entities accounted for more than 90% of the overall revenue and Scope 1 and 2 emissions of the Group. The Greenhouse Gas Protocol (the "Protocol") has been adopted for the GHG emission data disclosed in the Framework, and Sunny Optical strives to adopt the Protocol throughout the Group.

Despite its complexity, the Group acknowledges that Scope 3 emission is an important ESG topic gaining more attention in the market. To this end, Sunny Optical strives to estimate the Scope 3 emission and is exploring the feasibility of taking inventory of Scope 3 emission and formulating an action plan to quantify and mitigate the Scope 3 footprint. Meanwhile, Sunny Optical will be promoting its suppliers to use green energy, reflecting its decarbonization efforts along the supply chain. The Group identifies the imminent needs and a more practical approach is to focus on Scope 1 and 2 emissions, which is within the business scope and thus within the Group's control. Therefore, the KPI covers Scope 1 and 2.

Historical performance and baseline figures

	2019	2020	2021
Scope 1 GHG (tCO ₂ e)	3,345.60	3,463.80	2,594.30
Scope 2 GHG (tCO ₂ e)	293,356.60	325,681.70	380,183.90
Scope 1 & 2 GHG (tCO ₂ e)	296,702.20	329,145.50	382,778.20
Revenue (RMB million Revenue)	37,087.80	36,982.60	37,162.90
Greenhouse gas emissions intensity (tCO ₂ e/RMB million Revenue)	8.00	8.90	10.30

2.2 Calibration of Sustainability Performance Target (SPT)

SPT	Reduction of Scope 1 and 2 Greenhouse Gases (“GHG”) emissions intensity (in million RMB revenue) by 20% by FY2025 versus a FY2021 baseline
Baseline	<p>Scope 1 and 2 GHG emissions intensity of 10.30 tCO₂e/RMB million revenue for the year ended December 31, 2021</p> <p>This baseline GHG emissions intensity figure has obtained independent assurance from an external auditor.</p>
Target observation date	December 31, 2025
Methodology for calculating SPT	<ul style="list-style-type: none">– Scope 1 emission is defined as direct emissions from operations that are owned or controlled by Sunny Optical, covering diesel oil, gasoline and air conditioning coolant*.– Scope 2 emission is defined as indirect emissions from the generation of purchased or acquired electricity by Sunny Optical**.– The Protocol has been adopted for the GHG emission data disclosed in the Framework.– Any steam purchased will not be included in the Scope 2 emission calculation due to its immaterial nature. The Group does not purchase steam energy as of the date of the formulation of this Framework.– The Group notes that the carbon emissions arising from its employee canteens and dormitories will be excluded in the scope of Scope 1 and 2 emission calculation due to its immaterial contribution to total emissions. <p>* The carbon dioxide emission factors of diesel and gasoline used by the Group refer to the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions by Electronic Equipment Manufacturing Enterprises issued by the National Development and Reform Commission in 2015. The global warming coefficient of air conditioning coolant used by the Group refers to the 2014 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.</p> <p>** The carbon dioxide emission factor of the purchased electricity used by the Group refers to the average carbon dioxide emission factor of the power grids in East China in the 2012 China Regional Grid Average Carbon Dioxide Emission Factor.</p>
Strategy to achieve SPT	<ul style="list-style-type: none">– Introducing new energy-saving equipment, optimizing power supply mode and eliminating high energy consumption or old equipment. For example, the Group has been installing high-pressure centrifuge, applying insulation materials and upgrading air compressor and air conditioning. In addition, the Group aims to implement waste heat recovery projects and solar heat pumps to reduce energy consumption.

- Increasing the consumption ratio of green energy (and planning to promote suppliers to use green energy) to reduce carbon footprint. For example, the Group has formulated plans to adopt green energy via on-site solar photovoltaic installation and purchase of green electricity.
- Optimizing the design and manufacturing processes and promoting technological innovation. For example, in the design stage, the Group aims to optimize the structural design to achieve energy conservation.
- Enhancing environmental management and capability of each business segment and department. For example, the Group formulates sustainable plans and targets on regular basis at group level and subsidiary level to steer the short and medium term sustainable development.
- Setting up energy-saving leading groups to facilitate the formulation and implementation of energy-saving goals and plans.
- Promoting education, training, and supervision of green culture to employees.

Baseline figures will be restated as the result of future material divestments or acquisitions of assets. For avoidance of doubt, any significant structural change to the Group, including from divestments or acquisitions, will not result in any adjustment to the SPT levels for the KPI.

Emissions sources from an acquired company will be included in both base year and the current years. Similarly, emissions sources from divested companies will be excluded from both base year and current years.

Any such restatements will be communicated in the Group's company website or any other proper channels for the stakeholders. In order to provide the best year-over-year comparison, sustainability metrics starting with the applicable baseline year reflect the current footprint. The Group will externally assure baseline emissions when that data has been restated.

2.3 Financing Characteristics

The Group will tie the performance with respect to the selected KPI to the financial structure of any SLIs issued in reference to this Framework.

Should the Group miss/meet the SPT on the target observation date, the coupon/margin shall be adjusted as specified in the relevant documentation of the SLIs. For sustainability-linked bonds issued under the Framework, a premium payment will apply when the Group does not meet the SPT and no coupon variation will apply when the Group meets the SPT.

Any recalculation of the base year or target will be stated in the annual KPI reporting. Should the Group adjust certain of the SPT and utilize an SPT of equal or greater ambition going forward on a SLI with the same KPI and the target observation date, the relevant documentation of any outstanding SLIs will be updated to reflect such greater degree of ambition, allowing the Group to progressively increase the level of ambition over time, avoid co-existence of multiple SLIs with varying SPTs, and facilitate the reporting and verification processes.

If, for any reason, the performance level against the SPT cannot be calculated or reported in satisfactory manner supported by an external verification provided by an independent external reviewer, the premium payment will be applicable.

If, for any reason, Sunny Optical does not publish the relevant external verification within the time limit as prescribed by the relevant documentation, the premium payment will be applicable.

For the avoidance of doubt, if the SPT is achieved, and reporting and verification for the SPT have been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of any bond issued by the Group under this Framework shall remain unchanged. For other SLIs, the financing characteristics will be adjusted in accordance to the relevant documentation.

2.4 Reporting

Sunny Optical will make relevant disclosure with regards to the progress against its SPT at least on an annual basis, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLIs' financing characteristics, until after the last SPT trigger event of the SLIs have been reached. For sustainability-linked bonds issued under the Framework, the disclosures will be made publicly available within its annual ESG report, and/or a separate report, by the end of April each year. For other types of SLIs, the disclosure will be made in proper channels for the stakeholders subject to the relevant documentations.

Such disclosure will include the following information:

- Latest information on the performance of the selected KPI, including baseline where relevant
- External verification report outlining the KPI performance against the SPT and the relevant impact if any on the SLIs' financial characteristics
- Other information which the Group considers relevant and material towards enabling investors to monitor progress against SPT and analysis of the KPI and SPT

Information will also include when applicable:

- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis
- Illustration of the positive sustainability impacts of the performance improvement
- Any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope

2.5 Verification

Sunny Optical has engaged S&P Global Ratings as an external reviewer to provide external review to assess and confirm that the Framework is in line with SLBP 2020 and SLLP 2022. The external review report will be published on Sunny Optical's company website.

Going forward, Sunny Optical will have an external verification for the performance level against the SPT for the KPI by a qualified external reviewer, at least on an annual basis, and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the SLIs' financing characteristics, until after the last SPT trigger event of the SLIs have been reached. For sustainability-linked bonds issued under the Framework, the external verification will be made publicly available within its annual ESG report, and/or a separate report, by the end of April each year. For other types of SLIs, the external verification will be made in proper channels for the stakeholders subject to the relevant documentations.

Additional KPIs/SPTs may be added over time.

3. AMENDMENTS TO THE FRAMEWORK

The Group will review this Framework on a regular basis, including its alignment to updated versions of the SLBP and SLLP or any other applicable standards as and when they are released, with the aim of adhering to best practices in the market. Such review will result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Group and a credible external reviewer. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on Sunny Optical's website and will replace this Framework.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

The following table sets forth the Group's capitalisation as at 30 June 2022 and as adjusted to give effect to the aggregate principal amount of the Bonds and the receipt of the gross proceeds thereof. Investors should read this table in conjunction with the Group's consolidated financial statements and condensed consolidated financial statements and related notes included elsewhere in this Offering Circular.

	As at 30 June 2022			
	Actual		As adjusted	
	(RMB in millions)	(U.S.\$ in millions) ⁽¹⁾	(RMB in millions)	(U.S.\$ in millions) ⁽¹⁾
				(Unaudited)
Bank balances and cash⁽²⁾	4,972.8	742.4	7,646.6	1,141.6
Short-term borrowings				
Bank borrowings	1,526.3	227.9	1,526.3	227.9
Long-term borrowings				
Bank borrowings	700.0	104.5	700.0	104.5
Bonds to be issued ⁽³⁾	—	—	2,679.2	400.0
Total long-term borrowings	700.0	104.5	3,379.2	504.5
Total equity	21,107.6	3,151.3	21,107.6	3,152.3
Total capitalisation⁽⁴⁾	21,807.6	3,255.8	24,486.8	3,656.8

(1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.6981 to US\$1.00 on 30 June 2022 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) This amount represents the balances of the Group's saving accounts and cash.

(3) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions, offering discounts and other expenses payable by the Issuer in connection with the issuance of the Bonds.

(4) Total capitalisation represents total long-term borrowings and total equity.

There has been no material change in the capitalisation and indebtedness of the Issuer since 30 June 2022.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a global leading integrated optical components and products manufacturer with 38 years of history. The Group possesses strong design capabilities, manufacturing know-how and an efficient production process to offer a comprehensive range of optical and optical-related products through its ability to integrate optical, mechanical and electronic technologies. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 2382) in 2007 and became the new component of the benchmark Hang Seng Index and a blue-chip company in November 2017. In 2021, according to the data from Techno Systems Research (“TSR”), in terms of shipments, the Group was the largest global vehicle lens sets producer with its market shares of approximately 31.0%, the largest global handset lens sets producer with its market shares of approximately 26.6%, and the largest global handset camera modules producer with its market shares of approximately 12.4%. Having established a three-level internal R&D system, the group has always focused on investment for R&D. The Group also has the expertise to vertically integrate its principal businesses including its optical components, optoelectronic products and optical instruments businesses.

The Group is principally engaged in the design, research and development, manufacturing and sales of optical and optical-related products, which can be broadly classified into three categories:

- Optical Components. The Group’s optical components business includes the productions of glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle light detection and ranging (“LiDAR”), security surveillance lens sets, virtual reality (“VR”) positioning lens sets and other various lens sets. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optical components business was RMB8,815.4 million, RMB9,181.1 million, RMB8,776.1 million, RMB4,343.9 million and RMB4,399.1 million, respectively, representing 23.3%, 24.2%, 23.4%, 21.9% and 25.9% of the Group’s revenue for the same periods, respectively.
- Optoelectronic Products. The Group’s optoelectronic products business includes the productions of handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optoelectronic products business was RMB28,748.4 million, RMB28,494.3 million, RMB28,333.5 million, RMB15,307.8 million and RMB12,370.9 million, respectively, representing 76.0%, 75.0%, 75.6%, 77.2% and 72.9% of the Group’s revenue for the same periods, respectively.
- Optical Instruments. The Group’s optical instruments business includes the productions of microscopes and intelligent inspection equipment. For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, revenue generated from the Group’s optical instruments business was RMB284.9 million, RMB326.4 million, RMB387.3 million, RMB181.7 million and RMB201.8 million, respectively, representing 0.7%, 0.8%, 1.0%, 0.9% and 1.2% of the Group’s revenue for the same periods, respectively.

For the years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2021 and 2022, the Group’s revenue was RMB37,848.7 million, RMB38,001.8 million, RMB37,496.9 million, RMB19,833.4 million and RMB16,971.8 million, respectively, and its gross profit was RMB7,750.7 million, RMB8,697.9 million, RMB8,736.2 million, RMB4,946.4 million and RMB3,522.4 million, respectively.

COMPETITIVE STRENGTHS

Well-established market leader with proven track record

The Group is a global leading integrated optical components and products manufacturer with 38 years of history. The Group possesses strong design capabilities, manufacturing know-how and an efficient production process to offer a comprehensive range of optical and optical-related products through its ability to integrate optical, mechanical and electronic technologies. In 2021, according to TSR, in terms of shipments, the Group was the largest global vehicle lens sets producer with its market shares of approximately 31.0%, the largest global handset lens sets producer with its market shares of approximately 26.6%, and the largest global handset camera modules producer with its market shares of approximately 12.4%. Furthermore, according to the same source, the Group has been the global leader for ten 10 consecutive years in terms of shipment volume of vehicle lens sets.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 2382) in 2007. The Group's revenue and net profit recorded 29.8% CAGR and 38.0% CAGR from the next year of its listing date to 2021, respectively. The Group became the new component of the benchmark Hang Seng Index and a blue-chip company in November 2017.

The Group has successfully obtained accolades from various leading internationally recognised customers for the Group's optical components, which indicates the high quality of the Group's products. Working with these customers also keeps the Group at the forefront of optical-related product development and creates a barrier of entry for its competitors. The Company has been listed on the "2021 Hurun China Private Companies SDG Readiness 100" and "Fortune China Top 500 list". In addition, the Company was conferred the "Best TMT Company" at the 5th "Golden Hong Kong Stocks Awards", the "Best Tech Constituent Stock" at the selection event of "Hong Kong Outstanding Listed Enterprises Awards 2021", and "The Most Remarkable Investor Relations Recognition-Hong Kong Index Constituent (Hang Seng Index) Category" at "Quam IR Award 2021". Besides, Sunny Zhejiang Optics, one of the Company's wholly-owned subsidiaries, was awarded the "Best Delivery Award" by ZTE Corporation, the "2021 Excellent Supplier Award" by Wingtech Technology Co., Ltd., the "2021 Quality Management Innovation Award of Zhejiang Provincial People's Government" by Zhejiang Provincial People's Government and the "Excellent Supplier Award" and "Partner Award" by Lenovo. Sunny Opotech, one of the Company's wholly-owned subsidiaries, was awarded the "Supplier Appreciation Award" by LG Electronics.

Diversified product portfolio serving a geographically diverse customer base

The Group offers a comprehensive range of optical components, including glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle LiDAR, security surveillance lens sets, VR positioning lens sets and other various lens sets; optoelectronic products, including handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules; and optical instruments, including microscopes and intelligent inspection equipment. For the six months ended 30 June 2022, revenue generated from the Group's optical components business, optoelectronic products business and optical instruments business was RMB4,399.1 million, RMB12,370.9 million, RMB201.8 million, respectively, representing 25.9%, 72.9% and 1.2% of the Group's revenue for the same periods, respectively.

The Group's ability to provide a comprehensive range of products distinguishes itself from its competitors. The Group is able to fulfil various needs of its customers by offering a comprehensive range of quality products to adapt to market changes to the satisfaction of its customers at reasonable prices in a timely manner. As at 30 June 2022, major products of the Group include handset related products, vehicle related

products, augmented reality (“AR”)/virtual reality (“VR”) related products, digital camera related products, optical instruments, other lens sets, other spherical lens and plane products and other products. The Group will continue to develop other optoelectronic products and instruments to seize more opportunities arising from rapid technological advancements, increasingly shorter product life-cycles and the widening use of optics in new products. Through years of experience in the optical industry, the Group has leveraged market opportunity to transform itself from an optical product manufacturer to a smart optical system solution provider, then a system solution integrator through its product offering.

Strong R&D capability with a focus on cutting-edge science and technologies in optics

The optical industry is characterised by rapidly evolving technology advancements. The ability to achieve rapid and continual technology improvements is of critical importance to maintaining the Group’s competitive advantage. Since the establishment of the Group, innovation has always been rooted in its culture. The Group has established 13 regional R&D centres in China, North America and South Korea. Specifically in China, the Group founded Sunny Research Institute in October 2016, with an aim to strengthen R&D in optics related areas. Sunny Research Institute has project development and management centre, intelligent vision technology research institute, key technology research centre and general affairs department underneath. In addition, The Group has established a well-positioned three-level internal R&D system to ensure that the high-end technology independently developed or introduced can be quickly applied to its products.

In terms of optical components, during the first half of 2022, the Group completed the R&D of various high specification handset lens sets, including 1-inch hybrid handset lens sets, 200-megapixel ultra-thin handset lens sets and wide-angle (100°) front handset lens sets with miniaturized head. In addition, the Group has commenced the mass production of ultra-thin handset lens sets with ultra-miniaturized head for foldable phones, 200-megapixel ultra-large image size (1/1.22”) handset lens sets and ultra-wide angle handset lens sets with two pieces of freeform lens. In order to further strengthen the market competitiveness and enhance the technological added-value of the optoelectronic products, the Group has completed the R&D of the first internal focusing handset camera modules in the industry and the OIS handset camera modules with tunable aperture. Meanwhile, the Group has commenced mass production of the ultra-large image size (1/1.12”) OIS handset camera modules. In the first half of 2022, the Group’s R&D innovation in optical instruments has also achieved certain breakthroughs. The Group has commenced the mass production of the first 25X flat field multipoint excitation dedicated objectives for commercial use in China. At the same time, the Group has commenced the mass production of the first global near-infrared region-II microscope in vivo imaging system, which was a high-precision inspection equipment for the field of living life sciences.

The Group’s R&D capabilities, together with its advanced and flexible manufacturing facilities, will further enhance its ability to customize products in response to customers’ changing needs, as well as expanding its scope of products offering. For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, the Group’s research and development expenditure amounted to RMB2,209.3 million, RMB2,499.1 million, RMB2,642.2 million, RMB1,320.8 million and RMB1,468.2 million, respectively, which represented approximately 5.8%, 6.6%, 7.0%, 6.7% and 8.7%, respectively, of the Group’s revenue of the year during the respective years. As at 30 June 2022, the Group had 3,334 patents, including 1,208 invention patents, 2,055 utility model patents and 71 exterior design patents, in addition to other 4,064 patent applications pending approval.

Industry-leading supply chain management

The Company has steadily expanded production capacity, continuously promoted the production line automation and enhanced supply stability to improve management efficiency and comprehensively and effectively manage supply chain risks. The Group has set up four main production bases in China, each located in Yuyao of Zhejiang Province, Shanghai, Zhongshan of Guangdong Province and Xinyang of Henan Province in the PRC, respectively. To improve its global presence, the Group has also established new production bases in India and Vietnam. In addition, the Group has established overseas subsidiaries in South Korea, Japan, the United States and Germany for sales or R&D purpose.

Various equipment, systems and policies maintained by the Group contributed to a high supply chain management efficiency. For example, the Group developed an active alignment equipment in house, which has effectively reduced the production turnaround time and improved product quality. The Group has also been continuously improving the level of automation of its production lines and upgraded its packaging technologies to optimize the products delivery and assembly efficiency. In addition, the Group maintains a stringent inventory control policy to monitor its inventory levels and improve the utilization rate of materials. It keeps track of the usage of the current period's inventory and estimates any obsolete raw materials and finished goods to safeguard ample and steady supply of materials. The Group is also dedicated to effectively managing and reducing supply chain risks. The Group has been expanding its resource channels to explore various and complementary supply resources, monitoring exchange rates, market supply and demand relationship, tariff policies, market prices and international political dynamics in a timely manner, planning production capacity in advance and adjusting its product mix to quickly respond to customer needs and changes in the supply chain.

Effective financial management and healthy financial metrics

The Group has implemented prudent financial policies and effective financial management to ensure a healthy financial profile and stable cash flow. As at 31 December 2019, 2020 and 2021 and 30 June 2022, the Group's bank balances and cash was RMB1,917.2 million, RMB2,841.8 million, RMB5,605.2 million and RMB4,972.8 million, respectively. The Group has a management control system that encompasses its financial management of the entire business process, including capital, liquidity risk management and investment.

In addition to cash generated from its operations, the Group has maintained long-term relationships with a large number of domestic and international banks, including Agricultural Bank of China Limited, the Export-Import Bank of China, Bank of China Limited, Ningbo Bank Co., Ltd., Bank of Communications Co., Ltd., Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, BNP Paribas, The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Co., Ltd., Crédit Agricole Corporate and Investment Bank and Standard Chartered, with total approved credit lines of approximately RMB14.8 billion as at 30 June 2022. The Group's strong financing capability has enabled it to capitalise on various business opportunities.

Bank borrowings of the Group as at 30 June 2022 amounted to approximately RMB2,226.3 million. As at 30 June 2022, all bank borrowings were denominated mainly in RMB, USD and HKD. The annualized total debt to EBITDA as at 30 June 2022 and the EBITDA to total interest expense ratio as at 30 June 2022 was 1.3x and 22.0x, respectively. As at the same time, the ratio of the total debt to total capital (total capital means the sum of total debt and total equity) was approximately 24.1%. With its diverse sources of funding, the Group believes that it will continue to have access to sufficient capital to support its business operations and expansion.

Committed management team with extensive industry experience

The Group has an experienced and stable management team. Most of its members have been with the Group since its inception in 1984. In particular, the founders of the Group, Mr. Wang Wenjian and Mr. Ye Liaoning, each has nearly 40 years of experience in the PRC optical industry and profound knowledge in the optical or optical-related fields. The management team of the Group also includes management staff who previously worked for leading international optical companies. The Group's management team has an in-depth working knowledge of market trends and customers' needs. This collective knowledge and experience enables the Group to understand and address the needs and preferences of its customers, enabling it to make informed decisions and flexible adjustments, ranging from micro product specifications issues to macro Group policies. In order to maintain the stability of the management team of the Group, team building projects were carried out from time to time to boost team spirit among the members of the management team. Moreover, most of the members of the management team also own beneficial equity interest in the Company. The equity ownership in the Company strengthens the sense of belonging of the management team towards the Group, align the interest of the Group with its management team and enhances the stability of the management team. The stability within the management team ensures that the Group is able to pursue its long-term growth plans and offers a stable working environment which attracts talent to join the Group.

Since its inception, the Group has been highly focused on professional operation and employee incentive to avoid patriarch based management and ensure its long-term development, with a vision of becoming a time-honoured brand in the optoelectronics industry.

BUSINESS STRATEGIES

Continue to unswervingly implement the “Mingpeijiao” strategy to build a world-renowned optoelectronic enterprise

The Group has adopted a strategy known as “Mingpeijiao” (名配角), aiming at becoming a key supplier of leading internationally recognised customers. Under the “Mingpeijiao” strategy, the Group will analyse these customers' end markets, anticipate the market trend and leverage on its own existing strengths to offer products with a competitive combination of technology and quality. By targeting and adding these new customers, the Group will not only be able to broaden its customer base and reduce its dependence on a limited number of customers in different product segments, but also enhance its revenue and ability to create value.

In line with its “Mingpeijiao” strategy, the Group continues to expand its global footprint and its business growth. The Group manufacture optoelectronic products for devices across broad and pervasive industries, including automobile, mobile phone, VR/AR devices, robots, industrial inspection equipment, medical inspection equipment, microscopic instruments and security equipment. The Group will continue to provide world-wide customers with excellent and quality products and services so as to increase market share and improve market competitiveness, and explore business opportunities with world-wide potential customers.

In addition to strengthening its global sales and marketing network, the “Mingpeijiao” strategy requires a dedication and commitment to understanding and anticipating each customer's specific needs. As customers often reflect their demand for particular product specifications to the Group, customers generally prefer suppliers who have market insights on industry trends and developments to provide innovative end-products. Therefore, the Group will concentrate to accommodate both its local and international customers' needs. This could not only provide customers with high quality supplies at an attractive price, but also improve the Group's customer services and strengthen its competitive advantages.

To enhance its R&D capability to develop more advanced products and improve product quality

The Group has always been focusing on R&D, and has achieved great results with many patents, helping it maintain its industry leading. It is essential for the Group to further enhance its R&D capabilities to develop more advanced products and improve product quality, both of which are critical to reinforcing its competitiveness and satisfying the increasing demands placed upon the Group by the rapidly evolving market. In particular, the Group will enhance its R&D capabilities by allocating more resources for its R&D activities, recruiting additional experienced R&D personnel, continuing its technological research collaborations with universities, research institutes and other advanced technology enterprises and organisations and continuing to invest in R&D.

By improving its R&D capabilities, the Group will be able to strengthen its product mix by incorporating advancements into its existing products, as well as offering newly developed products featuring the latest technologies. Improvements in production techniques and processes resulting from its R&D activities will result in higher product quality and an enhanced ability to precisely customise based on customers' specifications.

To leverage the Group's existing capabilities to expand product sales

While the Group has the capability to offer a comprehensive range of optical components, optoelectronic products and optical instrument, that the image digitalisation trend of consumer products has presented and will continue to present the Group with significant new commercial opportunities for its products.

The Group also plans to further leverage its existing capabilities to diversify and balance its product mix with higher margin products, such as by developing more advanced optical components and lens sets and increasing the variety and production volume of its optical instruments to increase its market share.

By utilising the Group's existing capabilities to grow and expand its business organically, the Group will be able to enhance its competitiveness and increase market share in the optical industry.

Strongly promote the accomplishment as the role of a smart optical system solution provider, and lay a solid foundation for the rapid development of the optical instruments business

The Group will continue to allocate sufficient resources to effectively enhance its capability of integrating software and hardware and product innovation, in order to seek the breakthroughs of smart optical modules in segment markets.

The Group will focus on optical capabilities and strive to achieve market breakthroughs in the emerging application fields such as AR and VR, biometric identification, artificial intelligence and so on to accomplish the execution of being a smart optical system solution provider.

To reinforce and diversify its supplier network

A stable supply of quality raw materials and components for production at commercially competitive prices is crucial for the Group's success and continued growth. As such, the Group plans to reinforce and diversify its supplier network by focusing on building and managing its relationships with existing suppliers and by actively seeking new suppliers who meet the Group's standards. The Group will also actively monitor and evaluate its suppliers. While price is a factor when evaluating a supplier, the Group will also evaluate its suppliers on the bases of quality and consistency of their raw materials and components, as well as their ability to meet the procurement scale and delivery timelines required by the Group.

By reinforcing and diversifying its supplier network, the Group will be able to reduce its reliance on a limited number of suppliers/agents and minimise the risk of raw material and component shortages and price/quality fluctuations.

To recruit, train and retain skilled engineers and experienced staff

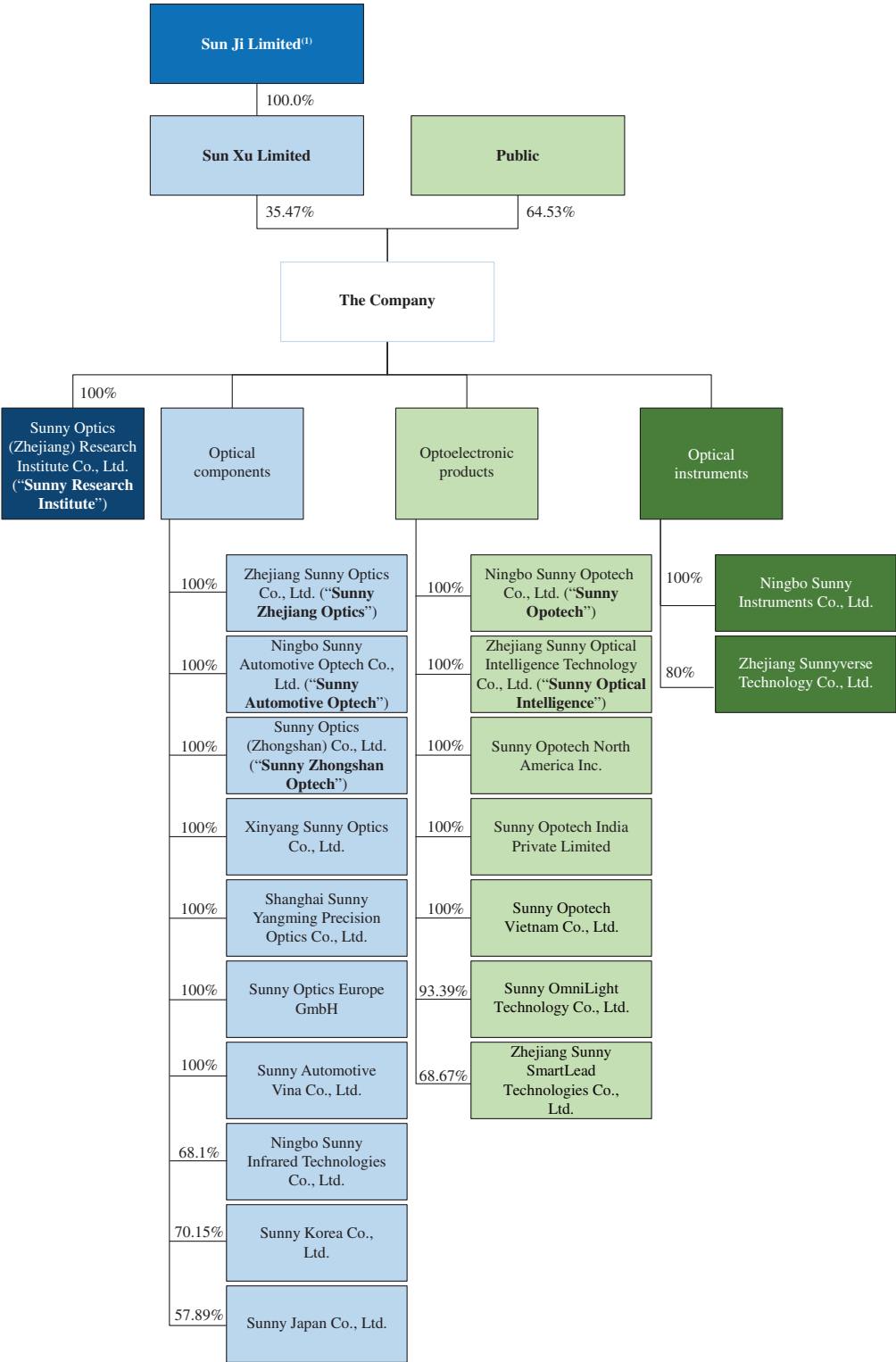
Recruiting, training and retaining engineers and staff with proper know-how and extensive experience in relevant fields are essential to the Group's operations and overall success. As such, the Group is committed to attracting top talents who possess an extensive knowledge of optical and optical processing technologies. The Group plans to leverage its close proximity to leading PRC universities such as Zhejiang University to identify and recruit top local talent, and to expand its search overseas to identify and recruit qualified international candidates. The Group intends to make full use of its competitive remuneration packages and training programmes to motivate and nurture its existing employees and attract qualified candidates.

Since its inception, the Group has been highly focused on professional operation and employee incentive to avoid patriarch based management and ensure its long-term development, with a vision of becoming a time-honoured brand in the optoelectronics industry.

The Group has also adopted a share option scheme and a restricted share award scheme on 22 March 2010 with a duration of 10 years, for the purposes of providing incentives and rewards to eligible participants including its directors, employees, agents or consultants to recognize their contribution to the Group and enhancing their ownership spirits. On 16 March 2020, the Group resolved to extend the share award scheme period for an additional ten years.

CORPORATE STRUCTURE

The following chart presents a simplified structure of the Group and the shareholding of the Company as at 30 June 2022:



Note:

(1) The Sunny Group Employee Offshore Trust is a trust which holds the entire issued share capital of Sun Ji Limited. Mr. Wang Wenjian, together with TMF Trust (HK) Limited, is one of the two trustees and one of the beneficiaries of the Sunny Group Employee Offshore Trust.

HISTORY AND DEVELOPMENT

The Company was founded in September 1984. As at 30 June 2022, the Company had an issued share capital of HK\$109,684,970, with number of ordinary shares amounted to 1,096,849,700 of HK\$0.1 each.

1984. Company founded and entered into the optical industry.
1994. Started employee Shareholder system to avoid family management.
1995. Entered into the field of image digitization.
2003. Commenced production of handset camera modules.
2004. Enhanced R&D and production capacity of handset lens sets.
Possessed plastic aspherical lens technology.
Entered into the field of vehicle lens sets.
2006. Established Ningbo Sunny Infrared Technologies Co. Ltd. and entered into infrared technology fields.
2007. Listed on the Main Board of the Hong Kong Stock Exchange.
2012. Set up subsidiaries in the United States and South Korea.
2013. Successfully placed 97,000,000 new shares and raised net proceeds of approximately HKD770 million.
2014. Invested in Mantis Vision Ltd. to make the strategic layout of 3D imaging business.
2015. Newly set up Zhejiang Sunny Optical Intelligence Technology Co., Ltd. in Hangzhou, responsible for the R&D, marketing and sales of intelligent optics products.
2016. Set up Sunny Optical (Zhejiang) Research Institute Co., Ltd. in Hangzhou, for applicable R&D in optics field.
2017. Became the new component of the benchmark c and a blue-chip company in November 2017.
2018. Issued US\$600 million five-year bonds.
Assigned “Baa2” issuer rating by Moody’s.
2019. Established new production bases in India and Vietnam, producing handset camera modules and vehicle lens sets respectively.
Set up a subsidiary in Germany.
Set up Sunny OmniLight Technology Co., Ltd., marking the completion of the strategic layout in the field of micro and nano optics.
2020. Set up a production base in Vietnam, mainly producing handset camera modules.
2021. Included in FTSE4Good Index in June 2021, Hang Seng ESG 50 Index in August 2021, Hang Seng Corporate Sustainability Index in September 2021, Hang Seng Index ESG Screened Index and Hang Seng Index Low Carbon Index in November 2021.
Moody’s credit rating was raised from “Baa2” to “Baa1”.

AWARDS AND RECOGNITIONS

The Group has received awards and recognition for its business operations as set forth below.

2022. Sunny Zhejiang Optics was awarded the “2021 Quality Management Innovation Award of Zhejiang Provincial People’s Government”.

The Company was listed on the “2021 Hurun China Private Companies SDG Readiness 100”.

Sunny Opotech was awarded the “Best Innovation Award” by Vivo Mobile Communications Co. Ltd.

Sunny Optical Intelligence was awarded “2022 Smart Lock Industry Technology Seed Award” and “2022 Smart Door Industry Technology Seed Award”.

The Group was included in “Fortune China Top 500 list” for the eighth consecutive years.

The Company was awarded the “13th Chinese Listed Company Tianma Award” by Securities Times.

The Company was awarded the “The Most Remarkable Investor Relations Recognition-Hong Kong Index Constituent (Hang Seng Index) Category” at “Quam IR Award 2021”.

2021. Sunny Zhejiang Optics was awarded the “Best Delivery Award” by ZTE Corporation.

Sunny Zhejiang Optics was awarded the “2021 Excellent Supplier Award” by Wingtech Technology Co., Ltd.

Sunny Zhejiang Optics was awarded the “2021 Quality Management Innovation Award of Zhejiang Provincial People’s Government”.

Sunny Automotive Optech was awarded the “Excellence in Technology Award” by Jiangsu New Vision Automotive Electronics Co., Ltd.

Sunny Automotive Optech was awarded the “Excellent Supplier Award” by Bosch Group.

Sunny Opotech was awarded the “Best Technological Innovation Award” by ZTE Corporation.

Sunny Optical Intelligence was awarded the “Co-Innovation Award” by Beijing Rorobrock Technology Co., Ltd.

The Company was awarded “The Most Remarkable Investor Relations Recognition (Hang Seng Index Category)” at “Quam IR Awards 2020” for the third consecutive year.

The Company was awarded the “Best Tech Constituent Stock” at the selection event of “Hong Kong Outstanding Listed Enterprises Awards 2021”.

2020. Sunny Zhejiang Optics was awarded the “Best Quality Award” and “Pandemic ‘War’ Delivery Partner Award” by Weifang Goertek Electronics Co., Ltd.

Sunny Zhejiang Optics was awarded the “Best Delivery Ward” by Vivo Mobile Communication Co., Ltd.

Sunny Zhejiang Optics was awarded the “2020 Strategic Partner Award” by Q Technology Limited.

Sunny Automotive Optech was awarded “2019 Quality Operation Award” By Huizhou Desay SV Automotive Co., Ltd.

Sunny Opotech was awarded the “Excellent Supplier Award in the third quarter” by OPPO MOBILES INDIA PRIVATE LIMITED

The subsidiary in India of Sunny Opotech was awarded the “2020 Best Delivery Award” by OPPO MOBILES INDIA PRIVATE LIMITED

Sunny Opotech was awarded the “Strategic Partner Award” by Shenzhen ZTE Kangxun Telecom Company Limited and Nubia Technology Co., Ltd.

Sunny Optical Intelligence was awarded the “Excellent Supplier Award” by Ecovacs Robotics Co., Ltd.

Sunny Optical Intelligence was awarded the “Best Delivery Award” by Dreame Technology (Suzhou) Co., Ltd.

The Group was included in “Fortune China Top 500 list” for the sixth consecutive years, ranked 259th, rising 70 places compared to 2019.

The Company was awarded the “The Most Remarkable Investor Relations Recognition (Hang Seng Index Category)” at “Quam IR Awards 2019”.

The Company was included in “Hang Seng China Enterprises Index” and “Hang Seng Corporate Sustainability Benchmark Index”.

The Company was awarded the “Best TMT Company” at the 5th “Golden Hong Kong Stocks Awards”.

2019. Sunny Automotive Optech was awarded the “Supplier of the Year 2018 Best Performance within Category Optical Devices” by Continental Automotive Group.

Sunny Zhongshan Optics was awarded the “2018 Excellent Supplier” by Zhejiang Dahua Co., Ltd.

Xinyang Sunny Optics Co., Ltd. was awarded the “2018 Excellent Supplier” by Panasonic Avc Networks Xiamen Co., Ltd.

Sunny Zhejiang Optics was awarded the “Excellent Supplier Award” and “Strategic Supplier Award” by Huaqin Communication Technology Co., Ltd.

Sunny Zhejiang Optics was awarded the “2018 Core Supplier” by Shenzhen O-film Tech Co., Ltd.

Sunny Zhejiang Optics was awarded the “Best Delivery Support Award” by ZTE Corporation.

Sunny Zhejiang Optics was awarded the “Excellent Supplier Award” and “Partner Award” by Lenovo.

Sunny Zhejiang Optics was awarded the “Strategic Supplier Award” by Wingtech Technology Co., Ltd.

Sunny Opotech was awarded the “2018 Special Quality Award” by Huawei Consumer Business Group.

Sunny Opotech was awarded the “Supplier Appreciation Award” by LG Electronics.

Sunny Opotech was awarded the “Best Quality Award” by Wingtech Technology Co., Ltd.

Sunny Opotech was awarded the “Best Strategic Cooperation Award” by Xiaomi Corporation.

Sunny Optical Intelligence was awarded the “Technology Innovation Award” at the 20th China International Optoelectronic Exposition.

Sunny Optical Intelligence was awarded the “Innovation Awards” at the 2020 International Consumer Electronics Show.

The Group was listed in the “Top 100 Enterprises in China Electronic Information Industry” for the sixth consecutive year, ranking 34th.

The Group ranked the 329th in “2019 China Top 500 list” for five consecutive years and ranked 26th in “Top 40 Companies in return on equity” in the “Fortune” (Chinese edition).

The Group was listed in the “Top 500 Chinese Manufacturing Enterprises” issued by China Enterprise Confederation and China Enterprise Directors Association for the fifth consecutive year, ranking 285th.

The Company was awarded the “Best IR Company (Large Cap)” by Hong Kong Investor Relations Association in 2019.

The Company was awarded “The Most Remarkable Investor Relations Recognition (Hang Seng Index Category)” at “Quam IR Awards 2018”.

The Company was awarded the “2019 Golden Hong Kong Stocks Award” and “Best TMT Company” at the 4th “Golden Hong Kong Stocks Awards”.

DESCRIPTION OF THE GROUP’S BUSINESSES

Overview

The Group is principally engaged in the design, research, development, manufacturing and sale of optical and optical-related products, which can be broadly classified into three segments, namely: (i) glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle LiDAR, security surveillance lens sets, VR positioning lens sets and other various lens sets; (ii) optoelectronic products, including handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules; and (iii) optical instruments, including microscopes and intelligent inspection equipment.

The following table sets forth a breakdown of the revenue from each business segment of the Group for the periods indicated:

	Year ended 31 December						Six Months ended 30 June			
	2019		2020		2021		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except percentages)									
Optical components . . .	8,815.4	23.3	9,181.1	24.2	8,776.1	23.4	4,343.9	21.9	4,399.1	25.9
Optoelectronic products	28,748.4	76.0	28,494.3	75.0	28,333.5	75.6	15,307.8	77.2	12,370.9	72.9
Optical instruments . . .	284.9	0.7	326.4	0.8	387.3	1.0	181.7	0.9	201.8	1.2
Total Revenue	37,848.7	100.0	38,001.8	100.0	37,496.9	100.0	19,833.4	100.0	16,971.8	100.0

Optical Components

The Group’s optical components business includes the production of glass spherical and aspherical lenses, handset lens sets, vehicle lens sets, optical parts of vehicle LiDAR, security surveillance lens sets, VR positioning lens sets and other various lens sets.

For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, revenue generated from the Group's optical components business was RMB8,815.4 million, RMB9,181.1 million, RMB8,776.1 million, RMB4,343.9 million and RMB4,399.1 million, respectively, representing 23.3%, 24.2%, 23.4%, 21.9% and 25.9% of the Group's revenue for the same periods, respectively.

Optoelectronic Products

The Group's optoelectronic products business includes the productions of handset camera modules, vehicle modules, VR visual modules and other optoelectronic modules.

For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, revenue generated from the Group's optoelectronic products business was RMB28,748.4 million, RMB28,494.3 million, RMB28,333.5 million, RMB15,307.8 million and RMB12,370.9 million, respectively, representing 76.0%, 75.0%, 75.6%, 77.2% and 72.9% of the Group's revenue for the same periods, respectively.

Optical Instruments

The Group's optical instruments business includes the production of microscopes and intelligent inspection equipment and other instruments.

For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, revenue generated from the Group's optical instruments business was RMB284.9 million, RMB326.4 million, RMB387.3 million, RMB181.7 million and RMB201.8 million, respectively, representing 0.7%, 0.8%, 1.0%, 0.9% and 1.2% of the Group's revenue for the same periods, respectively.

The following table sets forth a breakdown of the revenue from the major products of the Group for the periods indicated:

	Year Ended 31 December			Six Months Ended 30 June	
	2019	2020	2021	2021	2022
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	(RMB in millions)				
Handset related products	32,773.7	32,119.1	29,597.9	15,852.4	12,755.6
Vehicle related products⁽¹⁾	–	2,511.8	2,960.6	1,613.9	1,724.8
AR/VR related products⁽¹⁾	–	596.2	1,344.6	597.0	660.0
Digital camera related products . .	744.8	592.2	1,004.3	468.3	401.7
Other lens sets	2,314.5	473.3	490.4	213.6	240.0
Optical instruments	192.7	205.0	273.7	122.2	158.8
Other spherical lens and plane products	182.9	164.9	142.3	90.1	196.5
Digital video lens⁽²⁾	98.8	29.4	15.6	–	–
Other products	1,541.3	1,309.9	1,667.5	875.9	834.4
	<u>37,848.7</u>	<u>38,001.8</u>	<u>37,496.9</u>	<u>19,833.4</u>	<u>16,971.8</u>

Notes:

- (1) In 2019, the revenue from vehicle related products and AR/VR related products were reflected under the revenue from other lens sets and other products.
- (2) For the six months ended 30 June 2021 and 2022, the revenue from digital video lens were reflected under the revenue from other products.

Production

The Group's products are mainly manufactured in four production bases in Yuyao of Zhejiang Province, Shanghai, Zhongshan of Guangdong Province and Xinyang of Henan Province in the PRC, respectively. In order to promote its global production layout and satisfy the demand of customers in overseas markets, the Group has also established new production bases in India and Vietnam. In addition, the Group has established overseas subsidiaries in South Korea, Japan, the United States and Germany.

Supply Chain Management

Maintaining good relationships with the suppliers is essential to the Group in respect of the supply chain and when facing business challenges and regulatory requirements. A sound supply chain management can achieve cost efficiency and promote long term commercial benefits. Major suppliers include raw material suppliers, system and equipment suppliers, external consultants providing professional services, suppliers of office supplies or commodities and other business partners providing the Group with value added services. For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, the aggregate purchases attributable to the five largest suppliers accounted for approximately 53.5%, 51.3%, 52.4%, 61.1% and 47.6%, respectively, of the total purchases of the Group during the same periods. The Group has entered into framework agreements with most of its major suppliers. In addition, the Group makes significant investment decisions, including determining the levels of business that it will seek and accept, production schedules, component and raw material procurements, personnel needs and other resource requirements, based on its estimates of future customer requirements.

In addition, the Group has a stringent inventory control policy to monitor its inventory levels. It keeps track of the usage of the current period's inventory and estimates any obsolete raw materials and finished goods.

The procurement team of the Group is responsible for compiling a database containing information in relation to raw materials and components suppliers. The Group also maintains a supplier certification programme in which suppliers are evaluated based on factors such as product quality, delivery time and punctuality, cost and technical capability. Assessments may be based on historical performance, audits of suppliers' manufacturing sites and/or accreditation by certifying bodies. The Group will continue to seek new suppliers of raw materials and components used by the Group in the manufacturing processes to ensure stability in supply chain management.

The Group's inventory balance includes raw materials, work in progress and finished goods. The Group has instituted the following major inventory management procedures to ensure efficient management of its inventory:

- the Group endeavours to manage its inventory level by aligning its procurement with its sales based on confirmed purchase orders and projected sales;
- all purchases of raw materials and components must be authorised and approved by heads of respective departments and recorded in the inventory management system;
- all incoming raw materials and components must be examined and verified against the Group's purchase orders before acceptance;
- all raw materials and components are tagged with references after acknowledgement of receipt;
- all outgoing raw materials and components for production use must be authorised by production managers and recorded on the inventory management system;
- all finished goods are acknowledged by customers upon delivery and recorded in the inventory management system; and
- monthly stock counts and annual stocktakes are carried out to ensure the number of stored items correspond with all record entries recorded during the relevant period.

The following table sets forth the details of the Group's inventory balances as at 31 December 2019, 2020 and 2021 and 30 June 2022:

	Year Ended 31 December			Six Months Ended
	2019	2020	2021	30 June
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(RMB in millions)			
Raw materials	796.9	1,126.9	1,510.4	1,312.9
Work in progress	155.0	193.7	202.4	207.2
Finished goods	4,194.1	4,462.5	3,769.1	3,791.5
Total	5,146.0	5,783.1	5,481.9	5,311.6

Sales Channels

Direct sales

The Group puts significant emphasis on maintaining close relationships with its end customers and keeping abreast of market developments. Accordingly, to the extent possible, the Group will typically sell its products to its domestic and overseas customers primarily through direct sales. The Group has established sales offices or stationed employees in Shenzhen and Beijing (in addition to its production bases in Yuyao of Zhejiang Province, Zhongshan of Guangdong Province, Shanghai and Xinyang of Henan Province) in order to facilitate better communications and quicker responses to its customers in particular those in the Yangtze River Delta and Pearl River Delta regions of the PRC. In addition, the Group has established overseas subsidiaries in South Korea, Japan, the United States and Germany. These overseas offices will facilitate better communications and quicker responses to its customers in those key areas. The Group maintains a database of its existing and potential customers with information regarding product requirements and credit history. This database allows the Group to develop the most appropriate marketing approach.

Sales and marketing personnel, together with the R&D personnel, visit the existing and potential customers on a regular basis and as requested by the customers. They will not only initiate meetings with customers to get a full understanding of the technical requirements and sale objectives of the customers, but will also discuss how the products and capabilities of the Group can be effectively utilised to satisfy the requirements of the customers.

Third-party agent and cooperative arrangements

The Group also sells its optoelectronic products through a third-party agent. The third-party agent assisted the Group in identifying business and market opportunities, business networking and organising logistics such as product shipments, thereby enabling the Group to deploy its resources to concentrate on product development, branding and cultivating relationships with potential customers. The Group has entered into a service agreement with the third party agent for its services. Pursuant to the agreement, the third-party agent would introduce customers to the Group and the Group would pay commission to the third-party agent based on a percentage of the actual sales referred by such agent. The Group's products will be sold directly from the Group to the end customers.

Markets and customers

To follow the strategy of "Mingpeijiao", the Group places strong emphasis on establishing and solidifying business relationships with electronic and optical enterprises of global leading brand names. Through years of operations, it has established an effective customer networking system within and outside the PRC.

The Group has an extensive domestic coverage with a geographic focus on Shenzhen and Beijing, where the Group has established sales offices or stationed employees, in addition to its production bases in Yuyao of Zhejiang Province, Zhongshan of Guangdong Province, Shanghai and Xinyang of Henan Province. In addition to external sales to customers, part of the optical components produced by the Group is subject to internal consumption for processing by the Group into optoelectronic products and certain optical instruments.

Internationally, the Group sells its products to customers world-widely. The Group's non-PRC customers are mainly located in several countries other than PRC in Asia, Europe and North America. The Group has also established overseas subsidiaries mainly for sales and marketing functions. The Group's products comply with the Restriction of Hazardous Substances Directive (the "RoHS") of the European Union and the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals of the European Union for products sold in the European Union.

After sales services

In addition to ensuring the quality of its products, the Group places strong emphasis on the after sales services it offers to its customers.

Generally, if customers are not satisfied with the quality of the products delivered by the Group, they may request for return of products for money or exchange of products, subject to the internal confirmation of the Group and negotiation between the Group and the relevant customers. As at the date of the Offering Circular, the Group has not experienced any incident of failure to meet customers' specifications which resulted in material adverse impact on the Group.

The Group typically provides warranty for a period of one year for quality assurance of its optical instruments. During the warranty period, the Group provides technical support and maintenance services to customers of optical instruments and provides free spare parts for repair.

When the Group receives any feedback or complaints in relation to any product quality or design issues from its customers, the Group's sales staff will immediately send the relevant information to the relevant departments of the Group. The production management department and the quality control department will then deal with the feedback or complaints and take immediate follow-up action in accordance with internally prescribed procedures. Typically, an initial response will be given by the Group to the relevant customer within 24 hours and a detailed report and follow-up action will be released/taken within three days after receipt of such feedback or complaint.

QUALITY CONTROL

The Group is subject to not only PRC and international regulatory requirements relating to product quality standards which must be satisfied before such products can be sold in the relevant jurisdictions, but also standards specified by its customers. As a result, the Group places strong emphasis on strict quality control over its products and has implemented a comprehensive quality control system.

The quality control system of the Group includes the following areas:

- **Purchase of raw materials** – Sample tests are conducted prior to confirmation of orders to ensure the quality of raw materials. In addition, suppliers are required to provide the applicable certificate certifying compliance with the RoHS Directive, the RoHS test report and a table of hazardous elements in relation to such raw materials and components, all to the satisfaction of the Group.

- **Production** – Every stage of the production process is monitored by the quality management team to ensure that the production process conforms to specific quality control requirements. Visual inspection and performance testing (such as ageing and reliability tests) are conducted to assess the performance of semi-finished products to ensure that the relevant quality standards are met.
- **Inventory storage** – Proper procedures are laid down to ensure no degradation of product quality during storage and transportation.
- **Machinery and equipment management** – Regular inspections and maintenance are carried out by the Group’s equipment administrators to ensure optimum performance of machinery and equipment.
- **Sales** – Each shipment of finished products is subject to a final sample check before delivery to customers. Products which do not meet the relevant quality standards will be reworked and are subject again to the same inspection and performance testing. The final approved products are then delivered to the customers. The Group’s sales staff are responsible for collecting customers’ opinions and handling customers’ complaints appropriately and in a timely manner.
- **Staff quality awareness system** – Regular training and continuous assessments of the performance of staff are conducted.

RESEARCH AND DEVELOPMENT

The Group has always been focusing on R&D, and has achieved great results with many patents, helping it maintain its industry leading. The optical industry is characterised by rapidly evolving technology advancements. The ability to achieve rapid and continual technology improvements is of critical importance to maintaining the Group’s competitive advantage. For the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022, the Group’s research and development expenditure amounted to RMB2,209.3 million, RMB2,499.1 million, RMB2,642.2 million, RMB1,320.8 million and RMB1,468.2 million, respectively, which represented approximately 5.8%, 6.6%, 7.0%, 6.7% and 8.7%, respectively, of the Group’s revenue of the year during the respective years.

Most of the research staff possess undergraduate or higher education degrees in relevant fields including mechanical engineering, instrument manufacturing, optical technology, optoelectronic science, optical information technology, or have experience in the optical-related fields. Many of them obtained professional qualifications as senior engineer, engineer or assistant.

The Group has also founded Sunny Research Institute since October 2016, dedicated to strengthen R&D in optics related areas. The Group has established a well-positioned three-level internal R&D system to ensure that the high-end technology independently developed or introduced can be quickly applied to its products. The Group has also established partnership with academic institutions including Zhejiang University.

Optical Components

The Group strives to enhance R&D and process and technological capabilities and proactively carried out the layout on product innovation to meet customers’ demands. During the first half of 2022, the Group continuously enhanced its R&D capability and engineering technology capability, and completed the R&D of various high specification handset lens sets, including 1-inch hybrid handset lens sets, 200-megapixel ultra-thin handset lens sets and wide-angle (100°) front handset lens sets with miniaturized head. In addition, the Group has commenced the mass production of ultra-thin handset lens sets with ultra-miniaturized head for foldable phones, 200-megapixel ultra-large image size (1/1.22”) handset lens sets and ultra-wide angle handset lens sets with two pieces of freeform lens.

In terms of the emerging vehicle business field, the Group has recently completed the R&D of various 5-megapixel hybrid in-cabin monitoring vehicle lens sets, which could monitor the driver and passengers simultaneously. The Group has obtained the platform-based projects from various automobile manufacturers and has commenced the mass production of 3-megapixel hybrid side-view advanced driving assistance system vehicle lens sets. Such lens sets increase the luminous flux with smaller size and lower production costs. The Group has also commenced the mass production of 3-megapixel large aperture (FNo.1.6) hybrid surround-view vehicle lens sets leveraging on the highly precise control technology of temperature excursion and tackling the technical difficulty of large aperture lens sets being subject to focus shift due to their small depth of focus.

In terms of the emerging optical market field, the Group firmly seized the opportunities from the “Metaverse” trend, continued to explore the application of optics in emerging markets and increased the investment in the product development. During the first half of 2022, the Group has completed the R&D of the projection lens sets applied to AR optical engine, which had ultraminiaturized size and outstanding temperature excursion performance, and has commenced the mass production of the new-generation VR positioning lens sets. Such lens sets can further tackle temperature excursion and improve the stability of spatial orientation. Meanwhile, the Group has commenced the mass production of VR pancake modules during the same period.

Optoelectronic Products

In order to further strengthen the market competitiveness and enhance the technological added-value of the optoelectronic products, the Group has completed the R&D of the first internal focusing handset camera modules in the industry and the OIS handset camera modules with tunable aperture. Meanwhile, the Group has commenced mass production of the ultra-large image size (1/1.12”) OIS handset camera modules.

In terms of vehicle modules business, the Group has completed the R&D of various vehicle modules, mainly including the 8-megapixel A-PHY transmission technology vehicle modules and the 5-megapixel OMS in-cabin vehicle modules. Meanwhile, the Group has commenced mass production of the 3-megapixel high-definition surround-view vehicle modules and three new projects of 8-megapixel sensing vehicle modules for external environment. In addition, the Group has launched three new designated projects of 8-megapixel sensing vehicle modules for external environment.

In terms of the robotic vision business, the Group continued to develop its business and strived for planning of technology and market layout in advance. By continuously optimizing the product planning and core technology layout of robotic vision AI modules, the Group has completed the R&D of the first-generation standardized products during the first half of 2022. At the same time, the Group continued to strengthen product promotion and market development. In the field of sweeping robots, the Group has commenced the mass production of 3D visual modules, which were shipped to industry-leading customers. In the field of commercial robots, the Group has commenced the mass production of 3D visual modules used in distribution, cleaning, and reception fields. In addition, full verification of engineering samples of the Group’s tape-out of visual AI chips has been completed during the same period, and at the same time, the batch packaging design of the chip was completed and put into use, which enabled the Group to offer more comprehensive optical system solutions to customers.

Optical Instruments

In the first half of 2022, the Group's R&D innovation has achieved certain breakthroughs. The Group has commenced the mass production of the first 25X flat field multipoint excitation dedicated objectives for commercial use in China. At the same time, the Group has commenced the mass production of the first global near-infrared region-II microscope in vivo imaging system, which was a high-precision inspection equipment for the field of living life sciences.

In terms of the intelligent equipment business, the Group has achieved various technological breakthroughs as well in the first half of 2022. In the industrial field, the Group has successfully completed the R&D of patterned wafer automated optical inspection equipment. The equipment can detect defects such as contamination on the wafer surface, short circuits and disconnection, and was equipped with a high-precision motion platform and an autofocus microscopic system solution to achieve sub-micron defect detection, which was in an industry-leading position in domestic market.

In the medical field, the Group has commenced the mass production of chromosome karyotype auto microscopic scanner, which can be applied in prenatal examination, screening and diagnosis, genetic diseases diagnosis, hematologic tumour diagnosis and other fields and has successfully replaced imported equipment.

INTELLECTUAL PROPERTIES

The Group employs certain product designs and manufacturing processes which were developed in-house by its R&D personnel. The Group relies on a combination of laws and regulations such as patents, copyrights, trademark and unfair competition laws, as well as confidentiality rules to protect its intellectual property. The Group has adopted preventive measures to protect its intellectual property rights by means of confidentiality agreements signed by its senior management and the key R&D personnel. The Group has not experienced any infringement of its intellectual property rights by others nor infringed any intellectual property rights owned by others that have material impact on the Group as at the date of this Offering Circular. As at 30 June 2022, the Group had 3,334 patents, including 1,208 invention patents, 2,055 utility model patents and 71 exterior design patents, in addition to other 4,064 patent applications pending approval. Although the Group has made efforts to obtain intellectual property protection for some of its products, the Group does not have sufficient patents to protect all of its proprietary processes and technology against claims or infringing use by other parties. Please refer to "Risk Factors – Risks relating to the Group's business – Disputes over intellectual property rights could be costly and could deprive the Group of technologies it needs to remain competitive" in the Offering Circular.

COMPETITION

There are other manufacturers producing optical or optical-related products similar to those of the Group and the Directors consider that certain products manufactured by some of these manufacturers are competitive with the Group's products in terms of quality and price. Although entry barriers exist in the design and manufacturing, technical expertise, substantial capital requirements, building of customer relationships, new entrants may develop or acquire the required technical capability and customer base through substantial investments in the necessary technology and market development to compete with the Group's existing business.

However, the Group has a competitive edge over its competitors because of its capability to offer a comprehensive range of products and to adopt a vertically integrated design and production approach. Such competitive edge enables the Group to mass produce in a cost-effective manner, reduce lead times and have better control over the entire production process.

The primary basis of competition is a combination of engineering capability, services, manufacturing quality, price, production capacity, manufacturing technology, design expertise, breadth of product line, time to production and reliability of delivery. The Group currently competes favourably with respect to these factors. However, to remain competitive, the Group will continue to provide technologically advanced manufacturing services, maintain quality levels, offer flexible and reliable delivery and provide competitive pricing.

In relation to new entrants to the industry, since substantial capital investment is required in setting up facilities, and strong expertise and experience in comprehensive optical technologies is one of the prerequisites for establishing a foothold within the industry, the Directors consider that the entry barrier to the industry is high.

GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance in all material respects with government regulations currently in effect in the jurisdictions in which it operates. The Group is not aware of significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

RISK MANAGEMENT

The Board is responsible for the effectiveness of the risk management and has authorised the Audit Committee to act as the professional committee to professionally review the risk management reports submitted by the Management, ensuring that the management has fulfilled its responsibilities to establish effective risk management and internal control systems, and review them annually. Systems and procedures have been established to identify, assess, manage and monitor various risks including strategy, financing, market, operation and compliance that may have impacts on the Group and each major department.

The Company has built an enterprise risk management (the “**ERM**”) system with a view to enhancing the risk management and corporate governance practice, and improving the effectiveness and efficiency of internal control systems across the whole Group.

The Group has organised and established a risk management group (“**Risk Management Group**”) headed by the Chief Executive Officer, responsible for daily management related to risks of the Group. All of the Group's subsidiaries have also established their risk management teams, responsible for risk management of their own. At the same time, the Group has engaged a world-renowned consultant institution as the risk management consultant to assist the Group in building effective risk management overall framework so as to ensure the adequacy of resources, staff qualifications and experience, staff training programmes and relevant budget of the Group's risk management, internal audit and reporting function.

The Board believes that a heightened focus on risk and compliance is beneficial for the ongoing development and growth of the Group as well as its staff. In establishing the ERM system, all key functions of the Group were carried out by the Risk Management Group to undertake the exercises, including enterprise risk assessment, enterprise risk response, risk management implementation monitoring, setting up key risk indicators and risk checklist, multi-system integration and business integration in relation to risk management, including risk management into the performance evaluation and the relevant digitalization construction work.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group adopts a comprehensive work safety system to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents. The Group believes that it is in compliance in all material respects with applicable safety regulations.

The Group is subject to various environmental laws and regulations stipulated by the national and local environmental protection bureaus relating to the storage, use, discharge of chemicals, solid waste, noise and other hazardous materials used in its production, as well as air quality regulations and restrictions on disposal of waste water. These environmental laws and regulations contain provisions regarding the treatment and disposal of pollutants and sewage and discharge of polluted fumes and noise, and the prevention of industrial pollution. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

INSURANCE

In accordance with the regulatory requirements of local governments in the PRC, the Group has maintained insurance schemes that cover unemployment, pension, personal injury, maternity and medical expenses for its PRC employees.

The Group maintains insurance policies in respect of trade receivables as well as most of the buildings, machinery, equipment, inventory and other facilities owned by the Group covering physical loss or damage arising from natural hazards or accidents in relation to its operation in the PRC. In line with business practice in the PRC, the Group does not maintain any public liability insurance or product liability insurance.

The Group's insurance coverage is sufficient and is in line with industry practice. The Group confirmed that it has not had any claims or liabilities arising from any accidents relating to its operations or experienced any material production interruptions or product liability as at the date of the Offering Circular.

EMPLOYEES

As at 30 June 2022, the Group had a total of 25,022 dedicated full-time employees. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses, other fringe benefits as well as a mandatory provident fund scheme for employees in Hong Kong and a state-managed retirement benefit scheme for employees in the PRC.

The Group focuses on developing talents, continuously elevates the ability and quality of staff team. The Group has already internally established post training system with hierarchical classification, and provided training to hired staff accordingly; formulated staff training and management system, internal lecturer management system, credential education management regulations; established posts qualifications system with relatively perfect career development channel; built tertiary training system among group, subsidiary and department, and constructed study units with each department.

LEGAL PROCEEDINGS

Members of the Group may from time to time be subject to various legal or administrative proceedings arising in the ordinary course of the Group's business such as proceedings in respect of disputes with suppliers or customers, labour disputes or infringement of intellectual property rights.

To the best of its knowledge, save as disclosed in this Offering Circular, there are no current litigation or arbitration proceedings against the Group or any of its Directors as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The board (the “**Board**”) of the directors of (the “**Director(s)**”) of the Company currently consists of eight (8) Directors comprising three (3) executive Directors, one (1) non-executive Director and four (4) independent non-executive Directors. The principal focus of the Board is on the Company’s overall strategic development, internal control systems, risk management systems and ensuring the integrity of the Company’s accounting and financial reporting systems, including the independent audit, and those appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law. The Board provides guidance on business plans, monitors the results of such plans implemented by management, reviews and approves the Company’s financial objectives and major financial activities.

The members of the Board as at the date of this Offering Circular are as follows:

Name	Age	Title
YE Liaoning	56	Chairman of the Board, Executive Director and Chairman of the Strategy and Development Committee
SUN Yang	49	Executive Director, Chief Executive Officer and President
WANG Wenjie	54	Executive Director and Executive Vice President
WANG Wenjian	74	Non-executive Director
ZHANG Yuqing	74	Independent Non-executive Director
FENG Hua Jun	58	Independent Non-executive Director
SHAO Yang Dong	52	Independent Non-executive Director
JIA Lina	55	Independent Non-executive Director

Executive Director

Mr. Ye Liaoning (葉遼寧), aged 56, is one of the founders of the Group and an executive Director, the chairman of the Board and the chairman of the strategy and development committee of the Company. He is responsible for formulating the Group’s policies and making decisions. Mr. Ye joined Yuyao County Chengbei Optical Instruments Factory in 1984 and became its deputy general manager since 1995. Mr. Ye obtained a diploma from Zhejiang Radio & TV University in 1999 and a qualification of senior economist issued by the Personnel Bureau of Zhejiang in 2008. Mr. Ye has been an executive Director since May 2007 and has been serving as the chairman of the Board since March 2021. He is also currently a director of various subsidiaries of the Group. Mr. Ye has senior professional knowledge and more than 30 years’ experience in optical industry, as well as extensive experience in financial management, company operations, capital markets, risk management and strategic planning, and has years of leadership experience in board committee.

Mr. Sun Yang (孫泐), aged 49, currently is an executive Director, the chief executive officer and president of the Company. He is responsible for the overall operation and management of the Group. Mr. Sun holds a master’s degree in economics from Shanghai University of Finance and Economics. He joined the Group as a chief officer of investment management centre in 2002 and served as department head of strategy and investment management, assistant to the president, chief financial officer and vice president of the Company. Mr. Sun has obtained a qualification of senior economist issued by the Personnel Bureau of Zhejiang in 2008 and has been awarded a qualification of chief senior economist issued by Zhejiang

Province Human Resources and Social Security Department in December 2018. Mr. Sun has been an executive Director since May 2009 and is currently a director of various subsidiaries of the Group. Mr. Sun has senior professional knowledge and experience in optical industry, as well as extensive experience in financial management, company operations, capital markets, risk management and strategic planning.

Mr. Wang Wenjie (王文杰), aged 54, currently is an executive Director and executive vice president of the Company. He is responsible for the strategic planning and information management of the Group, as well as the management of Sunny Research Institute. Mr. Wang graduated from Zhejiang University with a bachelor's degree in engineering in 1989 and joined the Group after his graduation. Mr. Wang obtained a qualification as a senior economist by the Personnel Bureau of Zhejiang in 2008. He served as director of officer, head of human resources department, minister of quality control and general manager of the Company and has been an executive Director since December 2013. He was elected as the vice chairman of the Chinese Optical Society in 2017, responsible for advancing the development of optical industry in China. Mr. Wang has senior professional knowledge and experience in optical industry, as well as extensive experience in financial management, company operations, capital markets, risk management and strategic planning.

Non-executive Director

Mr. Wang Wenjian (王文鑾), aged 74, former chairman of the Board, executive Director and chief executive officer, is one of the founders of the Group, and currently is a non-executive Director and the honorary chairman of the Board. Mr. Wang joined the Yuyao County Chengbei Optical Instruments Factory in 1984 as factory manager and became its general manager since 1994 when it was transformed to a joint stock limited liability company. Mr. Wang acted as the Honorary President of Yuyao Charity Federation in 2003 and was appointed as a guest professor of the College of Information Science and Engineering, Zhejiang University in 2005. He obtained a qualification as a senior economist by Ningbo Municipal Government in 1996. Mr. Wang was re-designated as a non-executive Director in March 2012. Mr. Wang has senior professional knowledge and experience in optical industry, as well as extensive experience in financial management, company operations, risk management and strategic planning, and has years of leadership experience in board committee.

Independent Non-executive Directors

Mr. Zhang Yuqing (張余慶), aged 74, is an independent non-executive Director and the chairman of audit committee. Mr. Zhang has worked in MCloud (Shenzhen) Information Technology Co., Ltd. (招銀雲創(深圳)信息技術有限公司) as finance-in-charge from May 2017 to March 2020. Mr. Zhang worked in Shanghai Port Bureau as heads of the financial division as well as the auditing division. He was also appointed as a director of Shanghai Worldbest Industry Development Co., Ltd. (上海華源企業發展股份有限公司) from 2001 to 2003 and acted as its chief financial officer. Mr. Zhang worked in Shandong SITO Bio-technology Co., Ltd. (山東賽託生物科技股份有限公司) as chief financial officer from 2014 to 2017. Mr. Zhang graduated from Shanghai Maritime University in 1982 with a bachelor's degree in economics and is a senior accountant and a non-practicing member of the Chinese Institute of Certified Public Accountants. He has been an independent non-executive Director since May 2007. Mr. Zhang has professional knowledge in optical industry, as well as extensive experience in financial management, company operations, capital market, risk management and strategic planning, and has years of leadership experience in board committee.

Mr. Feng Hua Jun (馮華君), aged 58, is an independent non-executive Director and the chairman of nomination committee. Mr. Feng has been teaching in the Zhejiang University since August 1986 and been promoted to his current positions of professor and doctoral supervisor in July 1998, mainly responsible for works involving teaching and scientific research. Mr. Feng was the director for the Institute of Optical

Imaging Engineering, the director for the Institute of Optical Imaging Engineering and head of Department of Optoelectronic Information Engineering of Zhejiang University. Mr. Feng obtained a bachelor's degree in July 1983 from Zhejiang University in optical instrument engineering, and also obtained a master's degree in July 1986 in optical instrument engineering from the same university. Mr. Feng has been an independent non-executive Director of Hangzhou Everfine Photo-E-Info Co., Ltd. (stock code: 300306) since May 2016. He has been an independent non-executive Director since April 2016. Mr. Feng has extremely senior professional knowledge in optical industry, as well as extensive experience in risk management and strategic planning, and has years of leadership experience in board committee.

Mr. Shao Yang Dong (邵仰東), aged 52, is an independent non-executive Director and the chairman of remuneration committee. Mr. Shao currently is the general partner of Yuantai Investment Partners Evergreen Fund, L.P. Mr. Shao was a director of each of Sunny Zhejiang Optics and Sunny Instruments from May 2005 to September 2010, Sunny Zhongshan Optics from October 2005 to September 2010, Sunny Opotech from November 2005 to September 2010 and Sunny Infrared Optics from March 2006 to September 2010. Mr. Shao is a member of Environmental Defense Fund China Advisory Board. Mr. Shao previously worked as a financial analyst at the investment banking division of Salomon Brothers Inc. Mr. Shao obtained a bachelor's degree in economics in May 1993 from Columbia University and earned a master's degree in business administration in June 2000 from Stanford Graduate School of Business. He has been an independent non-executive Director of the Company since April 2016. Mr. Shao has senior professional knowledge related to global smartphone and automobile industry chains, as well as extensive experience in company strategy and operations, financial and risk management, and capital market, and has years of leadership experience in board committee.

Ms. Jia Lina (賈麗娜), aged 55, is an independent non-executive Director and a member of audit committee, remuneration committee and nomination committee. Ms. Jia has been working as a managing partner and director of Jonten Certified Public Accountants (Limited Liability Partnership) (Jiangsu branch) since December 2017. Ms. Jia has been an independent non-executive director of Morgan Stanley Huaxin Fund Management Co., Ltd. since February 2016. Ms. Jia obtained a bachelor's degree in economic trade in July 1989, a postgraduate diploma from the department of trade economics and department of business economics in July 1992 and a master's degree in economics from Dongbei University of Finance and Economics in October 1992. Ms. Jia was qualified as an accountant from the Chinese Institute of Certified Public Accountants in December 1996. Ms. Jia was awarded a Jiangsu province advanced professional and technical qualification certificate (江蘇省高級專業技術資格證書) issued by the Office of Human Resources and Social Security of Jiangsu province (江蘇省人力資源和社會保障廳) in June 2020.

SENIOR MANAGEMENT

The management of the Company operates under the direction of the Board and is headed by the general manager of the Company. Managers can be appointed or removed by the Board. General managers are typically appointed for three-year terms, which may be extended by reappointment by the Board.

The table below sets forth certain information with respect to the Company's senior management members.

Name	Age	Title
DONG Kewu	53	Vice President
MA Jianfeng	49	Chief Financial Officer, Vice President and Joint Company Secretary

Name	Age	Title
ZHANG Guoxian	56	Assistant of the President
WONG Pui Ling.	40	Joint Company Secretary, Senior Investor Relations Director, Authorised Representative and Agent
WU Jun	56	General Manager of Sunny Zhejiang Optics, Sunny Shanghai Optics and Sunny OmniLight Technology
ZHANG Zhiping.	53	General Manager of Sunny Zhongshan Optics
CHEN Huiguang.	58	General Manager of Sunny Infrared Optics
GUO Jingchao	59	General Manager of Sunny Xinyang Optics
QIU Wenwei	45	General Manager of Sunny Automotive Optech
WANG Mingzhu.	44	General Manager of Sunny Opotech
WANG Zhongwei	43	General Manager of Sunny Optical Intelligence
ZHANG Baozhong	53	General Manager of Sunny SmartLead
LOU Guojun	57	General Manager of Sunny Instruments

Mr. Dong Kewu (董克武), aged 53, is the vice president of the Company. He is responsible for human resource management of the Group. Mr. Dong graduated from Xidian University in 1990 with a bachelor's degree in computer and application and from Fudan University in 2004 with a master's degree in business administration. Prior to joining the Group in February 2012, Mr. Dong worked as a partner and consulting director in a renowned consulting firm. Mr. Dong also obtained qualifications of economist and engineer issued by the Ministry of Personnel of the PRC and the Planning Committee of Shandong Province.

Mr. Ma Jianfeng (馬建峰), aged 49, is the chief financial officer, vice president and joint company secretary of the Company. Mr. Ma graduated from Xiamen University in July 1995 with a bachelor's degree in economics. Mr. Ma is a certified public accountant of the Chinese Institute of Certified Public Accountants and a qualified senior accountant and senior economist in the PRC. Prior to joining the Group in December 2010, Mr. Ma served as a chief financial officer for Ningbo Bird Co., Ltd. (寧波波導股份有限公司).

Mr. Zhang Guoxian (張國賢), aged 56, is the assistant of the president of the Company. Mr. Zhang graduated from Yuyao Huancheng High School in 1983 and joined the Group since his graduation. Mr. Zhang attended the seminar of executive master of business administration in Zhejiang University from July 2004 to July 2005 and obtained the relevant completion certificate. Prior to being appointed as the assistant of the President, Mr. Zhang held positions including deputy general manager, executive deputy general manager and general manager of Sunny Zhejiang Optics.

Ms. Wong Pui Ling (黃佩玲), aged 40, is the joint company secretary, senior investor relations director, authorised representative and agent of the Company. Ms. Wong is primarily responsible for company secretarial matters and investor relations' matters. Ms. Wong joined the Group in 2007. Ms. Wong has more than 10 years of experience in financial reporting, accounting, auditing and investor relations. Ms. Wong is a qualified accountant and is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Ms. Wong holds a bachelor's degree in business administration from the Chinese University of Hong Kong, a postgraduate diploma in finance and law from the University of Hong Kong and certificate for module in risk management from the University of Hong Kong School of Professional and Continuing Education.

Mr. Wu Jun (吳俊), aged 56, is a general manager of Sunny Zhejiang Optics, Sunny Shanghai Optics and Sunny OmniLight Technology. He is responsible for the daily administration of Sunny Zhejiang Optics, Sunny Shanghai Optics and Sunny OmniLight Technology. Mr. Wu graduated with a bachelor's degree in

optical instruments from Shanghai Institute of Mechanism in 1986. He obtained a qualification as a senior engineer by the Personnel Bureau of Zhejiang in 1999. Prior to joining the Group in March 1997, Mr. Wu worked in Jiangxi Optics Instrument General Factory (江西光學儀器總廠) for 10 years as research officer and chief of quality control.

Mr. Zhang Zhiping (張志平), aged 53, is a general manager of Sunny Zhongshan Optics. He is responsible for the daily administration of Sunny Zhongshan Optics. Mr. Zhang graduated from Hunan Radio and Television University in 1992. Prior to joining the Group in April 2006, Mr. Zhang acted as the deputy factory manager in Sintai Optical (Shenzhen) Co., Ltd. (信泰光學(深圳)有限公司).

Mr. Chen Huiguang (陳惠廣), aged 58, is a general manager of Sunny Infrared Optics. He is responsible for the daily administration of Sunny Infrared Optics. Mr. Chen obtained a bachelor's degree in optical instruments from Zhejiang University in 1983. He also obtained a master's degree in engineering from Zhejiang University in 1992. Prior to joining the Group in 1999, Mr. Chen worked in Xintian Precision and Optical Instrument Company Limited (新天精密光學儀器公司). In 2015, he was appointed as an executive director of Chinese Society for Optical Engineering. Mr. Chen was awarded the qualification for senior engineer of professor level in 2016.

Mr. Guo Jingchao (郭景朝), aged 59, is a general manager of Sunny Xinyang Optics. He is responsible for the daily administration of Sunny Xinyang Optics. Mr. Guo obtained a bachelor's degree from Changchun University of Science and Technology in 1986, and a master's degree in engineering management from Nanjing University of Science and Technology in 2002. Prior to joining the Group in February 2001, Mr. Guo worked in Henan Costar Group Co., Ltd. (河南中光學集團有限公司). He served as a deputy general manager in both Henan Costar Group Co., Ltd. (河南中光學集團有限公司) and Nanyang Lida Optic-electronics Co., Ltd. (南陽利達光電有限公司). In 1997, Mr. Guo obtained a qualification of senior engineer issued by China North Industries Group Corporation.

Mr. Qiu Wenwei (裘文偉), aged 45, is a general manager of Sunny Automotive Optech. He is responsible for the daily administration of Sunny Automotive Optech. Mr. Qiu joined the Group in November 1997. He engaged in activities relating to R&D from 1997 to 2007 and served as the head of R&D department in 2006. Mr. Qiu served as the head of vehicle lens sets business in 2008 and was responsible for preparing for setting up vehicle lens sets business. In 2012, he served as the general manager of Sunny Automotive Optech. Mr. Qiu obtained a master's degree in optical engineering from Changchun University of Science and Technology in July 2014.

Ms. Wang Mingzhu (王明珠), aged 44, is a general manager of Sunny Opotech. She is responsible for the daily administration of Sunny Opotech. Ms. Wang obtained a master's degree in electronics and communication engineering from Fudan University in 2007. She joined the Group in April 2014 and held positions including the head of product development department, associate director of R&D centre and executive deputy general manager of Sunny Opotech. She has been the general manager of Sunny Opotech since 2020. Prior to joining the Group, Ms. Wang was engaged in the activities relating to R&D and manufacturing of semiconductors and optics in Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司) and Konica Minolta (柯尼卡美能達). Ms. Wang has served as the vice chairman of Ningbo Electronics Industry Association since April 2020.

Mr. Wang Zhongwei (王忠偉), aged 43, is a general manager of Sunny Optical Intelligence. He is responsible for the daily administration of Sunny Optical Intelligence. Mr. Wang obtained a master's degree in optical engineering from Changchun University of Science and Technology in 2010. He joined the Group in September 2001. He held positions including the head of marketing department, deputy general manager and general manager of Sunny Opotech.

Mr. Zhang Baozhong (張寶忠), aged 53, is a general manager of Sunny SmartLead. He is responsible for the daily administration of Sunny SmartLead. Mr. Zhang obtained a bachelor's degree in mechanical

manufacture technique and instrument in 1990 and a master's degree in business administration in 2013 from Zhejiang University. Mr. Zhang joined the Group in September 1999 and was engaged in the activities relating to R&D and administration for many years. He held positions including executive deputy general manager of Sunny Opotech and general manager of intelligent equipment business of Sunny Instruments. In 2014, Mr. Zhang obtained a qualification of senior engineer issued by Zhejiang Province Human Resources and Social Security Department.

Mr. Lou Guojun (樓國軍), aged 57, is a general manager of Sunny Instruments. He is responsible for the daily administration of Sunny Instruments. Mr. Lou obtained a diploma in business enterprise operation management from Zhejiang Radio & TV University in 1999. Mr. Lou obtained a qualification of senior economist issued by the Personnel Bureau of Zhejiang in 2008. Senior economist is a recognised qualification in the PRC and is generally granted to a person who has passed necessary examinations and has acquired substantial management experience. Mr. Lou joined the Group in June 1984.

BOARD COMMITTEES

The Board has established and delegated authorities and responsibilities to four specific committees with written terms of reference to assist it in performing its functions, namely the audit committee, remuneration committee, nomination committee and strategy and development committee. The terms of reference for Board committees has been published on the Group's website and the Stock Exchange's website for shareholders to review.

Nomination Committee

The nomination committee comprises four members, namely, Mr. Feng Hua Jun, Mr. Shao Yang Dong and Ms. Jia Lina (all are independent non-executive Directors) and Mr. Wang Wenjian (non-executive Director).

Remuneration Committee

The remuneration committee comprises four members, namely, Mr. Shao Yang Dong, Mr. Feng Hua Jun, Mr. Zhang Yuqing and Ms. Jia Lina (all are independent non-executive Directors).

Audit Committee

The audit committee consists of four independent non-executive Directors, namely, Mr. Zhang Yuqing (committee chairman), Mr. Feng Hua Jun, Mr. Shao Yang Dong and Ms. Jia Lina. The audit committee has reviewed the Company's interim report of 2022 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2022.

Strategy and Development Committee

The Company's strategy and development committee comprises 5 members, namely, Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie (all are executive Directors), Mr. Wang Wenjian (a non-executive Director) and Mr. Feng Hua Jun (an independent non-executive Director). The primary duty of the strategy and development committee is to advise the Board on the Group's strategy for business development and future prospects in the international market for optical related products. It is intended that members of this committee shall consist of local and international experts in the optical industry and other related industries.

PRINCIPAL SHAREHOLDERS

As at 30 June 2022, to the best knowledge of the Directors, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Type of interest	Number of share	Approximate percentage of shareholding as at 30 June 2022
Sun Xu	Beneficial owner	389,091,927	35.47
Sun Ji	Interest in a controlled corporation ⁽¹⁾	389,091,927	35.47
Mr. Wang Wenjian	Beneficial owner ⁽²⁾	203,782	0.02
	Beneficiary and founder of a trust ⁽³⁾	33,164,133	3.02
	Trustee and beneficiary of a trust ⁽⁴⁾	389,091,927	35.47
TMF Trust (HK) Limited . .	Trustee of a trust ⁽⁵⁾	389,091,927	35.47
Mr. Ye Liaoning	Beneficial owner ⁽⁶⁾	2,320,817	0.21
	Beneficiary of a trust ⁽⁷⁾	389,091,927	35.47
Mr. Sun Yang	Beneficial owner ⁽⁸⁾	172,518	0.02
	Beneficiary of a trust ⁽⁹⁾	389,091,927	35.47
Mr. Wang Wenjie	Beneficial owner ⁽¹⁰⁾	1,617,604	0.15
	Beneficiary of a trust ⁽¹¹⁾	389,091,927	35.47
JPMorgan Chase & Co. . . .	Interest of controlled corporation, investment manager and person having a security interest in shares ⁽¹²⁾	54,545,100	4.97
	Interest of controlled corporation ⁽¹²⁾	9,076,559	0.82
	Approved lending agent ⁽¹²⁾	20,062,204	1.82

Notes:

- (1) As Sun Ji owns more than one-third of the voting power of general meetings of Sun Xu, Sun Ji is deemed to be interested in the 389,091,927 shares held by Sun Xu under the provisions of SFO.
- (2) Mr. Wang Wenjian, as a grantee, is taken to be interested as a grantee of 203,782 shares granted under the Company's restricted share award scheme.
- (3) Mr. Wang Wenjian is the beneficiary and founder of the Sun Guang Trust ("舜光信託"). The Sun Guang Trust is the trust of the entire issued share capital of Sun Guang, which owns 3.02% of the issued share capital of the Company. Accordingly, Mr. Wang Wenjian is deemed to be interested in 33,164,133 shares held by Sun Guang under the SFO.
- (4) Mr. Wang Wenjian is one of the two trustees (together with TMF Trust (HK) Limited) and one of the beneficiaries of the Sunny Group Employee Offshore Trust, under which he is entitled to 1.88% of the beneficial interest. The Sunny Group Employee Offshore Trust is a trust on the entire issued share capital of Sun Ji, which owned 100.00% equity interest in Sun Xu, which in turn owns 35.47% of the issued share capital of the Company. Accordingly, Mr. Wang Wenjian is deemed to be interested in 389,091,927 shares held by Sun Xu under the SFO.
- (5) As TMF Trust (HK) Limited is one of the two trustees (together with Mr. Wang Wenjian) of the Sunny Group Employee Offshore Trust, TMF Trust (HK) Limited is deemed to be interested in the 389,091,927 shares held by Sun Xu under the provisions of SFO.
- (6) Mr. Ye Liaoning is taken to be interested as a grantee of 2,320,817 shares granted under the restricted share award scheme.

- (7) Mr. Ye Liaoning is a beneficiary of the Sunny Group Employee Offshore Trust, under which he is entitled to 8.64% of the beneficial interest. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 100.00% equity interest in Sun Xu, which in turn owns 389,091,927 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Ye Liaoning is deemed to be interested in 389,091,927 shares under the SFO.
- (8) Mr. Sun Yang is taken to be interested as a grantee of 172,518 shares granted under the restricted share award scheme.
- (9) Mr. Sun Yang is a beneficiary of the Sunny Group Employee Offshore Trust, under which he is entitled to 1.64% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 100.00% equity interest in Sun Xu, which in turn owns 389,091,927 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Sun Yang is deemed to be interested in 389,091,927 shares under the SFO.
- (10) Mr. Wang Wenjie is taken to be interested as a grantee of 1,617,604 shares granted under the restricted share award scheme.
- (11) Mr. Wang Wenjie is a beneficiary of the Sunny Group Employee Offshore Trust, under which he is entitled to 4.82% of the beneficial interests. As a beneficiary of the trust, he is deemed to be interested in all the equity interest that Sunny Group Employee Offshore Trust owns under the SFO. Sun Ji owns 100.00% equity interest in Sun Xu, which in turn owns 389,091,927 shares of the Company. As a controlling shareholder, Sun Ji is deemed to be interested in all the shares that Sun Xu owns under the SFO. Accordingly, Mr. Wang Wenjie is deemed to be interested in 389,091,927 shares under the SFO.
- (12) JPMorgan Chase & Co., through various subsidiaries, is indirectly interested in (a) 54,545,100 shares of the Company (long position), of which (i) 10,154,560 shares (long position) were held in the capacity as interest of controlled corporation; (ii) 23,384,000 shares (long position) were held in the capacity as investment manager; (iii) 944,336 shares (long position) were held in the capacity as person having a security interest in shares; and (iv) 20,062,204 shares (long position) in the lending pool as described in the SFO in the capacity as approved lending agent; and (b) 9,076,559 shares of the Company (short position) held in the capacity as interest of controlled corporation. Among them include (i) physically settled listed derivatives in respect of 745,000 underlying shares (long position) and 1,329,000 underlying shares (short position); (ii) cash settled listed derivatives in respect of 1,000 underlying shares (long position) and 459,700 underlying shares (short position); (iii) physically settled unlisted derivatives in respect of 10,560 underlying shares (long position) and 581,207 underlying shares (short position); and (iv) cash settled unlisted derivatives in respect of 452,200 underlying shares (long position) and 6,146,409 underlying shares (short position).

Save as disclosed above, as at 30 June 2022, no other shareholder, other than directors or chief executives, of the Company had any beneficial interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, Cap 571 of the Laws of Hong Kong, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

TAXATION

The following summary of certain Cayman Islands, Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Bonds. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal and premium (if any) on the Bonds will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Bonds. The holder of any Bonds (or a legal personal representative of such holder) whose Bonds are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Bonds. An instrument of transfer in respect of a Bond is stampable if executed in or brought into the Cayman Islands.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law. In accordance with the Tax Concessions Law, the Governor in Cabinet has undertaken with the Company:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Law. These concessions shall be for a period of twenty years from 19 September 2017.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

PRC

The following summary describes certain PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “*Taxation – PRC*” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. The EIT Laws provide that the “de facto management body” of an enterprise is the organization that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and income or gains paid with respect to the Bonds may be considered to be derived from sources within the PRC.

Taxation on Interest

The EIT Law and its implementation regulations impose withholding tax at the rate of 10 per cent., on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered to be a PRC resident enterprise by the PRC tax authorities in the future, interest and redemption premium payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within the PRC and be subject to such PRC withholding tax at a rate of 10 per cent. Further, in accordance with the IIT Law which was amended on 31 August 2018 and took effect on 1 January 2019 and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise, interest and redemption premium payable to non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to a 20 per cent. Individual income tax which the Issuer would be obliged to withhold from payments of interest and redemption premium to non-resident individual holders of the Bonds. These rates may be reduced under applicable tax treaties.

As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Bonds will not be subject to income tax imposed by the PRC tax authorities in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Taxation on Capital Gains

The EIT Law and its implementation regulations impose a tax at the rate of 10 per cent. on income derived from sources within the PRC realized by a “non-resident enterprise” that does not have an establishment or place of business in the PRC or that has an establishment or place of business in the PRC but the relevant gain is not effectively connected therewith. The IIT Law and its implementation regulations impose a tax at the rate of 20 per cent. on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realized by holders of the Bonds are treated as income derived from sources within the PRC, such gains will be subject to such PRC tax. These rates may be reduced under applicable tax treaties.

VAT

On 23 March 2016, the SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》Caishui [2016] No. 36, “**Circular 36**”) which provides for that the VAT pilot programme will cover construction industry, real estate industry, finance industry and life service industry on a nation-wide basis from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax was entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds may be regarded as financial services by holders of the Bonds and the payments of the interest and other interest like earnings such as redemption premium under the Bonds received by a holder of the Bonds from the Issuer may be subject to VAT and local levies at a combined rate of approximately 6.72%.

Where a holder of the Bonds who is an individual resells the Bonds, the VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a holder of the Bonds who is an entity located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, where a holder of the Bonds who is an entity resells the Bonds, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, these court judgments are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the national laws enacted by the NPC and the Standing Committee of the NPC shall apply preferentially.

The State Council may, according to an empowerment decision of the NPC or the Standing Committee of the NPC, also enact or issue rules and regulations in certain areas where the law shall be enacted for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may, in a timely manner, submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The People's Congresses or their standing committees of a districted city may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court has the power to give general interpretation on the application of laws in judicial proceedings. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the PRC judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic-level people's courts, the intermediate people's courts and the high people's courts.

The basic-level people's courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate people's courts are organised into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The high people's courts supervise the judicial work of the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or ruling of a local court to the court at the next higher level. Second-instance judgments given at the next higher level and the first-instance judgments given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court and the adjudication committee of the court, where the president serves, agree with president, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), which was adopted on 9 April 1991 and subsequently amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case initially shall be under the jurisdiction of the people's court at the place of domicile of the defendant. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract or a venue which has actual connection with the dispute. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the competent court to request for enforcement of the judgment, ruling or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment, ruling or award.

A party seeking to enforce a judgment or ruling of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling, or apply to a PRC court for such court to request recognition and enforcement by the foreign court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. Where a legally effective judgment or ruling rendered by a foreign court requires recognition and enforcement by the people's court of the People's Republic of China, the parties may apply directly to the intermediate people's court with jurisdiction over the PRC for recognition and enforcement, and the foreign court may also request the people's court to recognize and enforce it in accordance with the provisions of international treaties concluded or acceded to by that country and the PRC, or in accordance with the principle of reciprocity.

PRC LAWS AND REGULATIONS RELATING TO REAL PROPERTY RIGHTS

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated on 28 May 2020 and with effect from 1 January 2021, the real rights of the State, collectives, individuals or any other rights holder shall be protected by law, and no entity or individual may infringe upon these rights. The categories of real rights and their contents shall be prescribed by law. The creation, alteration, transfer or termination of a real right of an immovable shall be subject to registration in accordance with the law. The creation or transfer of a real right of a movable shall be delivered in accordance with the law.

In accordance with Law of the People's Republic of China on the Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), which was promulgated on 5 July 1994 and last amended on 26 August 2019, when real estate is assigned or changed, an application for registration of change in real estate shall be submitted to the real estate administration department of the local people's government above the county level, and upon the modified real estate title certificate, an application for registration of change in land use rights shall be submitted to the land administration department of the local people's government at the same level for the renewal or modification of the land use certificate after a verification. When real estate is mortgaged, mortgage registration shall be handled with the departments authorised by the local people's government above the county level.

The Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) which was promulgated on 25 June 1986 and last amended on 26 August 2019 forbidden any units and individuals to idle or barren cultivated land. Pursuant to Measures for the Disposal of Idle Land (《閒置土地處置辦法》) which was promulgated on 28 April 1999 and amended on 1 June 2012, where the delay in the commencement of the construction and development of a plot of State-owned land for construction use is caused by acts of any government or government department, department of land and resources at the municipal or county level shall dispose of the land in several ways, including but not limited to providing another plot of land in exchange for the land, through consultation with the holder of the land use right.

The Interim Regulation on Real Estate Registration (《不動產登記暫行條例》) which was promulgated on 24 November 2014 and last amended on 24 March 2019 integrates real estate registration responsibilities. The real estate (including but not limited to land, sea area and fixtures such as buildings and woods) ownership and other statutory matters in relation to the real estate should be registered with the real estate registration authorities in accordance with the law.

COMPANY LAWS

The incorporation and operations of the PRC subsidiaries in China is governed by the Company Law (《中華人民共和國公司法》) which was promulgated by the Standing Committee of the NPC on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018.

The Company Law recognizes two general types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of the assets of the company. A shareholder's liability is limited to the amount of registered capital contributed.

ENVIRONMENTAL PROTECTION LAWS

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated on 26 December 1989 and last amended on 24 April 2014, requires any entity operating a facility that produces pollutants or other hazards to incorporate environmental protection measures into its operations and to establish an environmental protection responsibility system with effective measures to control and properly dispose of waste gases, waste water, waste residue, dust or other waste materials.

The Environmental Impact Appraisal Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the Standing Committee of the NPC on 28 October 2002 which became effective on 1 September 2003 and was last amended on 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 which became effective on the same date and was amended on 16 July 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects.

WORK SAFETY MANAGEMENT LAWS

The Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the NPC on 29 June 2002 and amended on 27 August 2009, 31 August 2014 and 10 June 2021, which lays down the framework for the requirement, supervision and enforcement of safety standards in production.

It imposes prime responsibility on the representative of production entities for ensuring comprehensive safety accountability within the entity, the drawing up of safety manual and operating procedures, the supervising and checks on safe work practices and the elimination of hazards in its manufacturing processes. The law safeguards certain interests of workers injured from industrial accidents and at the same time penalize not only the production entities for non-observance of its provisions, but the relevant safety supervisory administration departments for its lack of proper supervision or for approving the production without adequate inspection of the entity's safety measures.

In addition, other relevant PRC laws and regulations on safety requirements applicable to the PRC subsidiaries include: Measures to Punish the Illegal Action on Safety Production (《安全生產違法行為行政處罰辦法》), Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and Work-related Injury Insurance Regulations (《工傷保險條例》).

LABOUR LAWS

Employment Contracts

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018 and became effective on the same day, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on 22 January 1999 and was amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and was last amended on 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and UBS AG Hong Kong Branch as the Joint Lead Managers dated 9 January 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to each Joint Lead Manager, and each Joint Lead Manager has agreed, severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

Joint Lead Managers	Principal amount of the Bonds to be subscribed (U.S. Dollar)
BNP Paribas	195,000,000
Citigroup Global Markets Limited	195,000,000
Crédit Agricole Corporate and Investment Bank	5,000,000
UBS AG Hong Kong Branch	5,000,000
Total	400,000,000

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers and their respective affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer has agreed that, for a period of 60 days from the date on which the Bonds are issued, neither the Issuer nor any person acting on its behalf will, without the prior written consent of the Joint Lead Managers, issue, sell, offer, agree to sell, grant any option for the sale of, or otherwise dispose of any other debt securities of the Issuer or any other debt securities of any of the Issuer’s other subsidiaries guaranteed by the Issuer or securities of the Issuer or any of the Issuer’s other subsidiaries that are convertible into, or exchangeable for, the Bonds or such other debt securities, in any such case outside of the PRC.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services and/or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer for which they have received, or will receive, fees and expenses. Certain of the Joint Lead Managers are currently lenders under a loan facility of the Issuer, certain amount under which may be repaid with the proceeds of the Offering. The Joint Lead Managers may offer and sell the Bonds to or through any of their respective affiliates and any such affiliate may offer and sell the Bonds purchased by it to or through the Joint Lead Managers. The Joint Lead Managers or any of their respective affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes and not with a view to distribution.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further

Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the Offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds and an active trading market for the Bonds may not develop. See “*Risk Factors – Risks Relating to the Bonds – A trading market for the Bonds may not develop, and there are restrictions on resales of the Bonds*”. The Issuer, and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds. The Joint Lead Managers or certain of their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby.

In connection with the issue of the Bonds, Citigroup Global Markets Limited (the “**Stabilisation Manager**”) or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers. The Issuer authorises the Stabilisation Manager to make adequate public disclosure of information, and to act as the central point responsible for handling any request from a competent authority, in each case as required by Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

This notice to CMI (including private banks) is a summary of certain obligations the SFC Code imposes on CMI, which require the attention and cooperation of other CMI (including private banks). Certain CMI may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMI should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language set out elsewhere in this Offering Circular.

CMIIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIIs). CMIIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIIs should not place “X-orders” into the order book.

CMIIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the Joint Lead Managers to apply the “proprietary orders” to categorise it as a proprietary order and requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number of each investor;
- whether an underlying investor has any “Associations” (as used in the SFC Code);
- whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to:

dl.asia.syndicate@asia.bnpparibas.com
DCM.Omnibus@citi.com
HKG-Syndicate@ca-cib.com and project.voyage@ca-cib.com
sh-asia-ccs-dcm-filing@ubs.com

To the extent information being disclosed by CMI and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Managers with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “Person”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic or Luhansk People’s Republic. “Sanctions Authority” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

GENERAL

None of the Issuer, or any Joint Lead Manager makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will severally and not jointly comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Managers in any such jurisdiction as a result of any of the foregoing actions. Each Joint Lead Manager will obtain, and none of the Issuer and the other Joint Lead Managers will have responsibility for obtaining, any consent, approval or permission required by such Joint Lead Manager for its acquisition, offer, sale or delivery of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, this Offering Circular (in final form) or any amendment or supplement to it.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any of the Bonds constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

EUROPEAN ECONOMIC AREA

EACH JOINT LEAD MANAGER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND WILL NOT OFFER, SELL OR OTHERWISE MAKE AVAILABLE ANY BOND TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA.

For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

UNITED KINGDOM

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

THE PEOPLE’S REPUBLIC OF CHINA

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

HONG KONG

Each Joint Lead Manager has represented and agreed that (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to Professional Investors; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

SINGAPORE

Each of the Joint Lead Managers acknowledges that the Offering Circulars have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager represents, warrants and undertakes that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except: securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such securities or securities-based derivatives contract pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, regulations and ministered guidelines of Japan.

THE CAYMAN ISLANDS

Each Joint Lead Manager has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Bonds.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 255567721 and ISIN XS2555677215.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by the resolutions of the board of directors of the Issuer on 30 December 2022. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds. PRC counsels to the Issuer, and to the Joint Lead Managers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to enter into the Trust Deed and the Agency Agreement, other than Cross-Border Security Registration.
3. **LEI:** The Issuer's Legal Entity Identifier is 3003004QIVP0DFVWVM94.
4. **No Material Adverse Change:** There has been no adverse change in the financial or trading position or prospects of the Issuer and the Group since 30 June 2022 that is material in the context of the issue of the Bonds.
5. **Litigation:** Except as disclosed in this Offering Circular, none of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer, as the case may be, believes are material in the context of the Bonds nor are any of the Issuer aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the Issuer's 2021 annual report published on 22 April 2022, the Issuer's 2020 annual report published on 12 April 2021, the Issuer's 2022 interim report published on 9 September 2022, the Agency Agreement, the Trust Deed and the articles of association of the Issuer are available for inspection (a) from the Issue Date at the Issuer's principal place of business in Hong Kong currently at Unit 2304-5, 23/F., Henley Building, 5 Queen's Road Central, Hong Kong, and (b) in the case of the Trust Deed, the Agency Agreement and Sustainability-Linked Financing Framework only, upon written request and provision of satisfactory proof of holding at the principal place of business of the Trustee and the specified office of the Principal Paying Agent at all reasonable times during usual business hours, so long as any of the Bonds are outstanding. The Issuer prepares and publishes an annual report and an interim report every year. Copies of the Issuer's annual report and interim report in respect of the latest year and period can be obtained from its corporate website.
7. **Financial Statements:** Each of (a) the consolidated financial statements of the Group as at and for the year ended 31 December 2021; (b) the consolidated financial statements of the Group as at and for the year ended 31 December 2020; and (c) the condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2022, all of which are included elsewhere in this Offering Circular, have been audited or reviewed by Deloitte Touche Tohmatsu, as the case may be. None of the Issuer, the Joint Lead Managers, the Trustee or the Agents makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition, results of operations and results.
8. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 18 January 2023. This offering circular is for distribution to Professional Investors only.

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Notes:

- (1) The condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2022 and the report on review of condensed consolidated financial statements set forth herein has been reproduced from the Company's interim report for the six-month period ended 30 June 2022 and page references are references to pages set forth in such interim report.
- (2) The consolidated financial statements of the Group as at and for the years ended 31 December 2020 and 2021 and the independent auditor's reports set forth herein have been reproduced from the Company's annual reports for the years ended 31 December 2020 and 2021 and page references to pages set forth in such annual reports.

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
(incorporated in the Cayman Islands as an exempted company with limited liability)

致
舜宇光學科技(集團)有限公司董事會
(於開曼群島註冊成立的獲豁免有限公司)

Introduction

We have reviewed the condensed consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 48 to 98, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The Directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

序言

我們已審閱載於第48至98頁的舜宇光學科技(集團)有限公司(「**貴公司**」)及其附屬公司(統稱為「**貴集團**」)的簡明綜合財務報表，其中包括截至二零二二年六月三十日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合損益及其他全面收益表、權益變動表及現金流量報表以及若干說明附註。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告須符合其中有關條文以及香港會計師公會(「**香港會計師公會**」)頒佈的香港會計準則第34號「中期財務報告」(「**香港會計準則第34號**」)。貴公司董事負責根據香港會計準則第34號編製及呈列該等簡明綜合財務報表。我們的責任乃根據審閱對該等簡明綜合財務報表作出結論，並按照委聘的協定條款僅向作為實體的閣下報告結論，且並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

15 August 2022

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」進行審閱。審閱該等簡明綜合財務報表包括主要向負責財務和會計事務的人員作出查詢，並應用分析性和其他審閱程序。審閱範圍遠小於根據香港核數準則進行審核的範圍，故不能令我們保證我們將知悉於審核中可能發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信簡明綜合財務報表在各重大方面未根據香港會計準則第34號編製。

德勤•關黃陳方會計師行
執業會計師
香港

二零二二年八月十五日

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	NOTES 附註	For the six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue 收入	3A	16,971,756	19,833,436
Cost of sales 銷售成本		(13,449,358)	(14,887,037)
Gross profit 毛利		3,522,398	4,946,399
Other income 其他收益	4	408,347	258,656
Other gains and losses 其他收益及虧損	5	(55,498)	8,313
Impairment losses under expected credit loss ("ECL") model, net of reversal 按預期信貸虧損(「預期信貸虧損」)模式計算的減值虧損，扣除撥回		(7,906)	(14,492)
Selling and distribution expenses 銷售及分銷開支		(163,430)	(155,502)
Research and development expenditure 研發開支		(1,468,215)	(1,320,775)
Administrative expenses 行政開支		(437,988)	(377,226)
Share of results of associates 分佔聯營公司的業績		955	20
Finance costs 融資成本		(114,903)	(116,418)
Profit before tax 除稅前溢利		1,683,760	3,228,975
Income tax expense 所得稅開支	6	(304,917)	(522,344)
Profit for the period 期內溢利	8	1,378,843	2,706,631
Other comprehensive income (expense): 其他全面收益(開支):			
<i>Item that will not be reclassified to profit or loss:</i>			
<i>其後不會重新分類至損益的項目:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax 按公允值計入其他全面收益(「按公允值計入其他全面收益」)的權益工具投資之 公允值收益，扣除所得稅		1,241	-
<i>Item that may be reclassified subsequently to profit or loss:</i>			
<i>其後可重新分類至損益的項目:</i>			
Exchange differences arising on translation of foreign operations 換算海外業務所產生的匯兌差額		6,700	(4,675)
Other comprehensive income (expense) for the period 期內其他全面收益(開支)		7,941	(4,675)
Total comprehensive income for the period 期內全面收益總額		1,386,784	2,701,956

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	NOTE 附註	For the six months ended 30 June 截至六月三十日止六個月	
		2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Profit for the period attributable to: 應佔期內溢利：			
Owners of the Company 本公司股東		1,357,905	2,687,979
Non-controlling interests 非控股權益		20,938	18,652
		1,378,843	2,706,631
Total comprehensive income for the period attributable to: 應佔期內全面收益總額：			
Owners of the Company 本公司股東		1,368,209	2,685,332
Non-controlling interests 非控股權益		18,575	16,624
		1,386,784	2,701,956
Earnings per share – Basic (RMB cents) 每股盈利 – 基本 (人民幣分)	9	124.13	245.92
– Diluted (RMB cents) – 攤薄 (人民幣分)	9	124.03	245.54

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AT 30 JUNE 2022 於二零二二年六月三十日

	NOTES 附註	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
NON-CURRENT ASSETS 非流動資產			
Property, plant and equipment 物業、機器及設備	11(a)	8,245,907	8,303,229
Right-of-use assets 使用權資產	11(b)	641,319	504,684
Investment properties 投資物業	11(c)	37,940	40,380
Intangible assets 無形資產	12	278,821	306,926
Interests in associates 於聯營公司的權益	13	207,596	201,641
Deferred tax assets 遞延稅項資產	14	270,023	255,651
Deposits and prepayments paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金及預付款項	15	864,577	471,595
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	16	183,722	178,762
Financial assets at fair value through profit or loss ("FVTPL") 按公允值計入損益(「按公允值計入損益」)的金融資產	17(d)	19,518	19,518
Time deposits 定期存款	22	200,000	500,000
Goodwill 商譽		2,119	2,119
		10,951,542	10,784,505
CURRENT ASSETS 流動資產			
Inventories 存貨	19	5,311,561	5,481,858
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	20	7,605,948	7,448,385
Derivative financial assets 衍生金融資產	18	9,992	27,237
Financial assets at FVTPL 按公允值計入損益的金融資產	17(a)(b)(c)	8,286,159	8,314,143
Amount due from a related party 應收一名關連人士款項	31(c)	-	327
Time deposits 定期存款	22	500,000	-
Pledged bank deposits 已抵押銀行存款	22	7,064	18,292
Short term fixed deposits 短期定期存款	22	659,830	1,093,914
Bank balances and cash 銀行結餘及現金	22	4,972,829	5,605,179
		27,353,383	27,989,335

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AT 30 JUNE 2022 於二零二二年六月三十日

		30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	NOTES 附註		
CURRENT LIABILITIES 流動負債			
Trade and other payables 貿易及其他應付款項	23	9,051,080	9,868,687
Amounts due to related parties 應付關連人士款項	31(c)	7,322	6,934
Derivative financial liabilities 衍生金融負債	18	40,536	40,446
Contract liabilities 合約負債	25	178,762	178,101
Tax payable 應付稅項		66,987	188,022
Bank borrowings – current portion 銀行借貸 – 即期部分	24	1,526,309	1,538,897
Lease liabilities – current portion 租賃負債 – 即期部分		65,284	46,271
Deferred income – current portion 遞延收入 – 即期部分	26	10,382	6,099
Bonds payable 應付債券	27	4,021,309	–
		14,967,971	11,873,457
NET CURRENT ASSETS 流動資產淨值		12,385,412	16,115,878
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債		23,336,954	26,900,383
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債	14	987,280	1,015,890
Derivative financial liabilities 衍生金融負債	18	–	5,057
Long term payables 長期應付款項	23	152,949	172,044
Bank borrowings – non-current portion 銀行借貸 – 非即期部分	24	700,000	700,000
Lease liabilities – non-current portion 租賃負債 – 非即期部分		202,494	107,999
Deferred income – non-current portion 遞延收入 – 非即期部分	26	186,591	188,504
Bonds payable 應付債券	27	–	3,815,623
		2,229,314	6,005,117
NET ASSETS 資產淨值		21,107,640	20,895,266
CAPITAL AND RESERVES 股本及儲備			
Share capital 股本	28	105,163	105,163
Reserves 儲備		20,676,708	20,482,909
Equity attributable to owners of the Company 本公司股東應佔權益		20,781,871	20,588,072
Non-controlling interests 非控股權益		325,769	307,194
TOTAL EQUITY 權益總額		21,107,640	20,895,266

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	Attributable to owners of the Company 本公司股東應佔										Non-controlling interests	Total	
	Share capital	Special reserve	Statutory surplus reserve	Discretionary surplus reserve	Other reserves	Shares held under share award scheme	Share award scheme reserve	FVTOCI reserve	Translation reserve	Retained profits			Sub-Total
	股本	特別儲備	法定盈餘儲備	酌備盈餘儲備	其他儲備	根據股份獎勵計劃持有的股份	股份獎勵計劃儲備	按公允值計入其他全面收益列賬的儲備	換算儲備	保留盈利	小計	非控股權益	總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (Note a) (附註a)	RMB'000 人民幣千元 (Note a) (附註a)	RMB'000 人民幣千元 (Note b) (附註b)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (Note c) (附註c)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2020 and 1 January 2021 (audited) 於二零二零年十二月三十一日及 二零二一年一月一日(經審核)	105,163	141,172	31,003	916	442,019	(257,624)	96,631	130	(38,331)	16,076,145	16,597,224	228,893	16,826,117
Profit for the period 期內溢利	-	-	-	-	-	-	-	-	-	2,687,979	2,687,979	18,652	2,706,631
Other comprehensive expense for the period 期內其他全面開支	-	-	-	-	-	-	-	-	(2,647)	-	(2,647)	(2,028)	(4,675)
Total comprehensive (expense) income for the period 期內全面(開支)收益總額	-	-	-	-	-	-	-	-	(2,647)	2,687,979	2,685,332	16,624	2,701,966
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	(120,491)	-	-	-	-	(120,491)	-	(120,491)
Recognition of equity-settled share-based payments 結算股份支付的款項	-	-	-	-	-	-	88,501	-	-	-	88,501	-	88,501
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	84,185	(104,861)	-	-	20,676	-	-	-
Acquisition of additional interest of a subsidiary 收購一間附屬公司的額外權益	-	(994)	-	-	-	-	-	-	-	-	(994)	(476)	(1,470)
Dividends paid 已付股息	-	-	-	-	-	-	-	-	-	(974,003)	(974,003)	-	(974,003)
Dividends paid to non-controlling interests ("NCI") 向非控股權益(「非控股權益」)支付的股息	-	-	-	-	-	-	-	-	-	-	-	(643)	(643)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	2,262	2,262	-	2,262
Capital contribution from NCI 非控股權益的注資	-	-	-	-	-	-	-	-	-	-	-	499	499
Appropriations 轉撥	-	-	-	-	6,113	-	-	-	-	(6,113)	-	-	-
At 30 June 2021 (unaudited) 於二零二一年六月三十日(未經審核)	105,163	140,178	31,003	916	448,132	(293,930)	80,271	130	(40,978)	17,806,946	18,277,831	244,897	18,522,728
At 31 December 2021 and 1 January 2022 (audited) 於二零二一年十二月三十一日及 二零二二年一月一日(經審核)	105,163	140,178	31,003	916	448,132	(324,499)	119,484	2,938	(41,658)	20,106,415	20,588,072	307,194	20,895,266
Profit for the period 期內溢利	-	-	-	-	-	-	-	-	-	1,357,905	1,357,905	20,938	1,378,843
Other comprehensive income (expense) for the period 期內其他全面收益(開支)	-	-	-	-	-	-	-	1,241	9,063	-	10,304	(2,363)	7,941
Total comprehensive income for the period 期內全面收益總額	-	-	-	-	-	-	-	1,241	9,063	1,357,905	1,368,209	18,575	1,386,784
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	(244,301)	-	-	-	-	(244,301)	-	(244,301)
Recognition of equity-settled share-based payments 結算股份支付的款項	-	-	-	-	-	-	113,596	-	-	-	113,596	-	113,596
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	114,734	(129,249)	-	-	14,515	-	-	-
Dividends paid 已付股息	-	-	-	-	-	-	-	-	-	(1,047,715)	(1,047,715)	-	(1,047,715)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	4,010	4,010	-	4,010
Recognition of general risk reserve 確認一般風險儲備	-	-	-	-	24	-	-	-	-	(24)	-	-	-
Appropriations 轉撥	-	-	-	-	11,188	-	-	-	-	(11,188)	-	-	-
At 30 June 2022 (unaudited) 於二零二二年六月三十日(未經審核)	105,163	140,178	31,003	916	459,344	(454,066)	103,831	4,179	(32,695)	20,423,918	20,781,871	325,769	21,107,640

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

Note a: The statutory surplus reserve and discretionary surplus reserve are non-distributable and the transfer to these reserves is determined by the Board of Directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.

Note b: Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the Board of Directors of PRC subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.

Note c: The Group irrevocably elected to designate certain investments in equity instruments as at fair value through other comprehensive income and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註a：法定盈餘儲備及酌情盈餘儲備均不可用作分派，而轉撥至該等儲備的款項須由於中華人民共和國（「中國」）成立的附屬公司的董事會根據附屬公司的章程細則釐定。法定盈餘儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。酌情盈餘儲備可用於擴大本公司中國附屬公司的現有業務。

附註b：其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中國附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。

附註c：本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定股權投資的公允值變動所產生的收益或虧損有關。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
OPERATING ACTIVITIES 經營活動		
Profit before tax 除稅前溢利	1,683,760	3,228,975
Adjustments for: 調整：		
Share of results of associates 分佔聯營公司的業績	(955)	(20)
Depreciation of property, plant and equipment 物業、機器及設備折舊	876,474	820,331
Depreciation of right-of-use assets 使用權資產折舊	33,962	29,179
Depreciation of investment properties 投資物業折舊	2,440	2,195
Amortisation of intangible assets 無形資產攤銷	28,105	28,106
(Reversal of) allowance for inventories 存貨(撥回)撥備	(47,952)	107,721
Impairment losses under ECL model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回	7,906	14,492
Loss (gain) on changes in fair value of derivative financial instruments, net 衍生金融工具公允值變動的虧損(收益)，淨額	12,278	(85,744)
Changes in fair value of debt instruments, equity investments and fund investments at FVTPL 按公允值計入損益的債務工具、股權投資及基金投資公允值變動	28,703	1,362
(Gain) loss on disposal of property, plant and equipment 出售物業、機器及設備(收益)虧損	(7,417)	48,893
Gain on disposal of a subsidiary 出售一間附屬公司的收益	(55,200)	-
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	113,596	88,501
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘的利息收入	(69,117)	(41,295)
Interest income from debt instruments 債務工具利息收入	(818)	(3,003)
Investment income from unlisted financial products at FVTPL 來自按公允值計入損益的非上市金融產品的投資收入	(144,393)	(128,757)
Finance costs 融資成本	114,903	116,418
Net foreign exchange loss (gain) 外匯虧損(收益)淨額	151,242	(51,115)
Loss on lease termination 終止租賃的虧損	-	617

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
	Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	2,727,517
Decrease (increase) in inventories 存貨減少(增加)	189,113	(464,911)
Increase in trade and other receivables and prepayment 貿易及其他應收款項及預付款項增加	(292,159)	(219,803)
Decrease in amount due from a related party 應收一名關連人士款項減少	327	-
Increase in amounts due to related parties 應付關連人士款項增加	388	1,327
Decrease in trade and other payables 貿易及其他應付款項減少	(808,096)	(582,452)
Increase (decrease) in contract liabilities 合約負債增加(減少)	24,223	(41,684)
Increase in deferred income 遞延收入增加	9,932	84,618
Cash generated from operations 營運所得現金	1,851,245	2,953,951
Income taxes paid 已付所得稅款項	(280,181)	(558,060)
NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額	1,571,064	2,395,891
INVESTING ACTIVITIES 投資活動		
Placement of pledged bank deposits 存放已抵押銀行存款	(2,937)	(3,577)
Release of pledged bank deposits 解除已抵押銀行存款	13,522	2,303
Placement of short term fixed deposits 存放短期定期存款	(995,400)	(1,156,123)
Release of short term fixed deposits 解除短期定期存款	1,466,411	277,846
Placement of time deposits 存放定期存款	(200,000)	-
Purchase of unlisted financial products 購買非上市金融產品	(7,751,540)	(26,810,530)
Redemption of unlisted financial products 贖回非上市金融產品	7,572,280	26,875,105
Interests and investment income received 已收利息及投資收入	205,661	151,818
Purchase of property, plant and equipment 收購物業、機器及設備	(753,492)	(810,632)
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	23,655	9,332
Acquisition of land use right 收購土地使用權	(25,771)	-
Deposits and prepayments paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金及預付款項	(585,025)	(225,572)
Deposits and prepayments paid for acquisition of land use right 就收購土地使用權已 支付的按金及預付款項	-	(25,120)
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(3,500)	(38,848)
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	-	(20)
Investment in an associate 於一間聯營公司的投資	(5,000)	(46,040)
Proceed from disposal of equity investments at FVTPL 出售按公允值計入損益的股權投資所得款項	-	31,062
Proceed from disposal of debt instruments at FVTPL 出售按公允值計入損益的債務工具所得款項	33,346	-
Proceed from disposal of fund investments at FVTPL 收購按公允值計入損益的基金投資所得款項	254,580	-
Proceeds on disposal of a subsidiary 出售一間附屬公司所得款項	29,622	-
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(723,588)	(1,768,996)

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
FINANCING ACTIVITIES 融資活動		
Interest paid 已付利息	(102,651)	(113,512)
Dividends paid 已付股息	(1,043,705)	(972,384)
New bank borrowings raised 新增銀行借貸	5,393,483	2,043,238
Repayment of bank borrowings 償還銀行借貸	(5,478,417)	(1,944,959)
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(244,301)	(120,491)
Repayment of lease liabilities 償還租賃負債	(34,927)	(23,950)
Acquisition of additional interest of a subsidiary from NCI 向非控股權益收購一間附屬公司的額外權益	-	(1,470)
Capital contributed from NCI 非控股權益的注資	-	499
NET CASH USED IN FINANCING ACTIVITIES 融資活動所用現金淨額	(1,510,518)	(1,133,029)
NET DECREASE IN CASH AND CASH EQUIVALENTS 現金及現金等值項目減少淨額	(663,042)	(506,134)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 於一月一日的現金及現金等值項目	5,605,179	2,841,771
Effect of foreign exchange rate changes 匯率變動的影響	30,692	(818)
CASH AND CASH EQUIVALENTS AT 30 JUNE 於六月三十日的現金及現金等值項目 represented by bank balances and cash 以銀行結餘及現金呈列	4,972,829	2,334,819

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on The Stock Exchange of Hong Kong Limited with effect from 15 June 2007.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

1. 基本資料及編製基準

本公司於二零零六年九月二十一日在開曼群島根據開曼群島公司法第二十二章（一九六一年第三號法例，經綜合及修訂，前稱公司法）註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯合交易所有限公司上市。

本簡明綜合財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈的香港會計準則第34號（「香港會計準則第34號」）中期財務報告及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16的適用披露規定而編製。

本簡明綜合財務報表以人民幣（「人民幣」）呈列，人民幣亦為本公司的功能貨幣。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. 主要會計政策

本簡明綜合財務報表乃按歷史成本基準編製，惟按公允價值計量的若干金融工具除外。

除因應用經修訂香港財務報告準則（「香港財務報告準則」）而新增的會計政策外，截至二零二二年六月三十日止六個月的簡明綜合財務報表採用的會計政策及計算方法與本集團截至二零二一年十二月三十一日止年度的年度財務報表所呈列者一致。

應用經修訂香港財務報告準則

於本中期期間，本集團已首次應用下列由香港會計師公會頒佈的經修訂香港財務報告準則，其於二零二二年一月一日開始的年度期間強制生效，以編製本集團的簡明綜合財務報表：

香港財務報告準則第3號（修訂本）	概念框架之提述
香港財務報告準則第16號（修訂本）	二零二一年六月三十日之后冠狀病毒病相關之租金寬減
香港會計準則第16號（修訂本）	物業、機器及設備 – 達到預定使用狀態前之價款
香港會計準則第37號（修訂本）	虧損性合約 – 履行合約之成本
香港財務報告準則（修訂本）	香港財務報告準則二零一八年至二零二零年之年度改進

於本中期期間應用經修訂香港財務報告準則對本集團於本期間及過往期間的財務狀況及表現及／或該等簡明綜合財務報表所載披露並無重大影響。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

3A. 客戶合約收入

Disaggregation of revenue from contracts with customers

客戶合約收入的細分

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Sales of optical and optical-related products 光學及光學相關產品銷售		
Handset related products 手機相關產品	12,755,600	15,852,409
Vehicle related products 車載相關產品	1,724,815	1,613,885
Augmented reality/virtual reality related products 增強現實／虛擬現實相關產品	659,967	597,033
Digital camera related products 數碼相機相關產品	401,706	468,268
Other lens sets 其他鏡頭	239,982	213,643
Other spherical lens and plane products 其他球面鏡片及平面產品	196,513	90,060
Optical instruments 光學儀器	158,762	122,215
Other products 其他產品	834,411	875,923
Total 總額	16,971,756	19,833,436
	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Geographical markets 地區市場		
China 中國	11,500,039	15,702,317
Asia (except China) 亞洲(中國除外)	4,324,765	3,061,860
Europe 歐洲	601,077	602,391
North America 北美洲	426,236	442,945
Others 其他	119,639	23,923
Total 總額	16,971,756	19,833,436
Timing of revenue recognition 確認收入的時間		
A point in time 時點確認	16,971,756	19,833,436

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

3B. SEGMENT INFORMATION

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance, focuses on types of goods delivered because the management has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components;
2. Optoelectronic Products; and
3. Optical Instruments.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2022

	Optical Components 光學零件 RMB'000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB'000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB'000 人民幣千元 (unaudited) (未經審核)	Segments' total 分部總額 RMB'000 人民幣千元 (unaudited) (未經審核)	Eliminations 抵銷 RMB'000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue 收入						
External sales 外部銷售	4,399,044	12,370,867	201,845	16,971,756	-	16,971,756
Inter-segment sales 分部間銷售	1,162,632	1,515	46,065	1,210,212	(1,210,212)	-
Total 總額	5,561,676	12,372,382	247,910	18,181,968	(1,210,212)	16,971,756
Segment profit 分部溢利	1,160,152	684,405	63,746	1,908,303	-	1,908,303
Share of results of associates 分佔聯營公司的業績						955
Unallocated other income, other gains and losses 未分配其他收益、其他收益及虧損						(98,983)
Unallocated administrative expenses and finance costs 未分配行政開支和融資成本						(126,515)
Profit before tax 除稅前溢利						1,683,760

3B. 分部資料

就資源分配及分部表現評估向董事會(即主要營運決策者)所呈報的資料,側重於交付的產品之類型,理由是管理層已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時,主要營運決策者所得到的營運分部概無經合計。

具體而言,根據香港財務報告準則第8號*營運分部*,本集團的營運分部如下:

1. 光學零件;
2. 光電產品;及
3. 光學儀器。

本集團按營運及可報告分部劃分的收入及業績分析如下:

截至二零二二年六月三十日止六個月

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

3B. SEGMENT INFORMATION (Continued)

3B. 分部資料 (續)

For the six months ended 30 June 2021

截至二零二一年六月三十日止六個月

	Optical Components 光學零件 RMB'000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB'000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB'000 人民幣千元 (unaudited) (未經審核)	Segments' total 分部總額 RMB'000 人民幣千元 (unaudited) (未經審核)	Eliminations 抵銷 RMB'000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue 收入						
External sales 外部銷售	4,343,858	15,307,843	181,735	19,833,436	-	19,833,436
Inter-segment sales 分部間銷售	1,705,666	8,431	22,082	1,736,179	(1,736,179)	-
Total 總額	6,049,524	15,316,274	203,817	21,569,615	(1,736,179)	19,833,436
Segment profit 分部溢利	1,627,695	1,665,208	24,370	3,317,273	-	3,317,273
Share of results of associates 分佔聯營公司的業績						20
Unallocated other income, other gains and losses 未分配其他收益、其他收益及虧損						40,588
Unallocated administrative expenses and finance costs 未分配行政開支和融資成本						(128,906)
Profit before tax 除稅前溢利						3,228,975

As at 30 June 2022

於二零二二年六月三十日

	Optical Components 光學零件 RMB'000 人民幣千元 (unaudited) (未經審核)	Optoelectronic Products 光電產品 RMB'000 人民幣千元 (unaudited) (未經審核)	Optical Instruments 光學儀器 RMB'000 人民幣千元 (unaudited) (未經審核)	Total 總額 RMB'000 人民幣千元 (unaudited) (未經審核)
Assets 資產				
Trade receivables 貿易應收款項	1,798,804	4,309,760	69,322	6,177,886
Bill receivables 應收票據	472,677	233,162	15,147	720,986
Inventories 存貨	1,993,324	3,231,066	87,171	5,311,561
Total segment assets 分部資產總值	4,264,805	7,773,988	171,640	12,210,433
Unallocated assets 未分配資產				26,094,492
Consolidated assets 總資產				38,304,925
Liabilities 負債				
Trade payables 貿易應付款項	2,047,339	3,071,975	105,605	5,224,919
Note payables 應付票據	357,917	979,541	25,176	1,362,634
Total segment liabilities 分部負債總額	2,405,256	4,051,516	130,781	6,587,553
Unallocated liabilities 未分配負債				10,609,732
Consolidated liabilities 總負債				17,197,285

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

3B. SEGMENT INFORMATION (Continued)

3B. 分部資料 (續)

As at 31 December 2021

於二零二一年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元 (audited) (經審核)	Optoelectronic Products 光電產品 RMB'000 人民幣千元 (audited) (經審核)	Optical Instruments 光學儀器 RMB'000 人民幣千元 (audited) (經審核)	Total 總額 RMB'000 人民幣千元 (audited) (經審核)
Assets 資產				
Trade receivables 貿易應收款項	1,878,514	3,690,969	65,169	5,634,652
Bill receivables 應收票據	616,115	387,528	5,993	1,009,636
Inventories 存貨	1,854,941	3,532,694	94,223	5,481,858
Total segment assets 分部資產總值	4,349,570	7,611,191	165,385	12,126,146
Unallocated assets 未分配資產				26,647,694
Consolidated assets 總資產				38,773,840
Liabilities 負債				
Trade payables 貿易應付款項	2,085,218	3,741,727	104,278	5,931,223
Note payables 應付票據	530,292	1,267,054	23,938	1,821,284
Total segment liabilities 分部負債總額	2,615,510	5,008,781	128,216	7,752,507
Unallocated liabilities 未分配負債				10,126,067
Consolidated liabilities 總負債				17,878,574

Segment profit represents the profit earned by each segment without allocation of gains and losses, income and expenses of unallocated subsidiaries and central administration costs including Directors' emoluments, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain or loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

分部溢利指由各分部所賺取的溢利，但並無攤分未分配附屬公司的損益、收入及開支和中央行政成本（包括董事薪金、分佔聯營公司的業績及融資成本）。營運分部間存在不對稱分配，這是由於本集團在分配利息收入、政府補助金、折舊及攤銷和出售物業、機器及設備的收益或虧損至各分部時，並未向各分部分配相關銀行結餘、遞延收入、物業、機器及設備和無形資產。此乃向董事會報告時用作資源分配及表現評估的基準。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

3B. SEGMENT INFORMATION (Continued)

Inter-segment sales are charged at prevailing market rates.

For the purposes of monitoring segment performances and allocating resources between segments:

- Trade receivables, bill receivables and inventories are allocated to the respective operating segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.

3B. 分部資料 (續)

分部間銷售按現行市價入賬。

就監察分部表現及在分部間分配資源而言：

- 貿易應收款項、應收票據及存貨均分配至相應的營運分部。所有其他資產均指不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據均分配至相應的營運分部。所有其他負債均指不定期向董事會報告的未分配負債。

4. OTHER INCOME

4. 其他收益

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Government grants (Note 26) 政府補助金 (附註26)	142,525	48,126
Interest income from time deposits and short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收益	69,117	41,295
Investment income from unlisted financial products at FVTPL 按公允值計入損益的非上市金融產品的投資收益	144,393	128,757
Interest income from debt instruments 債務工具利息收益	818	3,003
Interest income from small loan services 小額貸款服務利息收益	3,387	3,657
Income from sales of moulds 銷售模具收益	10,538	7,761
Income from sales of scrap materials 銷售廢料收益	29,096	15,274
Others 其他	8,473	10,783
	408,347	258,656

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5. OTHER GAINS AND LOSSES

5. 其他收益及虧損

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Net foreign exchange loss 外匯虧損淨額	(77,134)	(26,559)
Gain (loss) on disposal of property, plant and equipment 出售物業、機器及設備的收益(虧損)	7,417	(48,893)
(Loss) gain on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動產生的(虧損)收益淨額	(12,278)	85,744
Loss on changes in fair value of debt instruments, equity investments and fund investments at FVTPL 按公允價值計入損益的債務工具、股權投資及基金投資公允價值變動產生的虧損	(28,703)	(1,362)
Gain on disposal of a subsidiary (Note 7) 出售一間附屬公司的收益(附註7)	55,200	-
Others 其他	-	(617)
	(55,498)	8,313

6. INCOME TAX EXPENSE

6. 所得稅開支

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Current tax: 即期稅項:		
- The PRC Enterprise Income Tax 中國企業所得稅	289,257	431,101
- Withholding tax expense 預繳稅開支	57,521	38,750
- Other jurisdiction 其他管轄區	5,053	14,583
	351,831	484,434
Deferred tax (Note 14): 遞延稅項(附註14):		
- Current period 本期間	(46,914)	37,910
	304,917	522,344

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7. DISPOSAL OF A SUBSIDIARY

In April 2022, the Group entered into an agreement with an independent third party to dispose all of its 100% equity interests in Ningbo Sunny Intelligent Technology Co., Ltd. with net liabilities of approximately RMB22,200,000. The consideration was RMB33,000,000 and disposal gains of RMB55,200,000 was recognised in profit or loss of the current interim period.

7. 出售一間附屬公司

二零二二年四月，本集團與獨立第三方簽訂協議，全額出售其持有的寧波舜宇智能科技有限公司100%的股權，負債淨額約為人民幣22,200,000元。代價為人民幣33,000,000元，出售所得收益為人民幣55,200,000元，於本中期間在損益內確認。

8. PROFIT FOR THE PERIOD

8. 期內溢利

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Profit for the period has been arrived at after charging (crediting) the following items: 期內溢利已扣除(計入)下列各項：		
Depreciation of property, plant and equipment 物業、機器及設備折舊	876,474	820,331
Depreciation of investment properties 投資物業折舊	2,440	2,195
Depreciation of right-of-use assets 使用權資產折舊	33,962	29,179
Amortisation of intangible assets 無形資產攤銷	28,105	28,106
(Reversal of) allowance for inventories (撥回)存貨撥備	(47,952)	107,721

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9. EARNINGS PER SHARE

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

9. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Earnings 盈利		
Earnings for the purposes of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	1,357,905	2,687,979
	'000 千股	'000 千股
Number of shares 股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數 (附註)	1,093,966	1,093,017
Effect of dilutive potential ordinary shares – restricted shares 潛在攤薄普通股的影響 – 限制性股份	872	1,686
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	1,094,838	1,094,703

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

附註：普通股加權平均數的計算已考慮股份獎勵計劃下本集團持有的股份。

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10. DIVIDENDS

10. 股息

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Dividends recognised as distribution during the period: 期內確認為分派的股息：		
Final dividend paid in 2022 for 2021 of Hong Kong Dollar (“HK\$” or “HKD”) 111.80 cents per share, approximately RMB95.52 cents per share (2021: HK\$105.70 cents per share for 2020, approximately RMB88.80 cents per share)		
二零二二年已付二零二一年末期股息每股111.80港仙(「港仙」)，約為每股人民幣95.52分(二零二一年：二零二零年末期股息每股105.70港仙，約為每股人民幣88.80分)	1,047,715	974,003

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (corresponding period of 2021: nil).

本公司董事建議不派發截至二零二二年六月三十日止六個月的中期股息(二零二一年同期：無)。

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

11. 物業、機器及設備、使用權資產及投資物業的變動

(a) Property, plant and equipment

(a) 物業、機器及設備

During the current interim period, the Group acquired manufacturing equipment and incurred construction costs for manufacturing plants of approximately RMB827,255,000 (corresponding period of 2021: RMB1,162,207,000) in order to upgrade its manufacturing capabilities and capacity expansion.

於本中期期間，為提升生產能力及擴張產能，本集團購買生產設備及產生生產機器建設成本約為人民幣827,255,000元(二零二一年同期：人民幣1,162,207,000元)。

In addition, the Group disposed certain of its plants and equipment with a carrying amount of approximately RMB16,238,000 (corresponding period of 2021: RMB58,225,000) which resulted in a disposal gain of approximately RMB7,417,000 (corresponding period of 2021: a loss of RMB48,893,000).

此外，本集團出售賬面值約為人民幣16,238,000元(二零二一年同期：人民幣58,225,000元)的若干機器及設備，產生出售收益約為人民幣7,417,000元(二零二一年同期：虧損為人民幣48,893,000元)。

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11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES (Continued)

(a) Property, plant and equipment (Continued)

As at 30 June 2022, no property, plant and equipment of the Group were pledged to secure bank borrowings granted.

(b) Right-of-use assets

During the current interim period, the Group entered into several new lease agreements for the use of office and manufactory for a range of 2-7 years. On the lease commencement date, the Group recognised additional RMB144,463,000 of right-of-use assets (corresponding period of 2021: RMB61,262,000) and RMB142,589,000 of lease liabilities (corresponding period of 2021: RMB60,266,000).

During the current interim period, the Group also acquired a leasehold land which was recognised as right-of-use assets on the commencement date in the amount of RMB25,771,000 (corresponding period of 2021: nil).

As at 30 June 2022, no leasehold lands of the Group were pledged to secure bank borrowings granted.

(c) Investment properties

During the current interim period, a depreciation charge of RMB2,440,000 (corresponding period of 2021: RMB2,195,000) was recognised in profit or loss and the carrying amount of investment properties amounting to RMB37,940,000 as at 30 June 2022.

11. 物業、機器及設備、使用權資產及投資物業的變動 (續)

(a) 物業、機器及設備 (續)

於二零二二年六月三十日，本集團並未抵押物業、機器及設備作為擔保以獲授銀行借貸。

(b) 使用權資產

於本中期期間，本集團就介乎兩至七年的辦公室及工廠使用訂立若干新租賃協議。於租賃開始日期，本集團確認新增使用權資產為人民幣144,463,000元（二零二一年同期：人民幣61,262,000元）及租賃負債為人民幣142,589,000元（二零二一年同期：人民幣60,266,000元）。

於本中期期間，本集團亦獲得一塊租賃土地，於開始日期確認為使用權資產的相關金額為人民幣25,771,000元（二零二一年同期：無）。

於二零二二年六月三十日，本集團並未抵押租賃土地作為擔保以獲授銀行借貸。

(c) 投資物業

於本中期期間，在損益中確認折舊支出為人民幣2,440,000元（二零二一年同期：人民幣2,195,000元），該等投資物業於二零二二年六月三十日的賬面值為人民幣37,940,000元。

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12. INTANGIBLE ASSETS

As at 30 June 2022, the Group held (i) licensing patent acquired from Konica Minolta, Inc. ("KMI"), an independent third party of the Group, which allows the Group to develop, produce and sell licensed products; (ii) patent and other intangible assets acquired from the acquisition of Sunny Mobility Technologies (Ningbo) Co., Ltd.; and (iii) licensing patent acquired from an independent third party.

12. 無形資產

於二零二二年六月三十日，本集團持有(i)自柯尼卡美能達公司(「KMI」，本集團之獨立第三方)購買的許可專利，該公司允許本集團開發、生產及銷售獲許可產品；(ii)收購寧波舜宇智行傳感技術有限公司的專利及其他無形資產；及(iii)自一名獨立第三方收購的許可專利。

13. INTERESTS IN ASSOCIATES

13. 於聯營公司的權益

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Cost of investment in unlisted associates 非上市聯營公司投資成本	256,115	251,115
Share of post-acquisition profit or loss and other comprehensive income or expense, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	14,347	13,392
Impairment loss recognised 已確認減值虧損	(62,866)	(62,866)
	207,596	201,641

As at 30 June 2022, the Group held approximately (i) 31.00% (31 December 2021: 31.00%) of ownership interests in Jiangsu Sunny Medical Equipments Co., Ltd.; (ii) 14.26% (31 December 2021: 14.26%) of ownership interests in a Japanese company which is mainly engaged in the research and development of advanced nanotechnology; (iii) 25.00% (31 December 2021: 25.00%) of ownership interests in 浙江生一光學感知技術有限公司; (iv) 16.41% (31 December 2021: 16.41%) of ownership interests in 餘姚市陽明智行投資中心(有限合夥); (v) 15.63% (31 December 2021: 15.63%) of ownership interests in 杭州九州舜創股權投資合夥企業(有限合夥); and (vi) 52.00% (31 December 2021: 52.00%) of ownership interests in 杭州舜富股權投資合夥企業(有限合夥). These six entities were accounted for as associates.

於二零二二年六月三十日，本集團持有約(i) 31.00% (二零二一年十二月三十一日：31.00%) 江蘇舜宇醫療器械有限公司所有權權益；(ii) 14.26% (二零二一年十二月三十一日：14.26%) 一家主要從事先進納米技術研發的日本公司所有權權益；(iii) 25.00% (二零二一年十二月三十一日：25.00%) 浙江生一光學感知技術有限公司所有權權益；(iv) 16.41% (二零二一年十二月三十一日：16.41%) 餘姚市陽明智行投資中心(有限合夥)所有權權益；(v) 15.63% (二零二一年十二月三十一日：15.63%) 杭州九州舜創股權投資合夥企業(有限合夥)所有權權益；及(vi) 52.00% (二零二一年十二月三十一日：52.00%) 杭州舜富股權投資合夥企業(有限合夥)所有權權益。這六家實體已入賬列作聯營公司。

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14. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Deferred tax assets 遞延稅項資產	(270,023)	(255,651)
Deferred tax liabilities 遞延稅項負債	987,280	1,015,890
	717,257	760,239

14. 遞延稅項

就呈列簡明綜合財務狀況表而言，已抵銷若干遞延稅項資產及負債。就財務報告目的而對遞延稅項結餘的分析如下：

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior periods:

於本期間及過往期間確認的主要遞延稅項負債(資產)及其變動如下：

	Withholding tax on distributed profit from the PRC 來自中國 已分配利潤 的預繳稅 RMB'000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及 預期信貸虧損 撥備 RMB'000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB'000 人民幣千元	Accelerated depreciation 加速折舊 RMB'000 人民幣千元	Accrued bonus 應計獎金 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2021 (audited) 於二零二一年一月一日(經審核)	145,737	(91,356)	(8,321)	712,126	(97,519)	20,810	681,477
Charge (credit) to profit or loss 於損益中扣除(計入)	11,634	(20,576)	(18,358)	97,876	1,778	5,912	78,266
Charge to other comprehensive income 於其他全面收益中扣除	-	-	-	-	-	496	496
At 31 December 2021 (audited) 於二零二一年十二月三十一日(經審核)	157,371	(111,932)	(26,679)	810,002	(95,741)	27,218	760,239
(Credit) charge to profit or loss (Note 6) 於損益中(計入)扣除(附註6)	(39,784)	5,880	(1,490)	18,995	(3,761)	(26,754)	(46,914)
Charge to other comprehensive income 於其他全面收益中扣除	-	-	-	-	-	219	219
Eliminated on disposal of a subsidiary 在出售一間附屬公司時撇銷	-	1,399	2,314	-	-	-	3,713
At 30 June 2022 (unaudited) 於二零二二年六月三十日(未經審核)	117,587	(104,653)	(25,855)	828,997	(99,502)	683	717,257

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15. DEPOSITS AND PREPAYMENTS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits and prepayments are paid for construction of factory buildings and acquisition of plants and equipment located in the PRC and other regions.

During the current interim period, the Group paid an amount of approximately RMB585,025,000 (corresponding period of 2021: RMB225,572,000) as the deposits and prepayments for acquisition of property, plant and equipment and transferred an amount of approximately RMB191,978,000 (corresponding period of 2021: RMB307,139,000) to property, plant and equipment.

16. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

During the current interim period, the Group made new equity investments measured as equity instruments at FVTOCI amounting to RMB3,500,000 (2021: RMB40,849,000), and the fair value gain in the amount of RMB1,241,000 (2021: RMB2,808,000), net off with the recognition of related deferred tax liabilities of RMB219,000 (2021: RMB496,000) was recognised in FVTOCI reserve.

15. 就收購物業、機器及設備已支付的按金及預付款項

本集團就興建廠房樓宇以及收購位於中國及其他地區的機器及設備而支付按金及預付款項。

於本中期期間，本集團就收購物業、機器及設備已支付的按金及預付款項金額約為人民幣585,025,000元（二零二一年同期：人民幣225,572,000元），並將金額約為人民幣191,978,000元的按金及預付款項轉撥至物業、機器及設備（二零二一年同期：人民幣307,139,000元）。

16. 按公允值計入其他全面收益的權益工具

於本中期期間，本集團作出新的股權投資，以按公允值計入其他全面收益的權益工具計量為人民幣3,500,000元（二零二一年：人民幣40,849,000元），而公允值收益（扣除確認有關遞延稅項負債人民幣219,000元（二零二一年：人民幣496,000元））人民幣1,241,000元（二零二一年：人民幣2,808,000元）已於按公允值計入其他全面收益的儲備中確認。

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

17. 按公允值計入損益的金融資產

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Current assets 流動資產		
Fund investments (Note a) 基金投資 (附註a)	-	283,132
Unlisted financial products (Note b) 非上市金融產品 (附註b)	8,279,431	7,992,170
Debt instruments (Note c) 債務工具 (附註c)	6,728	38,841
	8,286,159	8,314,143
Non-current assets 非流動資產		
Equity investments (Note d) 股權投資 (附註d)	19,518	19,518
	19,518	19,518

Notes:

(a) Fund investments

During the current interim period, the Group disposed of all fund investments at the proceed of RMB254,580,000 (corresponding period of 2021: nil) and no new fund investment was purchased (corresponding period of 2021: nil) during the current interim period.

附註：

(a) 基金投資

於本中期間，本集團出售所有基金投資，所得款項為人民幣254,580,000元（二零二一年同期：無），且於本中期間概無購買任何新基金投資（二零二一年同期：無）。

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(b) Unlisted financial products

The Group entered into several contracts of unlisted financial products with banks, which are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for as financial assets at FVTPL on initial recognition in which that the return on the unlisted financial products was determined by reference to the performance of the underlying investment assets and as at 30 June 2022, the expected return rate stated in the contracts ranges from 2.00% to 5.30% (31 December 2021: 1.78% to 4.60%) per annum.

The investment income from unlisted financial products amounting to RMB144,393,000 (corresponding period of 2021: RMB128,757,000) was recognised in the profit or loss in the current interim period.

(c) Debt instruments

During the current interim period, the Group disposed of a debt instrument at the proceed of RMB33,346,000 (corresponding period of 2021: nil), and no new debt instrument was purchased (corresponding period of 2021: nil).

The loss on the fair value change of the remaining debt instruments amounting to RMB140,000 (corresponding period of 2021: a loss of RMB627,000) was recognised in the profit or loss in the current interim period.

(d) Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB19,518,000 (31 December 2021: RMB19,518,000) were classified as financial assets at FVTPL.

In the opinion of the Directors of the Company, the fair value change of the equity investments is insignificant in the current interim period.

17. 按公允值計入損益的金融資產 (續)

附註：(續)

(b) 非上市金融產品

本集團與銀行簽訂若干非上市金融產品合約，其由中國的相關銀行管理，主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部分非上市金融產品的收益根據相關投資資產的表現釐定，於二零二二年六月三十日，合約中的預期年收益率介乎2.00%至5.30%之間(二零二一年十二月三十一日：1.78%至4.60%)。

非上市金融產品投資收益為人民幣144,393,000元(二零二一年同期：人民幣128,757,000元)，於本中期期間在損益內確認。

(c) 債務工具

於本中期期間，本集團出售一項債務工具，所得款項為人民幣33,346,000元(二零二一年同期：無)，且概無購買任何新債務工具(二零二一年同期：無)。

餘下債務工具的公允值變動虧損為人民幣140,000元(二零二一年同期：虧損人民幣627,000元)，於本中期期間在損益內確認。

(d) 股權投資

本集團於多家合夥企業金額為人民幣19,518,000元(二零二一年十二月三十一日：人民幣19,518,000元)的股權投資被分類為按公允值計入損益的金融資產。

本公司董事認為，股權投資的公允值變動於本中期期間並不重大。

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18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

18. 衍生金融資產及負債

於報告期末，本集團持有若干分類為持作買賣及未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Foreign currency forward contracts 遠期外匯合約	138	27,120	25,400	41,321
Foreign currency options contracts 外匯期權合約	3,107	-	15,136	4,087
Foreign exchange swap contracts 外匯掉期合約	6,747	117	-	95
Total 總額	9,992	27,237	40,536	45,503
Less: current portion 減：即期部分				
Foreign currency forward contracts 遠期外匯合約	138	27,120	25,400	36,264
Foreign currency options contracts 外匯期權合約	3,107	-	15,136	4,087
Foreign exchange swap contracts 外匯掉期合約	6,747	117	-	95
	9,992	27,237	40,536	40,446
Non-current portion 非即期部分	-	-	-	5,057

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18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

As at 30 June 2022, the Group had entered into the following foreign currency forward contracts, foreign currency options contracts and a foreign exchange swap contract:

Foreign currency forward contracts

The Group entered into several United States Dollar (“US\$” or “USD”)/RMB and HKD/RMB foreign currency forward contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract Series W 合約系列W	USD22,500,000 22,500,000美元	RMB156,300,750 人民幣156,300,750元	Semi-annually till 18 January 2023 半年期至二零二三年一月十八日	USD:RMB from 6.91 to 6.99 美元兌人民幣：6.91至6.99
Contract 15 合約15	RMB281,388,800 人民幣281,388,800元	USD44,000,000 44,000,000美元	From 27 July 2022 to 30 September 2022 二零二二年七月二十七日至 二零二二年九月三十日	USD:RMB: 6.40 美元兌人民幣：6.40
Contract 16 合約16	RMB240,884,120 人民幣240,884,120元	USD36,700,000 36,700,000美元	From 25 July 2022 to 15 December 2022 二零二二年七月二十五日至 二零二二年十二月十五日	USD:RMB: 6.56 美元兌人民幣：6.56
Contract 17 合約17	USD50,000,000 50,000,000美元	RMB333,690,000 人民幣333,690,000元	12 June 2023 二零二三年六月十二日	USD:RMB: 6.67 美元兌人民幣：6.67
Contract 18 合約18	HKD780,000,000 780,000,000港元	RMB666,042,000 人民幣666,042,000元	15 June 2023 二零二三年六月十五日	HKD:RMB: 0.85 港元兌人民幣：0.85

Foreign currency option contracts

The Group entered into several USD/RMB foreign currency option contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts (“Valuation Date”).

18. 衍生金融資產及負債(續)

於二零二二年六月三十日，本集團已訂立以下遠期外匯合約、外匯期權合約及外匯掉期合約：

遠期外匯合約

本集團已與中國的銀行訂立若干美元(「美元」)／人民幣及港元／人民幣的遠期外匯合約，以管理本集團的外匯風險。

外匯期權合約

本集團已與中國的銀行訂立若干美元／人民幣的外匯期權合約，以管理本集團的外匯風險。

本集團須於各合約所指定的估值日期(「估值日期」)就指定名義金額與該等銀行進行交易。

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18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency option contracts (Continued)

At each Valuation Date, the reference rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

Extracts of details of foreign currency options contracts from the respective contracts outstanding as at 30 June 2022 are as follow:

18. 衍生金融資產及負債 (續)

外匯期權合約 (續)

於各估值日期，參考匯率（指各合約所指定的現貨匯率）須與各合約所指定的行使匯率（上限及下限）／門檻匯率作比較，且在達致各合約所指定若干條件的情況下，本集團可向相關銀行收取／支付該等合約所指定的金額。

於二零二二年六月三十日，各項未平倉合約的外匯期權合約的詳情摘要如下：

	Notional amount 名義金額 USD'000 美元千元	Strike rate 行使匯率	Ending settlement date 結束結算日期
Contract O 合約O	60,000	USD:RMB at 1:6.7300 美元兌人民幣為1:6.7300	26 July 2022 二零二二年七月二十六日
Contract P 合約P	60,000	USD:RMB at 1:6.7300 美元兌人民幣為1:6.7300	26 August 2022 二零二二年八月二十六日
Contract Q 合約Q	60,000	USD:RMB at 1:6.6875 美元兌人民幣為1:6.6875	26 September 2022 二零二二年九月二十六日
Contract R 合約R	55,850	USD:RMB at 1:6.5735 美元兌人民幣為1:6.5735	26 July 2022 二零二二年七月二十六日
Contract S 合約S	12,090	USD:RMB at 1:6.7324 美元兌人民幣為1:6.7324	24 August 2022 二零二二年八月二十四日
Contract T 合約T	36,710	USD:RMB at 1:6.7578 美元兌人民幣為1:6.7578	25 August 2022 二零二二年八月二十五日
Contract U 合約U	19,470	USD:RMB at 1:6.6915 美元兌人民幣為1:6.6915	29 August 2022 二零二二年八月二十九日
Contract V 合約V	20,000	USD:RMB at 1:6.7797 美元兌人民幣為1:6.7797	29 August 2022 二零二二年八月二十九日
Contract W 合約W	47,070	USD:RMB at 1:6.7201 美元兌人民幣為1:6.7201	27 September 2022 二零二二年九月二十七日

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18. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency swap contract

The Group entered into a Euro (“EUR”)/USD foreign exchange swap contract with a bank in the PRC in order to manage the Group’s foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Strike Rate 行使匯率
Contract D	USD25,107,443	EUR23,056,350	22 July 2022	EUR:USD: 1.09
合約D	25,107,443美元	23,056,350歐元	二零二二年七月二十二日	歐元兌美元：1.09

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with a bank. These derivative instruments are not offset in the condensed consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amount.

18. 衍生金融資產及負債(續)

外匯掉期合約

本集團已與中國的一家銀行訂立一份歐元(「歐元」)/美元的外匯掉期合約，以管理本集團的外匯風險。

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議(「國際掉期及衍生工具協會總協議」)涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債或破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於簡明綜合財務狀況表內抵銷。

19. INVENTORIES

19. 存貨

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Raw materials 原材料	1,312,876	1,510,395
Work in progress 半製成品	207,207	202,365
Finished goods 製成品	3,791,478	3,769,098
	5,311,561	5,481,858

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20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

20. 貿易及其他應收款項及預付款項

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Trade receivables 貿易應收款項	6,275,517	5,730,277
Less: allowance for credit losses 減：信貸虧損撥備	(97,631)	(95,625)
	6,177,886	5,634,652
Bill receivables 應收票據	720,986	1,009,636
Loan receivables 應收貸款	116,503	142,829
Other receivables and prepayment: 其他應收款項及預付款項：		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	131,308	119,284
Advance to suppliers 墊付供應商款項	109,213	110,068
Interest receivables 應收利息	31,081	130,416
Prepaid expenses 預付開支	156,910	145,316
Rental and utilities deposits 租金及公用事業按金	49,229	41,429
Advances to employees 墊付僱員款項	98,635	88,915
Others 其他	14,197	25,840
	590,573	661,268
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	7,605,948	7,448,385

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20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows a credit period of average 90 days to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of reporting period, which approximated the respective revenue recognition dates.

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
1 to 90 days 1至90天	6,036,424	5,540,795
91 to 180 days 91至180天	141,022	92,903
More than 180 days 180天以上	440	954
	6,177,886	5,634,652

Aging of bill receivables at the end of reporting period is as follows:

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Within 90 days 90天以內	599,917	927,195
91 to 180 days 91至180天	121,069	82,441
Total 總額	720,986	1,009,636

20. 貿易及其他應收款項及預付款項 (續)

本集團給予貿易客戶平均90天的信貸期。以下為於報告期末基於發票日(與各自的收益確認日期相若)呈列的貿易應收款項(扣除信貸虧損撥備)的賬齡分析。

於報告期末的應收票據賬齡分析如下：

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20. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

20. 貿易及其他應收款項及預付款項 (續)

Movement in the allowance for credit losses:

信貸虧損撥備變動：

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Balance at the beginning of the reporting period 報告期初結餘	95,625	95,903
Impairment losses recognised on receivables 已確認的應收款項減值虧損	19,515	14,765
Amounts written off as uncollectible 不可收回債項撇銷的金額	(1,610)	(5,460)
Impairment losses reversed 減值虧損撥回	(11,609)	(9,583)
Elimination on disposal of a subsidiary 於出售一間附屬公司時對銷	(4,290)	-
Balance at end of the reporting period 報告期末結餘	97,631	95,625

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21. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO EXPECTED CREDIT LOSS MODEL

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with credit-impaired are assessed individually by the Group. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 30 June 2022.

	Average loss rate 平均虧損率	Gross carrying amount 賬面總值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 to 90 days 1至90天	0.06%	6,039,988	3,564
91 to 120 days 91至120天	0.19%	132,340	253
121 to 180 days 121至180天	0.25%	8,957	22
More than 180 days 180天以上	93.96%	7,284	6,844
		6,188,569	10,683

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 were the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

21. 按預期信貸虧損模式計算之貿易應收款項的減值評估

作為本集團信貸風險管理的一部分，除出現信貸減值的應收款項外，本集團採用應收款項的賬齡評估客戶減值，該等客戶具有共同風險特徵，即能代表客戶根據合約條款支付所有到期款項的能力。本集團對出現信貸減值的應收款項進行個別評估。下表提供有關於二零二二年六月三十日就基於撥備矩陣以組合方式評估的貿易應收款項之信貸風險及預期信貸虧損資料。

釐定截至二零二二年六月三十日止六個月的簡明綜合財務報表所用輸入數據及假設以及估計技術的基準與編製本集團截至二零二一年十二月三十一日止年度的年度財務報表所採用者相同。

估計虧損率乃基於債務人的預期還款期內的歷史觀察違約率進行估計，並就無需付出不必要的成本或努力而可得之前瞻性資料進行調整。分類由管理層定期檢討，以確保有關特定債務人的相關資料是最新的。

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21. IMPAIRMENT ASSESSMENT ON TRADE RECEIVABLES SUBJECT TO EXPECTED CREDIT LOSS MODEL (Continued)

As at 30 June 2022, the impairment allowance was provided in the amount of RMB97,631,000, among which RMB10,683,000 was made based on the provision matrix with life time ECL (not credit-impaired) and RMB86,948,000 was assessed individually on the credit-impaired debtors.

22. TIME DEPOSITS/PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

The time deposits carry fixed interest rates ranging from 3.15% to 4.18% (31 December 2021: 3.85% to 4.18%) per annum. The original maturity period of these time deposits is three years. The time deposits with a total amount of RMB500,000,000 will be matured within one year, RMB200,000,000 will be matured within a period of more than two years.

The Group pledged certain of its bank deposits to banks as security for letters of guarantee and the pledged bank deposits carry fixed interest rates ranging from 1.80% to 3.50% (31 December 2021: 1.80% to 3.50%) per annum.

Short term fixed deposits carry fixed interest rate ranging from 1.10% to 3.02% (31 December 2021: 1.20% to 1.90%) per annum. Short term fixed deposits have original maturity dates ranging from three months to one year and are therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rates ranging from 0.30% to 1.70% (31 December 2021: 0.30% to 1.70%) per annum.

21. 按預期信貸虧損模式計算之貿易應收款項的減值評估 (續)

於二零二二年六月三十日，計提減值撥備為人民幣97,631,000元，其中人民幣10,683,000元乃基於全期預期信貸虧損（無信貸減值）內的撥備矩陣作出，而人民幣86,948,000元的信貸減值應收款項則作獨立評估。

22. 定期存款／已抵押銀行存款／短期定期存款／銀行結餘及現金

定期存款固定年利率介乎3.15%至4.18%之間（二零二一年十二月三十一日：3.85%至4.18%）。該等定期存款原到期期限為三年。總額為人民幣500,000,000元的定期存款將於一年內到期，人民幣200,000,000元的定期存款將於兩年以上到期。

本集團已向銀行抵押其若干銀行存款作擔保函的抵押品，已抵押銀行存款固定年利率介乎1.80%至3.50%之間（二零二一年十二月三十一日：1.80%至3.50%）。

短期定期存款按介乎1.10%至3.02%之間（二零二一年十二月三十一日：1.20%至1.90%）的固定年利率計息。短期定期存款原到期日介乎三個月至一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按介乎0.30%至1.70%之間（二零二一年十二月三十一日：0.30%至1.70%）的市場儲蓄存款年利率計息。

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23. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and note payables presented based on the invoice date at the end of the reporting period.

23. 貿易及其他應付款項

以下為於報告期末以發票日為基準呈列的貿易應付款項及應付票據的賬齡分析。

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Current liabilities 流動負債		
Trade payables 貿易應付款項		
Within 90 days 90天以內	3,827,669	4,262,386
91 to 180 days 91至180天	686,939	742,744
Over 180 days 180天以上	595	355
Accrued purchases 應計採購額	709,716	925,738
Total trade payables and accrued purchases 貿易應付款項及應計採購總額	5,224,919	5,931,223
Note payables 應付票據		
Within 90 days 90天以內	1,100,491	1,336,260
91 to 180 days 91至180天	234,557	385,024
Over 180 days 180天以上	27,586	100,000
	1,362,634	1,821,284
Other payables 其他應付款項		
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	149,676	267,891
Staff salaries and welfare payables 應付員工薪金及福利	1,079,413	1,311,836
Labor outsourcing payables 勞務外包應付款項	111,262	139,747
Payable for acquisition of patents 收購專利應付款項	36,689	40,913
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	221,131	113,297
Interest payable 應付利息	67,934	64,473
Utilities payable 應付公共事業費用	67,959	58,346
Others 其他	729,463	119,677
	2,463,527	2,116,180
	9,051,080	9,868,687
Non-current liability 非流動負債		
Long term payables 長期應付款項		
Payable for acquisition of patents 收購專利應付款項	152,949	172,044

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23. TRADE AND OTHER PAYABLES (Continued)

The credit period on purchases of goods is up to 180 days (2021: 180 days) and the credit period for note payables is 90 days to 365 days averagely (2021: 90 days to 365 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

24. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings with amount of approximately RMB5,393,483,000 (corresponding period of 2021: RMB2,043,238,000). The proceeds were used to meet the working capital requirement. Repayment of bank borrowings amounting to approximately RMB5,478,417,000 (corresponding period of 2021: RMB1,944,959,000) were made in line with the relevant repayment terms.

As at 30 June 2022, the borrowings with a total amount of RMB1,526,309,000 were repayable within one year, RMB700,000,000 were repayable within a period of more than one year but not exceeding two years.

As at 30 June 2022, the borrowings with a total amount of approximately RMB454,261,000 (31 December 2021: RMB1,338,897,000) were denominated in USD, and approximately RMB667,048,000 (31 December 2021: nil) were denominated in HKD. The Group's borrowings carried fixed-rate of 3.08% and variable-rate of 1.72% to 3.70% (31 December 2021: 3.10% and 0.60% to 0.87%) per annum.

As at 30 June 2022, no borrowings are secured by buildings and land of the Group.

23. 貿易及其他應付款項 (續)

貨品採購的信貸期最多為180天(二零二一年：180天)及應付票據的信貸期平均為90天至365天(二零二一年：90天至365天)。本集團已實施財務風險管理政策，以確保所有應付款項於信貸期內支付。

24. 銀行借貸

於本中期期間，本集團獲得新增銀行借貸約人民幣5,393,483,000元(二零二一年同期：人民幣2,043,238,000元)。該筆款項用於滿足營運資金的需求。本集團已償還銀行借貸約人民幣5,478,417,000元(二零二一年同期：人民幣1,944,959,000元)，符合有關還款條款。

於二零二二年六月三十日，總額為人民幣1,526,309,000元的借貸須於一年內償還，人民幣700,000,000元須於一年以上但不超過兩年的期間內償還。

於二零二二年六月三十日，總額約人民幣454,261,000元(二零二一年十二月三十一日：人民幣1,338,897,000元)的借貸以美元計值，約人民幣667,048,000元(二零二一年十二月三十一日：無)以港元計值。本集團借貸按3.08%的固定年利率及1.72%至3.70%的可變年利率(二零二一年十二月三十一日：3.10%及0.60%至0.87%)計息。

於二零二二年六月三十日，本集團並未就借貸而抵押樓宇及土地。

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25. CONTRACT LIABILITIES

25. 合約負債

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	Advance from customers 客戶墊付款項	178,762

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. RMB133,607,000 of the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations were satisfied in previous periods.

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的人民幣133,607,000元的合約負債對應的履約義務均於報告期內完成，收入得以確認，且本報告期確認的收入中不包含任何往期已經實現的履約義務。

26. GOVERNMENT GRANTS/DEFERRED INCOME

26. 政府補助金／遞延收入

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Amounts credited to profit or loss during the period: 期內計入損益金額：		
Subsidies related to technology enhancement of production lines 生產線技術改進補貼	34,727	24,642
Subsidies related to research and development of technology projects 技術項目研發補貼	4,206	5,793
Incentive subsidies 獎勵補貼	103,592	17,691
	142,525	48,126

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26. GOVERNMENT GRANTS/DEFERRED INCOME (Continued)

26. 政府補助金／遞延收入 (續)

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines 生產線技術改進補貼	100,411	90,573
Subsidies related to research and development of technology projects 技術項目研發補貼	22,565	30,033
Subsidies related to construction of staff living facilities 興建員工生活配套設施補貼	73,997	73,997
Total 總計	196,973	194,603
Less: current portion 減：即期部分	(10,382)	(6,099)
Non-current portion 非即期部分	186,591	188,504

27. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of US\$600 million (equivalent to RMB3,832,145,000) at the rate of 3.75% which will be due by year 2023 to professional investors outside of United States in accordance with Regulation S under the U.S. Securities Act. The issuance had been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company had fully used the net proceeds from the bonds for fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current interim period, interest expense of approximately RMB77,826,000 (corresponding period of 2021: RMB77,182,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

27. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元（相等於人民幣3,832,145,000元）3.75厘的無抵押債券。該發行已於二零一八年一月二十三日完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司已將全部債券所得款項淨額用於滿足營運資金需求、現有債務再融資及其他一般公司用途。

於本中期期間，約人民幣77,826,000元（二零二一年同期：人民幣77,182,000元）的利息開支於簡明綜合損益及其他全面收益表中確認。

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28.SHARE CAPITAL

Issued share capital as at 30 June 2022 amounted to HK\$109,684,970 (equivalent to approximately RMB105,163,000) with number of ordinary shares amounted to 1,096,849,700 of HK\$0.1 each. There were no movements in the issued share capital of the Company in the current interim period.

29.SHARE AWARD SCHEME

The fair value of the Company's restricted shares awarded was determined based on the market values of the Company's shares at the grant dates.

Movements in the number of restricted shares granted and related fair value are as follows:

28.股本

於二零二二年六月三十日的已發行股本為109,684,970港元(相等於約人民幣105,163,000元)，分為1,096,849,700股每股面值0.1港元的普通股。於本中期期間，本公司已發行股本並無變動。

29.股份獎勵計劃

本公司所獎勵的限制性股份公允值乃根據本公司股份於授出日期的市值釐定。

已授出限制性股份的數目及其相關公允值的變動如下：

	Weighted average fair value (per share) 加權平均公允值(每股) HK\$ 港元	Number of restricted shares 限制性股份數目 ('000) (千股)
At 1 January 2021 (audited) 於二零二一年一月一日(經審核)	135.931	2,783
Forfeited 已失效	149.642	(119)
Vested 已歸屬	115.035	(1,638)
Granted 已授出	200.720	1,460
At 31 December 2021 and 1 January 2022 (audited) 於二零二一年十二月三十一日及二零二二年一月一日(經審核)	187.090	2,486
Forfeited 已失效	160.934	(104)
Vested 已歸屬	140.189	(1,064)
Granted (Note) 已授出(附註)	105.200	2,826
As at 30 June 2022 (unaudited) 於二零二二年六月三十日(未經審核)	143.946	4,144

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29. SHARE AWARD SCHEME (Continued)

The equity-settled share-based payments expense charged to profit or loss was approximately RMB113,596,000 for the current interim period (corresponding period of 2021: RMB88,501,000).

Note: The restricted shares granted during the current interim period vest on every anniversary date of the grant date of each batch of the restricted shares in tranches on the following scale:

Restricted shares	Fair value (per share) HK\$	Scales
2,826,085 shares	105.200	One-half

The fair value of the restricted shares granted is measured on the basis of an observable market price.

During the current interim period, the Group purchased 2,759,962 shares at the average price of HK\$103.009 (total amount equivalent to approximately RMB244,301,000) under the share award scheme.

29. 股份獎勵計劃(續)

於本中期期間，於損益扣除的以權益結算股份支付的款項開支約為人民幣113,596,000元(二零二一年同期：人民幣88,501,000元)。

附註：於本中期期間已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	公允值(每股) 港元	規模
2,826,085股股份	105.200	二分之一

所授出限制性股份的公允值乃基於可觀察的市場價格計量。

於本中期期間，本集團根據股份獎勵計劃以平均價103.009港元(總額相當於約人民幣244,301,000元)購買2,759,962股股份。

30. COMMITMENTS

30. 承擔

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements 已訂約但未於綜合財務報表提供的有關收購物業、機器及設備的資本開支	1,157,601	684,402

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31. RELATED PARTY DISCLOSURES

31. 關連人士披露

(a) Names and relationships with related parties during the periods are as follows:

(a) 期內關連人士名稱及與關連人士的關係如下：

Name 名稱	Principal activities 主要業務	Relationship 關係
餘姚市舜藝光學儀器有限公司 （「舜藝光學」）	Manufacture and sale of parts for optical instruments	Company controlled by a close family member of the Company's chairman, Mr. Ye Liaoning
餘姚市舜藝光學儀器有限公司 （「舜藝光學」）	生產及銷售光學儀器部件	本公司主席葉遼寧先生近親所控制的公司
寧波市益康國際貿易有限公司 （「益康」）	Sale of electronic devices	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian
寧波市益康國際貿易有限公司 （「益康」）	銷售電子設備	本公司高級管理人員張國賢先生近親所控制的公司
餘姚市博科貿易有限公司 （「博科」）	Sale of electronic devices	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian
餘姚市博科貿易有限公司 （「博科」）	銷售電子設備	本公司高級管理人員張國賢先生近親所控制的公司
餘姚市康優寶電器經營部 （「康優寶」）	Sale of electronic devices	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian
餘姚市康優寶電器經營部 （「康優寶」）	銷售電子設備	本公司高級管理人員張國賢先生近親所控制的公司
寧波建達金工機械有限公司 （「建達金工」）	Manufacture and sale of telescopes and riflescopes	Company controlled by a close family member of Company's director and ultimate controlling shareholder, Mr. Wang Wenjian
寧波建達金工機械有限公司 （「建達金工」）	生產及銷售望遠鏡及瞄準器	本公司董事及最終控股股東王文鑒先生近親所控制的公司

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31. RELATED PARTY DISCLOSURES (Continued)

31. 關連人士披露 (續)

(b) Transactions with related parties:

(b) 與關連人士的交易：

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Sales of goods 銷售產品		
舜藝光學 舜藝光學	20	1,533
Purchase of raw materials 購買原材料		
舜藝光學 舜藝光學	4,539	7,896
康優寶 康優寶	1,245	893
博科 博科	1,359	1,191
建達金工 建達金工	765	68
益康 益康	563	221
	8,471	10,269

All of the above transactions were entered into in accordance with the terms agreed by the relevant parties.

以上所有交易均根據相關人士協定的條款進行。

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31. RELATED PARTY DISCLOSURES (Continued)

(c) Trade balances with related parties:

At the end of the reporting period, the Group has the following significant balances with related parties:

31. 關連人士披露 (續)

(c) 與關連人士之貿易結餘：

於報告期末，本集團與關連人士的重大結餘如下：

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Current asset: 流動資產：		
Amount due from a related party 應收一名關連人士款項		
舜藝光學 舜藝光學	-	327
Current liabilities: 流動負債：		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	4,057	4,848
康優寶 康優寶	1,004	843
博科 博科	980	1,069
建達金工 建達金工	863	-
益康 益康	418	174
	7,322	6,934

All of the above amounts are of trade nature, unsecured, interest free and repayable on demand.

上述所有款項均為貿易性質，無抵押、免息及按要求償還。

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FOR THE SIX MONTHS ENDED 30 JUNE 2022 截至二零二二年六月三十日止六個月

31. RELATED PARTY DISCLOSURES (Continued)

(c) Trade balances with related parties: (Continued)

The following is an aged analysis of related parties' balance of trade nature at the end of reporting period.

	30 June 2022 二零二二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2021 二零二一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Current asset: 流動資產:		
Within 90 days 90天內	-	327
Current liabilities: 流動負債:		
Within 90 days 90天內	5,749	4,481
91-120 days 91至120天	1,573	2,453
	7,322	6,934

The Group allows a credit period of 90 days to related party trade receivables (31 December 2021: 90 days). The average credit period on purchases of goods from related parties is 90 days (31 December 2021: 90 days).

以下為於報告期末屬貿易性質的關連人士結餘的賬齡分析。

本集團給予關連人士貿易應收款項90天的信貸期(二零二一年十二月三十一日: 90天)。關連人士貨品採購的平均信貸期為90天(二零二一年十二月三十一日: 90天)。

(d) Compensation of key management personnel

	For the six months ended 30 June 截至六月三十日止六個月	
	2022 二零二二年 RMB'000 人民幣千元 (unaudited) (未經審核)	2021 二零二一年 RMB'000 人民幣千元 (unaudited) (未經審核)
Short-term benefits 短期福利	15,599	13,548
Post-employment benefits 離職後福利	540	450
Share award scheme benefits 股份獎勵計劃福利	13,090	13,162
	29,229	27,160

(d) 主要管理人員薪酬

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32. FAIR VALUE MEASUREMENT

32. 公允值計量

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

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2022 (unaudited) 二零二二年六月三十日 (未經審核)	31 December 2021 (audited) 二零二一年十二月三十一日 (經審核)		
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Listed debt instruments: RMB6,728,000 上市債務工具： 人民幣6,728,000元	Listed debt instruments: RMB38,841,000 上市債務工具： 人民幣38,841,000元	Level 1 第一級	Quoted bid prices in an active market 活躍市場的市場報價
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	N/A 不適用	Funds investments: RMB283,132,000 基金投資： 人民幣283,132,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: Future cash flows are estimated based on expected return 未來現金流量根據預期回報估計
Foreign currency forward contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的遠期外匯合約	Current derivative financial assets: RMB138,000 Current derivative financial liabilities: RMB25,400,000 流動衍生金融資產： 人民幣138,000元 流動衍生金融負債： 人民幣25,400,000元	Current derivative financial assets: RMB27,120,000 Current and non-current derivative financial liabilities: RMB41,321,000 流動及非流動衍生金融負債： 人民幣41,321,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate 主要輸入數據為： (1) 反映銀行信貸風險的貼現率 (2) 可觀測遠期匯率

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32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

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

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2022 (unaudited) 二零二二年六月三十日 (未經審核)	31 December 2021 (audited) 二零二一年十二月三十一日 (經審核)		
Foreign exchange swap contracts classified as derivatives financial assets and liabilities	Current derivative financial assets: RMB6,747,000	Current derivative financial assets: RMB117,000	Level 2	Discounted cash flows Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate
分類為衍生金融資產及負債的外匯掉期合約	流動衍生金融資產：人民幣6,747,000元	流動衍生金融資產：人民幣117,000元	第二級	貼現現金流量 主要輸入數據為： (1) 反映銀行信貸風險的貼現率 (2) 可觀察遠期匯率
Financial assets at fair value through profit or loss	Unlisted financial products: RMB8,279,431,000	Unlisted financial products: RMB7,992,170,000	Level 2	Discounted cash flows Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks
按公允值計入損益的金融資產	非上市金融產品：人民幣8,279,431,000元	非上市金融產品：人民幣7,992,170,000元	第二級	貼現現金流量 主要輸入數據為： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率
	Current derivative financial liabilities: nil	Current derivative financial liabilities: RMB95,000		
	流動衍生金融負債：無	流動衍生金融負債：人民幣95,000元		

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32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

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

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2022 (unaudited) 二零二二年六月三十日 (未經審核)	31 December 2021 (audited) 二零二一年十二月三十一日 (經審核)		
Foreign currency options contracts classified as derivatives financial assets and liabilities	Current derivative financial assets: RMB3,107,000	Current derivative financial assets: nil	Level 3	Black-Scholes model Key unobservable input: Volatility of the foreign exchange rate (Note a)
分類為衍生金融資產及負債的外匯期權合約	Current derivative financial liabilities: RMB15,136,000 流動衍生金融資產： 人民幣3,107,000元	Current derivative financial liabilities: RMB4,087,000 流動衍生金融資產：無	第三級	柏力克－舒爾斯模式 主要不可觀察輸入數據為： 匯率波動(附註a)
Unlisted equity investments	Equity instruments at FVTOCI: RMB44,434,000 Equity investments at FVTPL: RMB19,518,000	Equity instruments at FVTOCI: RMB53,520,000 Equity investments at FVTPL: RMB19,518,000	Level 3	Market approach Key unobservable inputs: (1) Revenue growth rate; (2) P/S multiples of selected comparable companies (Note b)
非上市股權投資	按公允值計入其他全面收益的權益工具： 人民幣44,434,000元 按公允值計入損益的股權投資： 人民幣19,518,000元	按公允值計入其他全面收益的權益工具： 人民幣53,520,000元 按公允值計入損益的股權投資： 人民幣19,518,000元	第三級	市場法 主要不可觀察輸入數據為： (1) 收入增長率； (2) 選定可資比較公司的市銷率倍數(附註b)

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32. FAIR VALUE MEASUREMENT (Continued)

32. 公允值計量 (續)

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

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產／負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	30 June 2022 (unaudited) 二零二二年六月三十日 (未經審核)	31 December 2021 (audited) 二零二一年十二月三十一日 (經審核)		
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB139,288,000 按公允值計入其他全面收益的權益工具： 人民幣139,288,000元	Equity instruments at FVTOCI: RMB67,331,000 按公允值計入其他全面收益的權益工具： 人民幣67,331,000元	Level 3 第三級	Backsolve from recent transaction price 從近期交易價的倒推
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: nil 按公允值計入其他全面收益的權益工具：無	Equity instruments at FVTOCI: RMB57,911,000 按公允值計入其他全面收益的權益工具： 人民幣57,911,000元	Level 3 第三級	Income approach 收入法 Key unobservable inputs: (1) Long-term revenue growth rates, taking into account of management's experience and knowledge of market conditions of the specific industry; (2) Weighted average cost of capital (Note c) 主要不可觀察輸入數據： (1) 長期收入增長率，經考慮管理層的經驗及對某行業市況的認知； (2) 加權平均資本成本(附註c)

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32. FAIR VALUE MEASUREMENT (Continued)

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

Note a: The higher the volatility of the foreign exchange rate, the higher the fair value.

Note b: The higher the revenue growth rate, the higher the fair value. The higher the P/S multiples, the higher the fair value.

Note c: The higher the long-term revenue growth, the higher the fair value. The higher the weighted average cost of capital, the lower the fair value.

There is no transfer among Level 1, 2 and 3 during the period.

32. 公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

附註a: 匯率愈波動，公允值愈高。

附註b: 收入增長率愈高，公允值愈高。市銷率倍數愈高，公允值愈高。

附註c: 長期收益增長愈高，公允值愈高；加權平均資本成本愈高，公允值愈低。

期內第一、二級與第三級之間並無轉移。

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32. FAIR VALUE MEASUREMENT (Continued)

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

Reconciliation of Level 3 fair value measurements of financial assets

32. 公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts 外匯期權合約 RMB'000 人民幣千元	FVTOCI 按公允值計入 其他全面收益 RMB'000 人民幣千元	FVTPL 按公允值計入 損益 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2021 (audited) 於二零二一年一月一日 (經審核)				
Total gains (losses) 收益 (虧損) 總額	(93,155)	134,609	133,352	174,806
– in profit or loss – 於損益	91,224	–	(8,151)	83,073
Purchases 購買	–	38,848	20	38,868
Settlements 結算	–	–	(31,062)	(31,062)
At 30 June 2021 (unaudited) 於二零二一年六月三十日 (未經審核)	(1,931)	173,457	94,159	265,685
At 1 January 2022 (audited) 於二零二二年一月一日 (經審核)	(4,087)	178,762	19,518	194,193
Total (losses) gains (虧損) 收益總額	(7,942)	1,460	–	(6,482)
– in profit or loss – 於損益	(7,942)	–	–	(7,942)
– in other comprehensive income – 於其他全面收益	–	1,460	–	1,460
Purchases 購買	–	3,500	–	3,500
At 30 June 2022 (unaudited) 於二零二二年六月三十日 (未經審核)	(12,029)	183,722	19,518	191,211

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

本公司董事認為，在簡明綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允值相若。

Deloitte.

德勤

TO THE SHAREHOLDERS OF
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 135 to 306, 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, consolidated statement of changes in equity and 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 for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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.

致
舜宇光學科技(集團)有限公司全體股東
(於開曼群島註冊成立的有限公司)

意見

我們已審核載於第135至306頁舜宇光學科技(集團)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，包括於二零二一年十二月三十一日的綜合財務狀況表與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，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，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**」)真實公允地反映 貴集團於二零二一年十二月三十一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，並已按照香港公司條例的披露要求妥為編製。

意見的基礎

我們根據香港會計師公會頒佈的香港核數準則(「**香港核數準則**」)進行審核工作。根據該等準則，我們的責任於本報告「核數師就審核綜合財務報表的責任」一節中進一步詳述。根據香港會計師公會頒佈的《專業會計師道德守則》(「**守則**」)，我們獨立於 貴集團，並已遵循該《守則》履行其他道德責任。我們認為，我們所獲得的審核憑證屬充分及恰當，可為我們的意見提供基準。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在審核綜合財務報表及就此形成意見時處理該等事項，而不會就該等事項單獨發表意見。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

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

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 the expected credit loss ("ECL") of the Group's trade receivables at the end of the reporting period.

基於貿易應收款項對 貴集團合併財務狀況的重要性，以及在報告期末評估 貴集團貿易應收款項的預期信貸虧損（「預期信貸虧損」）時涉及主觀判斷和管理層估計的緣故，我們將貿易應收款項的減值評估確定為一項關鍵審計事項。

As at 31 December 2021, the Group's net trade receivables amounted to RMB5,634,652,000, which represented approximately 14.5% of total assets of the Group. Details of trade receivables are set out in Note 25 to the consolidated financial statements.

於二零二一年十二月三十一日，貴集團的貿易應收款項淨額為人民幣5,634,652,000元，約佔 貴集團總資產的約14.5%。貿易應收款項的詳情載於綜合財務報表附註25。

As disclosed in Note 36(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually.

如綜合財務報表附註36(b)所披露，貴集團管理層通過對具有類似損失模式的各種債務人進行分組，利用減值矩陣模型估計貿易應收款項整個存續期的預期信貸虧損。預估的損失率乃基於 貴集團歷史觀察到債務人於預期壽命間的違約率及前瞻性資訊。另外，對於信貸減值的貿易應收款項個別評估其預期信貸虧損。

How our audit addressed the key audit matter

核數師如何處理關鍵審核事項

Our procedures in relation to impairment assessment of trade receivables included:

我們對貿易應收款項的減值評估的相關程式如下：

- Understanding the internal controls related to providing allowance under ECL model;
- 瞭解與預期信貸虧損模式下的撥備相關的內部監控；
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2021, on a sample basis, by comparing individual items in the analysis with supporting documents;
- 測試管理層用於建立減值矩陣模型所使用到的資訊的完整性，包括通過分析比較單個項目相關的支持文件，對二零二一年十二月三十一日的貿易應收款項進行賬齡分析抽樣測試；
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2021, including their identification of credit impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors 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 historical default rates and forward-looking information); and
- 質疑管理層在確定二零二一年十二月三十一日的貿易應收款項信貸虧損撥備的依據和判斷，包括管理層對信用減值的貿易應收款項的識別，對其他貿易應收款項在減值矩陣模型中分出不同組別的合理性，以及矩陣中各組適用的預計損失率的依據（參考歷史違約率及前瞻性資訊）；及
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes 25 and 36(b) to the consolidated financial statements.
- 評估綜合財務報表附註25和36(b)中有關貿易應收款項減值評估的披露。

Independent Auditor's Report

獨立核數師報告

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事負責其他資料。其他資料包括年報中載列的資料，但不包括綜合財務報表及核數師報告。

我們就綜合財務報表的意見並未包含其他資料且我們並不就其他資料表達任何形式的確定性結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他資料，並在閱讀過程中考慮其他資料是否與綜合財務報表或我們於審計中得知的情況存在重大不符，或者似乎有重大錯誤陳述。倘基於我們所作工作，我們斷定倘其他資料存在重大錯誤陳述，則我們須匯報該事實。就此而言，我們並無須匯報的內容。

董事責任及綜合財務報表負責管治人員的責任

貴公司董事負責遵照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之披露規定編製呈列真實及公允意見的綜合財務報表，以及董事認定為必要的內部監控，使綜合財務報表的編製並無由於欺詐或錯誤導致的重大錯誤陳述。

於編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，披露有關持續經營事項（如適用）及採用持續經營會計基準，除非董事擬對 貴集團進行清算或終止經營，或別無他法而只能如此。

負責管治的人士負責監督 貴集團財務報告程序。

Independent Auditor's Report

獨立核數師報告

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional 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.

核數師審計綜合財務報表的責任

我們的目的為就綜合財務報表總體上是否不存在重大錯誤陳述（不論其由欺詐或錯誤引起）提供合理保證，並按照我們協定的委聘條款向閣下（作為一個團體）發出一份包括我們的意見在內的核數師報告，除此之外，並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。儘管合理保證為高層次保證，但並不能保證根據香港會計準則實施的審計總能檢查出實際存在的重大錯誤陳述。重大錯誤陳述可由欺詐或錯誤引起，且倘合理預期該錯誤陳述（個別或整體）影響綜合財務報表使用者的經濟決策，則被視為重大錯誤陳述。

作為根據香港會計準則進行審計的一部分，我們於整個審計過程中作出專業判斷並保持專業的懷疑態度。我們亦：

- 識別及評估綜合財務報表的重大錯誤陳述的風險（不論其由欺詐或錯誤引起），設計及實施審計程序以應對該等風險，並取得充分及恰當的審計憑證作為我們意見的依據。未能發現欺詐所導致的重大錯誤陳述的風險大於由於錯誤引起重大錯誤陳述的風險，原因是欺詐可能會涉及勾結、偽造、故意遺漏、不實陳述或凌駕於內部控制之上。
- 了解與審計相關的內部控制以設計恰當的審計程序，但並非為了就貴集團內部控制的有效性表達意見。
- 評估董事所用會計政策的恰當性及所作會計估計及有關披露的合理性。

Independent Auditor's Report 獨立核數師報告

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 就董事使用持續經營會計基準的恰當性進行斷定，並依據所取得的審計憑證，斷定是否存在與可能會對 貴集團持續經營的能力產生重大疑問的事件或狀況有關的重大不確定因素。倘我們斷定存在重大不確定因素，則我們須於核數師報告內就綜合財務報表的相關披露提請注意，或倘該等披露不充分，則修訂我們的意見。我們的結論乃基於直至我們的核數師報告日期所取得的審計憑證。然而，未來事件或狀況可能使得 貴集團終止持續經營。
- 就綜合財務報表的整體呈列、架構及內容（包括披露）及綜合財務報表是否公平反映有關交易及事項進行評估。
- 就 貴集團實體或業務活動的財務資料取得充分恰當的審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們對我們的審計意見負有完全責任。

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

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

我們與負責管治的人員就（其中包括）審計的計劃範圍及時間以及重大審計發現進行溝通，包括於審計期間我們所發現的內部控制中的任何重大缺陷。

我們亦向負責管治的人員提供表明我們已遵守有關獨立性的道德規定的聲明，並與彼等溝通所有被合理認為可能影響獨立性的關係及其他事項，以及在適用之情況下，採取消除威脅之行動或所應用之防範措施。

Independent Auditor's Report

獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Jacky Wong Suk Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 March 2022

根據與負責管治的人員進行溝通的事項，我們對當期綜合財務報表審計中屬重大而因此屬關鍵審計事項作出判定。我們於我們的核數師報告內對該等事項進行陳述，除非法律或法規不允許向公眾披露該等事項，或在極其罕有的情況下，我們認為在合理的預期內披露該等事項的負面後果大於對公眾利益帶來的好處，因而決定在我們的報告內不予披露該等事項。

獨立核數師報告的審計委聘合夥人為黃淑雄先生。

德勤•關黃陳方會計師行
執業會計師
香港

二零二二年三月二十二日

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 截至二零二一年十二月三十一日止年度

	NOTES 附註	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Revenue 收入	5, 6	37,496,852	38,001,765
Cost of sales 銷售成本		(28,760,659)	(29,303,890)
Gross profit 毛利		8,736,193	8,697,875
Other income 其他收益	7(a)	689,949	510,390
Other gains and losses 其他收益及虧損	7(b)	99,065	187,257
Impairment losses under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回		(5,182)	12,218
Selling and distribution expenses 銷售及分銷開支		(274,105)	(313,478)
Research and development expenditure 研發開支		(2,642,196)	(2,499,090)
Administrative expenses 行政開支		(757,592)	(718,568)
Share of results of associates 分佔聯營公司業績	18	19,007	20
Finance costs 融資成本	8	(230,252)	(233,740)
Profit before tax 除稅前溢利		5,634,887	5,642,884
Income tax expense 所得稅開支	9	(578,972)	(702,630)
Profit for the year 年內溢利	10	5,055,915	4,940,254
Other comprehensive income (expense) 其他全面收益 (開支)			
<i>Item that will not be reclassified to profit or loss:</i> 不會重新分類至損益的項目：			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax 按公允價值計入其他全面收益 (「按公允價值計入其他全面收益」) 的 權益工具投資的公允價值收益，扣除所得稅		2,808	18,977
<i>Item that may be reclassified subsequently to profit or loss:</i> 其後可重新分類至損益的項目：			
Exchange differences arising on translation of foreign operations 換算海外業務所產生的匯兌差額		(4,271)	(41,606)
Other comprehensive expense for the year 年內其他全面開支		(1,463)	(22,629)
Total comprehensive income for the year 年內全面收益總額		5,054,452	4,917,625
Profit for the year attributable to: 應佔年內溢利：			
Owners of the Company 本公司股東		4,988,007	4,871,793
Non-controlling interests 非控股權益		67,908	68,461
		5,055,915	4,940,254
Total comprehensive income for the year attributable to: 應佔年內全面收益總額：			
Owners of the Company 本公司股東		4,987,488	4,849,009
Non-controlling interests 非控股權益		66,964	68,616
		5,054,452	4,917,625
Earnings per share – Basic (RMB cents) 每股盈利 – 基本 (人民幣分)	12	456.52	445.78
– Diluted (RMB cents) – 攤薄 (人民幣分)	12	455.93	445.14

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2021 於二零二一年十二月三十一日

	NOTES 附註	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS 非流動資產			
Property, plant and equipment 物業、機器及設備	14	8,303,229	7,513,193
Right-of-use assets 使用權資產	15	504,684	480,005
Investment properties 投資物業	16	40,380	40,907
Intangible assets 無形資產	17	306,926	363,137
Interests in associates 於聯營公司的權益	18	201,641	1,953
Deferred tax assets 遞延稅項資產	19	255,651	207,332
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	20	471,595	359,086
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	21	178,762	134,609
Financial assets at fair value through profit or loss ("FVTPL") 按公允值計入損益(「按公允值計入損益」)的金融資產	23	19,518	206,236
Time deposits 定期存款	26	500,000	500,000
Goodwill 商譽		2,119	2,119
		10,784,505	9,808,577
CURRENT ASSETS 流動資產			
Inventories 存貨	24	5,481,858	5,783,071
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	25	7,448,385	8,212,025
Derivative financial assets 衍生金融資產	27	27,237	21,307
Financial assets at FVTPL 按公允值計入損益的金融資產	23	8,314,143	8,480,186
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	–	52,823
Amount due from a related party 應收一名關連人士款項	41(c)	327	–
Pledged bank deposits 已抵押銀行存款	26	18,292	3,438
Short term fixed deposits 短期定期存款	26	1,093,914	234,917
Bank balances and cash 銀行結餘及現金	26	5,605,179	2,841,771
		27,989,335	25,629,538

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2021 於二零二一年十二月三十一日

	NOTES 附註	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
CURRENT LIABILITIES 流動負債			
Trade and other payables 貿易及其他應付款項	28	9,868,687	10,733,364
Amounts due to related parties 應付關連人士款項	41(c)	6,934	6,996
Derivative financial liabilities 衍生金融負債	27	40,446	101,888
Contract liabilities 合約負債	29	178,101	131,191
Tax payable 應付稅項		188,022	314,804
Bank borrowings – current portion 銀行借貸 – 即期部分	30	1,538,897	2,070,611
Lease liabilities – current portion 租賃負債 – 即期部分	31	46,271	43,580
Deferred income – current portion 遞延收入 – 即期部分	32	6,099	8,695
		11,873,457	13,411,129
NET CURRENT ASSETS 流動資產淨值			
		16,115,878	12,218,409
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債			
		26,900,383	22,026,986
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債	19	1,015,890	888,809
Derivative financial liabilities 衍生金融負債	27	5,057	4,782
Long term payables 長期應付款項	28	172,044	245,636
Bank borrowings – non-current portion 銀行借貸 – 非即期部分	30	700,000	–
Lease liabilities – non-current portion 租賃負債 – 非即期部分	31	107,999	96,899
Deferred income – non-current portion 遞延收入 – 非即期部分	32	188,504	68,855
Bonds payable 應付債券	33	3,815,623	3,895,888
		6,005,117	5,200,869
NET ASSETS 資產淨值			
		20,895,266	16,826,117
CAPITAL AND RESERVES 股本及儲備			
Share capital 股本	34	105,163	105,163
Reserves 儲備		20,482,909	16,492,061
Equity attributable to owners of the Company 本公司股東應佔權益		20,588,072	16,597,224
Non-controlling interests 非控股權益		307,194	228,893
TOTAL EQUITY 權益總額			
		20,895,266	16,826,117

The consolidated financial statements on pages 135 to 306 were approved and authorised for issue by the Board of Directors on 22 March 2022 and are signed on its behalf by:

載於第135至306頁之綜合財務報表經董事會於二零二二年三月二十二日批准及授權刊發，並由下列董事代表簽署：

Mr. YE Liaoning
葉遼寧先生
CHAIRMAN
主席

Mr. SUN Yang
孫泱先生
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	Attributable to owners of the Company 本公司股東應佔												Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Discretionary surplus reserve	Other reserves	Shares held under share award scheme	Share award scheme reserve	FVTOCI reserve	Translation reserve	Retained profits	Sub-Total		
	股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	特別儲備 RMB'000 人民幣千元	法定盈餘儲備 RMB'000 人民幣千元 (附註a) (附註a)	酌情盈餘儲備 RMB'000 人民幣千元 (附註a) (附註a)	其他儲備 RMB'000 人民幣千元 (附註b) (附註b)	根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	股份獎勵計劃儲備 RMB'000 人民幣千元	按公允值計入其他全面收益列賬的儲備 RMB'000 人民幣千元 (附註c) (附註c)	換算儲備 RMB'000 人民幣千元	保留盈利 RMB'000 人民幣千元	小計 RMB'000 人民幣千元	非控股權益 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	105,163	1,846	149,800	31,003	916	427,412	(217,607)	82,237	(18,847)	3,430	11,987,534	12,552,887	173,290	12,726,177
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	4,871,793	4,871,793	68,461	4,940,254
Other comprehensive income (expense) for the year 年內其他全面收益(開支)	-	-	-	-	-	-	-	-	18,977	(41,761)	-	(22,784)	155	(22,629)
Total comprehensive income (expense) for the year 年內全面收益(開支)總額	-	-	-	-	-	-	-	-	18,977	(41,761)	4,871,793	4,849,009	68,616	4,917,625
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(151,397)	-	-	-	-	(151,397)	-	(151,397)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	151,811	-	-	-	151,811	-	151,811
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	111,380	(137,417)	-	-	26,037	-	-	-
Acquisition of additional interest of a subsidiary from non-controlling interests ("NCI") 自非控股權益(「非控股權益」)收購一家附屬公司的額外權益	-	-	(8,628)	-	-	-	-	-	-	-	-	(8,628)	(13,013)	(21,641)
Dividends paid (Note 11) 已付股息(附註11)	-	(1,846)	-	-	-	-	-	-	-	-	(796,661)	(798,507)	-	(798,507)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	-	2,049	2,049	-	2,049
Appropriation 轉撥	-	-	-	-	-	14,607	-	-	-	-	(14,607)	-	-	-
At 31 December 2020 於二零二零年十二月三十一日	105,163	-	141,172	31,003	916	442,019	(257,624)	96,631	130	(38,331)	16,076,145	16,597,224	228,893	16,826,117
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	4,988,007	4,988,007	67,908	5,055,915
Other comprehensive income (expense) for the year 年內其他全面收益(開支)	-	-	-	-	-	-	-	-	2,808	(3,327)	-	(519)	(944)	(1,463)
Total comprehensive income (expense) for the year 年內全面收益(開支)總額	-	-	-	-	-	-	-	-	2,808	(3,327)	4,988,007	4,987,488	66,964	5,054,452
Purchase of shares under share award scheme (Note 42) 根據股份獎勵計劃購買股份(附註42)	-	-	-	-	-	-	(212,183)	-	-	-	-	(212,183)	-	(212,183)
Recognition of equity-settled share-based payments (Note 42) 確認以權益結算股份支付的款項(附註42)	-	-	-	-	-	-	-	188,278	-	-	-	188,278	-	188,278
Shares vested under share award scheme (Note 42) 根據股份獎勵計劃歸屬的股份(附註42)	-	-	-	-	-	-	145,308	(165,425)	-	-	20,117	-	-	-
Capital contribution from NCI 非控股權益注資	-	-	-	-	-	-	-	-	-	-	-	-	27,110	27,110
Acquisition of additional interest of a subsidiary from NCI 自非控股權益收購一家附屬公司的額外權益	-	-	(994)	-	-	-	-	-	-	-	-	(994)	(476)	(1,470)
Dividends paid (Note 11) 已付股息(附註11)	-	-	-	-	-	-	-	-	-	-	(974,003)	(974,003)	-	(974,003)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	-	2,262	2,262	-	2,262
Dividends paid to NCI 支付予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	-	-	(15,297)	(15,297)
Appropriation 轉撥	-	-	-	-	-	6,113	-	-	-	-	(6,113)	-	-	-
At 31 December 2021 於二零二一年十二月三十一日	105,163	-	140,178	31,003	916	448,132	(324,499)	119,484	2,938	(41,658)	20,106,415	20,588,072	307,194	20,895,266

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

Notes:

- (a) The statutory surplus reserve and discretionary surplus reserve are non-distributable and the transfer to these reserves is determined by the Board of Directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.
- (b) Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the Board of Directors of the PRC subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.
- (c) The Group irrevocably elected to designate certain investments in equity instruments as at FVTOCI and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註：

- (a) 法定盈餘儲備及酌情盈餘儲備不可用作分派，轉撥至該等儲備的款項須由於中華人民共和國（「中國」）成立的附屬公司的董事會根據附屬公司的章程細則釐定。法定盈餘儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。酌情盈餘儲備可用作擴展本公司中國附屬公司的現有業務。
- (b) 其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中國附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。
- (c) 本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定股權投資的公允值變動所產生的收益或虧損有關。

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
OPERATING ACTIVITIES 經營活動		
Profit before tax 除稅前溢利	5,634,887	5,642,884
Adjustments for: 調整:		
Share of results of associates 分佔聯營公司業績	(19,007)	(20)
Depreciation of property, plant and equipment 物業、機器及設備折舊	1,638,067	1,513,407
Depreciation of right-of-use assets 使用權資產折舊	60,845	54,285
Depreciation of investment properties 投資物業折舊	4,633	4,391
Amortisation of intangible assets 無形資產攤銷	56,211	56,202
Allowance for inventories 存貨撥備	132,374	245,674
Impairment loss under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回	5,182	(12,218)
(Gain) loss on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動的(收益)虧損淨額	(67,097)	111,002
Loss (gain) on fair value changes of financial assets at FVTPL 按公允價值計入損益的金融資產公允價值變動的虧損(收益)	1,769	(86,243)
Loss on disposal of property, plant and equipment 出售物業、機器及設備虧損	1,350	11,156
Loss on disposal of a subsidiary 出售一家附屬公司的虧損	-	1,673
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	188,278	151,811
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收入	(97,112)	(47,230)
Interest income from debt instruments 債務工具利息收入	(4,400)	(9,335)
Investment income from unlisted financial products at FVTPL 來自按公允價值計入損益的非上市金融產品的投資收入	(302,638)	(215,042)
Finance costs 融資成本	230,252	233,740
Net foreign exchange gain 外匯收益淨額	(81,518)	(297,945)
Loss (gain) on lease termination 租賃終止虧損(收益)	935	(54)

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	7,383,011	7,358,138
Decrease (increase) in inventories 存貨減少(增加)	168,839	(882,783)
Decrease in trade and other receivables and prepayment 貿易及其他應收款項及預付款項減少	833,615	1,453,392
Increase in amount due from a related party 應收一名關連人士款項增加	(327)	-
Decrease in trade and other payables 貿易及其他應付款項減少	(942,589)	(496,536)
Increase in contract liabilities 合約負債增加	46,910	47,989
Increase (decrease) in deferred income 遞延收入增加(減少)	117,053	(6,450)
Decrease in amounts due to related parties 應付關連人士款項減少	(62)	(502)
Cash generated from operations 經營活動所得現金	7,606,450	7,473,248
Income taxes paid 已付所得稅款項	(627,488)	(313,237)
NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額	6,978,962	7,160,011
INVESTING ACTIVITIES 投資活動		
Placement of short term fixed deposits 存放短期定期存款	(1,540,339)	(958,277)
Placement of time deposits 存放定期存款	-	(500,000)
Withdrawal of short term fixed deposits 提取短期定期存款	681,342	738,360
Purchases of property, plant and equipment 購置物業、機器及設備	(2,082,924)	(2,332,864)
Payments for leasehold lands 租賃土地付款	(22,705)	(81,655)
Payment for intangible assets 無形資產付款	(40,252)	(39,738)
Placement of pledged bank deposits 存放已抵押銀行存款	(16,508)	(3,375)
Release of pledged bank deposits 解除已抵押銀行存款	1,654	6,050
Purchases of unlisted financial products 收購非上市金融產品	(46,718,495)	(59,212,284)
Release of unlisted financial products 解除非上市金融產品	46,923,800	56,303,979
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	(443,056)	(344,093)
Purchase of debt instruments at FVTPL 收購按公允值計入損益的債務工具	-	(77,617)
Purchase of fund instruments at FVTPL 收購按公允值計入損益的基金工具	-	(619,227)
Purchase of debt instruments at amortised cost 收購按攤銷成本計量的債務工具	-	(29,262)
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	(20)	-
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(40,849)	(100)
Interest and investment income received 已收利息及投資收入	329,143	247,968
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	58,568	62,108
Proceeds from disposal of equity instruments at FVTPL 出售按公允值計入損益的權益工具所得款項	31,062	-
Proceeds from disposal of a debt instrument at FVTPL 出售一項按公允值計入損益的債務工具所得款項	32,427	81,668
Proceeds from disposal of fund instruments at FVTPL 出售按公允值計入損益的基金工具所得款項	-	729,226
Repayment from debt instruments at amortised cost 按攤銷成本計量的債務工具的償還款項	51,691	54,200
Investment in an associate 於一間聯營公司之投資	(106,040)	(1,250)
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(2,901,501)	(5,976,183)

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
FINANCING ACTIVITIES 融資活動		
Interest paid 已付利息	(222,125)	(224,439)
Dividends paid 已付股息	(987,038)	(796,458)
New bank borrowings raised 新增銀行借貸	5,557,947	3,810,422
Repayment of bank borrowings 償還銀行借貸	(5,354,662)	(2,793,677)
Repayments of lease liabilities 償還租賃負債	(48,981)	(45,065)
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(212,183)	(151,397)
Acquisition of additional interest of a subsidiary from NCI 自非控股權益收購一家附屬公司的額外權益	(1,470)	(21,641)
Capital contribution from NCI 於非控股權益獲得的注資	27,110	-
NET CASH USED IN FINANCING ACTIVITIES 融資活動所用現金淨額	(1,241,402)	(222,255)
NET INCREASE IN CASH AND CASH EQUIVALENTS 現金及現金等值項目增加淨額	2,836,059	961,573
CASH AND CASH EQUIVALENTS AT 1 JANUARY 於一月一日的現金及現金等值項目	2,841,771	1,917,239
Effect of foreign exchange rate changes 匯率變動的影響	(72,651)	(37,041)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, 於十二月三十一日的現金及現金等值項目， represented by bank balances and cash 以銀行結餘及現金呈列	5,605,179	2,841,771

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

1. GENERAL INFORMATION

Sunny Optical Technology (Group) Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited with effect from 15 June 2007. Its ultimate holding and parent company is Sun Xu Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Wang Wenjian, also a director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

1. 概況資料

舜宇光學科技(集團)有限公司(「**本公司**」)於二零零六年九月二十一日在開曼群島根據開曼群島公司法第22章(一九六一年第三條法例，經綜合及修訂，以前稱為公司法)註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯合交易所有限公司上市，最終控股及母公司為舜旭有限公司，一間於英屬處女群島註冊成立的私人有限公司，而最終控股人士為王文鑒先生，亦為本公司董事。本公司註冊辦事處及主要營業地點的地址乃於年報公司資料一節披露。

本公司為一間投資控股公司。本公司及其附屬公司(統稱「**本集團**」)主要從事設計、研究與開發、生產及銷售光學及光學相關產品與科學儀器業務。

綜合財務報表以人民幣(「**人民幣**」)呈列，人民幣亦為本公司的功能貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用經修訂香港財務報告準則（「香港財務報告準則」）

於本年度強制生效的經修訂香港財務報告準則

於本年度，本集團已首次應用下列由香港會計師公會（「香港會計師公會」）頒佈的經修訂香港財務報告準則，其於二零二一年一月一日或之後開始年度期間強制生效，以編製綜合財務報表：

香港財務報告準則第16號（修訂本）	2019冠狀病毒病相關之租金寬減
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號（修訂本）	利率基準改革 – 第2階段

此外，本集團應用國際會計準則理事會轄下國際財務報告準則詮釋委員會（「委員會」）於二零二一年六月作出的議程決定，該決定釐清實體於釐定存貨可變現淨值時應將成本計為「銷售所需估計成本」。

於本年度應用經修訂香港財務報告準則對本集團於目前及以往年度的財務狀況及表現及／或該等綜合財務報表所載之披露並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	<i>Insurance Contracts and the related Amendments</i> ³
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ³
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ³
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ³
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> ²
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i> ²

2. 應用經修訂香港財務報告準則（「香港財務報告準則」）（續）

已發行但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採用以下已頒佈但尚未生效的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	保險合同及相關修訂本 ³
香港財務報告準則第3號（修訂本）	概念框架之提述 ²
香港財務報告準則第10號及香港會計準則第28號（修訂本）	投資者及其聯營公司或合資企業出售或注入資產 ⁴
香港財務報告準則第16號（修訂本）	二零二一年六月三十日後的2019冠狀病毒病相關之租金寬減 ¹
香港會計準則第1號（修訂本）	負債分類為流動或非流動及香港詮釋第5號（二零二零年）之相關修訂本 ³
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）	會計政策之披露 ³
香港會計準則第8號（修訂本）	會計估計之定義 ³
香港會計準則第12號（修訂本）	與單一交易產生之資產及負債有關之遞延稅項 ³
香港會計準則第16號（修訂本）	物業、機器及設備 – 擬定用途前之所得款項 ²
香港會計準則第37號（修訂本）	虧損性合約 – 履行合約之成本 ²
香港財務報告準則（修訂本）	香港財務報告準則二零一八年至二零二零年之年度改進 ²

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

- 1 Effective for annual periods beginning on or after 1 April 2021.
- 2 Effective for annual periods beginning on or after 1 January 2022.
- 3 Effective for annual periods beginning on or after 1 January 2023.
- 4 Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

2. 應用經修訂香港財務報告準則（「香港財務報告準則」）（續）

已發行但尚未生效之新訂及經修訂香港財務報告準則（續）

- 1 於二零二一年四月一日或之後開始之年度期間生效。
- 2 於二零二二年一月一日或之後開始之年度期間生效。
- 3 於二零二三年一月一日或之後開始之年度期間生效。
- 4 於一個待定日期或之後開始之年度期間生效。

本公司董事預期應用所有新訂及經修訂香港財務報告準則於可預見的未來將不會對綜合財務報表產生重大影響。

3. 綜合財務報表之編製基準及重要會計政策

3.1 綜合財務報表之編製基準

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則（「**上市規則**」）及香港公司條例規定之適用披露資料。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.1 綜合財務報表之編製基準(續)

綜合財務報表乃按歷史成本基準編製，惟下文會計政策所解釋在各報告期末按公允值計量的若干金融工具除外。

歷史成本一般按交換商品及服務之代價之公允值計算。

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或採用其他估值技巧估計。於估計資產或負債的公允值時，倘市場參與者可能考慮資產或負債的特色，則本集團將於計量日期為資產或負債定價時考慮有關特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟香港財務報告準則第2號以股份為基礎之付款範圍內之以股份支付的交易、根據香港財務報告準則第16號列作租賃交易以及與公允值相似但並非公允值之計量(如香港會計準則第2號存貨之可變現淨值或香港會計準則第36號資產減值之使用價值)除外。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.1 綜合財務報表之編製基準(續)

按公允值交易之金融工具，凡於其後期間應用以不可觀察輸入數據計量公允值之估值方法，估值方法應予校正，以致於首次確認時估值方法之結果相等於交易價格。

此外，就財務報告目的而言，根據可觀察公允值計量的輸入數據及公允值計量的輸入數據對其整體的重要性程度，公允值計量分為第一級、第二級或第三級，於下文有所說明：

- 第一級輸入數據乃實體於計量日期可得出之自相同資產或負債於活躍市場中所報的未調整價格；
- 第二級輸入數據乃資產或負債的直接或間接可觀察輸入數據，惟第一級所含報價除外；及
- 第三級輸入數據乃自資產或負債的不可觀察輸入數據。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策

綜合基準

綜合財務報表包括本公司、本公司所控制實體及其附屬公司的財務報表。當本公司擁有以下權力時，則視為獲得控制權：

- 於投資對象擁有權力；
- 因參與投資對象業務而可能或有權獲得可變回報；及
- 有能力行使其權力影響該等回報。

倘有事實及情況顯示上述三個控制因素中之一項或多項出現變化，本集團將重新評估其是否對投資對象擁有控制權。

本集團獲得附屬公司控制權時即對其綜合入賬，而當本集團失去附屬公司控制權時，即不再對其綜合入賬。具體而言，自本集團獲得附屬公司控制權之日計起，直至本集團不再擁有附屬公司控制權之日止，本年度收購或出售附屬公司之收入及開支將列入綜合損益及其他全面收益表內。

溢利或虧損及其他全面收益各項均歸屬於本公司股東及非控股權益。附屬公司的全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益產生赤字差額。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

綜合基準(續)

附屬公司之財務報表會於需要的情況下作出調整，以使其會計政策與本集團的會計政策一致。

本集團內公司間之所有資產及負債、權益、收入、開支及有關本集團成員公司間交易之現金流量均於綜合賬目時全面抵銷。

附屬公司非控股權益與本集團於其中的權益分開呈列，其代表現時所有權益且於清盤時賦予其持有人按比例分佔相關附屬公司資產淨值之非控股權益。

本集團於現有附屬公司權益之變動

本集團於附屬公司的權益之變動並不導致本集團失去對附屬公司的控制權，並以權益交易入賬。本集團之權益及非控股權益相關組成部分之賬面值均予以調整，以反映彼等於附屬公司相關權益之變動，包括根據本集團與非控股權益的權益比例重新歸屬本集團與非控股權益間的有關儲備。

經調整之非控股權益金額與已支付或已收取代價之公允值間之任何差額乃直接於權益確認，並歸屬於本公司股東。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

綜合基準(續)

本集團於現有附屬公司權益之變動(續)

倘本集團失去對一家附屬公司之控制權，即終止確認該附屬公司的資產與負債及非控股權益(如有)。收益或虧損於損益內確認，並計量：(i)所收取代價之公允值及任何保留權益的公允值總和與(ii)資產(包括商譽)之賬面值及歸屬於本公司股東的附屬公司之負債之間的差額。早前於其他全面收益確認之有關附屬公司的全部金額將會以猶如本集團已直接出售附屬公司相關資產或負債之方式入賬(即如適用香港財務報告準則所指定/許可，重新分類至損益或轉撥至另一類別權益)。於失去控制權當日仍保留於前附屬公司之任何投資公允值，則根據香港財務報告準則第9號或被視為其後入賬時初步確認之公允值或(如適用)於聯營公司或合資企業投資的初步確認成本。

業務合併

收購業務採用收購法入賬。業務合併之轉撥代價按公允值計量，而計算方法為本集團所轉讓之資產、本集團對所收購方原擁有人產生之負債及本集團於交換所收購方之控制權發行之股權於收購日期之公允值總額。有關收購之成本一般於產生時於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

除若干確認豁免外，所收購之可識別資產及所承擔之負債必須符合編製及呈列財務報表之框架（於二零一零年十月被財務報告概念框架所取代）下資產及負債之定義。

於收購日期，所收購之可識別資產及承擔之負債乃按彼等之公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關資產或負債分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與所收購方以股份為基礎付款安排有關或與本集團訂立之以股份為基礎付款安排以取代所收購方以股份為基礎付款安排有關之負債或權益工具，乃於收購日期按香港財務報告準則第2號*以股份為基礎之付款*計量（見下文會計政策）；
- 根據香港財務報告準則第5號*待售非流動資產及已終止業務*分類為待售資產（或出售組別）按該準則計量；及

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

- 租賃負債按剩餘租賃付款 (定義見香港財務報告準則第16號) 的現值確認及計量，猶如收購的租賃於收購日期為新租賃，惟(a)租賃期限於收購日期12個月內結束；或(b)相關資產為低價值的租賃除外。使用權資產按與相關租賃負債相同的金額確認及計量，並進行調整以反映與市場條件相比租賃的有利或不利用條款。

商譽是以所轉讓之代價、於所收購方中任何非控股權益所佔金額及收購方以往持有之收購方股權之公允值 (如有) 之總和，扣除於收購日期收購的可供識別資產及承擔的負債之淨值後，所超出之差額計量。倘重新評估後，所收購之可識別資產與所承擔的負債之淨額高於轉讓之代價、於所收購方中任何非控股權益所佔金額以及收購方以往持有之收購方股權之公允值 (如有) 之總和，則差額即時於損益內確認為議價購買收益。

屬現時擁有之權益且於清盤時讓持有人有權按比例分佔相關附屬公司淨資產之非控股權益，可初步按非控股權益應佔被收購方可識別資產淨值的已確認金額比例或公允值計量。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

倘業務合併分階段完成，本集團先前於被收購方持有之股權重新計量至收購日期（即本集團獲得控制權當日）之公允值，而所產生之收益或虧損（如有）於損益或其他全面收益（倘適用）中確認。過往於收購日期前於其他全面收益確認並根據香港財務報告準則第9號計量之被收購方權益所產生數額將按與本集團直接處置過往所持股權所需的相同基準入賬。

商譽

收購業務產生之商譽按於收購業務當日確定之成本（見上文會計政策）減任何累計減值虧損（如有）列賬。

為進行減值測試，商譽乃分配至預期將從合併所帶來的協同效益中受惠的本集團各個現金產生單位（或現金產生單位組合），而該單位或單位組合指就內部管理目的監控商譽的最低水平且不超過經營分類。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

商譽 (續)

獲得商譽分配的現金產生單位 (或現金產生單位組合) 每年進行減值測試及每當有跡象顯示該單位可能出現減值時更為頻繁地進行減值測試。就於某一報告期間收購產生的商譽而言，獲得商譽分配的現金產生單位 (或現金產生單位組合) 於該報告期間結束前進行減值測試。倘可收回金額低於該單位的賬面值，則首先分配減值虧損以減低任何商譽的賬面值，然後按該單位 (或現金產生單位組合) 內各項資產的賬面值所佔比例分配至其他資產。

於出售相關現金產生單位或一組現金產生單位內的任何現金產生單位，商譽的應佔金額計入釐定出售損益之金額。當本集團出售現金產生單位 (或一組現金產生單位中的現金產生單位) 內的業務時，所出售商譽金額按所出售業務 (或現金產生單位) 與所保留現金產生單位 (或一組現金產生單位) 部分的相對價值計量。

本集團就收購一間聯營公司產生之商譽政策載於下文。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

於聯營公司之投資

聯營公司乃本集團對其具有重大影響力之實體。重大影響力指參與投資對象財務及營運決策之權力，而並非對該等政策之控制權或共同控制權。

聯營公司之業績、資產及負債使用權益會計法計入本綜合財務報表。以權益會計法處理之聯營公司財務報表乃按與本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。根據權益法，於聯營公司之投資最初乃按成本值於綜合財務狀況表確認，並於隨後就確認本集團應佔該聯營公司之損益及其他全面收益而作出調整。損益及其他全面收益外的聯營公司資產淨值的變動將不會入賬，除非有關變動導致本集團持有的所有權益發生變更。如本集團應佔聯營公司之虧損超過本集團於聯營公司之權益(包括實質上構成本集團於聯營公司淨投資之任何長期權益)，則本集團會終止確認其應佔之進一步虧損。如本集團已產生法定或推定責任或代表聯營公司支付款項，則就額外虧損作出確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

於聯營公司之投資(續)

於聯營公司的投資乃自投資對象成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔被投資方可識別資產及負債之公允值淨額之差額會確認為商譽，計入投資之賬面值內。倘於重新評估後本集團應佔可識別資產及負債公允值淨額超逾投資成本，則即時於收購投資期間在損益中確認。

本集團評估有否客觀證據顯示聯營公司權益可能減值。如客觀證據存在，則將投資的全部賬面值(包括商譽)作為單一資產根據香港會計準則第36號透過比較其可收回金額(使用價值與公允值減出售成本之較高者)與賬面值測試有否減值。任何確認之減值虧損不會分配至任何資產(包括商譽)，其屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據香港會計準則第36號確認該減值虧損的撥回。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

於聯營公司之投資(續)

倘本集團對聯營公司失去重大影響力，其入賬列作出售被投資方的全部權益，所產生的損益於損益確認。當本集團保留於前聯營公司之權益，且保留權益為香港財務報告準則第9號所界定的金融資產時，本集團於當日按公允值計量保留權益，而公允值則被視為首次確認時之公允值。聯營公司賬面值與任何保留權益之公允值及出售聯營公司相關權益所得任何所得款項之間的差額，乃計入釐定出售聯營公司之損益。此外，本集團將先前在其他全面收益就該聯營公司確認之所有金額入賬，基準與倘該聯營公司直接出售相關資產或負債的基準相同。因此，倘該聯營公司先前已確認其他全面收益之損益，則會於出售相關資產或負債時重新分類至損益，當有關聯營公司出售／部分出售后，本集團將收益或虧損由權益重新分類至損益(作為重新分類調整)。

當於聯營公司的投資變成於合資企業的投資時，本集團繼續使用權益法。在該等所有權權益變動後，並無對公允值的重新計量。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

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

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

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

於聯營公司之投資(續)

當本集團削減於聯營公司之所有權權益但繼續使用權益法時，倘以往於其他全面收益確認有關削減所有權權益之盈虧部分將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

倘一間集團實體與本集團聯營公司交易，與該聯營公司交易所產生之損益僅在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

客戶合約收入

當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關商品或服務的「控制權」轉讓予客戶時確認。

履約義務指不同的商品或服務(或一組商品或服務)或一系列不同的商品或大致相同的服務。

控制權隨時間轉移，而倘滿足以下其中一項標準，則收入乃參照完全滿足相關履約義務的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

客戶合約收入(續)

- 本集團之履約創建或強化資產，該資產於本集團履約時即由客戶控制；或
- 本集團之履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得不同商品或服務控制權的時間點確認。

合約負債指本集團因已自客戶收取對價(或已可自客戶收取對價)，而須轉讓商品或服務予客戶之義務。

合約成本

獲取合約的增量成本

獲取合約的增量成本是本集團為獲取客戶合約而產生的成本，即如果沒有獲得合約，將不會產生有關成本。

倘本集團預期收回該等成本(銷售佣金)，則將有關成本確認為資產。由此確認的資產隨後按轉讓與資產相關的商品或服務予客戶一致的系統性基準於損益攤銷。

倘該等成本原本將在一年內悉數於損益攤銷，則本集團會應用可行權宜方法支付所有取得合約的增量成本。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃

租賃的定義

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。

就於首次應用日期或之後訂立或修改或由業務合併所引致的合約而言，本集團根據香港財務報告準則第16號的定義於初始、修改或收購日期(倘適用)評估該合約是否為租賃或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃(續)

本集團作為承租人

短期租賃及低價值資產租賃

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的部分臨時員工宿舍租賃，本集團應用短期租賃確認豁免。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線基準或另一系統化基準於租期內確認為開支。

使用權資產

使用權資產的成本包括：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；及
- 本集團產生的任何初始直接成本。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted 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.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

使用權資產 (續)

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債之任何重新計量作出調整。

就本集團於租期結束時合理確定獲取相關租賃資產所有權的使用權資產而言，有關使用權資產自開始日期起至使用年期結束期間計提折舊。在其他情況下，使用權資產按直線基準於其估計使用年期及租期（以較短者為準）內計提折舊。

本集團於綜合財務狀況表中將使用權資產呈列為單獨項目。

可退回租賃按金

已支付的可退回租賃按金根據香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為額外的租賃付款，並包括在使用權資產成本中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃(續)

本集團作為承租人(續)

租賃負債

於租賃開始日，本集團按當日尚未支付的租賃付款的現值確認並計量租賃負債。在計算租賃付款的現值時，如果租賃中隱含的利率難以確定，則本集團在租賃開始日使用增量借款利率。

租賃付款包括固定付款(包括實質性的固定付款)減任何應收租賃優惠。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

租賃負債 (續)

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

當租賃條款發生變動時，本集團重新計量租賃負債（及對相關使用權資產作出相應調整），在此情況下，於重新評估日期透過貼現經修訂租賃款項使用經修訂貼現率重新計量相關租賃負債。

本集團於綜合財務狀況表中將租賃負債單獨呈列。

租賃修改

倘出現以下情況，本集團將租賃修改作為一項單獨的租賃入賬：

- 該項修改通過增加使用一項或多項相關資產的權利擴大了租賃範圍；及
- 調增租賃的代價，增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

For a 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 the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃(續)

本集團作為承租人(續)

租賃修改(續)

就未作為一項單獨租賃入賬的租賃修改而言，本集團基於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。

本集團通過對相關使用權資產進行相應調整，以對租約負債進行重新計量。當經修改合約包含租約成份以及一個或多個額外租約或非租約成份時，本集團根據租約成份的相對獨立價格及非租約成份的總獨立價格，將經修改合約中的代價分配至每個租約成份。

本集團作為出租人

租賃的分類及計量

本集團作為出租人的租賃分類為融資租賃或經營租賃。當租賃的條款實質上將與相關資產所有權相關的所有風險及回報轉讓予承租人時，該項合同被分類為融資租賃。所有其他租賃應分類為經營租賃。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Refundable rental deposits

Refundable rental deposits received 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 from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為出租人 (續)

租賃的分類及計量 (續)

經營租賃之租金收入於相關租期內以直線法在損益中確認。於協商及安排經營租賃時引致之初步直接成本乃加至租賃資產之賬面值，有關成本於租賃期內按直線法確認為開支。

可退回租賃按金

已收可退回租賃按金按香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為承租人的額外租賃付款。

租賃修改

不屬於原始條款和條件部分的租賃合約的變更將作為租賃修改入賬，包括透過諒解或減租提供租賃優惠。

本集團自修改生效之日起將經營租賃的變更作為新租賃入賬，並將與原始租賃有關的任何預付款或應計租賃付款作為新租賃的租賃付款的一部分。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies

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

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

外幣

編製各集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易乃按該交易日期之匯率確認。於報告期末，以外幣計值之貨幣項目以當日之匯率重新換算。按公允值列賬且按外幣列值之非貨幣項目乃按釐定公允值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不予重新換算。

貨幣項目結算以及貨幣項目重新換算所產生的匯兌差額於產生期間的損益確認。

為呈列綜合財務報表，本集團海外業務的資產及負債用本集團採用的呈列貨幣(即人民幣)按各報告期末的即期匯率進行折算，除非匯率於該期間波動較大，在此情況下，將使用交易日期的匯率。收入和費用按期內的平均匯率折算。若有任何匯兌差額產生，將於其他全面收益中確認及於權益(換算儲備)(歸屬於非控股權益(如適用))內累計。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

借貸成本

因收購、興建或生產合資格資產(即需相當長時間方可作擬定用途或出售的資產)而直接產生的借貸成本歸入該等資產的成本,直至資產基本上可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益中確認。

政府補助

政府補助於出現合理保證本集團將會遵守附帶的條件及收取補助前,均不會確認。

政府補助於本集團確認該等補助擬作補償之有關成本為開支之期間內按系統基準在損益中確認。尤其是,以本集團應收購、建造或以其他方式取得非流動資產為主要條件的政府補助,乃於綜合財務狀況表中確認為遞延收入,並按系統及合理基準於有關資產的可用年期內轉至損益。

作為已產生開支或虧損之補償或向本集團提供即時財務支持而無日後相關成本而應收與收入有關之政府補助,於其應收取期間在損益中確認。此補助呈列於「其他收益」項下。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

退休福利成本

界定供款的退休福利計劃供款於僱員提供服務而有權獲得供款時確認為開支。

短期僱員福利

短期僱員福利於僱員提供服務時於預期支付的未折現福利金額中確認。除非有另一香港財務報告準則規定或准許短期僱員福利包含於資產成本福利內，否則所有短期僱員福利均確認為開支。

僱員應計福利(例如工資和薪金以及年假)於扣減任何已付金額後確認為負債。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For shares of the Company granted under The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (“**Restricted Shares**”), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award scheme reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award scheme reserve.

When the Restricted Shares are vested, the difference of the amount previously recognised in the share award scheme reserve and the cost of the related Restricted Shares previously acquired by the Group will be transferred to retained profits. When the Restricted Shares are lapsed before the vesting date or are still not vested at the expiry date, the amount of previously recognised in the share award scheme reserve will continue to be held in the share award scheme reserve.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

以股份為基礎之付款

以權益結算股份支付的交易

授予僱員的股份

向僱員及其他提供類似服務的人士作出的以權益結算股份為基礎之付款乃按權益工具於授予日期的公允值計量。

有關舜宇光學科技(集團)有限公司限制性股份獎勵計劃項下授出的本公司股份(「**限制性股份**」)，釐定來自僱員服務的公允值乃參照所授出限制性股份於授出日期的公允值。該公允值以直線法於歸屬期支銷，並相應增加權益(股份獎勵計劃儲備)。於各報告期末，本集團根據對所有有關非市場歸屬狀況的評估重訂對限制性股份於歸屬時的預期股數所作的估計。重訂估計的任何影響(如有)乃於損益中確認，故此，累計開支反映重訂估計，並相應調整股份獎勵計劃儲備。

當限制性股份歸屬時，先前於股份獎勵計劃儲備確認的金額與本集團先前所收購限制性股份成本之間的差額將轉撥至保留盈利。當限制性股份於歸屬日期前失效或於到期日仍未歸屬，則先前於股份獎勵計劃儲備中確認的金額將繼續在股份獎勵計劃儲備內持有。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項根據本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報告的除稅前溢利不同，此乃因其他年度的應課稅或可扣稅收支項目，以及毋須課稅或不可扣稅項目所致。本集團的即期稅項負債根據截至報告期末已頒佈或實質頒佈的稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所採用相應稅基之暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認入賬。遞延稅項資產一般就所有暫時差額確認入賬，惟可能有應課稅溢利用於對銷可扣稅暫時差額。若於一項交易中，因初次確認資產及負債（業務合併除外）而引致之暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。此外，倘初步確認商譽產生暫時差額，遞延稅項負債不會確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

稅項 (續)

遞延稅項負債乃就於附屬公司及聯營公司之投資所產生應課稅暫時差額進行確認，惟倘本集團能控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況則除外。因有關該等投資的可扣減暫時差額而產生的遞延稅項資產僅在可能產生足夠應課稅溢利以使用暫時差額利益並預期能夠在可見將來撥回時確認。

遞延稅項資產的賬面值於各報告期末進行審閱，並會削減至不再可能有足夠應課稅溢利用於收回全部或部分相關資產為止。

遞延稅項資產及負債按償還負債或變現資產的期間內預期適用之稅率，根據報告期末已頒佈或實質頒佈的稅率（及稅法）計算。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

For the purpose of measuring deferred tax of leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirement to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revision to carrying amounts of right-of-use assets and lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

稅項 (續)

遞延稅項負債及資產之計量反映按照本集團所預期方式於報告期末可收回或結算其資產及負債賬面值將出現之稅務後果。

就計量本集團確認使用權資產及相關租賃負債的租賃交易中的遞延稅項而言，本集團首次釐定稅項扣減歸因於使用權或租賃負債。

就當中具有租賃負債所產生之稅項扣減的租賃交易而言，本集團對使用權資產及租賃負債個別應用香港會計準則第12號*所得稅*之規定。由於應用初始確認豁免，故並無確認相關使用權資產及租賃負債於初始確認時的暫時差額。其後對使用權資產及租賃負債之賬面值作出修訂及租賃修訂所產生之暫時差額（不獲初始確認豁免）於重新計量或修訂日期確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories 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.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

稅項(續)

當有合法可強制執行權利將與同一稅務機關向同一納稅實體徵收之所得稅有關的即期稅項資產與即期稅項負債抵銷，則遞延稅項資產及負債可互相對銷。

即期及遞延稅項於損益確認，惟當其與在其他全面收益中確認或直接在權益中確認之項目相關，則即期及遞延稅項亦分別於其他全面收益或直接在權益中確認。倘因業務合併之初步會計方法而產生即期或遞延稅項，有關稅務影響會計入業務合併之會計方法內。

物業、機器及設備

物業、機器及設備指持作生產或供應貨品或服務或作行政用途(在建工程除外)的有形資產，乃按成本減其後累計折舊及後續累計減值虧損(倘有)於綜合財務狀況表中列賬。

用於生產、供應或作行政用途的在建物業以成本減任何已確認的減值虧損列賬。成本包括導致資產處於對於以管理層擬定之方式營運屬必要的情形及條件而直接產生的任何成本及(對合資格資產而言)根據本集團會計政策資本化的借款成本。該等物業於完成且可作擬定用途時，會列作物業、機器及設備之適當類別。該等資產按與其他物業資產相同之方式，於資產可作擬定用途時開始折舊。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

物業、機器及設備(續)

當本集團就包括租賃土地及樓宇部分之物業的所有權作出付款時，租賃土地及樓宇部分的全部代價將以初步確認時的相對公允值的比例分配。倘可合理作出相關款項分配，列賬為經營租賃的租賃土地權益於綜合財務狀況表中呈列作「使用權資產」。倘非租賃樓宇部分與相關租賃土地的未拆分利息間的代價無法合理分配，全部物業均被分類為物業、機器及設備。

物業、機器及設備項目(在建工程除外)以直線法於其估計可使用年期內經扣除剩餘價值後確認折舊以撇銷成本。估計可使用年期、剩餘價值和折舊方法會在各報告期末覆核，而估計的任何變動影響按預期基準列賬。

物業、機器及設備項目於出售後或預計持續使用該資產不會於日後產生經濟利益時取消確認。因出售或報廢物業、機器及設備項目所產生的任何收益或虧損乃釐定為出售所得款項與資產賬面值之間的差額，並於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

投資物業

投資物業乃持作賺取租金及／或資本增值之物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於初始確認後，投資物業按成本減其後累計折舊及任何累計減值虧損列賬。按直線法在投資物業的估計使用年期內且經計及預計殘值後確認折舊，以抵銷投資物業的成本。

投資物業在處置或永久不再使用後且預期處置不會產生未來經濟利益時終止確認。終止確認物業所產生的任何收益或損失(按照資產處置所得款項淨額與賬面值之間的差額計算)在該物業終止確認期間計入損益。

無形資產

分開收購的無形資產

單獨收購的可使用年期有限的無形資產，按成本減累計攤銷及任何累計減值虧損入賬。可使用年期有限的無形資產攤銷於估計可使用年期按直線法確認。估計可使用年期及攤銷方法於各報告期末予以審核，任何估計變動的影響按預期基準入賬。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

無形資產 (續)

內部產生無形資產 – 研發開支

研究活動開支於所產生期間確認為開支。

當且僅當出現所有下列情況時，開發活動（或內部項目的開發期）所產生的內部無形資產方予以確認：

- 完成無形資產以使該無形資產可供使用或出售的技術可行性；
- 完成無形資產及使用或出售該無形資產的意向；
- 使用或出售無形資產的能力；
- 無形資產如何產生可能的未來經濟利益；
- 有足夠的技術、財務及其他資源可用於完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間應佔開支的能力。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditures (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

無形資產 (續)

內部產生無形資產 – 研發開支 (續)

就內部產生的無形資產所初步確認的金額為該無形資產自首度符合上述確認標準之日起已產生的開支總額。倘無內部產生的無形資產可予確認，則開發費用在其產生期間於損益確認。

於首次確認後，內部產生的無形資產按成本減累計攤銷及累計減值虧損（如有）呈報，與單獨收購的無形資產列賬方式相同。

於業務合併中購入的無形資產

業務合併中所購無形資產與商譽分開確認並於收購日期按公允值初步確認（被視為其成本）。

初步確認後，業務合併中具有有限使用年期的所購無形資產按成本減累計攤銷及任何累計減值虧損呈列，該基準與單獨購入的無形資產一致。

無形資產於出售時或當動用或出售預期不會帶來未來經濟利益時終止確認。無形資產終止確認（按出售所得款項淨額與資產賬面值間的差額計量）產生的收益及虧損於資產終止確認時於損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on tangible, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

有形資產、使用權資產及無形資產(商譽除外)減值

於各報告期末，本集團檢討其具有有限可使用年期的有形資產、使用權資產及無形資產的賬面值，以釐定是否有任何跡象顯示該等資產已蒙受減值虧損。倘存在任何該等跡象，則估計該等資產的可收回金額以釐定減值虧損程度(如有)。

有形資產、使用權資產及無形資產之可收回款項乃獨立作出評估。倘無法單獨估計可收回金額，本集團將估計該資產所屬現金產生單位之可收回金額。

於測試現金產生單位的減值時，倘可設立合理及一致的分配基準，則企業資產分配至相關現金產生單位，否則分配至可設立合理及一致分配基準的最小現金產生單位組別。可收回金額按企業資產所屬現金產生單位或現金產生單位組別釐定，並與相關現金產生單位或現金產生單位組別的賬面值相比較。

可收回金額為公允值減出售成本與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產(或現金產生單位)於估計未來現金流量調整前之獨有風險之稅前折算率折算估計未來現金流量至其現值。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on tangible, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

有形資產、使用權資產及無形資產 (商譽除外) 減值 (續)

倘若資產 (或現金產生單位) 的估計可收回金額低於其賬面值, 則資產 (或現金產生單位) 的賬面值將調低至其可收回金額。對於企業資產或無法按合理一致基準分配至現金產生單位的部分企業資產, 本集團將現金產生單位組別的賬面值 (包括企業資產或已分配至該現金產生單位組別的部分企業資產之賬面值) 與現金產生單位組別的可收回金額進行比較。於分配減值虧損時, 減值虧損首先分配以減少商譽的賬面值 (倘適用), 然後根據單位中或現金產生單位組別中每項資產的賬面值按比例分配至其他資產。資產的賬面值不會減少至低於其公允值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零 (以較高值為準)。分配至資產的減值虧損款額按比例分配至單位中或現金產生單位組別中的其他資產。減值虧損即時於損益中確認。

倘減值虧損於其後撥回, 則該項資產 (或現金產生單位或現金產生單位組別) 之賬面值會增加至其經修訂之估計可收回金額, 惟增加後之賬面值不得超出假設過往年度並無就該項資產 (或現金產生單位或現金產生單位組別) 確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益中確認。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

存貨

存貨按成本及可變現淨值的較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減直至完工的全部估計成本及銷售活動所需成本。銷售活動所需成本包括銷售活動直接產生的增量成本及集團銷售活動必須產生的非增量成本。

金融工具

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債方獲確認。所有以正規途徑買賣之金融資產乃按交易日期基準確認及取消確認。正規途徑買賣乃要求於市場法規或慣例所確定之時間框架內交付資產之金融資產買賣。

金融資產及金融負債初步按公允值計量，惟根據香港財務報告準則第15號初步計量的與客戶合約產生的貿易應收款項除外。交易成本直接歸屬於收購或發行金融資產及金融負債(按公允值計入損益的金融資產或金融負債除外)，在初始確認時適當地計入或自金融資產或金融負債的公允值中扣除。直接歸屬於收購按公允值計入損益的金融資產或金融負債的交易成本，即時於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

實際利率法為計算金融資產或金融負債的攤銷成本以及於相關期間內分配利息收入及利息支出的方法。實際利率指在金融資產或金融負債的預計年期內或(如適用)較短期間內準確折算估計未來現金收入及支出(包括構成實際利率整體部分的所有已付或已收的費用及點數、交易成本及其他溢價或折扣)至初步確認時的賬面淨值的利率。

金融資產

金融資產的分類和其後計量

滿足以下條件其後按攤銷成本計量的金融資產：

- 以收取合約現金流量為目的之經營模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

滿足以下條件其後按公允值計入其他全面收益的金融資產：

- 以出售及收取合約現金流量為目的之經營模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

所有其他金融資產其後按公允值計入損益計量，惟在初步確認金融資產當日，倘該股權投資並非持作買賣，亦非收購方於香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇於其他全面收益中呈列股權投資之公允值之其後變動。

倘若出現下列情況，則金融資產將持作買賣：

- 產生之主要目的為於不久將來出售而購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為不指定及有效作為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或按公允值計入其他全面收益計量的金融資產按以公允值計入損益計量。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

(i) 攤銷成本及利息收入

其後按攤銷成本計量的金融資產的利息收入採用實際利率法確認。利息收入按對金融資產的總賬面值應用實際利率的方式計算，惟其後出現信貸減值的金融資產除外。有關其後出現信貸減值的金融資產，利息收入按照應用於該金融資產下一報告期的攤銷成本採用實際利率進行確認。倘信貸減值金融工具的信貸風險得以改善，使金融資產不再出現信貸減值，則利息收入將透過於確定資產不再出現信貸減值後的報告期間開始起對金融資產賬面總值應用實際利率確認。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

(ii) 指定按公允價值計入其他全面收益的權益工具

按公允價值計入其他全面收益之權益工具的投資其後按公允價值計量，其公允價值變動產生的收益及虧損於其他全面收益確認及於按公允價值計入其他全面收益列賬的儲備累計；無須作減值評估。累計損益將不重新分類至出售股權投資之損益，並將轉移至保留盈利。

當本集團有權收取股息時，該等來自於權益工具投資的股息於損益中確認，除非確定該等股息為收回部分投資成本。股息於損益中計入「其他收益」項目中。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including debt instruments at amortised cost, trade and other receivables, amount due from a related party, pledged bank deposits, times deposits, short term fixed deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

(iii) 按公允價值計入損益的金融資產

金融資產如不符合按攤銷成本計量或按公允價值計入其他全面收益計量或指定為按公允價值計入其他全面收益的條件，則按公允價值計入損益的方式計量。

在各報告期末，按公允價值計入損益的金融資產按公允價值計量，而任何公允價值收益或虧損則於損益中確認。於損益確認的收益或虧損淨額不包括金融資產賺取的任何股息或利息及計入「其他收益及虧損」項目下。

金融資產減值

本集團根據預期信貸虧損（「**預期信貸虧損**」）模型對金融資產（包括按攤銷成本計量的債務工具、貿易及其他應收款項、應收一名關連人士款項、已抵押銀行存款、定期存款、短期定期存款及銀行結餘）進行減值評估，其須根據香港財務報告準則第9號進行減值評估。預期信貸虧損金額於各報告日期更新，以反映自初始確認起的信貸風險變動。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

全期預期信貸虧損指於相關工具預期壽命內發生所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損（「**12個月預期信貸虧損**」）則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並根據債務人的特定因素、一般經濟狀況及於報告日期對當前狀況及未來狀況預測的評估而作出調整。

本集團始終就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損乃對已發生信貸減值的債務人個別計提及／或採用撥備矩陣對合適組別進行整體評估。

對於所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初步確認以來信貸風險已大幅上升，在該情況下，本集團確認全期預期信貸虧損。有關應否確認全期預期信貸虧損的評估乃基於自初步確認以來違約的可能性或風險大幅上升。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅上升

於評估信貸風險自初步確認以來有否大幅上升時，本集團比較於報告日期的金融工具違約風險及初步確認日期的金融工具違約風險。作出評估時，本集團考慮合理且有可靠資料證明的定量和定性資料，包括過往經驗及無需付出過多成本或工作下可獲取的前瞻性資料。

尤其，於評估信貸風險有否大幅上升時，將考慮以下資料：

- 金融工具的實際或預期外部 (如有) 或內部信貸評級大幅下降；
- 外部市場信貸風險指標大幅下降 (例如信貸息差 (即債務人信貸違約掉期價格) 大幅上升)；
- 預期現行或預測業務、金融或經濟狀況的不利變化導致債務人履行債務責任的能力大幅下降；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅上升 (續)

- 債務人的實際或預期營運業績大幅下降；
- 債務人法規上、經濟上或技術環境上的實際或預期重大不利變化導致債務人履行債務責任的能力大幅下降。

不論上述評估結果如何，當合約款項逾期超30天時，本集團假設信貸風險自初步確認以來大幅上升，除非本集團有合理及有可靠資料證明情況並非如此。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Despite the foregoing, 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 reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

(i) 信貸風險大幅上升(續)

儘管有上述規定，倘債務工具於報告日期釐定為低信貸風險，本集團假定該債務工具信貸風險自初步確認以來並無大幅上升。一項債務工具倘i)其違約風險低；ii)借款人有很強的能力在近期內履行其合約現金流量責任；及iii)經濟及業務狀況在較長時間內發生不利變化，(但非必然會)減低借款人履行其合約現金流量責任的能力，則將被釐定為低信貸風險。倘一項債務工具的內部或外部信貸評級為「投資評級」(根據全球理解的定義)，本集團認為其信貸風險為低。

本集團定期監察用以識別信貸風險有否大幅上升的標準的成效，並且適時作出修訂，以確保該標準能夠於有關款額逾期前識別信貸風險大幅上升。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(ii) 違約的定義

就內部信貸風險管理而言，本集團認為違約乃於內部建立或外部來源獲取的資料顯示債務人不大可能向債權人（包括本集團）全額結清欠款時發生（並無考慮任何本集團持有的抵押品）。

不論上述情況如何，當金融資產逾期超過90天時，本集團即認為已發生違約，除非本集團有合理及可靠資料證明應採用更寬鬆的違約標準。

(iii) 信貸減值的金融資產

當一件或多件對一項金融資產估計未來現金流量產生不利影響的事件發生時，該金融資產則出現信貸減值。金融資產出現信貸減值的證據包括有關以下事項的可觀察數據：

- (a) 發行人或借款人出現重大財政困難；
- (b) 不履行債務或逾期支付等違約行為；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets (Continued)

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(iii) 信貸減值的金融資產 (續)

- (c) 借款人的貸款人因有關借款人財務困難的經濟或合約原因，給予借款人在一般情況下不會考慮的優惠安排；
- (d) 借款人可能破產或面臨財務重組；或
- (e) 該金融資產的活躍市場因財務困難而消失。

(iv) 撤銷政策

倘有資料顯示交易對手處於嚴重財務困難及無實際期望可收回欠款，本集團則撤銷該金融資產（例如於交易對手被清盤或進入破產程序時）。金融資產撤銷仍受限於本集團收回欠款程序下的執行活動，且在適當情況下將參考法律意見。撤銷構成一項終止確認事項，任何其後收回的欠款於損益內確認。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(v) 預期信貸虧損的計量及確認

預期信貸虧損計量是違約可能性、違約損失率(即發生違約時的損失程度)及違約風險的函數。違約可能性及違約損失率的評定乃基於經調整歷史數據及前瞻性資料。預期信貸虧損的估算乃無偏頗及概率加權的數額，其按相應違約風險的權重釐定。本集團經考慮過往信貸虧損經驗後使用撥備矩陣並採用實際權益法估計貿易應收款項的預期信貸虧損，並按無需花費不必要成本或精力可取得的前瞻性資料調整。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期將收取的現金流量之間的差額，並按初步確認時釐定的實際利率貼現。

若干貿易應收款項的全期預期信貸虧損經考慮過往逾期資料及前瞻性宏觀經濟資料等相關信貸資料按集體基準考慮。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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

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

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(v) 預期信貸虧損的計量及確認 (續)

就集體評估而言，本集團訂立組別時考慮以下特徵：

- 逾期情況；
- 債務人的性質、規模和行業；及
- 外部信貸評級（如有）。

管理層定期檢討分組方法，以確保每個分組的組成部分繼續具有類似的信貸風險特徵。

利息收入基於金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團透過調整所有金融工具的賬面值於損益確認該等金融工具的減值收益或虧損，惟透過虧損撥備賬確認相關調整的貿易及其他應收款項例外。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融資產(續)

終止確認金融資產

本集團僅於資產產生的現金流量的合約權利到期時，或於其轉移金融資產並同時轉移持有該等資產絕大部分的風險及回報於另一實體時終止確認金融資產。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價總額間的差額於損益中確認。

於終止確認本集團選擇於初步確認時按公允值計入其他全面收益計量的權益工具投資時，先前於按公允值計入其他全面收益儲備累計的累計收益或虧損不會重新分類至損益，但會轉移至保留盈利。

金融負債及權益

分類為負債或權益

債務及權益工具按合約安排的內容以及金融負債及權益工具的定義而分類為金融負債或權益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instrument

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融負債及權益(續)

權益工具

權益工具乃證明於扣減所有負債後於實體的資產中擁有剩餘權益的任何合同。本公司所發行的權益工具乃按所收取的款項扣減直接發行成本確認。

購回本公司本身的權益工具會直接於權益中確認及扣減。購入、出售、發行或註銷本公司本身的權益工具概不會於損益中確認收益或虧損。

金融負債

所有金融負債其後採用實際利率法按攤銷成本或按公允值計入損益計量。

按公允值計入損益的金融負債

當金融負債為(i)於香港財務報告準則第3號適用的業務合併中收購方支付的或然代價；(ii)持作買賣；或(iii)指定為按公允值計入損益時，會分類為按公允值計入損益的金融負債。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, amounts due to related parties, bank borrowings, long term payables and bonds payable, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融負債及權益(續)

按公允值計入損益的金融負債(續)

倘若出現下列情況，則金融負債將分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為衍生工具(作為金融擔保合約或指定及實際對沖工具之衍生工具除外)。

按攤銷成本計量的金融負債

按攤銷成本計量的金融負債(包括貿易及其他應付款項、應付關連人士款項、銀行借貸、長期應付款項及應付債券)其後採用實際利率法按攤銷成本計量。

終止確認金融負債

本集團於(及僅於)本集團的責任獲解除、註銷或已屆滿時終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價之差額於損益中確認。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

衍生金融工具

衍生工具於衍生合約訂立日期初步按公允值確認，並於其後於報告期末重新計量至其公允值。所產生的收益或虧損即時於損益中確認。

4. 估計不確定因素的主要來源

於應用附註3所述本集團之會計政策時，本公司董事須就未能於其他來源取得之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及被視為相關之其他因素而作出。實際結果或有別於該等估計。

估計及相關假設將受到持續檢討。倘會計估計修訂只影響該期間，則有關會計估計的修訂會在修訂估計期間確認，或倘有關修訂同時影響當前及未來期間，則有關修訂會在修訂期間及未來期間確認。

以下為於報告期末很可能導致下一個財政年度資產及負債賬面值出現重大調整的有關將來之主要假設及其他估計不確定因素的主要來源。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Assessment of the finite useful lives of intangible assets

The Group estimates the useful lives of intangible assets based on the expected lifespan of those patents. The intangible assets are amortised on a straight-line basis over the estimated useful lives after taking into account the estimated residual value, if any. The Group determines the estimated useful lives of intangible assets on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are determined taking into the factors including the prevailing industry condition and the practice of intangible assets. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. As at 31 December 2021, the carrying amount of intangible assets with finite useful lives is RMB306,926,000 (31 December 2020: RMB363,137,000) as disclosed in Note 17.

Fair value measurement of financial instruments

As at 31 December 2021, certain of the Group's financial instruments, including unlisted equity instruments amounting to RMB198,280,000 (2020: unlisted equity instruments of RMB267,961,000 and derivative financial assets of RMB3,650,000) and derivatives financial liabilities amounting to RMB4,087,000 (2020: RMB96,805,000) are measured at fair values. In estimating the fair value, the Group uses market-observable data to the extent it is available. When market observable data are not available, the Group uses valuation techniques that include inputs that are not based on market-observable data to estimate the fair value of certain types of financial instruments. Note 36(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and financial liabilities.

4. 估計不確定因素的主要來源 (續)

無形資產之有限可使用年期的評估

本集團根據有關專利的預期使用年限來估計無形資產的可使用年期。無形資產乃經計及預計殘值(如有)後,於其估計可使用年期內按直線法攤銷。本集團會於初步確認時釐定無形資產的估計可使用年期,以釐定於任何報告期內所須記錄的攤銷開支金額。可使用年期乃經計及無形資產的當前行業狀況及慣例等因素後釐定。倘以往估計出現重大變動,則將對未來期間的攤銷開支作出調整。如附註17所披露,於二零二一年十二月三十一日,具有有限可使用年期之無形資產的賬面值為人民幣306,926,000元(二零二零年十二月三十一日:人民幣363,137,000元)。

金融工具公允值計量

於二零二一年十二月三十一日,若干本集團的金融工具,包括非上市權益工具人民幣198,280,000元(二零二零年:非上市權益工具人民幣267,961,000元及衍生金融資產人民幣3,650,000元)及衍生金融負債人民幣4,087,000元(二零二零年:人民幣96,805,000元)乃按公允值計量。估算公允值時,本集團在可用範圍內採用市場可觀察數據。倘市場可觀察數據無法獲得,本集團使用估值技術(包括並非根據市場可觀察數據的輸入數據)估計若干類型金融工具之公允值。附註36(c)載有有關釐定各項金融資產及金融負債公允值所使用的估值技術、輸入數據及主要假設之詳情。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables which are not credit-impaired. The provision matrix are based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration the forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36(b) and Note 25 respectively.

4. 估計不確定因素的主要來源 (續)

貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣以計算並無出現信貸減值的貿易應收款項的預期信貸虧損。撥備矩陣乃基於債務人按各債務人類似虧損模式將其分組的賬齡。撥備率乃基於本集團過往觀察的逾期率，並考慮無需付出過多成本或工作即可取的合理及可支持的前瞻性資料。於每個報告日期，過往觀察的違約率會重新評估，並會考慮前瞻性資料的變動。此外，出現信貸減值的貿易應收款項的預期信貸虧損將獨立地評估。

預期信貸虧損撥備對估算變動敏感。有關預期信貸虧損及本集團貿易應收款項的資料分別於附註36(b)及附註25披露。

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5. REVENUE

5. 收入

(i) Disaggregation of revenue from contracts with customers

(i) 客戶合約收入的細分

	For the year ended 31 December 2021 截至二零二一年十二月三十一日止年度		
	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元
Types of goods 貨品種類			
Sales of optical and related components 光學及相關零件銷售	8,776,030	28,333,519	387,303
Total 總額	8,776,030	28,333,519	387,303
Geographical markets 地區市場			
China 中國	4,944,126	23,666,093	270,171
Asia (except China) 亞洲(中國除外)	2,078,974	4,495,319	38,204
Europe 歐洲	1,046,409	3,459	29,099
North America 北美洲	678,102	113,843	47,742
Others 其他	28,419	54,805	2,087
Total 總額	8,776,030	28,333,519	387,303
Timing of revenue recognition 確認收入的時間			
At a point in time 時點確認	8,776,030	28,333,519	387,303

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

5. REVENUE (Continued)

5. 收入 (續)

(i) Disaggregation of revenue from contracts with customers (Continued)

(i) 客戶合約收入的細分 (續)

	For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度		
	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元
Types of goods 貨品種類			
Sales of optical and related components 光學及相關零件銷售	9,181,097	28,494,260	326,408
Total 總額	9,181,097	28,494,260	326,408
Geographical markets 地區市場			
China 中國	5,441,334	25,899,773	237,073
Asia (except China) 亞洲(中國除外)	2,177,165	2,492,908	25,418
Europe 歐洲	939,207	12,873	14,014
North America 北美洲	603,906	60,718	48,518
Others 其他	19,485	27,988	1,385
Total 總額	9,181,097	28,494,260	326,408
Timing of revenue recognition 確認收入的時間			
At a point in time 時點確認	9,181,097	28,494,260	326,408

(ii) Performance obligations for contracts with customers

(ii) 客戶合約的履約責任

The Group sells optical and optical-related products directly to customers. For sales of optical components, optoelectronic products and optical instruments, revenue is recognised when control of the goods has transferred, being when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products. The credit term granted to customers is average 90 days. The transaction price received by the Group is recognised as a contract liability for sales in which revenue has yet been recognised.

本集團直接向客戶銷售光學及光學相關產品。就光學零件、光電產品和光學儀器的銷售而言，收入於貨品的控制權轉移時，即取得客戶接受時確認，即客戶能夠控制貨品的使用及實質取得此等貨品的所有剩餘利益的時間點。授予客戶的信貸期平均為90天。本集團收取的尚未確認收入的銷售的交易價款，乃確認為合約負債。

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5. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group's contracts have an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations is not disclosed.

6. OPERATING SEGMENTS

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the Board of Directors has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

5. 收入 (續)

(iii) 分配至客戶合約剩餘履約責任的交易價格

本集團合約的初始預期期限為一年或更短，如香港財務報告準則第15號所允許，不披露分配予剩餘履約責任的交易價格。

6. 營運分部

就資源分配及分部表現評估向董事會(即主要營運決策者)所呈報的資料側重於交付產品之類型，因為董事會已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時，主要營運決策者所得出的營運分部概無經合計。

具體而言，根據香港財務報告準則第8號營運分部，本集團營運分部如下所示：

1. 光學零件
2. 光電產品
3. 光學儀器

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Segment revenues and results

分部收入及業績

The following is an analysis of the Group's revenue and results by operating and reportable segments.

本集團按營運及可報告分部劃分的收入及業績分析如下。

For the year ended 31 December 2021

截至二零二一年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	8,776,030	28,333,519	387,303	37,496,852	-	37,496,852
Inter-segment sales 分部間銷售	2,927,700	12,519	90,889	3,031,108	(3,031,108)	-
Total 總額	11,703,730	28,346,038	478,192	40,527,960	(3,031,108)	37,496,852
Segment profit 分部溢利	2,674,903	3,027,049	99,604	5,801,556	-	5,801,556
Share of results of associates 分佔聯營公司業績						19,007
Unallocated income 未分配收入						74,959
Unallocated expenses 未分配開支						(260,635)
Profit before tax 除稅前溢利						5,634,887

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	9,181,097	28,494,260	326,408	38,001,765	-	38,001,765
Inter-segment sales 分部間銷售	2,324,546	23,202	115,272	2,463,020	(2,463,020)	-
Total 總額	11,505,643	28,517,462	441,680	40,464,785	(2,463,020)	38,001,765
Segment profit 分部溢利	3,086,783	2,598,882	65,856	5,751,521	-	5,751,521
Share of results of associates 分佔聯營公司業績						20
Unallocated income 未分配收入						29,772
Unallocated expenses 未分配開支						(138,429)
Profit before tax 除稅前溢利						5,642,884

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6. OPERATING SEGMENTS (Continued)

Segment revenues and results (Continued)

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of income and expenses of unallocated subsidiaries and central administration costs including directors' emoluments, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain or loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

6. 營運分部 (續)

分部收入及業績 (續)

分部間銷售按現行市價入賬。

營運分部的會計政策與附註3所述的本集團會計政策相同。分部溢利指由各分部所賺取的溢利，但並無攤分未分配附屬公司的收入和開支以及中央行政成本(包括董事酬金、分佔聯營公司業績及融資成本)。營運分部間存在不對稱分配，這是由於本集團在分配利息收入、政府補助金、折舊及攤銷以及出售物業、機器及設備收益或虧損至各分部時，並未向各分部分配相關銀行結餘、遞延收入、物業、機器及設備以及無形資產。此乃向董事會報告以作資源分配及表現評估的基準。

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

分部資產及負債

本集團按營運及可報告分部劃分的資產及負債分析如下：

As at 31 December 2021

於二零二一年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	1,878,514	3,690,969	65,169	5,634,652
Bill receivables 應收票據	616,115	387,528	5,993	1,009,636
Inventories 存貨	1,854,941	3,532,694	94,223	5,481,858
Total segment assets 分部資產總額	4,349,570	7,611,191	165,385	12,126,146
Unallocated assets 未分配資產				26,647,694
Consolidated assets 總資產				38,773,840
Liabilities 負債				
Trade payables 貿易應付款項	2,085,218	3,741,727	104,278	5,931,223
Note payables 應付票據	530,292	1,267,054	23,938	1,821,284
Total segment liabilities 分部負債總額	2,615,510	5,008,781	128,216	7,752,507
Unallocated liabilities 未分配負債				10,126,067
Consolidated liabilities 總負債				17,878,574

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Segment assets and liabilities (Continued)

分部資產及負債 (續)

As at 31 December 2020

於二零二零年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	2,367,013	4,368,886	56,344	6,792,243
Bill receivables 應收票據	658,226	88,041	10,263	756,530
Inventories 存貨	1,559,605	4,155,765	67,701	5,783,071
Total segment assets 分部資產總額	4,584,844	8,612,692	134,308	13,331,844
Unallocated assets 未分配資產				22,106,271
Consolidated assets 總資產				35,438,115
Liabilities 負債				
Trade payables 貿易應付款項	2,318,329	4,752,353	88,693	7,159,375
Note payables 應付票據	135,048	1,177,220	23,708	1,335,976
Total segment liabilities 分部負債總額	2,453,377	5,929,573	112,401	8,495,351
Unallocated liabilities 未分配負債				10,116,647
Consolidated liabilities 總負債				18,611,998

For the purposes of monitoring segment performance and allocating resources between segments:

為監察分部表現及在分部間分配資源：

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.
- 貿易應收款項、應收票據及存貨均分配至相應的營運及可報告分部。所有其他資產都是指不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據分配至相應的營運及可報告分部。所有其他負債都是指不定期向董事會報告的未分配負債。

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Other segment information

其他分部資料

For the year ended 31 December 2021

截至二零二一年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
Amounts included in the measure of segment profit or loss: 計量分部損益時計入的款額：					
Depreciation and amortisation 折舊及攤銷	957,606	781,873	18,283	1,994	1,759,756
Impairment losses on trade receivables recognised (reversed) in profit or loss 於損益中確認(撥回)的貿易應收款項減值虧損	1,778	(2,881)	6,285	-	5,182
(Gain) loss on disposal of property, plant and equipment 出售物業、機器及設備(收益)虧損	(6,822)	8,178	(6)	-	1,350
Share award scheme expense 股份獎勵計劃支出	94,336	73,018	15,450	5,474	188,278
Interest income from bank and financial instruments 銀行及金融工具利息收入	(24,096)	(365,327)	(7,596)	(7,131)	(404,150)
Allowance (reversed) for inventories 存貨撥備(撥回)	(27,710)	163,887	(3,803)	-	132,374
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
已定期向主要營運決策者提供但未計入 分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,596,179	896,012	6,099	162	2,498,452

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綜合財務報表附註

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Other segment information (Continued)

其他分部資料 (續)

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
Amounts included in the measure of segment profit or loss: 計量分部損益時計入的款額：					
Depreciation and amortisation 折舊及攤銷	792,709	812,377	20,682	2,517	1,628,285
Impairment losses on trade receivables reversed in profit or loss 於損益中撥回的貿易應收款項減值虧損	(6,320)	(4,658)	(1,240)	-	(12,218)
Loss (gain) on disposal of property, plant and equipment 出售物業、機器及設備虧損(收益)	2,408	8,755	(7)	-	11,156
Share award scheme expense 股份獎勵計劃支出	77,369	54,874	14,747	4,821	151,811
Interest income from bank and financial instruments 銀行及金融工具利息收入	(19,672)	(233,447)	(5,876)	(12,612)	(271,607)
Allowance for inventories 存貨撥備	22,657	218,367	4,650	-	245,674
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
已定期向主要營運決策者提供但未計入分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,597,434	930,988	9,229	64	2,537,715

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Revenue from major products

主要產品收入

The following is an analysis of the Group's revenue from its major products:

以下為本集團來自主要產品的收入分析：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Handset related products 手機相關產品	29,597,845	32,119,027
Vehicle related products 車載相關產品	2,960,628	2,511,766
AR/VR related products AR/VR相關產品	1,344,637	596,237
Digital camera related products 數碼相機相關產品	1,004,258	592,186
Other lens sets 其他鏡頭	490,446	473,348
Optical instruments 光學儀器	273,734	204,974
Other spherical lens and plane products 其他球面鏡片及平面產品	142,255	164,946
Digital video lens 數碼視頻鏡頭	15,593	29,423
Other products 其他產品	1,667,456	1,309,858
	37,496,852	38,001,765

Geographical information

地區資料

The Group's operations are mainly located in China, Vietnam, Korea, Japan, India and the United States.

本集團的業務主要位於中國、越南、韓國、日本、印度及美國。

The Group's revenue from continuing operations from external customers is presented based on the locations of goods physically delivered and information about the Group's non-current assets by the geographical location of the assets are detailed below:

按實際交付貨物地點所示的來自外部客戶的本集團之持續營運收入及按資產地理位置劃分的本集團非流動資產的資料詳述如下：

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Geographical information (Continued)

地區資料 (續)

	Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
China 中國	28,880,390	31,578,180	8,969,717	8,516,376
Asia (except China) 亞洲 (中國除外)	6,612,497	4,695,491	656,476	238,324
Europe 歐洲	1,078,967	966,094	128	179
North America 北美洲	839,687	713,142	493	1,449
Others 其他	85,311	48,858	-	-
	37,496,852	38,001,765	9,626,814	8,756,328

Note: Non-current assets excluded interests in associates, deferred tax assets, financial assets at FVTPL, equity instruments at FVTOCI, time deposits and goodwill.

附註：非流動資產不包括於聯營公司的權益、遞延稅項資產、按公允值計入損益的金融資產、按公允值計入其他全面收益的權益工具、定期存款及商譽。

Information about major customers

Revenues from the following customers contributed over 10% of the total sales of the Group:

主要客戶資料

來自以下客戶的收入佔本集團銷售總額之比重超過10%：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Customer A, revenue mainly from Optoelectronic and related Products A客戶，主要來自光電及相關產品的收入	7,664,838	8,881,539
Customer B, revenue mainly from Optoelectronic and related Products B客戶，主要來自光電及相關產品的收入	5,811,013	N/A*
Customer C, revenue mainly from Optoelectronic and related Products C客戶，主要來自光電及相關產品的收入	4,946,670	N/A*
Customer D, revenue mainly from Optoelectronic and related Products D客戶，主要來自光電及相關產品的收入	N/A*	10,064,270

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* 相應的收入佔本集團總收入之比重並未超過10%。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

7(a). OTHER INCOME

7(a). 其他收益

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Government grants (Note 32) 政府補助金 (附註32)	212,314	141,810
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收益	97,112	47,230
Interest income from debt instruments 債務工具利息收益	4,400	9,335
Investment income from unlisted financial products at FVTPL 按公允值計入損益的非上市金融產品投資收益	302,638	215,042
Interest income from small loan services 小額貸款服務利息收益	7,833	7,049
Income from sales of moulds 銷售模具收益	16,467	24,148
Income from sales of scrap materials 銷售廢料收益	30,753	24,344
Others 其他	18,432	41,432
Total 總額	689,949	510,390

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

7(b). OTHER GAINS AND LOSSES

7(b). 其他收益及虧損

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Loss on disposal of property, plant and equipment 出售物業、機器及設備的虧損	(1,350)	(11,156)
Loss on disposal of a subsidiary 出售一間附屬公司的虧損	-	(1,673)
Net foreign exchange gain 外匯收益淨額	33,950	225,506
Gain (loss) on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動產生的收益(虧損)淨額	67,097	(111,002)
(Loss) gain on changes in fair value of equity investments at FVTPL 按公允價值計入損益的股權投資公允價值變動產生的(虧損)收益	(8,151)	32,773
Gain on changes in fair value of debt instruments and fund investments at FVTPL 按公允價值計入損益的債務工具及基金投資公允價值變動產生的收益	6,382	53,470
Others 其他	1,137	(661)
Total 總額	99,065	187,257

8. FINANCE COSTS

8. 融資成本

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Interests on bank borrowings 銀行借貸利息	62,490	54,737
Interests on bonds payable 應付債券利息	153,970	164,282
Interests on long term payables related to intangible assets 與無形資產有關的長期應付款項利息	6,203	7,158
Interests on lease liabilities 租賃負債利息	7,589	7,563
Total 總額	230,252	233,740

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

9. INCOME TAX EXPENSE

9. 所得稅開支

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Current tax: 即期稅項：		
PRC Enterprise Income Tax 中國企業所得稅	447,809	540,600
Withholding tax expense 預繳稅開支	46,792	24,000
Other jurisdictions 其他管轄區	9,717	18,075
	504,318	582,675
Over provision in prior years: 過往年度超額撥備：		
PRC Enterprises Income Tax 中國企業所得稅	(3,612)	(4,515)
Deferred tax (Note 19): 遞延稅項 (附註19)：		
Current year 本年度	78,266	124,470
	578,972	702,630

Under the Law of the PRC Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except as described below:

- (i) Ningbo Sunny Infrared Technologies Co., Ltd. (“Sunny Infrared Optics”) and Yuyao Sunny Optical Intelligence Technology Co., Ltd. (“Sunny Optical Intelligence (Yuyao)”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2021.
- (ii) Ningbo Sunny Opotech Co., Ltd. (“Sunny Opotech”), Ningbo Sunny Automotive Optech Co., Ltd. (“Sunny Automotive Optech”), Sunny Optics (Zhongshan) Co., Ltd. (“Sunny Zhongshan Optics”), Ningbo Sunny Instruments Co., Ltd. (“Sunny Instruments”), Sunny Optical (Zhejiang) Research Institute Co., Ltd. (“Sunny Research Institute”) and Zhejiang Sunny SmartLead Technologies Co., Ltd. (“Sunny SmartLead”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2022.

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，中國附屬公司適用的稅率自二零零八年一月一日起為25%，惟下述者除外：

- (i) 寧波舜宇紅外技術有限公司(「舜宇紅外光學」)及餘姚舜宇智能光學技術有限公司(「舜宇智能光學(餘姚)」)均為內資有限責任公司，並獲認為高新技術企業，有權享受15%的優惠稅率，於二零二一年十二月三十一日屆滿。
- (ii) 寧波舜宇光電信息有限公司(「舜宇光電」)、寧波舜宇車載光學技術有限公司(「舜宇車載光學」)、舜宇光學(中山)有限公司(「舜宇中山光學」)、寧波舜宇儀器有限公司(「舜宇儀器」)、舜宇光學(浙江)研究院有限公司(「舜宇研究院」)及浙江舜宇智領技術有限公司(「舜宇智領技術」)均為內資有限責任公司，並獲認為高新技術企業，有權享受15%的優惠稅率，於二零二二年十二月三十一日屆滿。

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9. INCOME TAX EXPENSE (Continued)

(iii) Zhejiang Sunny Optics Co., Ltd. (“**Sunny Zhejiang Optics**”), Xinyang Sunny Optics Co., Ltd. (“**Sunny Xinyang Optics**”) and Ningbo Sunny Intelligent Technology Co., Ltd. (“**Sunny Intelligent Technology**”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2023.

(iv) Zhejiang Sunny Optical Intelligence Technology Co., Ltd. (“**Sunny Optical Intelligence**”), a domestic limited liability company, was recognised as Software Enterprise and entitled preferential policies of full exemption from enterprise income taxation for the first two years till 31 December 2018 and reduction half for the subsequent three years till 31 December 2021.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. 所得稅開支(續)

(iii) 浙江舜宇光學有限公司(「**舜宇浙江光學**」)、信陽舜宇光學有限公司(「**舜宇信陽光學**」)及寧波舜宇智能科技有限公司(「**舜宇智能科技**」)均為內資有限責任公司，並獲認可為高新技術企業，有權享受15%的優惠稅率，於二零二三年十二月三十一日屆滿。

(iv) 浙江舜宇智能光學技術有限公司(「**舜宇智能光學**」)為內資有限責任公司，並獲認可為軟件企業，可於首兩年直至二零一八年十二月三十一日享受全額豁免企業所得稅的優惠政策，以及於其後三年直至二零二一年十二月三十一日享受半額稅項優惠。

其他管轄區的稅項按相關管轄區的現行適用稅率計算。

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9. INCOME TAX EXPENSE (Continued)

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

9. 所得稅開支(續)

年內的所得稅項支出與綜合損益及其他全面收益表所列除稅前溢利對賬如下：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Profit before tax 除稅前溢利	5,634,887	5,642,884
Tax at the PRC EIT tax rate of 25% 按中國企業所得稅稅率25%徵稅	1,408,722	1,410,721
Tax effect of share of results of associates 分佔聯營公司業績之稅務影響	(4,752)	(5)
Tax effect of expenses not deductible for tax purpose 不可扣稅開支之稅務影響	8,949	5,793
Tax effect of allowance granted under share award scheme in the PRC 根據股份獎勵計劃在中國授出股份的稅務影響	(21,859)	(14,437)
Tax effect of preferential tax rates for certain subsidiaries (Note a) 若干附屬公司稅率優惠之稅務影響(附註a)	(337,501)	(372,942)
Tax effect of additional tax deduction of research and development expenses (Note b) 研發開支額外稅項扣減之稅務影響(附註b)	(573,148)	(385,378)
Tax effect of tax losses not recognised 未確認稅項虧損之稅務影響	64,542	28,315
Tax effect of deductible temporary differences not recognised 未確認可抵扣暫時差額之稅務影響	(3,745)	-
Utilisation of tax losses not previously recognised 動用先前未確認稅項虧損	(13,431)	(8,991)
Deferred tax provided for withholding tax on income derived in the PRC 就來自中國收入預繳稅而撥備的遞延稅項	65,436	49,205
Tax effect of different tax rates of subsidiaries operating in other jurisdictions 於其他管轄區經營的附屬公司的不同稅率之稅務影響	(10,629)	(5,136)
Over provision in prior years 過往年度超額撥備	(3,612)	(4,515)
Income tax expense for the year 年內所得稅開支	578,972	702,630

Details of deferred taxation and unrecognised temporary difference are disclosed in Note 19.

Notes:

(a) For the PRC subsidiaries which were approved as Hi-Tech Enterprises or Software Enterprise, they are entitled to a preferential tax rate of 15% or preferential policies of full exemption from or half reduction of enterprise income tax.

遞延稅項及未確認暫時差額的詳情於附註19披露。

附註：

(a) 就獲認可為高新技術企業或軟件企業的中國附屬公司而言，其有權享受15%的優惠稅率或全額豁免或減半企業所得稅的優惠政策。

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9. INCOME TAX EXPENSE (Continued)

- (b) In August 2018, Caishui [2018] No. 99 “Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses” was released, according to which certain PRC subsidiaries are entitled to an additional 75% tax deduction on eligible research and development expenses incurred by them for the both years ended 31 December 2021 and 2020.

In March 2021, the Ministry of Finance and the State Administration of Taxation released No. 13 announcement of 2021 named “Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses”, according to which certain PRC subsidiaries engaged in manufacturing industry are entitled to an additional 100% tax deduction on eligible research and development expenses incurred by them for the year ended 31 December 2021.

9. 所得稅開支(續)

- (b) 於二零一八年八月，財稅[2018]99號文《關於提高研發費用稅前加計扣除比例的通知》發佈，根據此通知，若干中國附屬公司就截至二零二一年及二零二零年十二月三十一日止兩個年度產生的符合條件的研發費用享有額外75%的稅費減免。

於二零二一年三月，財政部、稅務總局頒佈二零二一年第13號公告《關於進一步完善研發費用稅前加計扣除政策的公告》，根據此公告，若干從事製造業的中國附屬公司有權就其截至二零二一年十二月三十一日止年度產生的符合條件的研發費用享有額外100%的稅費減免。

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

10. 年內溢利

年內溢利已扣除以下各項：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Directors' emoluments (Note 13) 董事酬金(附註13)	16,159	16,169
Other staff's salaries and allowances 其他員工的薪金及津貼	2,518,548	1,963,313
Other staff's discretionary bonuses 其他員工的酌情花紅	217,220	474,763
Other staff's contribution to retirement benefit scheme 其他員工的退休福利計劃供款	319,894	219,448
Other staff's share award scheme expense 其他員工的股份獎勵計劃支出	178,746	142,279
	3,250,567	2,815,972
Cost of inventories recognised as an expense 確認為開支的存貨成本	23,807,323	24,741,675
Auditor's remuneration 核數師酬金	4,666	4,209
Depreciation of property, plant and equipment 物業、機器及設備折舊	1,638,067	1,513,407
Depreciation of investment properties 投資物業折舊	4,633	4,391
Depreciation of right-of-use assets 使用權資產折舊	60,845	54,285
Amortisation of intangible assets 無形資產攤銷	56,211	56,202
Allowance for inventories (included in cost of sales) 存貨撥備(計入銷售成本)	132,374	245,674

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11. DIVIDENDS

11. 股息

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Dividends for ordinary shareholders of the Company recognised as distribution during the year: 年內確認為分派的本公司普通股股東的股息：		
2020 final dividends – RMB88.80 cents (2020: 2019 final dividends – RMB72.80 cents) per share 二零二零年末期股息 – 每股人民幣88.80分 (二零二零年：二零一九年末期股息 – 每股人民幣72.80分)	974,003	798,507

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of approximately RMB91.00 cents per share, equivalent to Hong Kong Dollar (“HKD”) 111.80 cents per share, amounting to a total of approximately RMB998,133,000 (2020: approximately RMB88.80 cents per share, equivalent to HKD105.70 cents per share, amounting to a total of approximately RMB974,003,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

於報告期末後，本公司董事建議派付每股約人民幣91.00分（相等於每股111.80港仙（「港仙」）），合共約人民幣998,133,000元（二零二零年：每股約人民幣88.80分（相等於每股105.70港仙），合共約人民幣974,003,000元）的截至二零二一年十二月三十一日止年度末期股息，惟須獲股東於應屆股東週年大會上批准。建議於報告期末後派付的末期股息並未於報告期末確認為負債。

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12. EARNINGS PER SHARE

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

12. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Earnings 盈利		
Earnings for the purpose of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	4,988,007	4,871,793
	2021 二零二一年 '000 千股	2020 二零二零年 '000 千股
Number of shares 股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數(附註)	1,092,612	1,092,870
Effect of dilutive potential ordinary shares: 潛在攤薄普通股的影響： Restricted shares 限制性股份	1,416	1,578
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	1,094,028	1,094,448

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

附註：加權平均普通股份數目計算已考慮股份獎勵計劃下本集團持有的股份。

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Directors' and executives' remuneration, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

13. 董事、主要行政人員及五名最高薪酬僱員酬金

董事及行政人員酬金按適用上市規則及公司條例披露如下：

For the year ended 31 December 2021

截至二零二一年十二月三十一日止年度

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2021 二零二一年總額 RMB'000 人民幣千元
A) EXECUTIVE DIRECTORS						
執行董事						
Ye Liaoning 葉遼寧	-	1,274	373	89	2,383	4,119
Sun Yang 孫泱	-	1,120	420	46	2,383	3,969
Wang Wenjie 王文杰	-	942	411	59	2,383	3,795
Sub-total 小計	-	3,336	1,204	194	7,149	11,883
B) NON-EXECUTIVE DIRECTOR						
非執行董事						
Wang Wenjian 王文鑒	1,274	-	373	-	2,383	4,030

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金 (續)

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2021 二零二一年總額 RMB'000 人民幣千元
C) INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事						
Zhang Yuqing 張余慶	82	-	-	-	-	82
Feng Hua Jun 馮華君	82	-	-	-	-	82
Shao Yang Dong 邵仰東	82	-	-	-	-	82
Sub-total 小計	246	-	-	-	-	246
Total 總額						16,159

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Share award	Total 2020
	袍金	薪金及其他福利	花紅	退休福利計劃供款	股份獎勵	二零二零年總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(Note)			
			(附註)			

A) EXECUTIVE DIRECTORS

執行董事

Ye Liaoning 葉遼寧	-	1,120	547	73	2,383	4,123
Sun Yang 孫決	-	942	596	43	2,383	3,964
Wang Wenjie 王文杰	-	793	547	57	2,383	3,780
Sub-total 小計	-	2,855	1,690	173	7,149	11,867

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Share award	Total 2020
	袍金	薪金及其他福利	花紅	退休福利計劃供款	股份獎勵	二零二零年總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			(Note)			
			(附註)			

B) NON-EXECUTIVE DIRECTOR

非執行董事

Wang Wenjian 王文鑒	1,120	-	547	-	2,383	4,050
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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Share award	Total 2020
	袍金	薪金及其他福利	花紅	退休福利計劃供款	股份獎勵	二零二零年總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元

C) INDEPENDENT

NON-EXECUTIVE

DIRECTORS

獨立非執行董事

Zhang Yuqing 張余慶	84	-	-	-	-	84
Feng Hua Jun 馮華君	84	-	-	-	-	84
Shao Yang Dong 邵仰東	84	-	-	-	-	84
Sub-total 小計	252	-	-	-	-	252
Total 總額						16,169

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

上列執行董事酬金為彼等有關管理本公司及本集團事務的服務報酬。

The non-executive director's emoluments shown above were for the services as a director of the Company.

上列非執行董事的酬金為擔任本公司董事的服務報酬。

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

上列獨立非執行董事的酬金為彼等擔任本公司董事的服務報酬。

Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie are also the executive directors of the Company and their emoluments disclosed above include those for services rendered by them as the Chief Executives.

葉遼寧先生、孫泱先生及王文杰先生亦為本公司的執行董事，且上文所披露之彼等的酬金包括就彼等擔任主要行政人員所提供服務的酬金。

During both years, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. In the year ended 31 December 2021 (2020: Nil), no director waived emoluments.

於兩年內，本集團並無向本公司董事支付酬金，作為邀請其加入或加入本集團後的獎金或作為離職補償。截至二零二一年十二月三十一日止年度，並無董事放棄酬金(二零二零年：無)。

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals of the Group included 4 (2020: 4) directors for the year. Details of their emoluments are set out above. The emoluments of the remaining 1 (2020: 1) highest paid individual were as follows:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Salaries and other benefits 薪金及其他福利	832	541
Bonuses (Note) 花紅(附註)	375	1,336
Retirement benefit scheme contributions 退休福利計劃供款	65	61
Share award 股份獎勵	2,317	1,508
	3,589	3,446

Their emolument was within the following band:

	2021 二零二一年 No. of employee 員工人數	2020 二零二零年 No. of employee 員工人數
HKD4,000,001 to HKD4,500,000 4,000,001港元至4,500,000港元	1	1

Note: The bonus is determined by remuneration committees based on the Group's performance for each financial year and subject to a maximum of 5% of consolidated profit attributable to owners of the Company.

During both years, certain directors, non-director and non-chief executive highest paid employees were granted restricted shares, in respect of their services to the Group under the share awards scheme of the Group. Details of the share awards scheme are set out in Note 42 to the consolidated financial statements.

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

本集團於本年度的五名最高薪酬人士包括四名(二零二零年: 四名)董事, 其酬金詳情載於上文。其餘一名(二零二零年: 一名)最高薪酬人士的酬金如下:

彼的酬金範圍如下:

附註: 花紅乃由薪酬委員會根據本集團於各財政年度的表現釐定, 惟不可高於本公司股東應佔綜合溢利的5%。

於兩年內, 根據本集團的股份獎勵計劃, 若干董事, 非董事及非主要行政人員最高薪酬僱員就彼等為本集團提供的服務而獲授限制性股份。股份獎勵計劃的詳情載於綜合財務報表附註42。

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14. PROPERTY, PLANT AND EQUIPMENT 14. 物業、機器及設備

	Owned properties 自有物業 RMB'000 人民幣千元	Machinery and production equipment 機器及生產設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Fixtures and office equipment 傢俬及辦公設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
COST 成本						
At 1 January 2020 二零二零年一月一日	913,898	7,434,775	19,251	1,021,050	714,219	10,103,193
Additions 添置	52,042	1,562,262	394	199,759	723,258	2,537,715
Transfer 轉撥	345,576	204,541	-	34,353	(584,470)	-
Disposals 出售	(11,056)	(249,505)	-	(10,309)	-	(270,870)
Derecognised on disposal of a subsidiary 出售一家附屬公司時終止確認	-	(849)	-	(303)	-	(1,152)
Exchange realignment 外匯調整	-	(2,786)	(110)	(1,892)	-	(4,788)
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	1,300,460	8,948,438	19,535	1,242,658	853,007	12,364,098
Additions 添置	28,860	991,314	801	503,859	973,618	2,498,452
Transfer 轉撥	405,942	391,986	-	101,482	(899,410)	-
Transferred to investment properties 轉撥至投資物業	(8,418)	-	-	-	-	(8,418)
Disposals 出售	(1,635)	(284,543)	(1,816)	(23,353)	-	(311,347)
Exchange realignment 外匯調整	(1,166)	(8,250)	(20)	(2,607)	-	(12,043)
At 31 December 2021 於二零二一年十二月三十一日	1,724,043	10,038,945	18,500	1,822,039	927,215	14,530,742
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
累計折舊及減值						
At 1 January 2020 於二零二零年一月一日	156,696	3,012,338	14,345	353,069	-	3,536,448
Charge for the year 年內支出	45,504	1,287,297	1,810	178,796	-	1,513,407
Eliminated on disposals 出售時對銷	(9,504)	(179,036)	-	(9,066)	-	(197,606)
Derecognised on disposal of a subsidiary 出售一家附屬公司時終止確認	-	(835)	-	(286)	-	(1,121)
Exchange realignment 外匯調整	-	(63)	(105)	(55)	-	(223)
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	192,696	4,119,701	16,050	522,458	-	4,850,905
Charge for the year 年內支出	67,508	1,289,851	1,474	279,234	-	1,638,067
Transferred to investment properties 轉撥至投資物業	(4,312)	-	-	-	-	(4,312)
Eliminated on disposals 出售時對銷	(1,573)	(227,849)	(1,641)	(20,366)	-	(251,429)
Exchange realignment 外匯調整	(15)	(3,780)	(18)	(1,905)	-	(5,718)
At 31 December 2021 於二零二一年十二月三十一日	254,304	5,177,923	15,865	779,421	-	6,227,513
CARRYING VALUES 賬面值						
At 31 December 2021 於二零二一年十二月三十一日	1,469,739	4,861,022	2,635	1,042,618	927,215	8,303,229
At 31 December 2020 於二零二零年十二月三十一日	1,107,764	4,828,737	3,485	720,200	853,007	7,513,193

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis over their estimated useful lives as follows:

Owned properties	20 years
Machinery and production equipment	3 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

As at 31 December 2021, the Group has obtained the ownership certificates for all buildings and no buildings of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on property, plant and equipment for the both years ended 31 December 2021 and 2020.

14. 物業、機器及設備 (續)

上述物業、機器及設備項目(在建工程除外)按照直線法於其下列估計可用年期內進行折舊：

自有物業	20年
機器及生產設備	3至10年
汽車	4至5年
傢俬及辦公設備	3至10年

於二零二一年十二月三十一日，本集團已取得所有樓宇的權屬證書，且本集團並未抵押樓宇作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度，本公司董事認為物業、機器及設備並無減值虧損。

15. RIGHT-OF-USE ASSETS

15. 使用權資產

	Leasehold lands 租賃土地 RMB'000 人民幣千元	Leased properties 租賃物業 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
As at 31 December 2021 於二零二一年十二月三十一日 Carrying amount 賬面值	356,268	148,416	504,684
As at 31 December 2020 於二零二零年十二月三十一日 Carrying amount 賬面值	342,552	137,453	480,005
For the year ended 31 December 2021 截至二零二一年十二月三十一日止年度 Depreciation charge 折舊費用	8,989	51,856	60,845
For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度 Depreciation charge 折舊費用	7,908	46,377	54,285

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15. RIGHT-OF-USE ASSETS (Continued)

As at 31 December 2021, the Group has obtained the land use right certificates for all leasehold lands and no leasehold lands of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on right-of-use assets for the both years ended 31 December 2021 and 2020.

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Expense relating to short-term leases 短期租賃相關開支	28,671	8,218
Expense relating to leases of low-value assets, excluding short-term leases of low value assets 低價值資產租賃相關開支(不包括短期低價值資產租賃)	48	235
Total cash outflow for leases 租賃現金流出總值	107,994	167,567
Additions to right-of-use assets 使用權資產添置	91,711	134,287

For both years, the Group leases various offices, warehouses, staff dormitory and machines for its operations. Lease contracts are entered into for fixed term of 1 month to 10 years (2020: 1 month to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of each contract and determines the period for which the contract is enforceable.

15. 使用權資產(續)

於二零二一年十二月三十一日，本集團已取得所有租賃土地的土地使用權權屬證書，且本集團並未抵押租賃土地作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度，本公司董事認為使用權資產並無減值虧損。

於兩年內，本集團租賃多間辦公室、倉庫、員工宿舍及機器用於其營運。所訂立租賃合約的固定期限為1個月至10年(二零二零年：1個月至10年)。租期乃按個別基準磋商且包含各項不同的條款及條件。於釐定租期及評估不可撤銷期限長度時，本集團採用各合約的定義及釐定合約可執行的期限。

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15. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several office buildings and industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for machines. As at 31 December 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases entered during the year.

Restrictions or covenants on leases

In addition, lease liabilities of RMB154,270,000 are recognised with related right-of-use assets of RMB148,416,000 as at 31 December 2021 (2020: lease liabilities of RMB140,479,000 and related right-of-use assets of RMB137,453,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15. 使用權資產(續)

此外，本集團擁有數棟辦公樓及工業樓宇（主要安置其生產設施）。本集團為該等物業權益（包括相關租賃土地）的登記擁有人。已提前一次性支付全部款項以收購該等物業權益。僅於能可靠分配付款時，方可將該等所擁有物業的租賃土地成份單獨呈列。

本集團定期就機器訂立短期租賃。於二零二一年十二月三十一日，短期租賃組合與年內訂立的短期租賃組合類似。

租賃限制或契約

此外，截至二零二一年十二月三十一日，租賃負債人民幣154,270,000元及相關的使用權資產人民幣148,416,000元獲確認（二零二零年：租賃負債為人民幣140,479,000元及相關的使用權資產為人民幣137,453,000元）。除出租人持有的租賃資產中的擔保權益外，租賃協議不施加任何其他契約。租賃資產不得用於借款擔保。

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16. INVESTMENT PROPERTIES

The Group leases out several offices under operating leases with rental receivables quarterly or semi-annually. The leases typically run for fixed period of 1 to 10 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the group entities. The lease contracts do not contain residual value guarantee and lessee's option to purchase the property at the end of lease term.

16. 投資物業

本集團以每季度或半年度的應收租金出租數間經營租賃下的辦公室。固定租期為期1至10年。

由於所有租賃均以集團實體的相關功能貨幣計值，故本集團不會面臨租賃安排引致的外匯風險。租賃合約不包括剩餘擔保價值及承租人於租期末購買物業的選擇權。

	RMB'000 人民幣千元
COST 成本	
At 1 January 2020 and 31 December 2020 於二零二零年一月一日及二零二零年十二月三十一日	67,601
Transferred from properties 轉撥自物業	8,418
At 31 December 2021 於二零二一年十二月三十一日	76,019
DEPRECIATION 折舊	
At 1 January 2020 於二零二零年一月一日	22,303
Charge for the year 年內支出	4,391
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	26,694
Transferred from properties 轉撥自物業	4,312
Charge for the year 年內支出	4,633
At 31 December 2021 於二零二一年十二月三十一日	35,639
CARRYING VALUES 賬面值	
At 31 December 2021 於二零二一年十二月三十一日	40,380
At 31 December 2020 於二零二零年十二月三十一日	40,907

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16. INVESTMENT PROPERTIES (Continued)

All of the investment properties are measured using the cost model. The fair value of the Group's investment properties at 31 December 2021 was RM108,385,000 (31 December 2020: RMB93,348,000). The fair value has been determined by the management of the Company reference to recent market evidence of transaction prices for similar properties in the same locations and conditions.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

16. 投資物業 (續)

所有投資物業以成本模式計量。於二零二一年十二月三十一日，本集團投資物業的公允值為人民幣108,385,000元(二零二零年十二月三十一日：人民幣93,348,000元)。該公允值經本公司管理層參考同區條件相同的同類物業的近期市場成交價後釐定。

本集團投資物業的詳情及於報告期末有關公允值等級的資料如下：

	2021 二零二一年	
	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value at Level 3 hierarchy 第三級的公允值 RMB'000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	40,380	108,385

	2020 二零二零年	
	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value at Level 3 hierarchy 第三級的公允值 RMB'000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	40,907	93,348

The above investment properties are depreciated on a straight-line basis from 13 to 20 years.

As at 31 December 2021, no investment properties of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on investment properties for the both years ended 31 December 2021 and 2020.

上列投資物業於13至20年內按照直線法折舊。

於二零二一年十二月三十一日，本集團並未抵押投資物業作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度，本公司董事認為投資物業並無減值虧損。

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17. INTANGIBLE ASSETS

17. 無形資產

	Patents 專利權 RMB'000 人民幣千元
COST 成本	
At 1 January 2020 於二零二零年一月一日	570,833
Additions 添置	176
At 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日	571,009
AMORTISATION AND IMPAIRMENT 攤銷及減值	
At 1 January 2020 於二零二零年一月一日	151,670
Charge for the year 年內支出	56,202
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及於二零二一年一月一日	207,872
Charge for the year 年內支出	56,211
At 31 December 2021 於二零二一年十二月三十一日	264,083
CARRYING VALUES 賬面值	
At 31 December 2021 於二零二一年十二月三十一日	306,926
At 31 December 2020 於二零二零年十二月三十一日	363,137

As at 31 December 2021, the Group held (i) licensing patent acquired from Konica Minolta, Inc. ("KMI"), an independent third party of the Group, which allows the Group to develop, produce and sell licensed products, (ii) patent and other intangible assets acquired from the acquisition of Sunny Mobility Technologies (Ningbo) Co., Ltd. to develop the advanced driving assistant system in automobile industry.

於二零二一年十二月三十一日，本集團於本年度持有(i)自本集團的一名獨立第三方柯尼卡美能達公司(「KMI」)購買的專利授權，允許本集團開發、生產及銷售授權產品，(ii)收購寧波舜宇智行傳感技術有限公司取得的專利及其他無形資產，於汽車行業開發高級駕駛輔助系統。

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17. INTANGIBLE ASSETS (Continued)

These intangible assets have finite useful lives and are amortised on a straight-line basis over 10 years.

The Directors of the Company considered no impairment loss on intangible assets for the both years ended 31 December 2021 and 2020.

17. 無形資產 (續)

該等無形資產具有有限可使用年期，並以直線法按十年期攤銷。

截至二零二一年及二零二零年十二月三十一日止年度，本公司董事認為無形資產並無減值虧損。

18. INTERESTS IN ASSOCIATES

18. 於聯營公司的權益

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Cost of investment in unlisted associates 非上市聯營公司投資成本	251,115	93,569
Share of post-acquisition profit or loss and other comprehensive income or expenses, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	13,392	(18,753)
Impairment loss recognised 已確認減值虧損	(62,866)	(72,863)
	201,641	1,953

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18. INTERESTS IN ASSOCIATES (Continued)

18. 於聯營公司的權益 (續)

Details of each of the Group's associates at the end of the reporting period are as follow:

於報告期末，本集團各聯營公司的詳情如下：

Name of associate 聯營公司名稱	Places of registration/ operation 註冊地點/ 營業地點	Proportion of ownership interests held by the Group 本集團持有的 所有權權益比例		Principal activity 主要業務
		2021 二零二一年	2020 二零二零年	
Visiondigi (Shanghai) Technology Co., Ltd. ("Visiondigi Shanghai")* 上海威乾視頻技術有限公司(「上海威乾」)	The PRC 中國	N/A 不適用	30.85%	Manufacture and sale of closed circuit television 生產及銷售閉路電視
Jiangsu Sunny Medical Equipments Co., Ltd.* 江蘇舜宇醫療器械有限公司	The PRC 中國	31.00%	31.00%	Manufacture and sale of medical instrument business 生產及銷售醫療儀器業務
SCIVAX Co., Ltd. ("SCIVAX")* SCIVAX 株式會社(「SCIVAX」)	Japan 日本	14.26%	18.30%	Research and development of advanced nanotechnology 研究及開發先進納米技術
浙江生一光學感知科技有限公司 浙江生一光學感知科技有限公司	The PRC 中國	25.00%	25.00%	Research and development of optical products 研究及開發光學產品
餘姚市陽明智行投資中心(有限合夥) ("V Fund") 餘姚市陽明智行投資中心(有限合夥) (「V基金」)	The PRC 中國	16.41%	16.41%	Equity Investment 股權投資
杭州九州舜創股權投資合夥企業(有限合夥)# 杭州九州舜創股權投資合夥企業(有限合夥)#	The PRC 中國	15.63%	N/A 不適用	Equity Investment 股權投資
杭州舜富股權投資合夥企業(有限合夥)# 杭州舜富股權投資合夥企業(有限合夥)#	The PRC 中國	52.00%	N/A 不適用	Equity Investment 股權投資

* The English names of the above entities established in the PRC and Japan are translated for identification purpose only.

* 於中國及日本成立的上述實體的英文名稱為翻譯名稱，僅供識別。

These associates were established during the current year, which are mainly engaged in equity investment in the optoelectronic and relevant industries.

該等聯營公司於本年度期間成立，主要從事光電及相關產業股權投資。

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18. INTERESTS IN ASSOCIATES (Continued)

During the current period, the dormant and fully impaired associate named Visiondigi Shanghai has been deregistered. The cost of the investment RMB23,135,000, net off the share of results of RMB13,138,000 and the impairment loss of RMB9,997,000 in the previous years resulted in insignificant gain recognised in this reporting period.

V Fund has been reclassified from financial assets at FVTPL to an associate since 1 September 2021, when the Group is able to exercise significant influence over V Fund. The carrying amount of investment in V Fund reclassified from financial assets at FVTPL is RMB74,641,000.

On 10 May 2021, the Group entered into a Limited Partnership Agreement with several third party independent investors to establish 杭州九州舜創股權投資合夥企業(有限合夥) with the total subscription amount RMB960,000,000 and the Group will subscribe 15.63% of the total interests in the amount of RMB150,000,000, in order to invest into companies from optoelectronics and other relevant industries. As at 31 December 2021, RMB106,040,000 has been subscribed by the Group. As the Group has significant influence over the management and the operation of the fund, the investment is classified and accounted for as an associate accordingly.

18. 於聯營公司的權益 (續)

於本期間，已停業且已完全減值的聯營公司上海威乾已註銷。投資成本人民幣23,135,000元扣除過往年度分佔業績人民幣13,138,000元及減值虧損人民幣9,997,000元導致於本報告期間確認的收益並不重大。

自二零二一年九月一日以來，V基金已從按公允值計入損益的金融資產重新分類為聯營公司，屆時本集團能夠對V基金產生重大影響力。從按公允值計入損益的金融資產重新分類的V基金投資賬面值為人民幣74,641,000元。

於二零二一年五月十日，本集團與若干第三方獨立投資者訂立有限合夥協議，成立杭州九州舜創股權投資合夥企業(有限合夥)，總認購金額為人民幣960,000,000元，本集團將以金額人民幣150,000,000元認購15.63%的總權益，旨在投資光電等其他相關行業的公司。於二零二一年十二月三十一日，本集團認繳人民幣106,040,000元。由於本集團對該基金的管理及運營有重大影響，該投資相應被分類並入賬為一家聯營公司。

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19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Deferred tax assets 遞延稅項資產	(255,651)	(207,332)
Deferred tax liabilities 遞延稅項負債	1,015,890	888,809
	760,239	681,477

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

19. 遞延稅項

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經抵銷。用作財務報告目的的遞延稅項結餘分析如下：

已確認的主要遞延稅項負債（資產）及於本年度和過往年度變動如下：

	Withholding tax on undistributed profit from the PRC 中國未分配 利潤預繳稅 RMB'000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及 預期信貸 虧損撥備 RMB'000 人民幣千元	Deferred subsidy income 遞延 補貼收入 RMB'000 人民幣千元	Accelerated depreciation 加速折舊 RMB'000 人民幣千元	Accrued bonus 應計獎金 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	120,532	(57,385)	(9,865)	541,622	(56,112)	14,866	553,658
Charge (Credit) to profit or loss (Note 9) 於損益中計入（扣除）（附註9）	25,205	(33,971)	1,544	170,504	(41,407)	2,595	124,470
Charge to other comprehensive income 計入其他全面收益	-	-	-	-	-	3,349	3,349
At 31 December 2020 於二零二零年十二月三十一日	145,737	(91,356)	(8,321)	712,126	(97,519)	20,810	681,477
Charge (Credit) to profit or loss (Note 9) 於損益中計入（扣除）（附註9）	11,634	(20,576)	(18,358)	97,876	1,778	5,912	78,266
Charge to other comprehensive income 計入其他全面收益	-	-	-	-	-	496	496
At 31 December 2021 於二零二一年十二月三十一日	157,371	(111,932)	(26,679)	810,002	(95,741)	27,218	760,239

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19. DEFERRED TAXATION (Continued)

As at 31 December 2021, the deferred tax liability amounting to RMB157,371,000 (31 December 2020: RMB145,737,000) was provided in respect of the temporary differences attributed to the PRC undistributed profits to the extent exceeding the investment plan which the Directors of the Company decided to distribute. The Group has determined that the remaining portion of the profits derived from those PRC operating subsidiaries will be retained by those subsidiaries and not distributed in the foreseeable future, since the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse nor be subject to withholding tax in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of approximately RMB682,828,000 (2020: RMB494,138,000) available for offset against future profits. The tax losses arising from the PRC non high-tech subsidiaries of RMB144,435,000 (2020: RMB70,813,000) can be carried forward for maximum of five years and will expire during 2022 to 2026 (2020: 2021 to 2025) while the tax losses arising from the PRC high-tech subsidiaries of RMB473,504,000 (2020: RMB381,594,000) can be carried forward for maximum of ten years and will expire during 2022 to 2031 (2020: 2021 to 2030) according to Caishui [2018] No. 76. which has extended the expiration period from five years to ten years. Other tax losses may be carried forward indefinitely.

20. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings, acquisition of plants and equipment located in the PRC and other regions for the expansion of the Group's production plants.

19. 遞延稅項 (續)

於二零二一年十二月三十一日，本集團就有關中國未分配利潤的暫時差額作出遞延稅項負債撥備人民幣157,371,000元(二零二零年十二月三十一日：人民幣145,737,000元)，該金額已超過本公司董事決定分配之投資計劃的金額。本集團已決定來自該等中國營運附屬公司的利潤之餘下部分將由該等附屬公司保留，且不會於可預見的將來分配，因為本集團已就控制撥回暫時差額的時間作好準備，且該等差額將不大可能於可預見的將來撥回或須預繳稅項。

於報告期末，本集團有未使用稅項虧損約人民幣682,828,000元(二零二零年：人民幣494,138,000元)可供用於抵銷未來溢利。中國非高新技術附屬公司產生的稅項虧損為人民幣144,435,000元(二零二零年：人民幣70,813,000元)可於最多五年內結轉，並將於二零二二年至二零二六年(二零二零年：二零二一年至二零二五年)到期。而中國高新技術附屬公司產生的稅項虧損為人民幣473,504,000元(二零二零年：人民幣381,594,000元)，可於最多十年內結轉，到期期限根據財稅[2018]76號文由五年增至十年，將於二零二二年至二零三一年(二零二零年：二零二一年至二零三零年)到期。其他稅項虧損可無限期結轉。

20. 就收購物業、機器及設備已支付的按金

本集團就興建廠房樓宇以及收購位於中國及其他地區的機器及設備以供其生產機器擴張而支付按金。

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21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 按公允價值計入其他全面收益的權益工具

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Unlisted equity investments 非上市股權投資	178,762	134,609

The unlisted equity investments represent the Group's equity interests in private entities. The Directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

During the current year, the Group made a new equity investment measured as equity instruments at FVTOCI amounting to RMB40,849,000 (2020: RMB100,000) and the fair value gain in the amount of RMB2,808,000 (2020: RMB18,977,000), net off with the recognition of related deferred tax liabilities of RMB496,000 (2020: RMB3,349,000) was recognised in FVTOCI reserve.

非上市股權投資代表本集團於私人實體的股本權益。本公司董事已選擇將該等投資指定為按公允價值計入其他全面收益的權益工具，此乃由於彼等相信於損益確認該等投資公允價值的短期波動不符合本集團就長期目的持有該等投資以及就長期而言實現該等投資效益的策略。

於本年度期間，本集團作出一項新的股權投資，以按公允價值計入其他全面收益的權益工具計量為人民幣40,849,000元（二零二零年：人民幣100,000元），而公允價值收益（扣除確認有關遞延稅項負債人民幣496,000元（二零二零年：人民幣3,349,000元））人民幣2,808,000元（二零二零年：人民幣18,977,000元）已於按公允價值計入其他全面收益的儲備中確認。

22. DEBT INSTRUMENTS AT AMORTISED COST

22. 按攤銷成本計量的債務工具

During the current year, all debt instruments reached maturity and were redeemed accordingly.

As at 31 December 2021, the total carrying amount of the debt instruments is nil (31 December 2020: RMB52,823,000).

於本年度期間，所有的債務工具已到期並已相應贖回。

於二零二一年十二月三十一日，債務工具總賬面值為零（二零二零年十二月三十一日：人民幣52,823,000元）。

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

23. 按公允值計入損益的金融資產

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產		
Fund investments (Note a) 基金投資 (附註a)	283,132	282,711
Unlisted financial products (Note b) 非上市金融產品 (附註b)	7,992,170	8,197,475
Debt instruments (Note c) 債務工具 (附註c)	38,841	-
	8,314,143	8,480,186
Non-current assets 非流動資產		
Debt instruments (Note c) 債務工具 (附註c)	-	72,884
Equity investments (Note d) 股權投資 (附註d)	19,518	133,352
	19,518	206,236

Notes:

附註：

(a) Fund investments

The Group entered into several contracts to purchase fund units (the "Fund") with a financial institution, which were accounted for as financial assets as FVTPL on initial recognition. As at 31 December 2021, the fair value of the Fund is United State Dollar ("USD") 44,408,000 (31 December 2020: USD43,328,000) per the investment statement of the financial institution, equivalent to RMB283,132,000 (31 December 2020: RMB282,711,000). The fair value gain in the amount of USD1,080,000, equivalent to RMB6,886,000 (2020: RMB22,199,000) was recognised in profit or loss in the current year.

(a) 基金投資

本集團與一家金融機構簽訂若干合約以購買基金單位(「基金」)，於初步確認時已列作按公允值計入損益的金融資產。於二零二一年十二月三十一日，根據金融機構的投資報表，基金的公允值為44,408,000美元(「美元」)(二零二零年十二月三十一日：43,328,000美元)，相等於人民幣283,132,000元(二零二零年十二月三十一日：人民幣282,711,000元)。本年度於損益中確認公允值收益金額為1,080,000美元(相等於人民幣6,886,000元)(二零二零年：人民幣22,199,000元)。

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(b) Unlisted financial products

During the current year, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products was determined by reference to the performance of the underlying government debt instruments and treasury notes and as at 31 December 2021, the expected return rate stated in the contracts ranges from 1.78% to 4.60% (31 December 2020: 2.15% to 3.95%) per annum.

In the opinion of the Directors of the Company, the fair value change of the unlisted financial products is insignificant in the current year.

(c) Debt instruments

During the current year, the Group disposed a debt instrument at the proceed of RMB32,427,000 (2020: RMB81,668,000). The remaining debt instruments will be redeemed in the coming year.

The loss on the fair value change of the remaining debt instruments amounting to RMB193,000 (2020: gain of RMB47,000) was recognised in the profit or loss in the current year.

(d) Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB19,518,000 (31 December 2020: RMB133,352,000) were classified as financial assets at FVTPL. Since 1 September 2021, the investment in V Fund with the carrying amount of RMB74,641,000 was reclassified as interests in an associate. During the current year, a fair value loss of RMB8,151,000 (2020: gain of RMB32,773,000) was recognised in the profit or loss.

23. 按公允值計入損益的金融資產 (續)

附註：(續)

(b) 非上市金融產品

於本年度期間，本集團與銀行簽訂若干非上市金融產品合約。該等非上市金融產品由中國的相關銀行管理，主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部分非上市金融產品的回報根據相關政府債務工具及國庫債券的表現釐定，於二零二一年十二月三十一日，合約中所載的預期年回報率介乎1.78%至4.60%之間（二零二零年十二月三十一日：2.15%至3.95%之間）。

本公司董事認為，非上市金融產品的公允值變動於本年度並不重大。

(c) 債務工具

於本年度期間，本集團出售一項債務工具，所得款項為人民幣32,427,000元（二零二零年：人民幣81,668,000元）。餘下的債務工具將在下一年度贖回。

餘下債務工具的公允值變動虧損為人民幣193,000元（二零二零年：收益人民幣47,000元），於本年度在損益內確認。

(d) 股權投資

本集團於多家合夥企業金額為人民幣19,518,000元（二零二零年十二月三十一日：人民幣133,352,000元）的股權投資被分類為按公允值計入損益的金融資產。自二零二一年九月一日起，V基金賬面價值為人民幣74,641,000元的投資被重新分類為於一家聯營公司的權益。本年度期間於損益中確認公允值損失人民幣8,151,000元（二零二零年：收益人民幣32,773,000元）。

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24. INVENTORIES

24. 存貨

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Raw materials 原材料	1,510,395	1,126,857
Work in progress 半製成品	202,365	193,666
Finished goods 製成品	3,769,098	4,462,548
	5,481,858	5,783,071

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

25. 貿易及其他應收款項及預付款項

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產		
Trade receivables 貿易應收款項	5,730,277	6,888,146
Less: allowance for expected credit losses 減：預期信貸虧損撥備	(95,625)	(95,903)
	5,634,652	6,792,243
Bill receivables 應收票據	1,009,636	756,530
Loan receivables (Note) 應收貸款 (附註)	142,829	164,998
Other receivables and prepayment 其他應收款項及預付款項		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	119,284	92,948
Advance to suppliers 墊付供應商款項	110,068	77,578
Interest receivables 應收利息	130,416	54,277
Prepaid expenses 預付開支	145,316	119,584
Utilities deposits and prepayment 公用事業按金及預付款項	41,429	75,561
Advances to employees 墊付僱員款項	88,915	68,701
Others 其他	25,840	9,605
	661,268	498,254
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	7,448,385	8,212,025

Note: The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals.

附註：本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。

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25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows a credit period of average 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit loss presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	5,540,795	6,599,719
91 to 180 days 91至180天	92,903	191,585
Over 180 days 180天以上	954	939
	5,634,652	6,792,243

The credit period of bill receivables is 90 to 180 days. Aging of bill receivables based on the issue date at the end of the reporting period is as follows:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	927,195	647,049
91 to 180 days 91至180天	82,441	109,481
	1,009,636	756,530

All bills received by the Group are with a maturity period of less than one year.

25. 貿易及其他應收款項及預付款項 (續)

本集團給予其貿易客戶平均90天的信貸期。以下為於報告期末基於發票日(與各自的收益確認日期相若)呈列的貿易應收款項(扣除信貸虧損撥備)的賬齡分析。

應收票據的信貸期為90至180天。於報告期末基於發行日的應收票據賬齡如下：

本集團已收取的所有票據的到期期限均少於一年。

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25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB50,024,000 (31 December 2020: RMB31,818,000) which are past due as at the reporting date. Out of the past due balances, nil (31 December 2020: nil) has been past due 90 days or more.

Details of impairment assessment of trade and other receivables and bill receivables for the years ended 31 December 2021 and 2020 are set out in Note 36(b).

26. TIME DEPOSITS/PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

During the year ended 31 December 2021, the Group deposited RMB500,000,000 time deposits with several banks in the PRC. These time deposits carry fixed interest rates ranging from 3.85% to 4.18% (31 December 2020: 3.85% to 4.18%) per annum. The remaining maturity period of these time deposits is more than one year and are therefore classified as non-current assets.

The Group pledged certain of its bank deposits to banks as security for letters of guarantee and the pledged bank deposits carry fixed interests rates ranging from 1.80% to 3.50% (31 December 2020: at 1.35%) per annum.

Short term fixed deposits carry fixed interest rates ranging from 1.20% to 1.90% (31 December 2020: 1.92% to 3.15%) per annum. Short term fixed deposits have original maturity dates less than one year and therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rates ranging from 0.30% to 1.70% (31 December 2020: at 0.30%) per annum.

25. 貿易及其他應收款項及預付款項 (續)

於二零二一年十二月三十一日，本集團貿易應收款項結餘包括於報告日期已逾期的總賬面值為人民幣50,024,000元（二零二零年十二月三十一日：人民幣31,818,000元）的債務人。於逾期結餘中，並無（二零二零年十二月三十一日：無）逾期款項逾期90天或以上。

貿易及其他應收款項及應收票據截至二零二一年及二零二零年十二月三十一日止年度的減值評估詳情載於附註36(b)。

26. 定期存款／已抵押銀行存款／短期定期存款／銀行結餘及現金

截至二零二一年十二月三十一日止年度，本集團存入數家中國的銀行的定期存款為人民幣500,000,000元。該等定期存款固定年利率介乎3.85%至4.18%之間（二零二零年十二月三十一日：3.85%至4.18%）。該等定期存款的餘下到期期限超過一年，因而被分類為非流動資產。

本集團已向銀行抵押其若干銀行存款作擔保函的抵押品，已抵押銀行存款固定年利率為介乎1.80%至3.50%之間（二零二零年十二月三十一日：1.35%）。

短期定期存款按介乎1.20%至1.90%之間（二零二零年十二月三十一日：1.92%至3.15%）的固定年利率計息。短期定期存款原到期日少於一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按介乎0.30%至1.70%之間（二零二零年十二月三十一日：0.30%）的市場儲蓄存款年利率計息。

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

27. 衍生金融資產及負債

於報告期末，本集團持有若干分類為持作買賣及未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Foreign currency forward contracts 遠期外匯合約	27,120	17,657	41,321	9,865
Foreign currency options contracts 外匯期權合約	-	3,650	4,087	96,805
Foreign exchange swap contracts 外匯掉期合約	117	-	95	-
Total 總額	27,237	21,307	45,503	106,670
Less: current portion 減：即期部分				
Foreign currency forward contracts 遠期外匯合約	27,120	17,657	36,264	5,083
Foreign currency options contracts 外匯期權合約	-	3,650	4,087	96,805
Foreign exchange swap contracts 外匯掉期合約	117	-	95	-
	27,237	21,307	40,446	101,888
Non-current portion 非即期部分	-	-	5,057	4,782

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

As at 31 December 2021, the Group had entered into the following foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts:

Foreign currency forward contracts

The Group entered into several USD/RMB foreign currency forward contracts with banks in the PRC in order to manage the Group's foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract Series W 合約系列W	USD33,750,000 33,750,000美元	RMB233,051,625 人民幣233,051,625元	Semi-annually till 18 January 2023 半年期至 二零二三年一月十八日	USD:RMB from 6.82 to 6.99 美元兌人民幣6.82至6.99
Contract 5 合約5	USD90,000,000 90,000,000美元	RMB594,738,000 人民幣594,738,000元	15 June 2022 二零二二年六月十五日	USD:RMB:6.61 美元兌人民幣：6.61
Contract 6 合約6	USD60,000,000 60,000,000美元	RMB396,540,000 人民幣396,540,000元	15 June 2022 二零二二年六月十五日	USD:RMB:6.61 美元兌人民幣：6.61
Contract 7 合約7	USD26,400,000 26,400,000美元	RMB173,313,360 人民幣173,313,360元	22 February 2022 二零二二年二月二十二日	USD:RMB:6.56 美元兌人民幣：6.56
Contract 8 合約8	USD50,000,000 50,000,000美元	RMB322,940,000 人民幣322,940,000元	29 June 2022 二零二二年六月二十九日	USD:RMB:6.46 美元兌人民幣：6.46
Contract 9 合約9	USD9,000,000 9,000,000美元	RMB58,478,400 人民幣58,478,400元	11 January 2022 二零二二年一月十一日	USD:RMB:6.50 美元兌人民幣：6.50
Contract 10 合約10	USD7,600,000 7,600,000美元	RMB49,231,280 人民幣49,231,280元	13 January 2022 二零二二年一月十三日	USD:RMB:6.48 美元兌人民幣：6.48
Contract 11 合約11	USD29,000,000 29,000,000美元	RMB186,719,400 人民幣186,719,400元	25 January 2022 二零二二年一月二十五日	USD:RMB:6.44 美元兌人民幣：6.44
Contract Series 12 合約系列12	USD115,000,000 115,000,000美元	RMB745,561,400 人民幣745,561,400元	Monthly till 27 June 2022 按月至二零二二年 六月二十七日	USD:RMB from 6.46 to 6.55 美元兌人民幣6.46至6.55
Contract Series 13 合約系列13	USD50,000,000 50,000,000美元	RMB327,996,000 人民幣327,996,000元	Monthly till 25 March 2022 按月至二零二二年 三月二十五日	USD:RMB from 6.55 to 6.57 美元兌人民幣6.55至6.57
Contract 14 合約14	USD20,800,000 20,800,000美元	RMB134,266,080 人民幣134,266,080元	9 February 2022 二零二二年二月九日	USD:RMB:6.46 美元兌人民幣：6.46

Foreign currency options contracts

The Group entered into several USD/RMB foreign currency options contracts with banks in the PRC in order to manage the Group's foreign currency risk.

27. 衍生金融資產及負債(續)

於二零二一年十二月三十一日，本集團已訂立以下遠期外匯合約、外匯期權合約及外匯掉期合約：

遠期外匯合約

本集團已與中國的銀行訂立若干美元兌人民幣的遠期外匯合約，以管理本集團的外匯風險。

外匯期權合約

本集團已與中國的銀行訂立若干美元兌人民幣的外匯期權合約，以管理本集團的外匯風險。

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency options contracts (Continued)

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts (“**Valuation Date**”).

At each Valuation Date, the reference rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

Extracts of details of foreign currency options contracts from the respective contracts outstanding as at 31 December 2021 are as follows:

27. 衍生金融資產及負債 (續)

外匯期權合約 (續)

本集團須於各合約所指定的估值日期(「**估值日期**」)就指定名義金額與該等銀行進行交易。

於各估值日期，參考匯率(指各合約所指定的現貨匯率)須與各合約所指定的行使匯率(上限及下限)/門檻匯率作比較，且在導致各合約所指定若干條件的情況下，本集團可向相關銀行收取/支付該等合約所指定的金額。

於二零二一年十二月三十一日，各項未平倉合約的外匯期權合約的詳情摘要如下：

	Notional amount 名義金額 USD'000 美元千元	Strike/barrier rates 行使/門檻匯率	Ending settlement date 結束結算日期
Contract G 合約G	24,000	USD:RMB at 1:6.4630 美元兌人民幣1:6.4630	24 January 2022 二零二二年一月二十四日
Contract H 合約H	40,000	USD:RMB at 1:6.3893 美元兌人民幣1:6.3893	25 January 2022 二零二二年一月二十五日
Contract I 合約I	30,000	USD:RMB at 1:6.5041 美元兌人民幣1:6.5041	26 January 2022 二零二二年一月二十六日
Contract J 合約J	30,000	USD:RMB at 1:6.4964 美元兌人民幣1:6.4964	26 January 2022 二零二二年一月二十六日
Contract K 合約K	44,710	USD:RMB at 1:6.3925 美元兌人民幣1:6.3925	23 February 2022 二零二二年二月二十三日
Contract L 合約L	35,000	USD:RMB at 1:6.4785 美元兌人民幣1:6.4785	23 February 2022 二零二二年二月二十三日
Contract M 合約M	30,000	USD:RMB at 1:6.4025 美元兌人民幣1:6.4025	24 March 2022 二零二二年三月二十四日
Contract N 合約N	59,000	USD:RMB at 1:6.4424 美元兌人民幣1:6.4424	28 March 2022 二零二二年三月二十八日

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign exchange swap contracts

The Group entered into several Euro (“EUR”)/USD and HKD/USD foreign exchange swap contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Strike Rate 行使匯率
Contract A 合約A	USD30,038,473 30,038,473美元	EUR26,442,039 26,442,039歐元	7 January 2022 二零二二年一月七日	EUR:USD: 1.14 歐元兌美元：1.14
Contract B 合約B	USD30,000,000 30,000,000美元	HKD233,928,000 233,928,000港元	1 June 2022 二零二二年六月一日	USD:HKD: 7.80 美元兌港元：7.80
Contract C 合約C	USD30,000,000 30,000,000美元	HKD233,967,000 233,967,000港元	28 June 2022 二零二二年六月二十八日	USD:HKD: 7.80 美元兌港元：7.80

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

27. 衍生金融資產及負債(續)

外匯掉期合約

本集團已與中國的銀行訂立若干歐元(「歐元」)兌美元及港元兌美元的外匯掉期合約，以管理本集團的外匯風險。

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議(「國際掉期及衍生工具協會總協議」)涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債或破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於綜合財務狀況表內抵銷。

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28. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on the issue date at the end of reporting period.

28. 貿易及其他應付款項

以下為於報告期末基於發票日的貿易應付款項及基於發行日的應付票據的賬齡分析。

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current liabilities 流動負債		
Trade payables 貿易應付款項		
Within 90 days 90天以內	4,262,386	5,525,012
91 to 180 days 91至180天	742,744	829,036
Over 180 days 180天以上	355	495
Accrued purchases 應計採購額	925,738	804,832
Total trade payables and accrued purchases 貿易應付款項及應計採購額總額	5,931,223	7,159,375
Note payables 應付票據		
Within 90 days 90天以內	1,336,260	1,022,991
91 to 180 days 91至180天	385,024	312,985
Over 180 days 180天以上	100,000	-
	1,821,284	1,335,976
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	267,891	182,910
Staff salaries and welfare payables 員工薪金及福利應付款項	1,311,836	1,222,684
Labor outsourcing payables 勞務外包應付款項	139,747	168,504
Payables for acquisition of patents 收購專利應付款項	40,913	45,651
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	113,297	341,112
Commission payables 應付佣金	19,493	32,471
Interest payables 應付利息	64,473	65,878
Rental and utilities payables 應付租金及公用事業費用	58,346	50,808
Others 其他	100,184	127,995
	2,116,180	2,238,013
	9,868,687	10,733,364
Non-current liabilities 非流動負債		
Long term payables 長期應付款項		
Payables for acquisition of patents 收購專利應付款項	172,044	245,636

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28. TRADE AND OTHER PAYABLES (Continued)

The credit period on purchases of goods is up to 180 days (2020: 180 days) and the credit period for note payables is 90 days to 365 days (2020: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

28. 貿易及其他應付款項(續)

貨品採購的信貸期最多為180天(二零二零年：180天)及應付票據的信貸期為90天至365天(二零二零年：90天至180天)。本集團已實施財務風險管理政策，以確保所有應付款項於信貸期內支付。

29. CONTRACT LIABILITIES

29. 合約負債

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Advance from customers 客戶墊付款項	178,101	131,191

As at 1 January 2020, contract liabilities amounted to RMB83,202,000.

於二零二零年一月一日，合約負債為人民幣83,202,000元。

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations satisfied in previous periods.

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的所有合約負債對應的履約義務均於報告期內完成，收入得以確認，且本報告期確認的收入中不包含任何往期已經實現的履約義務。

30. BANK BORROWINGS

30. 銀行借貸

Unsecured 無抵押	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Guaranteed 有擔保	1,601,327	1,381,243
Unguaranteed 無擔保	637,570	689,368
	2,238,897	2,070,611

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30. BANK BORROWINGS (Continued)

30. 銀行借貸 (續)

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
The carrying amounts of the above borrowings are repayable*: 上述銀行借貸的賬面值須於下列時間內償還*：		
Within one year 一年內	1,538,897	2,070,611
Within a period of more than one year but not exceeding two years 於一年以上但不超過兩年的期間內	700,000	–
	2,238,897	2,070,611

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* 應付款項乃根據貸款協議所載計劃還款日期釐定。

The exposure of the Group's bank borrowings are as follows:

本集團的銀行借貸風險如下：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Fixed-rate borrowings 固定利率借貸	900,000	1,124,500
Variable-rate borrowings 可變利率借貸	1,338,897	946,111
	2,238,897	2,070,611

The range of effective interest rates per annum (which are equal to contractual interest rates) on the Group's bank borrowings are as follows:

本集團銀行借貸的實際年利率(相等於合約利率)範圍如下：

	31/12/2021 二零二一年 十二月三十一日	31/12/2020 二零二零年 十二月三十一日
Fixed-rate borrowings 固定利率借貸	3.10%	2.96%
Variable-rate borrowings 可變利率借貸	0.60%-0.87%	0.85%-1.14%

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30. BANK BORROWINGS (Continued)

The variable-rate borrowings as at 31 December 2021 and 31 December 2020 were denominated in USD which carried the floating-rates at London Inter-Bank Offer Rate (“LIBOR”) plus a premium.

The Group’s bank borrowings that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

30. 銀行借貸 (續)

於二零二一年十二月三十一日及二零二零年十二月三十一日的可變利率借貸以美元計值，其浮動利率按倫敦銀行同業拆息利率（「倫敦銀行同業拆息利率」）加溢價計算。

本集團以相關集團實體功能貨幣以外的貨幣計值的銀行借貸載列如下：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
USD 美元	1,338,897	946,111

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31. LEASE LIABILITIES

31. 租賃負債

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Lease liabilities payable: 應付租賃負債：		
Within one year 一年內	46,271	43,580
Within a period of more than one year but not more than two years 超過一年但不超過兩年的期間內	28,531	37,551
Within a period of more than two years but not more than five years 超過兩年但不超過五年的期間內	46,583	37,699
Within a period of more than five years 超過五年的期間內	32,885	21,649
	154,270	140,479
Less: amount due for settlement with 12 months shown under current liabilities 減：流動負債下所列於12個月內結算的到期款項	(46,271)	(43,580)
Amount due for settlement after 12 months shown under non-current liabilities 非流動負債下所列於12個月後結算的到期款項	107,999	96,899

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 4.90% (2020: from 4.75% to 4.90%).

應用於租賃負債的加權平均增量借款利率介乎4.75%至4.90%之間(二零二零年：4.75%至4.90%)。

32. GOVERNMENT GRANTS/DEFERRED INCOME

32. 政府補助金／遞延收入

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Amounts credited to profit or loss during the year: 年內計入損益金額：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼(附註a)	72,996	59,954
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼(附註b)	10,434	16,037
Incentive subsidies (Note c) 獎勵補貼(附註c)	128,884	65,819
	212,314	141,810

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32. GOVERNMENT GRANTS/DEFERRED INCOME (Continued)

32. 政府補助金／遞延收入 (續)

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼 (附註a)	90,573	55,945
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼 (附註b)	30,033	21,605
Subsidies related to construction of staff living facilities (Note d) 興建員工生活配套設施補貼 (附註d)	73,997	-
Total 總計	194,603	77,550
Less: current portion 減：即期部分	(6,099)	(8,695)
Non-current portion 非即期部分	188,504	68,855

Notes:

- (a) The Group received grants from the local government for the purpose of increasing in production capacity for high-end handset lens sets by enhancement of production lines. The amounts are deferred and amortised over the useful lives of the relevant assets in the enhanced production lines.
- (b) The Group received grants for reimbursement towards the costs of research and development of certain technology projects with local government and various parties. The amounts are deferred and amortised over period of the respective research and development projects.
- (c) Incentive subsidies were received from the local government in recognition of the eminence of development of new products, achievement of certain revenue and export volume milestones of the Group. The subsidies were unconditional and granted on a discretionary basis to the Group and recognised in profit or loss when received.
- (d) The Group received grants from the local government to support the construction and improvement of staff living facilities. The amounts are deferred and amortised over the useful lives of the staff living facilities.

附註：

- (a) 本集團獲得地方政府的補貼，以通過改進生產線提高高端手機鏡頭產能。該等金額作遞延並於各已改進生產線的相關資產的可使用年內攤銷。
- (b) 本集團獲得地方政府及有關各方的補貼，以補助部分技術項目研發成本。該等金額作遞延並於各研發項目期間攤銷。
- (c) 地方政府提供獎勵補貼以嘉許本集團開發新產品、達到收入指標及發展出口業務。該等補貼為無條件及酌情授予本集團及於收取時於損益中確認。
- (d) 本集團獲得地方政府補貼，以支持員工生活配套設施的興建及裝修。該等金額作遞延並於員工生活配套設施的可使用年內攤銷。

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33. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of USD600 million at the rate of 3.75% which will be due by 2023 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company had used all of the net proceeds from the bonds for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current year, interest expense of approximately RMB153,970,000 (2020: RMB164,282,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

33. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元3.75厘的無抵押債券，該發行已於二零一八年一月二十三日完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司已將債券所得款項之全部淨額作為資本開支資金、滿足營運資金需求、現有債務再融資及其他的一般公司用途。

於本年度期間，約人民幣153,970,000元（二零二零年：人民幣164,282,000元）的利息開支於綜合損益及其他全面收益表中確認。

34. SHARE CAPITAL

34. 股本

	Number of shares 股份數目	Amount 金額 HKD'000 港元千元	Equivalent to 相等於 RMB'000 人民幣千元
Authorised: 法定：			
Ordinary shares of HKD0.10 each at 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日 每股面值0.10港元的普通股	100,000,000,000	10,000,000	
Issued & fully paid: 已發行及繳足：			
Ordinary shares of HKD0.10 each at 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日 每股面值0.10港元的普通股	1,096,849,700	109,685	105,163

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35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 30, lease liabilities disclosed in Note 31 and bonds payable disclosed in Note 33 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The Directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

35. 資本風險管理

本集團管理其資本，以確保本集團轄下實體能夠持續經營，同時通過優化債務及權益結構，實現股東回報最大化。本集團的整體策略與去年相同。

本集團的資本架構由負債淨額（包括於附註30中披露的銀行借貸、於附註31中披露的租賃負債及於附註33中披露的應付債券（扣除現金及現金等值項目））及本公司股東應佔權益（包括已發行股本、保留盈利及其他儲備）組成。

本公司董事每半年檢討一次資本架構。作為檢討的一部分，本公司董事考慮資本成本及各類資本相關風險。根據本公司董事的建議，本集團將透過支付股息、發行新股及股份回購以及發行新債或償還現有債務來平衡其整體資本架構。

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36. FINANCIAL INSTRUMENTS

36. 金融工具

a. Categories of financial instruments

a. 金融工具分類

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<i>Financial assets 金融資產</i>		
Financial assets at FVTPL 按公允值計入損益的金融資產	8,333,661	8,686,422
Derivative financial assets 衍生金融資產	27,237	21,307
Financial assets at amortised cost 按攤銷成本計量的金融資產	14,202,514	11,486,163
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	178,762	134,609
	22,742,174	20,328,501
<i>Financial liabilities 金融負債</i>		
Liabilities measured at amortised cost 按攤銷成本計量的負債	13,751,314	14,415,363
Derivative financial liabilities 衍生金融負債	45,503	106,670
	13,796,817	14,522,033

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies

The Group's financial instruments include derivative financial assets/liabilities, trade and other receivables, amounts due from/to related parties, financial assets at FVTPL, debt instruments at amortised cost, equity instruments at FVTOCI, time deposits, short term fixed deposits, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, long term payables and bonds payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the market risks of foreign currency risk, interest rate risk and other price risk. Market risk exposures are further measured by sensitivity analysis. Details of each type of market risks are described as follows:

(i) Foreign currency risk

The Group undertakes certain foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, trade and other receivables, trade and other payables, bonds payable and bank borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and utilising foreign currency forward contracts, foreign currency option contracts and foreign exchange swap contracts.

b. 財務風險管理目標及政策

本集團的金融工具包括衍生金融資產／負債、貿易及其他應收款項、應收／應付關連人士款項、按公允值計入損益的金融資產、按攤銷成本計量的債務工具、按公允值計入其他全面收益的權益工具、定期存款、短期定期存款、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、銀行借貸、長期應付款項及應付債券。金融工具的詳情載於相關附註。與此等金融工具相關的風險包括市場風險(外匯風險、利率風險及其他價格風險)、信貸風險及流動資金風險。減輕此等風險的政策載列於下文。管理層負責管理及監控此等風險，確保及時有效地採取適當措施。

市場風險

本集團業務面臨的主要市場風險為外匯風險、利率風險及其他價格風險。市場風險進一步按敏感度分析界定。以下為各類市場風險的詳情：

(i) 外匯風險

本集團進行若干外幣買賣，因而面對外匯風險。本集團若干銀行結餘及現金、貿易及其他應收款項、貿易及其他應付款項、應付債券以及銀行借貸均以相關集團實體功能貨幣以外的貨幣計值且均面臨有關外匯風險。本集團密切監控匯率變動及使用遠期外匯合約、外匯期權合約及外匯掉期合約以管理外匯風險。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets 資產		Liabilities 負債	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
USD 美元	6,010,423	3,888,114	6,726,417	6,821,730
HKD 港元	389,279	59,963	8,207	1,150
Japanese Yen ("JPY") 日元 (「日元」)	79,228	39,923	334,365	394,580
Indian Rupee ("INR") 印度盧比 (「印度盧比」)	282,471	365,975	22,660	9,226
Vietnamese Dong ("VND") 越南盾 (「越南盾」)	42,744	5,247	11,311	7,766
Korean Won ("KRW") 韓元 (「韓元」)	9,549	5,803	106,251	8,052

Sensitivity analysis

The Group is mainly exposed to fluctuation in USD, HKD, JPY, INR, VND and KRW against RMB.

The following table details the Group's sensitivity to a 5% (2020: 5%) change in respective foreign currencies against RMB. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end date for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in post-tax profit where the respective functional currencies strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant currencies, there would be an equal and opposite impact on the post-tax profit.

b. 財務風險管理目標及政策 (續)

市場風險 (續)

(i) 外匯風險 (續)

以下為本集團於報告期末以外幣計值貨幣資產及貨幣負債的賬面值：

敏感度分析

本集團的主要風險來自美元、港元、日元、印度盧比、越南盾及韓元兌人民幣的匯率波動。

下表詳述本集團於各外幣兌人民幣變動5% (二零二零年：5%) 時的敏感度。敏感度分析僅包括尚未結算的外幣計值貨幣項目，以及有關換算因年結日匯率變動5%而作出的調整。

下列正數 (負數) 代表各功能貨幣兌相關外幣升值5%而導致除稅後溢利增加 (減少) 情況。倘各功能貨幣兌相關貨幣貶值5%，則會對除稅後溢利有等額相反的影響。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

Sensitivity analysis (Continued)

	Profit for the year 年內溢利	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
USD (Note) 美元 (附註)	30,430	124,679
HKD 港元	(16,196)	(2,500)
JPY 日元	10,843	15,073
INR 印度盧比	(11,042)	(15,162)
VND 越南盾	(1,336)	107
KRW 韓元	4,110	96

Note: This is mainly attributable to the exposure to bank balances, outstanding receivables, outstanding payables, bank borrowings and bonds payable denominated in foreign currency of USD at the year end date.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 30 for details of these bank borrowings), lease liabilities (see Note 31 for details of lease liabilities), time deposits, short term fixed deposits and pledged bank deposits (see Note 26 for details of these deposits), debt instruments (see Note 22 for details of these debt instruments) and bonds payable (see Note 33 for details of the bonds payable). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

市場風險 (續)

(i) 外匯風險 (續)

敏感度分析 (續)

附註：主要是來自於年結日以外幣美元計值的銀行結餘、未結算應收款項、未結算應付款項、銀行借貸及應付債券的風險。

(ii) 利率風險

本集團因固定利率銀行借貸 (該等銀行借貸詳情見附註30)、租賃負債 (租賃負債詳情見附註31)、定期存款、短期定期存款及已抵押銀行存款 (該等存款詳情見附註26)、債務工具 (該等債務工具詳情見附註22) 以及應付債券 (應付債券詳情見附註33) 而面臨公允值利率風險。本集團目前沒有任何利率對沖政策。然而，本集團會監控利率風險並會在有需要時考慮對沖重大利率風險。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see Note 30 for details of these bank borrowings). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the LIBOR arising from the Group's bank borrowings. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The Group's exposures to interest rates on financial liabilities and lease liabilities are detailed in the liquidity risk management section of this note.

b. 財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

本集團亦因可變利率銀行結餘和銀行借貸(該等銀行借貸詳情見附註30)而面臨現金流量利率風險。本集團的現金流量利率風險主要集中於銀行結餘及本集團的銀行借貸產生的倫敦銀行同業拆息利率波動。管理層將檢討固定及浮動利率的借貸比例並確保其處於合理範圍內。

本集團金融負債及租賃負債的利率風險已在本附註流動資金風險管理一節中作詳細說明。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2020: 50 basis points) increase or decrease in variable-rate bank borrowings and fixed-rate debt instruments at FVTPL are used represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2021 would have decreased/increased by RMB5,885,000 (2020: RMB4,331,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and fixed-rate debt instruments at FVTPL.

b. 財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

以下敏感度分析乃根據報告期末衍生工具及非衍生工具的利率風險釐定。該分析乃假設於報告期末未償還的金融工具在全年均未償還而編製。可變利率銀行借貸及按公允值計入損益的固定利率債務工具增加或減少50個基準點(二零二零年：50個基準點)用來代表管理層對利率的合理可能變化的評估。

倘利率增加／減少50個基準點(二零二零年：50個基準點)且其他所有變量保持不變，本集團於截至二零二一年十二月三十一日止年度的除稅後溢利將減少／增加人民幣5,885,000元(二零二零年：人民幣4,331,000元)，主要是因為本集團面臨可變利率銀行借貸及按公允值計入損益的固定利率債務工具的利率風險。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Other price risk

The Group is exposed to other price risk through its investments in unlisted financial products, fund investments, debt instruments and equity investments as financial assets at FVTPL, the foreign currency forward contracts, foreign currency option contracts, and foreign exchange swap contracts. The management considers alternative tools to mitigate other price risk and manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in several industry sectors for long term strategic purposes which had been designated as FVTOCI. The management closely monitors such exposure and considers hedging such exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to the price risk at the reporting date. For the sensitivity analysis of those financial assets at FVTPL, increase (decrease) in the prices of the respective financial assets would result in an increase (decrease) the post-tax profit for the year ended 31 December 2021. Sensitivity analyses for unquoted equity securities at FVTOCI with fair value measurement categorised within Level 3 were disclosed in Note 36(c).

If the prices of those financial assets at FVTPL had been 5% (2020: 5%) higher/lower, the Group's post-tax profit for the year ended 31 December 2021 would increase/decrease by RMB354,181,000 (2020: RMB369,173,000).

b. 財務風險管理目標及政策 (續)

市場風險 (續)

(iii) 其他價格風險

本集團因其按公允值計入損益的金融資產(非上市金融產品、基金投資、債務工具及股權投資)、遠期外匯合約、外匯期權合約及外匯掉期合約的投資，面臨其他價格風險。管理層考慮用替代工具降低其他價格風險，並且以維持具有各種風險的投資組合管理該等所面臨的風險。此外，本集團亦因長遠策略目的投資若干無報價股權證券，被投資者營運於數個行業，該等證券指定為按公允值計入其他全面收益。管理層密切監察該等風險，並在有需要時考慮對沖該等風險。

敏感度分析乃根據報告日期價格風險釐定。有關按公允值計入損益的金融資產的敏感度分析，倘相應金融資產的價格增加(減少)，截至二零二一年十二月三十一日止年度除稅後溢利將相應增加(減少)。公允值計量分類為第三級的按公允值計入其他全面收益的無報價股本證券敏感度分析於附註36(c)中披露。

倘按公允值計入損益的該等金融資產價格高出/低出5%(二零二零年:5%)，本集團截至二零二一年十二月三十一日止年度的除稅後溢利將增加/減少人民幣354,181,000元(二零二零年:人民幣369,173,000元)。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risks on liquid funds and derivative financial assets are limited because the counterparties are banks with high credit ratings.

As at 31 December 2021 and 2020, the Group has concentration of credit risk on its unlisted financial products at FVTPL. The credit risk on unlisted financial products at FVTPL is limited by the underlying assets invested by the unlisted financial products being the PRC government related debt instruments and treasury notes and the counterparties who issued these unlisted financial products are banks with good reputations.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估

於二零二一年十二月三十一日，本集團承受財務虧損的最大信貸風險來自綜合財務狀況表所列各項已確認金融資產的賬面值。

為盡量減低信貸風險，本集團管理層已委派專責隊伍，負責釐定信貸限額、審批信貸及其他監控程序，以確保採取跟進行動收回過期債務。此外，本集團按預期信貸虧損模式對貿易應收款項個別地或根據撥備矩陣進行減值評估。因此，本公司董事認為本集團的信貸風險已大大降低。

由於交易對手均為信貸評級良好的銀行，故有關流動資金及衍生金融資產的信貸風險有限。

於二零二一年及二零二零年十二月三十一日，本集團的信貸風險集中於按公允值計入損益的非上市金融產品。按公允值計入損益的非上市金融產品的信貸風險有限，此乃由於非上市金融產品投資的相關資產為中國政府有關債務工具及國庫券，且發行該等非上市金融產品的對手方為聲譽良好的銀行。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has concentration of credit risk as 23% (2020: 28%) and 47% (2020: 51%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. Revenue from the top five trade debtors represent over 46% (2020: 56%) of the Group's revenue for the year ended 31 December 2021. The Directors of the Company, the associates and the shareholders have no interest in the customers mentioned above. The largest five customers' manufacturing facilities are located in the PRC, Vietnam and India, and their principal activities are manufacturing of smartphones and optical related products.

The Group also has concentration of credit risk on its deposits for acquisition of property, plant and equipment as 50% (2020: 61%) of the total deposits for acquisition of property, plant and equipment was paid to the Group's largest three suppliers of property, plant and equipment. The credit risk on the deposits paid is limited as these suppliers are large construction enterprises and equipment suppliers in the PRC, Hong Kong and Korea.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

除於若干信貸評級良好的銀行存放的流動資金存在信貸集中風險外，本集團另有信貸集中風險，皆因本集團總貿易應收款項中，最大客戶與前五大客戶分別佔23% (二零二零年：28%) 及47% (二零二零年：51%)。截至二零二一年十二月三十一日止年度，來自前五大貿易債務人的收入佔本集團收入逾46% (二零二零年：56%)。本公司董事、聯繫人及股東於上述客戶中並無任何權益。前五大客戶的生產設施位於中國、越南及印度，且其主要業務為製造智能手機及光學相關產品。

本集團因購置物業、機器及設備的按金而承受信貸集中風險，皆因本集團已向前三大物業、機器及設備供應商支付購置物業、機器及設備總按金的50% (二零二零年：61%)。已付按金的信貸風險有限，因為該等供應商為中國、香港及韓國的大型建築企業及設備供應商。

除上文所述者外，本集團並無其他重大信貸集中風險，皆因有關風險乃分散於多名對手方及客戶之中。

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綜合財務報表附註

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團的內部信貸評級評估包括以下類別：

Internal credit rating 內部信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方的違約風險低，且無任何逾期款項	Lifetime ECL-not credit-impaired 全期預期信貸虧損－無信貸減值	12m ECL 12個月預期信貸虧損
Watch list 觀察名單	Debtor frequently repays after due dates but usually settle in full 債務人經常於到期日後還款，但通常於到期日後結清	Lifetime ECL-not credit-impaired 全期預期信貸虧損－無信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 不確定的	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 自經內部或外部資源建立的資料初步確認以來，信貸風險大幅上升	Lifetime ECL-not credit-impaired 全期預期信貸虧損－無信貸減值	Lifetime ECL-not credit-impaired 全期預期信貸虧損－無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 證據顯示資產出現信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損－信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損－信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 證據顯示債務人處於嚴重財務困難，本集團對收回欠款無實際期望	Amount is written off 款額已撇銷	Amount is written off 款額已撇銷

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表詳列本集團受限於預期信貸虧損評估的金融資產所面臨的信貸風險：

	Notes 附註	External credit rating 外部 信貸評級	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 12個月或 全期預期信貸虧損	2021 Gross carrying amount 二零二一年 總賬面值		2020 Gross carrying amount 二零二零年 總賬面值	
					RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Financial assets at amortised cost 按攤銷成本計量的金融資產								
Trade receivables 貿易應收款項	25	N/A 不適用	Note b 附註b	Lifetime ECL (provision matrix) 全期預期信貸虧損 (撥備矩陣)	5,649,488		6,798,858	
			Loss 虧損	Credit-impaired 出現信貸減值	80,789	5,730,277	89,288	6,888,146
Amount due from a related party 應收一名關連人士款項	41(c)	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	327	327	-	-
Loan receivables 應收貸款	25	N/A 不適用	Note c 附註c	12m ECL 12個月預期信貸虧損	142,829	142,829	164,998	164,998
Bill receivables 應收票據	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	1,009,636	1,009,636	756,530	756,530
Other receivables 其他應收款項	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	197,685	197,685	139,443	139,443
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	BB- BB-	N/A 不適用	12m ECL 12個月預期信貸虧損	-	-	52,823	52,823
Time deposits 定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	500,000	500,000	500,000	500,000
Short term fixed deposits 短期定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	1,093,914	1,093,914	234,917	234,917
Pledged bank deposits 已抵押銀行存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	18,292	18,292	3,438	3,438
Bank balances 銀行結餘	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	5,604,918	5,604,918	2,841,508	2,841,508

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (a) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2021 二零二一年	Past due 逾期款項 RMB'000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Amount due from a related party 應收一名關連人士款項	-	327	327
Bill receivables 應收票據	-	1,009,636	1,009,636
Other receivables 其他應收款項	-	197,685	197,685
	-	1,207,648	1,207,648

2020 二零二零年	Past due 逾期款項 RMB'000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Bill receivables 應收票據	-	756,530	756,530
Other receivables 其他應收款項	-	139,443	139,443
	-	895,973	895,973

- (b) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the expected credit loss on these items by using a provision matrix, grouped by debtor's aging.

- (c) The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals. The credit risk of loan receivables is low.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：

- (a) 出於內部信貸風險管理的目的，本集團採用逾期資料評估信貸風險自初步確認以來有否大幅上升。

- (b) 就貿易應收款項而言，本集團應用了香港財務報告準則第9號的簡單方法以計量全期預期信貸虧損的虧損撥備。除出現信貸減值的債務人外，本集團使用撥備矩陣（按債務人賬齡分組）釐定該等項目的預期信貸虧損。

- (c) 本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。應收貸款的信貸風險不高。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amount of RMB80,789,000 as at 31 December 2021 (2020: RMB89,288,000) were assessed individually.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

作為本集團信貸風險管理的一部分，除出現信貸減值的應收款項外，本集團使用債務人的賬齡評估其客戶的減值，因該等客戶具有相同風險特徵（反映客戶根據合約條款支付所有到期款項的能力）。下表提供有關所面臨的信貸風險及基於撥備矩陣於全期預期信貸虧損（無信貸減值）內作出整體評估的貿易應收款項的預期信貸虧損的資料。於二零二一年十二月三十一日，總賬面值為人民幣80,789,000元（二零二零年：人民幣89,288,000元）的信貸減值債務人則作獨立評估。

2021 二零二一年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 – 90 days 1至90天	0.02%	5,541,737	942
91 – 120 days 91至120天	0.46%	80,209	368
121 – 180 days 121至180天	0.56%	13,136	74
More than 180 days 180天以上	93.38%	14,406	13,452
		5,649,488	14,836

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

2020 二零二零年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 – 90 days 1至90天	0.01%	6,600,315	596
91 – 120 days 91至120天	0.20%	177,932	363
121 – 180 days 121至180天	0.78%	14,126	110
More than 180 days 180天以上	85.52%	6,485	5,546
		6,798,858	6,615

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2021, the Group provided RMB8,221,000 (2020: reversal of RMB6,499,000) impairment allowance for trade receivables based on the provision matrix and reversed RMB3,039,000 (2020: RMB5,719,000) impairment allowance for credit impaired debtors, respectively.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

估計虧損率乃基於債務人的預期壽命內的歷史觀察違約率及無需付出不必要的成本或努力而獲得的前瞻性資料進行評估。分類由管理層定期檢討，以確保有關特定債務人的相關資料是最新的。

截至二零二一年十二月三十一日止年度，本集團基於撥備矩陣對應收貿易款項計提人民幣8,221,000元(二零二零年：撥回人民幣6,499,000元)的減值撥備，並撥回人民幣3,039,000元(二零二零年：人民幣5,719,000元)的信貸減值債務人減值撥備。

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表載列已於簡單方法下確認的貿易應收款項全期預期信貸虧損變動。

	Lifetime ECL (not credit- impaired) 全期預期信貸虧損 (無信貸減值) RMB'000 人民幣千元	Lifetime ECL (credit- impaired) 全期預期信貸虧損 (出現信貸減值) RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
As at 1 January 2020 於二零二零年一月一日	17,478	95,007	112,485
Changes due to financial assets recognised at 1 January 2020: 因於二零二零年一月一日確認的金融資產的變動：			
– Transfer to credit-impaired – 轉撥至信貸減值	(4,364)	4,364	–
– Impairment losses reversed – 撥回減值虧損	(13,102)	(5,719)	(18,821)
– Write-offs – 撇銷	–	(4,364)	(4,364)
New financial assets originated 產生新金融資產	6,603	–	6,603
As at 31 December 2020 於二零二零年十二月三十一日	6,615	89,288	95,903
Changes due to financial assets recognised at 1 January 2021: 因於二零二一年一月一日確認的金融資產的變動：			
– Impairment losses reversed – 撥回減值虧損	(6,544)	(3,039)	(9,583)
– Write-offs – 撇銷	–	(5,460)	(5,460)
New financial assets originated 產生新金融資產	14,765	–	14,765
As at 31 December 2021 於二零二一年十二月三十一日	14,836	80,789	95,625

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FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that debtors is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

The Group has net current assets amounting to approximately RMB16,115,878,000 at 31 December 2021 (31 December 2020: RMB12,218,409,000) and has low exposure to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the year end date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the year end date.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團於有資料顯示債務人處於嚴重財務困難及對收回欠款無實際期望時撇銷該項貿易應收款項(例如於債務人已被清盤或已進入破產程序時)。

流動資金風險

本集團於二零二一年十二月三十一日的流動資產淨值約人民幣16,115,878,000元(二零二零年十二月三十一日:人民幣12,218,409,000元),故因未能籌募足夠資金清償到期金融負債的流動資金風險相當低。

為管理流動資金風險,本集團監控及維持管理層認為足夠的現金及現金等值項目,用作本集團的營運資金及減輕現金流量不穩定的影響。

下表載列基於年終日至到期日的剩餘期間按有關到期組別對本集團金融負債及以淨額結算的衍生金融負債的分析。表格所披露金額為基於年終日的浮動利率或匯率(如適用)的未貼現合約現金流量。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 5 years 一年至五年 RMB'000 人民幣千元	5 years to 10 years 五年至十年 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
<i>As at 31 December 2021 於二零二一年十二月三十一日</i>							
Non-derivative financial liabilities 非衍生金融負債							
Trade and other payables 貿易及其他應付款項		6,774,717	743,099	-	-	7,517,816	7,517,816
Amounts due to related parties 應付關連人士款項		4,481	2,453	-	-	6,934	6,934
Bank borrowings – fixed rate 銀行借貸 – 固定利率	3.10%	-	203,482	741,962	-	945,444	900,000
Bank borrowings – variable rate 銀行借貸 – 可變利率	0.77%	382,768	959,825	-	-	1,342,593	1,338,897
Bonds payable 應付債券	4.00%	71,727	71,727	3,897,147	-	4,040,601	3,815,623
Long term payables 長期應付款項	2.27%	-	-	196,918	-	196,918	172,044
		7,233,693	1,980,586	4,836,027	-	14,050,306	13,751,314
Lease liabilities 租賃負債	4.80%	15,259	37,188	99,322	23,485	175,254	154,270
Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算							
Foreign currency options contracts 外匯期權合約		4,087	-	-	-	4,087	4,087
Foreign currency forward contracts 遠期外匯合約		5,016	31,248	5,057	-	41,321	41,321
Foreign exchange swap contracts 外匯掉期合約		-	95	-	-	95	95
Total 總額		7,258,055	2,049,117	4,940,406	23,485	14,271,063	13,951,087

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 5 years 一年至五年 RMB'000 人民幣千元	5 years to 10 years 五年至十年 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
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As at 31 December 2020 於二零二零年十二月三十一日

Non-derivative financial liabilities 非衍生金融負債

Trade and other payables 貿易及其他應付款項		7,008,065	1,188,167	-	-	8,196,232	8,196,232
Amounts due to related parties 應付關連人士款項		5,560	1,436	-	-	6,996	6,996
Bank borrowings – fixed rate 銀行借貸 – 固定利率	2.96%	24,611	1,120,635	-	-	1,145,246	1,124,500
Bank borrowings – variable rate 銀行借貸 – 可變利率	0.95%	-	950,025	-	-	950,025	946,111
Bonds payable 應付債券	4.00%	73,405	73,405	4,135,155	-	4,281,965	3,895,888
Long term payables 長期應付款項	2.27%	-	-	257,117	-	257,117	245,636
		7,111,641	3,333,668	4,392,272	-	14,837,581	14,415,363

Lease liabilities 租賃負債

	4.80%	12,329	36,758	83,745	23,119	155,951	140,479
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Derivative financial liabilities – net settled

衍生金融負債 – 淨額結算

Foreign currency options contracts 外匯期權合約		11,034	87,420	-	-	98,454	96,805
Foreign currency forward contracts 遠期外匯合約		3,562	1,569	5,136	-	10,267	9,865

Total 總額

		7,138,566	3,459,415	4,481,153	23,119	15,102,253	14,662,512
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The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與在報告期末釐定的利率估計值不同，則上述非衍生金融負債的可變利率工具金額也隨之變動。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Interest rate benchmark reform

As listed in Note 30, several of the Group's LIBOR bank borrowings will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators. The Group anticipates that the interest rate benchmark reform will have no material impact on the consolidated financial statements in the future.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

b. 財務風險管理目標及政策 (續)

利率基準改革

誠如附註30所列，本集團若干按倫敦銀行同業拆息利率計息的銀行借貸將受到利率基準改革的影響。本集團正在密切監察市場及設法向新基準利率（包括相關銀行同業拆息監管者公佈的利率）過渡。本集團預測未來利率基準改革將不會對綜合財務報表產生實質性的影響。

倫敦銀行同業拆息利率

金融行為監管局已確認所有的倫敦銀行同業拆息利率設置將不再由任何執行機構提供報價或不再具代表性：

- 就所有英鎊、歐元、瑞士法郎和日元設置，以及1週與2個月美元設置，有關日期為緊隨二零二一年十二月三十一日之後；及
- 就其餘的美元設置，有關日期為緊隨二零二三年六月三十日之後。

利率基準改革產生的風險

下列為本集團因過渡而產生的主要風險：

利率相關風險

就尚未過渡至相關替代基準利率且無詳細後備條款的合約而言，倘與本集團交易對手的雙邊談判在倫敦銀行同業拆息利率停止使用前未成功達成協議，適用利率將具有重大不確定性，這將在訂立合約時導致其他未曾預料的利率風險。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Interest rate benchmark reform (Continued)

Risks arising from the interest rate benchmark reform (Continued)

Interest rate related risks (Continued)

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

b. 財務風險管理目標及政策 (續)

利率基準改革 (續)

利率基準改革產生的風險 (續)

利率相關風險 (續)

銀行同業拆息利率與各種替代基準利率存在根本差異。銀行同業拆息利率指在該期間開始時公佈的一段期間(即3個月)的前瞻性定期利率，包括銀行間信貸息差，而替代基準利率通常為在隔夜期末公佈的無風險隔夜利率，並無嵌入信貸息差。該等差異將導致浮動利率付款的額外不確定性。

流動資金風險

通常隔夜公佈的各種替代利率的額外不確定性因素將需要額外的流動性管理。本集團的流動性風險管理政策已予以更新，以確保有足夠的流動性資源來應對隔夜利率的意外增長。

訴訟風險

尚未就尚未轉換為相關替代基準利率(如由於對現有備用條款的不同解釋而產生)的合約實施利率基準改革達成協議，與交易對手之間存在長期爭議的風險，這可能會導致額外的法律及其他成本。本集團正與所有交易對手密切合作，以避免此類情況發生。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Interest rate benchmark reform (Continued)

Risks arising from the interest rate benchmark reform (Continued)

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required. The Group anticipates it will have no material impact on the consolidated financial statements in the future.

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

b. 財務風險管理目標及政策 (續)

利率基準改革 (續)

利率基準改革產生的風險 (續)

利率基準風險

倘非衍生工具及為管理非衍生工具利率風險而持有的衍生工具在不同時間轉換為替代基準利率，則可能會產生利率基準風險。該風險亦可能在背對背衍生品在不同時間轉換的情況下出現。本集團將根據已更新風險管理政策監控該風險，以允許長達12個月的臨時錯配，並在需要時進行額外的基準利率掉期交易。本集團預測此舉未來將不會對綜合財務報表產生重大影響。

c. 金融工具的公允值計量

本附註提供有關本集團如何釐定不同金融資產及金融負債公允值的資料。

本公司董事認為，在綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允值相若。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值

Financial assets/liabilities 金融資產／負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Listed debt instruments: RMB38,841,000 上市債務工具： 人民幣38,841,000元	Listed debt instruments: RMB72,884,000 上市債務工具： 人民幣72,884,000元	Level 1 第一級	Quoted bid prices in an active market 活躍市場的報價
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Funds investments: RMB283,132,000 基金投資： 人民幣283,132,000元	Funds investments: RMB282,711,000 基金投資： 人民幣282,711,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: Future cash flows are estimated based on expected return 主要輸入數據： 根據預期回報估計未來現金流量
Foreign currency forward contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的遠期外匯合約	Current derivative financial assets: RMB27,120,000 Current and non-current derivative financial liabilities: RMB41,321,000 流動衍生金融資產： 人民幣27,120,000元 流動及非流動衍生金融負債： 人民幣41,321,000元	Current derivative financial assets: RMB17,657,000 Current and non-current derivative financial liabilities: RMB9,865,000 流動衍生金融資產： 人民幣17,657,000元 流動及非流動衍生金融負債： 人民幣9,865,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate 主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 可觀察遠期匯率

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Foreign exchange swap contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的外匯掉期合約	Current derivative financial assets: RMB117,000 流動衍生金融資產： 人民幣117,000元	N/A 不適用	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate 主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 可觀察遠期匯率
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Unlisted financial products: RMB7,992,170,000 非上市金融產品： 人民幣7,992,170,000元	Unlisted financial products: RMB8,197,475,000 非上市金融產品： 人民幣8,197,475,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks 主要輸入數據： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Foreign currency options contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的外匯期權合約	Current derivative financial liabilities: RMB4,087,000 流動衍生金融負債： 人民幣4,087,000元	Current derivative financial assets: RMB3,650,000 Current derivative financial liabilities: RMB96,805,000 流動衍生金融資產： 人民幣3,650,000元 流動衍生金融負債： 人民幣96,805,000元	Level 3 第三級	Black-scholes model Key unobservable inputs: Volatility of the foreign exchange rate (Note a) 柏力克-舒爾斯模式 主要不可觀察輸入數據： 匯率波動(附註a)
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB53,520,000 Equity investments at FVTPL: RMB19,518,000 按公允值計入其他全面收益的權益工具： 人民幣53,520,000元 按公允值計入損益的股權投資： 人民幣19,518,000元	Equity instruments at FVTOCI: RMB12,671,000 Equity investments at FVTPL: RMB133,352,000 按公允值計入其他全面收益的權益工具： 人民幣12,671,000元 按公允值計入損益的股權投資： 人民幣133,352,000元	Level 3 第三級	Market approach Key unobservable inputs: (1) Revenue growth rate; (2) P/S multiples of selected comparable companies (Note b) 市場法 主要不可觀察輸入數據： (1) 收入增長率； (2) 選定可資比較公司的市銷率倍數(附註b)
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB67,331,000 按公允值計入其他全面收益的權益工具： 人民幣67,331,000元	Equity instruments at FVTOCI: RMB44,926,000 按公允值計入其他全面收益的權益工具： 人民幣44,926,000元	Level 3 第三級	Backsolve from recent transaction price 從近期交易價的倒推

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Unlisted equity investments	Equity instruments at FVTOCI: RMB57,911,000	Equity instruments at FVTOCI: RMB77,012,000	Level 3	Income approach Key unobservable inputs: (1) Long term revenue growth rates, taking into account of management's experience and knowledge of market conditions of the specific industry; (2) Weighted average cost of capital (Note c)
非上市股權投資	按公允值計入其他全面收益的權益工具： 人民幣57,911,000元	按公允值計入其他全面收益的權益工具： 人民幣77,012,000元	第三級	收入法 主要不可觀察輸入數據： (1) 長期收入增長率，經考慮管理層的經驗及對某行業市況的知識； (2) 加權平均資本成本 (附註c)

Note a: The higher the volatility of the foreign exchange rate, the higher the fair value.

附註a：匯率愈波動，公允值愈高。

Note b: The higher the revenue growth rate, the higher the fair value. The higher the P/S multiples, the higher the fair value.

附註b：收入增長率愈高，公允值愈高。市銷率倍數愈高，公允值愈高。

Note c: The higher the long-term revenue growth rate, the higher the fair value; the higher the weighted average cost of capital, the lower the fair value.

附註c：長期收入增長率愈高，公允值愈高；加權平均資本成本愈高，公允值愈低。

There is no transfer among level 1, 2 and 3 during the year.

年內第一、二級與第三級之間並無轉移。

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綜合財務報表附註

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

c. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial assets

c. 金融工具的公允值計量(續)

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts 外匯 期權合約 RMB'000 人民幣千元	FVTOCI 按公允值計入 其他全面收益 RMB'000 人民幣千元	FVTPL 按公允 計入損益 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	3,177	112,183	100,579	215,939
Total (losses) gains (虧損) 收益總額	(93,155)	22,326	32,773	(38,056)
– in profit or loss – 於損益	(93,155)	–	32,773	(60,382)
– in other comprehensive expense – 於其他全面開支	–	22,326	–	22,326
Purchases 購買	–	100	–	100
Settlements 結算	(3,177)	–	–	(3,177)
At 31 December 2020 於二零二零年十二月三十一日	(93,155)	134,609	133,352	174,806
At 1 January 2021 於二零二一年一月一日	(93,155)	134,609	133,352	174,806
Total gains (losses) 收益(虧損) 總額	89,068	3,304	(8,151)	84,221
– in profit or loss – 於損益	89,068	–	(8,151)	80,917
– in other comprehensive income – 於其他全面收益	–	3,304	–	3,304
Purchases 購買	–	40,849	20	40,869
Settlements 結算	–	–	(31,062)	(31,062)
Reclassification 重新分類	–	–	(74,641)	(74,641)
At 31 December 2021 於二零二一年十二月三十一日	(4,087)	178,762	19,518	194,193

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37. COMMITMENTS

37. 承擔

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements 已訂約但未於綜合財務報表提供的有關收購物業、機器及設備的資本開支	684,402	356,008

38. OPERATING LEASES

38. 經營租賃

The Group as lessor

本集團作為出租人

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

於報告期末，本集團已就下列未來最低租賃付款與承租人訂約：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within one year 一年內	1,942	1,942
In the second 第二年	1,611	1,186
In the third year 第三年	1,360	1,199
In the fourth year 第四年	1,357	1,225
In the fifth year 第五年	837	1,225
After five years 五年以後	-	2,239
	7,107	9,016

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39. RETIREMENT BENEFIT SCHEME

39. 退休福利計劃

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Retirement benefit scheme contribution made during the year 年內退休福利計劃供款	320,088	219,621

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 for the Group's Hong Kong employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. For employees who are members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of approximately RMB1,226 (equivalent to HKD1,500) per employee per month, which contribution is matched by the employee.

本集團中國附屬公司的僱員已參加地方政府經營的國家管理退休福利計劃。該等附屬公司須自薪金成本撥出特定百分比的款項作為退休福利計劃的供款。本集團於該退休福利計劃的唯一責任為向該計劃作出定額供款。

本集團亦為香港僱員參加二零零零年十二月根據強制性公積金計劃條例設立的強制公積金計劃（「強積金計劃」）。強積金計劃的資產獨立於本集團資產，存放於由信託人管理的基金。本集團按身為強積金計劃成員的僱員之相關薪金成本5%向該計劃供款，上限為每月每名僱員約人民幣1,226元（相等於1,500港元），而僱員亦會作相應供款。

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40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

40. 融資活動產生的負債對賬

下表為本集團融資活動產生的負債變動詳情，包括現金及非現金變動。融資活動產生的負債乃為現金流量或將來現金流量於本集團綜合現金流量報表分類為融資活動現金流量的負債。

	Bank borrowings (Note 30) 銀行借貸 (附註30) RMB'000 人民幣千元	Interest payable (Note 28) 應付利息 (附註28) RMB'000 人民幣千元	Bonds payable (Note 33) 應付債券 (附註33) RMB'000 人民幣千元	Dividend payables 應付股息 RMB'000 人民幣千元	Lease liabilities (Note 31) 租賃負債 (附註31) RMB'000 人民幣千元	Other payables 其他應付款項 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	1,118,572	69,744	4,156,074	-	160,606	-	5,504,996
Financing cash flows 融資現金流量	1,016,745	(224,439)	-	(796,458)	(45,065)	(151,397)	(200,614)
New leases entered 訂立之新租賃	-	-	-	-	27,714	-	27,714
Termination of leases 終止租賃	-	-	-	-	(2,776)	-	(2,776)
Interests on lease liabilities 租賃負債利息	-	7,563	-	-	-	-	7,563
Interests on bank borrowings 銀行借貸利息	-	54,737	-	-	-	-	54,737
Interests on bonds payable 應付債券利息	-	155,115	9,167	-	-	-	164,282
Interests on long term payables 長期應付款項利息	-	7,158	-	-	-	-	7,158
Foreign exchange translation 外幣換算	(64,706)	(4,000)	(269,353)	-	-	-	(338,059)
Dividends recognised as distribution 確認為分派之股息	-	-	-	796,458	-	-	796,458
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	151,397	151,397
At 31 December 2020 於二零二零年十二月三十一日	2,070,611	65,878	3,895,888	-	140,479	-	6,172,856
At 1 January 2021 於二零二一年一月一日	2,070,611	65,878	3,895,888	-	140,479	-	6,172,856
Financing cash flows 融資現金流量	203,285	(222,125)	-	(987,038)	(48,981)	(212,183)	(1,267,042)
New leases entered 訂立之新租賃	-	-	-	-	67,909	-	67,909
Termination of leases 終止租賃	-	-	-	-	(5,137)	-	(5,137)
Interests on lease liabilities 租賃負債利息	-	7,589	-	-	-	-	7,589
Interests on bank borrowings 銀行借貸利息	-	62,490	-	-	-	-	62,490
Interests on bonds payable 應付債券利息	-	145,052	8,918	-	-	-	153,970
Interests on long term payables 長期應付款項利息	-	6,203	-	-	-	-	6,203
Foreign exchange translation 外幣換算	(34,999)	(614)	(89,183)	-	-	-	(124,796)
Dividends recognised as distribution 確認為分派之股息	-	-	-	987,038	-	-	987,038
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	212,183	212,183
At 31 December 2021 於二零二一年十二月三十一日	2,238,897	64,473	3,815,623	-	154,270	-	6,273,263

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41. RELATED PARTY TRANSACTIONS

41. 關連人士交易

(a) Names and relationships with related parties during the years are as follows:

(a) 年內關連人士名稱及與關連人士的關係如下：

Name 名稱	Principal activities 主要業務	Relationship 關係
餘姚市舜藝光學儀器有限公司 ("舜藝光學") 餘姚市舜藝光學儀器有限公司 ("舜藝光學")	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's chairman, Mr. Ye Liaoning 本公司主席葉遼寧先生近親所控制的公司
寧波市益康國際貿易有限公司("益康") 寧波市益康國際貿易有限公司("益康")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市博科貿易有限公司("博科") 餘姚市博科貿易有限公司("博科")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市康優寶電器經營部("康優寶") 餘姚市康優寶電器經營部("康優寶")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司

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41. RELATED PARTY TRANSACTIONS (Continued)

41. 關連人士交易 (續)

(b) Transactions with related parties:

(b) 與關連人士交易：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Sales of goods 銷售產品		
舜藝光學 舜藝光學	3,977	4,038
Purchase of raw materials 購買原材料		
舜藝光學 舜藝光學	12,005	11,711
益康 益康	468	421
博科 博科	1,974	2,696
康優寶 康優寶	1,965	1,932
	16,412	16,760

(c) At the end of reporting period, the Group has the following significant balances with related parties:

(c) 於報告期末，本集團與關連人士的重大結餘如下：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current asset: 流動資產：		
Amount due from a related party 應收一名關連人士款項		
舜藝光學 舜藝光學	327	-
Current liabilities: 流動負債：		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	4,848	5,354
博科 博科	1,069	722
康優寶 康優寶	843	744
益康 益康	174	176
	6,934	6,996

All of the above amounts are of trade nature, unsecured, interest free and repayable on demand.

所有以上數額均為貿易性質、無擔保、免利息且須於即期償還。

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41. RELATED PARTY TRANSACTIONS (Continued)

(c) At the end of reporting period, the Group has the following significant balances with related parties: (Continued)

The following is an aged analysis of related parties balance of trade nature at the end of reporting period.

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current asset: 流動資產：		
Within 90 days 90天內	327	-
Current liabilities: 流動負債：		
Within 90 days 90天內	4,481	5,561
91-120 days 91至120天	2,453	1,435
	6,934	6,996

The Group allows a credit period of 90 days to related party trade receivables (2020: 90 days). The average credit period on purchases of goods from related parties is 90 days (2020: 90 days).

(d) Compensation of key management personnel

The remuneration of key management during the year is as follows:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Short-term employee benefits 短期僱員福利	23,480	21,665
Share award scheme 股份獎勵計劃	26,050	27,156
Post-employment benefits 離職後福利	912	795
	50,442	49,616

41. 關連人士交易 (續)

(c) 於報告期末，本集團與關連人士的重大結餘如下：(續)

於報告期末，有關貿易性質的關連人士結餘賬齡分析如下。

本集團給予關連人士貿易應收款項90天的信貸期(二零二零年：90天)。採購關連人士貨品的平均信貸期為90天(二零二零年：90天)。

(d) 主要管理人員薪酬

年內，主要管理人員薪酬如下：

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42. SHARE AWARD SCHEME

The Company adopted The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (the “**Restricted Share Award Scheme**”) on 22 March 2010 (“**Adoption Date**”) with a duration of 10 years commencing from the Adoption Date. The objective of the Restricted Share Award Scheme is to provide the selected participants including directors of the Company, employees, agents or consultants of the Company and its subsidiaries (the “**Selected Participants**”) with an opportunity to acquire a proprietary interest in the Company; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to be the owners of the Company through ownership of shares. The Group has set up The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme Trust (the “**Trust**”) to administrate and hold the Company’s shares before they are vested and transferred to Selected Participants. Upon granting of shares to Selected Participants, the Trust purchases the Company’s shares being awarded from the open market with funds provided by the Company by way of contributions. Restricted Shares granted under the Restricted Share Award Scheme are subject to a vesting scale in tranches of one-third to one-fifth each (as the case may be) on every anniversary date of the grant date starting from the first anniversary date until the third to the fifth anniversary (as the case may be). The vested shares are transferred to Selected Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Selected Participants.

42. 股份獎勵計劃

本公司已於二零一零年三月二十二日（「**採納日期**」）採納了舜宇光學科技（集團）有限公司限制性股份獎勵計劃（「**限制性股份獎勵計劃**」），該計劃自採納日期起持續十年有效。限制性股份獎勵計劃旨在為特選參與者提供（包括本公司董事、僱員、本公司及其附屬公司的代理或顧問）（「**特選參與者**」）一個購買本公司所有人權益的機會；鼓勵及挽留於本集團工作的個別人士；及額外推動彼等爭取達到業績目標，以實現提升本公司價值，並且透過擁有股份，使特選參與者的權益與本公司股東的權益直接掛鈎的目標。本集團已成立舜宇光學科技（集團）有限公司限制性股份獎勵計劃信託（「**信託**」）以管理及持有本公司股份直至股份歸屬及轉讓予特選參與者。在向特選參與者授出股份時，信託在公開市場上購買將予授出之本公司股份，並由本公司以供款方式提供資金。根據限制性股份獎勵計劃授出的限制性股份由授出日期第一週年當日起計至第三到第五（視情況而定）個週年日期間，每個週年日分批歸屬三分之一至五分之一（視情況而定）。已歸屬的股份無償轉讓予特選參與者，惟特選參與者須承擔轉讓本公司該等股份應佔或應付的開支。

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42. SHARE AWARD SCHEME (Continued)

The grant of Restricted Shares is subject to acceptance by the Selected Participants. The Restricted Shares granted to but not accepted by the Selected Participants shall become unaccepted shares. The Trustee may use any remainder of cash and non-cash income received by the Trust in respect of the shares held upon trust to purchase additional shares after defraying all expenses incurred by the Trust prior to the purchase of additional shares. The selected participants have no rights to receive dividend income and cannot exercise any voting rights in respect of the Restricted Shares granted to them during the vesting period. The Trust shall hold the additional shares, unaccepted shares and unvested shares upon trust and may make any grant to existing or new Selected Participants after receiving instructions from the Administration Committee of the Group. The fair value of the Restricted Shares awarded was determined based on the market value of the Company's shares at the grant date.

During the year ended 31 December 2015, pursuant to the original Restricted Share Award Scheme dated 22 March 2010, the directors of the Company resolved to change (i) the vesting period under the Restricted Share Award Scheme from three to five years to two to five years; and (ii) the circumstances when the Company's shares would lapse, with immediate effect. The details of the amendments have been disclosed in the announcement of the Company dated 26 May 2015. The directors of the Company considered that the above amendments have had no material impact on the recognition and measurement of those shares granted before 26 May 2015.

On 16 March 2020, the Board of Directors resolved to amend the existing Scheme Rules and adopted the further amended and restated Scheme Rules with effect from 22 March 2020 to extend the share award scheme period for ten years. Under the further amended and restated Scheme Rules, the Scheme shall (unless previously terminated by a resolution of the Board of Directors) terminate on the revised expiry date, being 21 March 2030.

42. 股份獎勵計劃(續)

授出限制性股份須待特選參與者接納方可作實。授予特選參與者但不獲接納的限制性股份為不獲接納股份。受託人可動用信託就以信託方式持有的股份所收取的任何現金及非現金收入餘額購買額外股份，惟在購買額外股份前須已支付信託的所有開支。特選參與者並無收取股息收入的權利，亦不能在歸屬期內就彼等獲授予的限制性股份行使任何投票權。信託須以信託方式持有額外股份、不獲接納股份及未歸屬股份，並在本集團管理委員會的指示下向現有或新的特選參與者授出該等股份。作為獎勵的限制性股份的公允值按本公司股份於授出日期的市價釐定。

截至二零一五年十二月三十一日止年度，根據日期為二零一零年三月二十二日的原定限制性股份獎勵計劃，本公司董事議決修訂(i)限制性股份獎勵計劃項下之歸屬期，由三至五年變更為二至五年；及(ii)本公司股份失效之情況，即時有效。有關修訂的詳情於本公司日期為二零一五年五月二十六日之公告內披露。本公司董事認為，上述修訂對該等於二零一五年五月二十六日前授出的股份的確認及計量並無重大影響。

於二零二零年三月十六日，董事會議決修訂現有計劃規則，並採納經進一步修訂及重列之計劃規則，自二零二零年三月二十二日起生效，以將股份獎勵計劃的期限延長十年。根據經進一步修訂及重列之計劃規則，計劃應在經修訂屆滿日期(即二零二零年三月三十一日)終止(除非經董事會決議案提前終止)。

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42. SHARE AWARD SCHEME (Continued)

42. 股份獎勵計劃(續)

Movements in the number of Restricted Shares granted and related fair value are as follows:

已授出限制性股份的數目及其相關公允值的變動如下：

	Weighted average fair value (per share) (每股)加權平均公允值 HKD 港元	Number of Restricted Shares granted 已授出限制性股份數目 (‘000) (千股)
At 1 January 2020 於二零二零年一月一日	124.122	2,925
Forfeited 已失效	123.296	(112)
Vested 已歸屬	108.560	(1,488)
Granted (Note a) 已授出(附註a)	130.711	1,458
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	135.931	2,783
Forfeited 已失效	149.642	(119)
Vested 已歸屬	115.035	(1,638)
Granted (Note b) 已授出(附註b)	200.720	1,460
At 31 December 2021 於二零二一年十二月三十一日	187.090	2,486

Notes:

附註：

(a) The Restricted Shares granted in 2020 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

(a) 於二零二零年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

Restricted Shares	Fair value (per share) HKD	Scales	限制性股份	(每股)公允值 港元	規模
845,947 shares	122.500	One-half	845,947股	122.500	二分之一
27,595 shares	126.800	One-half	27,595股	126.800	二分之一
233,868 shares	126.800	One-third	233,868股	126.800	三分之一
351,181 shares	153.400	One-half	351,181股	153.400	二分之一

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42. SHARE AWARD SCHEME (Continued)

Notes: (Continued)

- (b) The Restricted Shares granted in 2021 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

Restricted Shares	Fair value (per share) HKD	Scales
884,979 shares	180.30	One-half
28,900 shares	236.60	One-half
158,524 shares	236.60	One-third
387,525 shares	230.00	One-half

The fair value of Restricted Shares granted is measured on the basis of an observable market price.

The following table discloses details of the shares granted under Restricted Shares held by employees (including the Directors of the Company) of the Group and movements in such holdings during the year:

Type	Balance at 1.1.2021 於二零二一年 一月一日 的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2021 於二零二一年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,783	1,460	(119)	(1,638)	2,486

Type	Balance at 1.1.2020 於二零二零年 一月一日 的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2020 於二零二零年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,925	1,458	(112)	(1,488)	2,783

42. 股份獎勵計劃 (續)

附註：(續)

- (b) 於二零二一年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	(每股) 公允值 港元	規模
884,979股	180.30	二分之一
28,900股	236.60	二分之一
158,524股	236.60	三分之一
387,525股	230.00	二分之一

已授出限制性股份的公允值乃基於可觀察的市場價格計量。

下表披露本集團僱員(包括本公司董事)所持有的根據限制性股份已授出股份的詳情及年內該等股份變動的詳情：

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42. SHARE AWARD SCHEME (Continued)

42. 股份獎勵計劃(續)

Details of the shares held by the Directors of the Company included in the above table are as follows:

上表所載本公司董事所持股份的詳情如下：

Type	Balance at 1.1.2021 於二零二一年一月一日的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2021 於二零二一年十二月三十一日的結餘 '000 千股
Shares 股份	180	25	-	(101)	104

Type	Balance at 1.1.2020 於二零二零年一月一日的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2020 於二零二零年十二月三十一日的結餘 '000 千股
Shares 股份	253	35	-	(108)	180

The equity-settled share-based payments charged to the profit or loss was RMB188,278,000 for the year ended 31 December 2021 (2020: RMB151,811,000).

截至二零二一年十二月三十一日止年度，於損益扣除的以權益結算股份支付的款項為人民幣188,278,000元(二零二零年：人民幣151,811,000元)。

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43. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows:

43. 附屬公司詳情

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sun Yu Optical Technology Limited 舜宇光學科技有限公司	The British Virgin Islands ("The BVI") 英屬處女群島 (「處女群島」)	Ordinary shares USD100,000 普通股100,000美元	100% (directly held) (直接持有)	100%	Investment holding 投資控股
Sun Xiang Optical Overseas Limited 舜享光學海外有限公司	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Sun Li Instrument Overseas Limited 舜利儀器海外有限公司	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optics Technology Limited Summit Optics Technology Limited	The BVI 處女群島	Ordinary share USD1 普通股1美元	100%	100%	Investment holding 投資控股
Summit Optics Investment Limited Summit Optics Investment Limited	The BVI 處女群島	Ordinary share USD1 普通股1美元	100%	100%	Investment holding 投資控股
Sunny Optical Overseas Limited 舜宇光學海外有限公司	Hong Kong 香港	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Overseas Limited 舜宇儀器海外有限公司	Hong Kong 香港	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optical Technology Limited Summit Optical Technology Limited	Hong Kong 香港	Ordinary share HKD1 普通股1港元	100%	100%	Investment holding 投資控股
Summit Optical Investment Limited Summit Optical Investment Limited	Hong Kong 香港	Ordinary share HKD1 普通股1港元	100%	100%	Investment holding 投資控股

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Zhejiang Sunny Optics Co., Ltd. * 浙江舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB430,000,000 註冊及實繳股本 人民幣430,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Instruments Co., Ltd. * 寧波舜宇儀器有限公司	The PRC 中國	Registered and contributed capital RMB82,500,000 註冊及實繳股本 人民幣82,500,000元	100%	100%	Manufacture and sale of optical instruments 生產及銷售光學儀器
* Sunny Optics (Zhongshan) Co., Ltd. * 舜宇光學(中山)有限公司	The PRC 中國	Registered and contributed capital USD14,990,000 註冊及實繳股本 14,990,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Opotech Co., Ltd. * 寧波舜宇光電信息有限公司	The PRC 中國	Registered and contributed capital USD38,831,600 註冊及實繳股本 38,831,600美元	100%	100%	Manufacture and sale of optoelectronics products 生產及銷售光電產品

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows
(Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Ningbo Sunny Automotive Optech Co., Ltd. * 寧波舜宇車載光學技術有限公司	The PRC 中國	Registered and contributed capital RMB5,000,000 註冊及實繳股本 人民幣5,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Xinyang Sunny Optics Co., Ltd. * 信陽舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Infrared Technologies Co., Ltd. * 寧波舜宇紅外技術有限公司	The PRC 中國	Registered and contributed capital RMB11,481,481 註冊及實繳股本 人民幣11,481,481元	68.10%	68.10%	Research and development of infrared technologies 研發紅外技術
Sunny Opotech Korea Co., Ltd. 舜宇光電韓國有限公司	Korea 韓國	Ordinary shares KRW108,000,000 普通股108,000,000韓元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Korea Co., Ltd. 舜宇韓國有限公司	Korea 韓國	Ordinary shares KRW3,080,880,000 普通股3,080,880,000韓元	70.15%	70.15%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Japan Co., Ltd. 舜宇日本株式會社	Japan 日本	Registered and contributed capital JPY99,000,000 註冊及實繳股本 99,000,000日元	57.89%	57.89%	Trading of optical instruments and optoelectronics products 買賣光學儀器及光電產品
Sunny Opotech North America Inc 舜宇光電信息(北美)有限公司	The United States 美國	Common stock USD952,731 普通股952,731美元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
Sunny Optical Corean (BVI) Limited Sunny Optical Corean (BVI) Limited	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
# Shanghai Sunny Yangming Precision Optics Co., Ltd. # 上海舜宇陽明精密光學有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Ningbo Sunny Intelligent Technology Co., Ltd. * 寧波舜宇智能科技有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Sales and development of optical instruments 銷售及開發光學儀器
* Sunny Group Co., Ltd. * 舜宇集團有限公司	The PRC 中國	Registered and contributed capital RMB115,782,000 註冊及實繳股本 人民幣115,782,000元	100%	100%	Investment holdings and property leasing 投資控股及物業租賃
* Zhejiang Sunny Optical Intelligence Technology Co., Ltd. * 浙江舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
* Ningbo Mei Shan Bao Shui Gang Qu Sunyi Investment Co., Ltd. (Note a) * 寧波梅山保税港區舜翌投資管理 有限公司(附註a)	The PRC 中國	Registered and contributed capital RMB2,000,000 註冊及實繳股本 人民幣2,000,000元	100%	51.00%	Investment holdings 投資控股

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Sunny Optical (Zhejiang) Research Institute Co., Ltd. 舜宇光學(浙江)研究院有限公司	The PRC 中國	Registered and contributed capital RMB50,000,000 註冊及實繳股本 人民幣50,000,000元	100%	100%	Provide development, service and consultation of technology 提供技術開發、服務及諮詢
# Ningbo Mei Shan Bao Shui Gang Qu Sunxin Investment Partnership (Limited Partnership) (Note a) 寧波梅山保稅港區舜鑫投資管理合夥企業(有限合伙)(附註a)	The PRC 中國	Registered and contributed capital RMB3,000,000 註冊及實繳股本 人民幣3,000,000元	52.00%	51.02%	Investment holdings 投資控股
# Yuyao Sunny Optical Intelligence Technology Co., Ltd. 餘姚舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Provide optical technology service 提供光學技術服務
# Yuyao City Sunny Huitong Microcredit Co., Ltd. 餘姚市舜宇匯通小額貸款有限公司	The PRC 中國	Registered and contributed capital RMB200,000,000 註冊及實繳股本 人民幣200,000,000元	100%	100%	Provision of financing service 提供金融服務

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows
(Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Optics Vina Co., Ltd. 舜宇越南光電有限公司	Vietnam 越南	Registered and contributed capital USD150,000 註冊及實繳股本 150,000美元	70.15%	70.15%	Sale of optoelectronics components 銷售光電零件
Sunny Optics Vina Hanoi Co., Ltd. 舜宇越南光學有限公司	Vietnam 越南	Registered and contributed capital USD100,000 註冊及實繳股本 100,000美元	70.15%	70.15%	Sale of optical components 銷售光學零件
Sunny Optics Europe GmbH 舜宇歐洲光學有限公司	German 德國	Registered and contributed capital EUR 500,000 註冊及實繳股本 500,000歐元	100%	100%	Sale of optical components 銷售光學零件
Sunny Automotive Vina Co., Ltd. 舜宇越南車載光學有限公司	Vietnam 越南	Registered and contributed capital USD3,000,000 註冊及實繳股本 3,000,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Opotech Vietnam Co., Ltd. 舜宇光電越南有限公司	Vietnam 越南	Registered and contributed capital USD3,000,000 註冊及實繳股本 3,000,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Opotech India Private Limited 舜宇光電信息印度有限公司	India 印度	Registered and contributed capital INR183,701,000 註冊及實繳股本 183,701,000印度盧比	100%	100%	Manufacture and sale of optoelectronics components 生產及銷售光電零件
# Sunny Mobility Technologies (Ningbo) Co., Ltd. # 寧波舜宇智行傳感技術有限公司	The PRC 中國	Registered and contributed capital RMB29,509,710 註冊及實繳股本 人民幣29,509,710元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品
# Zhejiang Sunny SmartLead Technologies Co., Ltd. # 浙江舜宇智領技術有限公司	The PRC 中國	Registered and contributed capital RMB73,514,500 註冊及實繳股本 人民幣73,514,500元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Shanghai Wissen Automotive Sensing Technology Co., Ltd. * 上海為森車載傳感技術有限公司	The PRC 中國	Registered and contributed capital RMB10,000,000 註冊及實繳股本 人民幣10,000,000元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品
* Sunny OmniLight Technology Co., Ltd. * 寧波舜宇奧來技術有限公司	The PRC 中國	Registered and contributed capital RMB130,680,000 註冊及實繳股本 人民幣130,680,000元	93.39%	93.39%	Sales and development of optical products 銷售及開發光學產品
* Ningbo Yuanheng Supply Chain Management Co., Ltd. * 寧波元恒供應鏈管理有限公司	The PRC 中國	Registered and contributed capital RMB1,000,000 註冊及實繳股本 人民幣1,000,000元	100%	100%	Import and export agent 進出口代理
* Sunny OmniLight Technology (Shanghai) Co., Ltd. (Note b) * 舜宇奧來半導體光電(上海)有限公司(附註b)	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	93.39%	N/A 不適用	Research and development of semiconductor technologies 研發半導體技術

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Zhejiang Sunnyverse Technology Co., Ltd. (Note b) 浙江舜為科技有限公司(附註b)	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	80%	N/A 不適用	Manufacture and sale of optical components 生產及銷售光學產品

* companies are sino-foreign equity joint venture enterprises

companies are domestic invested enterprises

None of the subsidiaries had issued any debt securities at the end of both years.

Notes:

(a) The Group has acquired additional equity interest from NCI shareholders to enhance the Group's control over the equity investments in optoelectronic industry.

(b) These subsidiaries were newly established in 2021 for further business development in the optical related industries.

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

* 該等公司為中外合資企業

該等公司為內資企業

於該兩年末，附屬公司並無發行任何債務證券。

附註：

(a) 本集團已從NCI股東購入額外股權，以增強本集團對光電行業股權投資的控制。

(b) 該等附屬公司於二零二一年新成立，以進一步推動光學相關行業的業務發展。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY

44. 本公司財務資料

Assets and Liabilities

資產及負債

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS 非流動資產		
Financial assets at FVTPL 按公允值計入損益的金融資產	-	72,884
Financial assets at FVTOCI 按公允值計入其他全面收益的金融資產	32,348	-
Interests in subsidiaries, unlisted 非上市附屬公司權益	253,850	253,850
Amounts due from subsidiaries 應收附屬公司款項	2,175,029	1,797,607
Loans to subsidiaries 附屬公司貸款	2,716,811	2,837,773
	5,178,038	4,962,114
CURRENT ASSETS 流動資產		
Other receivables and prepayment 其他應收款項及預付款項	3,124	709
Amounts due from subsidiaries 應收附屬公司款項	820,591	560,018
Financial assets at FVTPL 按公允值計入損益的金融資產	321,973	282,711
Debt instruments at amortised cost 按攤銷成本計量的債務工具	-	52,823
Banks balances and cash 銀行結餘及現金	14,723	153,057
	1,160,411	1,049,318
CURRENT LIABILITIES 流動負債		
Short term borrowings 短期借貸	1,147,626	750,364
Amounts due to subsidiaries 應付附屬公司款項	17,083	17,715
Other payables 其他應付款項	73,165	65,330
	1,237,874	833,409
NET CURRENT (LIABILITIES) ASSETS 流動(負債)資產淨額	(77,463)	215,909
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債	5,100,575	5,178,023
NON-CURRENT LIABILITY 非流動負債		
Bonds payable 應付債券	3,815,623	3,895,888
	3,815,623	3,895,888
NET ASSETS 資產淨值	1,284,952	1,282,135
CAPITAL AND RESERVES 資本及儲備		
Share capital 股本	105,163	105,163
Reserves 儲備	1,179,789	1,176,972
TOTAL EQUITY 權益總額	1,284,952	1,282,135

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

44. 本公司財務資料 (續)

Reserves

儲備

	Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元 (Note) (附註)	Shares held under share award scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	Share award scheme reserve 股份獎勵計劃儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
The Company 本公司						
At 1 January 2020 於二零二零年一月一日	1,846	166,973	(8,622)	(493)	805,057	964,761
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	1,006,283	1,006,283
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(2,056)	-	-	(2,056)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,442	-	4,442
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	4,197	(4,570)	373	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	2,049	2,049
Dividends paid 已付股息	(1,846)	-	-	-	(796,661)	(798,507)
At 31 December 2020 於二零二零年十二月三十一日	-	166,973	(6,481)	(621)	1,017,101	1,176,972

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

44. 本公司財務資料 (續)

Reserves (Continued)

儲備 (續)

	Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元 (Note) (附註)	Shares held under share award scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	Share award scheme reserve 股份獎勵計劃儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	977,248	977,248
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(7,415)	-	-	(7,415)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,725	-	4,725
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	4,355	(4,690)	335	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	2,262	2,262
Dividends paid 已付股息	-	-	-	-	(974,003)	(974,003)
At 31 December 2021 於二零二一年十二月三十一日	-	166,973	(9,541)	(586)	1,022,943	1,179,789

Note:

The amount recorded in the special reserve was resulted from:

- (i) the capital contribution by/distribution to the Company in relation to the acquisitions/disposals of equity interests in subsidiaries; and
- (ii) the difference between the net carrying amounts of equity interests in subsidiaries and the nominal value of the shares of their respective holding companies arisen in share exchange transactions during the group reorganisation.

附註：

計入特別儲備的款項來自：

- (i) 本公司就收購／出售附屬公司股權所作注資／所得分派；及
- (ii) 附屬公司股權的賬面淨值與彼等各自控股公司股份面值之間於集團重組換股交易中產生的差額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

45. EVENTS AFTER THE REPORTING PERIOD

Postponement of discloseable transaction in relation to the subscription for 6% equity interests in one Target Company

On 24 December 2021, the Group and another five independent third parties (“**other subscribers**”) entered into Share Subscription Agreement of one Target Company, pursuant to which the Group and other subscribers have agreed to subscribe for registered capital of RMB1.8 billion and RMB20.2 billion respectively, by way of capital injection into the Target Company (the “**Capital Increase**”). Upon completion of the Capital Increase contemplated under the Share Subscription Agreement, the Group will hold 6% equity interests in the Target Company as enlarged by the Capital Increase and will become the third largest equity owner of the Target Company and has the right to appoint one director to participate in the management and operation of the Target Company.

On 13 January 2022, the Group received a notice from the Target Company notifying that the Capital Increase would be temporarily suspended as a result of the withdrawal of certain Subscribers from the Share Subscription Agreement, the Group will make further assessment on the revised proposal of capital increase of the Target Company when it has come up.

45. 報告期後事項

推遲與認購一間目標公司6%股權有關的須予披露交易

於二零二一年十二月二十四日，本集團與另外五名獨立第三方（「**其他認購人**」）訂立目標公司股份認購協議，據此，本集團及其他認購人已同意透過向目標公司注資（「**增資**」）分別認繳人民幣18億元及人民幣202億元的註冊資本。股份認購協議項下的增資完成後，本集團將持有經增資擴大後目標公司6%的股權，成為目標公司第三大股權持有人，並有權委任一名董事參與目標公司的管理運營。

於二零二二年一月十三日，本集團獲目標公司通知，由於某認購人退出股份認購協議，增資暫停，本集團將於目標公司的經修訂增資方案起草完成後對其作進一步評估。

Independent Auditor's Report 獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

致
舜宇光學科技(集團)有限公司全體股東
(於開曼群島註冊成立的有限公司)

Opinion

We have audited the consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 286, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

意見

我們已審核載於第123至286頁舜宇光學科技(集團)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,包括於二零二零年十二月三十一日的綜合財務狀況表與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,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,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》」)真實公允地反映 貴集團於二零二零年十二月三十一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,並已按照香港公司條例的披露要求妥為編製。

意見的基礎

我們根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核工作。根據該等準則,我們的責任於本報告「核數師就審核綜合財務報表的責任」一節中進一步詳述。根據香港會計師公會頒佈的《專業會計師道德守則》(「《守則》」),我們獨立於 貴集團,並已遵循該《守則》履行其他道德責任。我們認為,我們所獲得的審核憑證屬充分及恰當,可為我們的意見提供基準。

關鍵審核事項

根據我們的專業判斷,關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在審核綜合財務報表及就此形成意見時處理該等事項,而不會就該等事項單獨發表意見。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

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

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 the expected credit loss ("ECL") of the Group's trade receivables at the end of the reporting period.

基於貿易應收款項對 貴集團合併財務狀況的重要性，以及在報告期末評估 貴集團貿易應收款項的預期信貸虧損（「預期信貸虧損」）時涉及主觀判斷和管理層估計的緣故，我們將貿易應收款項的減值評估確定為一項關鍵審計事項。

As at 31 December 2020, the Group's net trade receivables amounting to RMB6,792,243,000, which represented approximately 19% of total assets of the Group. Details of trade receivables are set out in Note 25 to the consolidated financial statements.

於二零二零年十二月三十一日，貴集團的貿易應收款項淨額為人民幣6,792,243,000元，約佔 貴集團總資產的約19%。貿易應收款項的詳情載於綜合財務報表附註25。

As disclosed in Note 36(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually.

如綜合財務報表附註36(b)所披露，貴集團管理層通過對具有類似損失模式的各種債務人進行分組，利用減值矩陣模型估計貿易應收款項整個存續期的預期信貸虧損。預估的損失率乃基於 貴集團歷史觀察到債務人於預期壽命間的違約率及前瞻性資訊。另外，對於信貸減值的貿易應收款項個別評估其預期信貸虧損。

How our audit addressed the key audit matter

核數師如何處理關鍵審核事項

Our procedures in relation to impairment assessment of trade receivables included:

我們對貿易應收款項的減值評估的相關程式如下：

- Understanding the internal controls related to providing allowance under ECL model;
- 瞭解與預期信貸虧損模式下的撥備相關的內部監控；
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2020, on a sample basis, by comparing individual items in the analysis with supporting documents;
- 測試管理層用於建立減值矩陣模型所使用到的資訊的完整性，包括通過分析比較單個項目相關的支持文件，對二零二零年十二月三十一日的貿易應收款項進行賬齡分析抽樣測試；
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2020, including their identification of credit impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors 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 historical default rates and forward-looking information); and
- 質疑管理層在確定二零二零年十二月三十一日的貿易應收款項信貸虧損撥備的依據和判斷，包括管理層對信用減值的貿易應收款項的識別，對其他貿易應收款項在減值矩陣模型中分出不同組別的合理性，以及矩陣中各組適用的預計損失率的依據（參考歷史違約率和前瞻性資訊）；及
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes 25 and 36(b) to the consolidated financial statements.
- 評估綜合財務報表附註25和36(b)中有關貿易應收款項減值評估的披露。

Independent Auditor's Report 獨立核數師報告

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事負責其他資料。其他資料包括年報中載列的資料，但不包括綜合財務報表及核數師報告。

我們就綜合財務報表的意見並未包含其他資料且我們並不就其他資料表達任何形式的確定性結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他資料，並在閱讀過程中考慮其他資料是否與綜合財務報表或我們於審計中得知的情況存在重大不符，或者似乎有重大錯誤陳述。倘基於我們所作工作，我們斷定倘其他資料存在重大錯誤陳述，則我們須匯報該事實。就此而言，我們並無須匯報的內容。

董事責任及綜合財務報表負責管治人員的責任

貴公司董事負責遵照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之披露規定編製呈列真實及公允意見的綜合財務報表，以及董事認定為必要的內部監控，使綜合財務報表的編製並無由於欺詐或錯誤導致的重大錯誤陳述。

於編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，披露有關持續經營事項（如適用）及採用持續經營會計基準，除非董事擬對 貴集團進行清算或終止經營，或別無他法而只能如此。

負責管治的人士負責監督 貴集團財務報告程序。

Independent Auditor's Report

獨立核數師報告

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional 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.

核數師審計綜合財務報表的責任

我們的目的為就綜合財務報表總體上是否不存在重大錯誤陳述（不論其由欺詐或錯誤引起）提供合理保證，並按照我們協定的委聘條款向閣下（作為一個團體）發出一份包括我們的意見在內的核數師報告，除此之外，並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。儘管合理保證為高層次保證，但並不能保證根據香港會計準則實施的審計總能檢查出實際存在的重大錯誤陳述。重大錯誤陳述可由欺詐或錯誤引起，且倘合理預期該錯誤陳述（個別或整體）影響綜合財務報表使用者的經濟決策，則被視為重大錯誤陳述。

作為根據香港會計準則進行審計的一部份，我們於整個審計過程中作出專業判斷並保持專業的懷疑態度。我們亦：

- 識別及評估綜合財務報表的重大錯誤陳述的風險（不論其由欺詐或錯誤引起），設計及實施審計程序以應對該等風險，並取得充分及恰當的審計憑證作為我們意見的依據。未能發現欺詐所導致的重大錯誤陳述的風險大於由於錯誤引起重大錯誤陳述的風險，原因是欺詐可能會涉及勾結、偽造、故意遺漏、不實陳述或凌駕於內部控制之上。
- 了解與審計相關的內部控制以設計恰當的審計程序，但並非為了就貴集團內部控制的有效性表達意見。
- 評估董事所用會計政策的恰當性及所作會計估計及有關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 就董事使用持續經營會計基準的恰當性進行斷定，並依據所取得的審計憑證，斷定是否存在與可能會對 貴集團持續經營的能力產生重大疑問的事件或狀況有關的重大不確定因素。倘我們斷定存在重大不確定因素，則我們須於核數師報告內就綜合財務報表的相關披露提請注意，或倘該等披露不充分，則修訂我們的意見。我們的結論乃基於直至我們的核數師報告日期所取得的審計憑證。然而，未來事件或狀況可能使得 貴集團終止持續經營。
- 就綜合財務報表的整體呈列、架構及內容（包括披露）及綜合財務報表是否公平反映有關交易及事項進行評估。
- 就 貴集團實體或業務活動的財務資料取得充分恰當的審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們對我們的審計意見負有完全責任。

We communicate with those charged with governance 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.

我們與負責管治的人員就（其中包括）審計的計劃範圍及時間以及重大審計發現進行溝通，包括於審計期間我們所發現的內部控制中的任何重大缺陷。

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

我們亦向負責管治的人員提供表明我們已遵守有關獨立性的道德規定的聲明，並與彼等溝通所有被合理認為可能影響獨立性的關係及其他事項，以及在適用之情況下，採取消除威脅之行動或所應用之防範措施。

Independent Auditor's Report

獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Jacky Wong Suk Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

17 March 2021

根據與負責管治的人員進行溝通的事項，我們對當期綜合財務報表審計中屬重大而因此屬關鍵審計事項作出判定。我們於我們的核數師報告內對該等事項進行陳述，除非法律或法規不允許向公眾披露該等事項，或在極其罕有的情況下，我們認為在合理的預期內披露該等事項的負面後果大於對公眾利益帶來的好處，因而決定在我們的報告內不予披露該等事項。

獨立核數師報告的審計委聘合夥人為黃淑雄先生。

德勤•關黃陳方會計師行
執業會計師
香港

二零二一年三月十七日

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 2020 截至二零二零年十二月三十一日止年度

	NOTES 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Revenue 收入	5, 6	38,001,765	37,848,704
Cost of sales 銷售成本		(29,303,890)	(30,098,050)
Gross profit 毛利		8,697,875	7,750,654
Other income 其他收益	7(a)	510,390	405,502
Other gains and losses 其他收益及虧損	7(b)	187,257	(200,615)
Impairment losses under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回		12,218	(10,899)
Selling and distribution expenses 銷售及分銷開支		(313,478)	(278,616)
Research and development expenditure 研發開支		(2,499,090)	(2,209,337)
Administrative expenses 行政開支		(718,568)	(650,410)
Share of results of associates 分佔聯營公司業績	18	20	(5,501)
Finance costs 融資成本	8	(233,740)	(250,438)
Profit before tax 除稅前溢利		5,642,884	4,550,340
Income tax expense 所得稅開支	9	(702,630)	(530,965)
Profit for the year 年內溢利	10	4,940,254	4,019,375
Other comprehensive income (expense) 其他全面收益 (開支)			
<i>Item that will not be reclassified to profit or loss:</i> 不會重新分類至損益的項目：			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI") 按公允值計入其他全面收益(「按公允值計入其他全面收益」)的 權益工具投資的公允值收益		18,977	-
<i>Item that may be reclassified subsequently to profit or loss:</i> 其後可重新分類至損益的項目：			
Exchange differences arising on translation from foreign operations 換算海外業務所產生的匯兌差額		(41,606)	(1,512)
Other comprehensive expense for the year 年內其他全面開支		(22,629)	(1,512)
Total comprehensive income for the year 年內全面收益總額		4,917,625	4,017,863
Profit for the year attributable to: 應佔年內溢利：			
Owners of the Company 本公司股東		4,871,793	3,991,298
Non-controlling interests 非控股權益		68,461	28,077
		4,940,254	4,019,375
Total comprehensive income attributable to: 應佔全面收益總額：			
Owners of the Company 本公司股東		4,849,009	3,989,331
Non-controlling interests 非控股權益		68,616	28,532
		4,917,625	4,017,863
Earnings per share – Basic (RMB cents) 每股盈利 – 基本(人民幣分)	12	445.78	364.81
– Diluted (RMB cents) – 攤薄(人民幣分)	12	445.14	364.19

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2020 於二零二零年十二月三十一日

	NOTES 附註	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
NON-CURRENT ASSETS 非流動資產			
Property, plant and equipment 物業、機器及設備	14	7,513,193	6,566,745
Right-of-use assets 使用權資產	15	480,005	402,743
Investment properties 投資物業	16	40,907	45,298
Intangible assets 無形資產	17	363,137	419,163
Interests in associates 於聯營公司的權益	18	1,953	683
Deferred tax assets 遞延稅項資產	19	207,332	131,178
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	20	359,086	315,395
Deposits paid for acquisition of land use right 就收購土地使用權已支付的按金	20	–	24,831
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	21	134,609	112,183
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	–	27,962
Financial assets at fair value through profit or loss (“FVTPL”) 按公允值計入損益（「按公允值計入損益」）的金融資產	23	206,236	185,147
Derivative financial assets 衍生金融資產	27	–	13,654
Time deposits 定期存款	26	500,000	–
Goodwill 商譽		2,119	2,119
		9,808,577	8,247,101
CURRENT ASSETS 流動資產			
Inventories 存貨	24	5,783,071	5,145,962
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	25	8,212,025	9,629,684
Derivative financial assets 衍生金融資產	27	21,307	13,415
Financial assets at FVTPL 按公允值計入損益的金融資產	23	8,480,186	5,662,808
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	52,823	55,749
Pledged bank deposits 已抵押銀行存款	26	3,438	6,113
Short term fixed deposits 短期定期存款	26	234,917	15,000
Bank balances and cash 銀行結餘及現金	26	2,841,771	1,917,239
		25,629,538	22,445,970

Consolidated Statement of Financial Position

綜合財務狀況表

AT 31 DECEMBER 2020 於二零二零年十二月三十一日

	NOTES 附註	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
CURRENT LIABILITIES 流動負債			
Trade and other payables 貿易及其他應付款項	28	10,733,364	11,321,586
Amounts due to related parties 應付關連人士款項	41(c)	6,996	7,498
Derivative financial liabilities 衍生金融負債	27	101,888	1,430
Lease liabilities – current portion 租賃負債 – 即期部份	31	43,580	38,140
Tax payable 應付稅項		314,804	49,881
Bank borrowings 銀行借貸	30	2,070,611	1,118,572
Contract liabilities 合約負債	29	131,191	83,202
Deferred income – current portion 遞延收入 – 即期部份	32	8,695	10,106
		13,411,129	12,630,415
NET CURRENT ASSETS 流動資產淨值			
		12,218,409	9,815,555
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債			
		22,026,986	18,062,656
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債	19	888,809	684,836
Derivative financial liabilities 衍生金融負債	27	4,782	–
Lease liabilities – non-current portion 租賃負債 – 非即期部份	31	96,899	122,466
Long term payables 長期應付款項	28	245,636	299,209
Deferred income – non-current portion 遞延收入 – 非即期部份	32	68,855	73,894
Bonds payable 應付債券	33	3,895,888	4,156,074
		5,200,869	5,336,479
NET ASSETS 資產淨值			
		16,826,117	12,726,177
CAPITAL AND RESERVES 股本及儲備			
Share capital 股本	34	105,163	105,163
Reserves 儲備		16,492,061	12,447,724
Equity attributable to owners of the Company 本公司股東應佔權益		16,597,224	12,552,887
Non-controlling interests 非控股權益		228,893	173,290
TOTAL EQUITY 權益總額			
		16,826,117	12,726,177

The consolidated financial statements on pages 123 to 286 were approved and authorised for issue by the Board of Directors on 17 March 2021 and are signed on its behalf by:

Mr. YE Liaoning
葉遼寧先生
CHAIRMAN
主席

Mr. SUN Yang
孫泱先生
DIRECTOR
董事

載於第123至第286頁之綜合財務報表經董事會於二零二一年三月十七日批准及授權刊發，並由下列董事代表簽署：

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

	Attributable to owners of the Company 本公司股東應佔												Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Discretionary surplus reserve	Other reserves	Shares held under share award scheme	Share award scheme reserve	FVTOCI reserve	Translation reserve	Retained profits	Sub-Total		
	股本 RMB' 000 人民幣千元	股份溢價 RMB' 000 人民幣千元	特別儲備 RMB' 000 人民幣千元	法定盈餘儲備 RMB' 000 人民幣千元 (Note a) (附註a)	酌備盈餘儲備 RMB' 000 人民幣千元 (Note a) (附註a)	其他儲備 RMB' 000 人民幣千元 (Note b) (附註b)	根據股份獎勵計劃持有的股份 RMB' 000 人民幣千元	股份獎勵計劃儲備 RMB' 000 人民幣千元	按公允值計入其他全面收益列賬的儲備 RMB' 000 人民幣千元 (Note c) (附註c)	換算儲備 RMB' 000 人民幣千元	保留盈利 RMB' 000 人民幣千元	小計 RMB' 000 人民幣千元	非控股權益 RMB' 000 人民幣千元	總計 RMB' 000 人民幣千元
At 1 January 2019 於二零一九年一月一日	105,163	2,680	149,800	31,003	916	410,716	(132,097)	54,892	(18,847)	5,397	8,621,545	9,231,168	54,047	9,285,215
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	3,991,298	3,991,298	28,077	4,019,375
Other comprehensive (expense) income for the year 年內其他全面(開支)收益	-	-	-	-	-	-	-	-	(1,967)	-	(1,967)	455	(1,512)	
Total comprehensive (expense) income for the year 年內全面(開支)收益總額	-	-	-	-	-	-	-	-	(1,967)	3,991,298	3,989,331	28,532	4,017,863	
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(170,255)	-	-	-	-	(170,255)	-	(170,255)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	123,808	-	-	-	123,808	-	123,808
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	84,745	(96,463)	-	11,718	-	-	-	-
Dividends paid 已付股息	-	(2,680)	-	-	-	-	-	-	-	(620,331)	(623,011)	-	(623,011)	
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	1,846	-	-	-	-	-	-	-	-	1,846	-	1,846	
Dividend paid to non-controlling interests ("NCI") 支付予非控股權益(「非控股權益」)的股息	-	-	-	-	-	-	-	-	-	-	-	(490)	(490)	
Capital contribution from NCI 非控股權益注資	-	-	-	-	-	-	-	-	-	-	-	18,847	18,847	
Acquisition of a subsidiary 收購一家附屬公司	-	-	-	-	-	-	-	-	-	-	-	72,354	72,354	
Appropriation 轉撥	-	-	-	-	-	16,696	-	-	-	(16,696)	-	-	-	
At 31 December 2019 於二零一九年十二月三十一日	105,163	1,846	149,800	31,003	916	427,412	(217,607)	82,237	(18,847)	3,430	11,987,534	12,552,887	173,290	12,726,177
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	4,871,793	4,871,793	68,461	4,940,254
Other comprehensive income (expense) for the year 年內其他全面收益(開支)	-	-	-	-	-	-	-	-	18,977	(41,761)	-	(22,784)	155	(22,629)
Total comprehensive income (expense) for the year 年內全面收益(開支)總額	-	-	-	-	-	-	-	-	18,977	(41,761)	4,871,793	4,849,009	68,616	4,917,625
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(151,397)	-	-	-	-	(151,397)	-	(151,397)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	151,811	-	-	-	151,811	-	151,811
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	111,380	(137,417)	-	26,037	-	-	-	-
Acquisition of additional interest of a subsidiary from NCI 向非控股權益收購一家附屬公司之額外權益	-	-	(8,628)	-	-	-	-	-	-	-	(8,628)	(13,013)	(21,641)	
Dividends paid (Note 11) 已付股息(附註11)	-	(1,846)	-	-	-	-	-	-	-	(796,661)	(798,507)	-	(798,507)	
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	2,049	2,049	-	2,049	
Appropriation 轉撥	-	-	-	-	-	14,607	-	-	-	(14,607)	-	-	-	
At 31 December 2020 於二零二零年十二月三十一日	105,163	-	141,172	31,003	916	442,019	(257,624)	96,631	130	(38,331)	16,076,145	16,597,224	228,893	16,826,117

Consolidated Statement of Changes in Equity

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

Notes:

- (a) The statutory surplus reserve and discretionary surplus reserve are non-distributable and the transfer to these reserves is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.
- (b) Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the board of directors of the PRC subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.
- (c) The Group irrevocably elected to designate certain investments in equity instruments as at FVTOCI and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註：

- (a) 法定盈餘儲備及酌情盈餘儲備不可用作分派，轉撥至該等儲備的款項須由於中華人民共和國（「中國」）成立的附屬公司的董事會根據附屬公司的章程細則釐定。法定盈餘儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。酌情盈餘儲備可用作擴展本公司中國附屬公司的現有業務。
- (b) 其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中國附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。
- (c) 本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定股權投資的公允值變動所產生的收益或虧損有關。

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
OPERATING ACTIVITIES 經營活動		
Profit before tax 除稅前溢利	5,642,884	4,550,340
Adjustments for: 調整:		
Share of results of associates 分佔聯營公司業績	(20)	5,501
Depreciation of property, plant and equipment 物業、機器及設備折舊	1,513,407	1,171,430
Depreciation of right-of-use assets 使用權資產折舊	54,285	46,499
Depreciation of investment properties 投資物業折舊	4,391	4,391
Loss on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動的虧損淨額	111,002	17,723
Gain on fair value changes of financial assets at FVTPL 按公允價值計入損益的金融資產公允價值變動的收益	(55,019)	(49,357)
Amortisation of intangible assets 無形資產攤銷	56,202	55,558
Allowance for inventories 存貨撥備	245,674	155,488
Impairment loss under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回	(12,218)	10,899
Impairment loss of interest in associate 於聯營公司權益的減值虧損	-	62,866
Loss on disposal of property, plant and equipment 出售物業、機器及設備虧損	11,156	44,972
Loss on disposal of a subsidiary 出售一家附屬公司的虧損	1,673	-
Loss on deemed disposal of interests in an associate 視作出售一間聯營公司權益而產生的虧損	-	5,691
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	151,811	123,808
Interest income from time deposits, short term fixed deposits and bank balances 定期存款、短期定期存款及銀行結餘利息收入	(47,204)	(28,058)
Interest income from pledged bank deposits 已抵押銀行存款利息收入	(26)	(458)
Interest income from debt instruments 債務工具利息收入	(9,335)	(10,138)
Investment income from unlisted financial products at FVTPL 來自按公允價值計入損益的非上市金融產品的投資收入	(215,042)	(189,831)
Finance costs 融資成本	233,740	250,438
Net foreign exchange (gain) loss 外匯(收益)虧損淨額	(297,945)	96,602
(Gain) loss on disposal of debt investments and fund instruments at FVTPL 出售按公允價值計入損益的債務工具及基金投資(收益)虧損	(31,224)	856
Gain on lease termination 租賃終止收益	(54)	(732)

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	7,358,138	6,324,488
Increase in inventories 存貨增加	(882,783)	(2,207,554)
Decrease (increase) in trade and other receivables and prepayment 貿易及其他應收款項及預付款項減少(增加)	1,453,392	(3,389,748)
Decrease in amount due from a related party 應收關連人士款項減少	-	3,032
(Decrease) increase in trade and other payables 貿易及其他應付款項(減少)增加	(496,536)	4,143,616
Increase (decrease) in contract liabilities 合約負債增加(減少)	47,989	(27,079)
(Decrease) increase in deferred income 遞延收入(減少)增加	(6,450)	2,712
Decrease in amounts due to related parties 應付關連人士款項減少	(502)	(1,480)
Cash generated from operations 經營活動所得現金	7,473,248	4,847,987
Income taxes paid 已付所得稅款項	(313,237)	(186,365)
NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額	7,160,011	4,661,622
INVESTING ACTIVITIES 投資活動		
Placement of short term fixed deposits 存放短期定期存款	(958,277)	(3,442,918)
Placement of time deposits 存放定期存款	(500,000)	-
Withdrawal of short term fixed deposits 提取短期定期存款	738,360	3,447,918
Purchases of property, plant and equipment 購置物業、機器及設備	(2,332,864)	(2,770,095)
Payments for leasehold lands 租賃土地付款	(81,655)	(30,892)
Payment for intangible assets 無形資產付款	(39,738)	(39,120)
Placement of pledged bank deposits 存放已抵押銀行存款	(3,375)	(9,328)
Release of pledged bank deposits 解除已抵押銀行存款	6,050	217,923
Purchases of unlisted financial products 收購非上市金融產品	(59,212,284)	(51,248,850)
Release of unlisted financial products 解除非上市金融產品	56,303,979	50,391,750
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	(344,093)	(302,987)
Deposits paid for acquisition of land use right 就收購土地使用權已支付的按金	-	(24,831)
Purchase of debt instruments at FVTPL 收購按公允值計入損益的債務工具	(77,617)	-
Purchase of fund instruments at FVTPL 收購按公允值計入損益的基金投資	(619,227)	-
Purchase of debt instruments at amortised cost 收購按攤銷成本計量的債務工具	(29,262)	(27,738)
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	-	(15,750)
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(100)	(5,600)
Interest and investment income received 已收利息及投資收入	247,968	235,997
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	62,108	10,258
Proceeds from disposal of debt instruments at FVTPL 出售按公允值計入損益的債務工具所得款項	81,668	75,719
Proceeds from disposal of fund instruments at FVTPL 按攤銷成本計量的債務工具的償付款項	729,226	-
Repayment from debt instruments at amortised cost 按攤銷成本計量的債務工具的償付款項	54,200	55,798
Net cash outflow on acquisition of a subsidiary 收購一家附屬公司的現金流出淨額	-	(5,176)
Investment in an associate 於一間聯營公司之投資	(1,250)	(67,842)
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(5,976,183)	(3,555,764)

Consolidated Statement of Cash Flows

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
FINANCING ACTIVITIES 融資活動		
Interest paid 已付利息	(224,439)	(239,531)
Dividends paid 已付股息	(796,458)	(621,165)
Dividends paid to NCI 已付非控股權益的股息	-	(490)
New bank borrowings raised 新增銀行借貸	3,810,422	3,071,539
Repayment of bank borrowings 償還銀行借貸	(2,793,677)	(3,453,315)
Repayments of lease liabilities 償還租賃負債	(45,065)	(46,988)
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(151,397)	(170,255)
Acquisition of additional interest of a subsidiary 收購一家附屬公司之額外權益	(21,641)	-
Capital contribution from non-controlling interest of a subsidiary 於一家附屬公司非控股權益獲得的注資	-	18,847
NET CASH USED IN FINANCING ACTIVITIES 融資活動所用現金淨額	(222,255)	(1,441,358)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 現金及現金等值項目增加(減少)淨額	961,573	(335,500)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 於一月一日的現金及現金等值項目	1,917,239	2,254,299
Effect of foreign exchange rate changes 匯率變動的影響	(37,041)	(1,560)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, 於十二月三十一日的現金及現金等值項目， represented by bank balances and cash 以銀行結餘及現金呈列	2,841,771	1,917,239

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

1. GENERAL INFORMATION

Sunny Optical Technology (Group) Company Limited (the “Company”) was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Law Chapter 21 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands and its shares have been listed on the Hong Kong Stock Exchange with effect from 15 June 2007. Its ultimate holding and parent company is Sun Xu Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Wang Wenjian, also a director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

1. 概況資料

舜宇光學科技(集團)有限公司(「本公司」)於二零零六年九月二十一日在開曼群島根據開曼群島公司法第21章(一九六一年第三條法例，經綜合及修訂)註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯交所上市，最終控股及母公司為舜旭有限公司，一間於英屬處女群島註冊成立的私人有限公司，而最終控股人士為王文鑾先生，亦為本公司董事。本公司註冊辦事處及主要營業地點的地址乃於年報公司資料一節披露。

本公司為一間投資控股公司。本公司及其附屬公司(統稱「本集團」)主要從事設計、研究與開發、生產及銷售光學及光學相關產品與科學儀器。

綜合財務報表以人民幣(「人民幣」)呈列，人民幣亦為本公司的功能貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用經修訂香港財務報告準則（「香港財務報告準則」）

於本年度強制生效的經修訂香港財務報告準則

於本年度，本集團首次採用由香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則內提述的概念框架之修訂及下列經修訂香港財務報告準則，其於二零二零年一月一日或之後開始年度期間強制生效，以編製綜合財務報表：

香港會計準則第1號及香港會計準則第8號（修訂本）	重大的定義
香港財務報告準則第3號（修訂本）	業務的定義
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（修訂本）	利率基準改革

於本年度應用香港財務報告準則內提述的概念框架之修訂及經修訂香港財務報告準則對本集團於目前及以往年度的財務狀況及表現及／或該等綜合財務報表所載之披露並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effect

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

HKFRS 17	<i>Insurance Contracts and the related Amendments</i> ¹
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> ⁴
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to HKFRS 9 HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> ⁵
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> ¹
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> ²
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i> ²

2. 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

已發行但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採用以下已頒佈但尚未生效的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	保險合同及相關修訂本 ¹
香港財務報告準則第16號(修訂本)	2019冠狀病毒病相關之租金寬減 ⁴
香港財務報告準則第3號(修訂本)	概念框架之提述 ²
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號(修訂本)	利率基準改革 – 第2階段 ⁵
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者及其聯營公司或合資企業出售或注入資產 ³
香港會計準則第1號(修訂本)	負債分類為流動或非流動及香港詮釋第5號(二零二零年)之相關修訂本 ¹
香港會計準則第16號(修訂本)	物業、機器及設備 – 擬定用途前之所得款項
香港會計準則第37號(修訂本)	虧損性合約 – 履行合約之成本 ²
香港財務報告準則(修訂本)	香港財務報告準則二零一八年至二零二零年之年度改進 ²

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effect (Continued)

- 1 Effective for annual periods beginning on or after 1 January 2023.
- 2 Effective for annual periods beginning on or after 1 January 2022.
- 3 Effective for annual periods beginning on or after a date to be determined.
- 4 Effective for annual periods beginning on or after 1 June 2020.
- 5 Effective for annual periods beginning on or after 1 January 2021.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

2. 應用經修訂香港財務報告準則（「香港財務報告準則」）（續）

已發行但尚未生效之新訂及經修訂香港財務報告準則（續）

- 1 於二零二三年一月一日或之後開始之年度期間生效。
- 2 於二零二二年一月一日或之後開始之年度期間生效。
- 3 於一個待定日期或之後開始之年度期間生效。
- 4 於二零二零年六月一日或之後開始之年度期間生效。
- 5 於二零二一年一月一日或之後開始之年度期間生效。

本公司董事預期應用所有新訂及經修訂香港財務報告準則於可預見的未來將不會對綜合財務報表產生重大影響。

3. 綜合財務報表之編製基準及重要會計政策

3.1 綜合財務報表之編製基準

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例規定之適用披露資料。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.1 綜合財務報表之編製基準(續)

綜合財務報表乃按歷史成本基準編製，惟下文會計政策所解釋在各報告期末按公允值計量的若干金融工具除外。

歷史成本一般按交換商品及服務之代價之公允值計算。

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或採用其他估值技巧估計。於估計資產或負債的公允值時，倘市場參與者可能考慮資產或負債的特色，則本集團將於計量日期為資產或負債定價時考慮有關特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟香港財務報告準則第2號以股份為基礎之付款範圍內之以股份支付的交易、根據香港財務報告準則第16號列作租賃交易以及與公允值相似但並非公允值之計量(如香港會計準則第2號存貨之可變現淨值或香港會計準則第36號資產減值之使用價值)除外。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.1 綜合財務報表之編製基準(續)

按公允值交易之金融工具，凡於其後期間應用以不可觀察輸入數據計量公允價值之估值方法，估值方法應予校正，以致於首次確認時估值方法之結果相等於交易價格。

此外，就財務報告目的而言，根據可觀察公允值計量的輸入數據及公允值計量的輸入數據對其整體的重要性程度，公允值計量分為第一級、第二級或第三級，於下文有所說明：

- 第一級輸入數據乃實體於計量日期可得出之自相同資產或負債於活躍市場中所報的未調整價格；
- 第二級輸入數據乃資產或負債的直接或間接可觀察輸入數據，惟第一級所含報價除外；及
- 第三級輸入數據乃自資產或負債的不可觀察輸入數據。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策

綜合基準

綜合財務報表包括本公司、本公司所控制實體及其附屬公司的財務報表。當本公司擁有以下權力時，則視為擁有投資對象的控制權：

- 於投資對象擁有權力；
- 因參與投資對象業務而可能或有權獲得可變回報；及
- 有能力行使其權力影響該等回報。

倘有事實及情況顯示上述三個控制因素中之一項或多項出現變化，本集團將重新評估其是否對投資對象擁有控制權。

本集團獲得附屬公司控制權時即對其綜合入賬，而當本集團失去附屬公司控制權時，即不再對其綜合入賬。具體而言，自本集團獲得附屬公司控制權之日計起，直至本集團不再擁有附屬公司控制權之日止，本年度收購或出售附屬公司之收入及開支將列入綜合損益及其他全面收益表內。

溢利或虧損及其他全面收益各項均歸屬於本公司股東及非控股權益。附屬公司的全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益產生赤字差額。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

綜合基準 (續)

附屬公司之財務報表會於需要的情況下作出調整，以使其會計政策與本集團的會計政策一致。

本集團內公司間之所有資產及負債、權益、收入、開支及有關本集團成員公司間交易之現金流量均於綜合賬目時全面抵銷。

附屬公司非控股權益與本集團於其中的權益分開呈列，其代表現時所有者權益且於清盤時賦予其持有人按比例分佔相關附屬公司資產淨值之非控股權益。

本集團於現有附屬公司權益之變動

本集團於附屬公司的權益之變動並不導致本集團失去對附屬公司的控制權，並以權益交易入賬。本集團之權益及非控股權益相關組成部份之賬面值均予以調整，以反映彼等於附屬公司相關權益之變動，包括根據本集團與非控股權益的權益比例重新歸屬本集團與非控股權益間的有關儲備。

經調整之非控股權益金額與已支付或已收取代價之公允值間之任何差額乃直接於權益確認，並歸屬於本公司股東。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Basis of consolidation (Continued)

綜合基準(續)

Changes in the Group's interests in existing subsidiaries (Continued)

本集團於現有附屬公司權益之變動(續)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

倘本集團失去對一家附屬公司之控制權，即終止確認該附屬公司的資產與負債及非控股權益(如有)。收益或虧損於損益內確認，並計量：(i)所收取代價之公允值及任何保留權益的公允值總和與(ii)資產(包括商譽)之賬面值及歸屬於本公司股東的附屬公司之負債之間的差額。早前於其他全面收益確認之有關附屬公司的全部金額將會以猶如本集團已直接出售附屬公司相關資產或負債之方式入賬(即如適用香港財務報告準則所指定/許可，重新分類至損益或轉撥至另一類別權益)。於失去控制權當日仍保留於前附屬公司之任何投資公允值，則根據香港財務報告準則第9號或被視為其後入賬時初步確認之公允值或(如適用)於聯營公司或合資企業投資的初步確認成本。

Business combinations

業務合併

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

收購業務採用收購法入賬。業務合併之轉撥代價按公允值計量，而計算方法為本集團所轉讓之資產、本集團對所收購方原擁有人產生之負債及本集團於交換所收購方之控制權發行之股權於收購日期之公允值總額。有關收購之成本一般於產生時於損益中確認。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

除若干確認豁免外，所收購之可識別資產及所承擔之負債必須符合編製及呈列財務報表之框架（於二零一零年十月被財務報告概念框架所取代）下資產及負債之定義。

於收購日期，所收購之可識別資產及承擔之負債乃按彼等之公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關資產或負債分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與所收購方以股份為基礎付款安排有關或與本集團訂立之以股份為基礎付款安排以取代所收購方以股份為基礎付款安排有關之負債或權益工具，乃於收購日期按香港財務報告準則第2號*以股份為基礎之付款*計量（見下文會計政策）；
- 根據香港財務報告準則第5號*待售非流動資產及已終止業務*分類為待售資產（或出售組別）按該準則計量；及

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

- 租賃負債按剩餘租賃付款(定義見香港財務報告準則第16號)的現值確認及計量, 猶如收購的租賃於收購日為新租賃, 惟(a)租賃期限於收購日期12個月內結束; 或(b)相關資產為低價值的租賃除外。使用權資產按與相關租賃負債相同的金額確認及計量, 並進行調整以反映與市場條件相比租賃的有利或不利條款。

商譽是以所轉讓之代價、於所收購方中非控股權益所佔金額及收購方以往持有之收購方股權之公允值(如有)之總和, 扣除於收購日期可供識別資產之收購及於收購日期承擔的負債之淨值後, 所超出之差額計量。倘重新評估後, 所收購之可識別資產與所承擔的負債之淨額高於轉讓之代價、於所收購方中非控股權益所佔金額以及收購方以往持有之收購方股權之公允值(如有)之總和, 則差額即時於損益內確認為議價購買收益。

屬現時擁有之權益且於清盤時讓持有人有權按比例分佔相關附屬公司淨資產之非控股權益, 可初步按非控股權益應佔被收購方可識別資產淨值的已確認金額比例或公允值計量。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

業務合併 (續)

倘業務合併分階段完成，本集團先前於被收購方持有之股權重新計量至收購日期（即本集團獲得控制權當日）之公允值，而所產生之收益或虧損（如有）於損益賬或其他綜合收益（倘適用）中確認。過往於收購日期前於其他全面收益確認並根據香港財務報告準則第9號計量之被收購方權益所產生數額將按與本集團直接處置過往所持股權所需的相同基準入賬。

商譽

收購業務產生之商譽按於收購業務當日確定之成本（見上文會計政策）減任何累計減值虧損（如有）列賬。

為進行減值測試，商譽乃分配至預期將從合併所帶來的協同效益中受惠的本集團各個現金產生單位（或現金產生單位組合），而該單位或單位組合指就內部管理目的監控商譽的最低水平且不超過經營分類。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Goodwill (Continued)

商譽(續)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

獲得商譽分配的現金產生單位(或現金產生單位組合)每年進行減值測試及每當有跡象顯示該單位可能出現減值時更為頻繁地進行減值測試。就於某一報告期間收購產生的商譽而言,獲得商譽分配的現金產生單位(或現金產生單位組合)於該報告期間結束前進行減值測試。倘可收回金額低於該單位的賬面值,則首先分配減值虧損以減低任何商譽的賬面值,然後按該單位(或現金產生單位組合)內各項資產的賬面值所佔比例分配至其他資產。

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

於出售相關現金產生單位或一組現金產生單位內的任何現金產生單位,商譽的應佔金額計入釐定出售損益之金額。當本集團出售現金產生單位(或一組現金產生單位中的現金產生單位)內的業務時,所出售商譽金額按所出售業務(或現金產生單位)與所保留現金單位(或一組現金產生單位)部份的相對價值計量。

The Group's policy for goodwill arising on the acquisition of an associate is described below.

本集團就收購一間聯營公司產生之商譽政策載於下文。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

於聯營公司之投資

聯營公司乃本集團對其具有重大影響力之實體。重大影響力指參與投資對象財務及營運決策之權力，而並非對該等政策之控制權或共同控制權。

聯營公司之業績、資產及負債使用權益會計法計入本綜合財務報表。以權益會計法處理之聯營公司財務報表乃按與本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。根據權益法，於聯營公司之投資最初乃按成本值於綜合財務狀況表確認，並於隨後就確認本集團應佔該聯營公司之損益及其他全面收益而作出調整。損益及其他綜合收益外的聯營公司資產淨值的變動將不會入賬，除非有關變動導致本集團持有的所有權益發生變更。如本集團應佔聯營公司之虧損超過本集團於聯營公司之權益（包括實質上構成本集團於聯營公司淨投資之任何長期權益），則本集團會終止確認其應佔之進一步虧損。如本集團已產生法定或推定責任或代表聯營公司支付款項，則就額外虧損作出確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

於聯營公司之投資(續)

於聯營公司的投資乃自投資對象成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔被投資方可識別資產及負債之公允值淨額之差額會確認為商譽，計入投資之賬面值內。倘於重新評估後本集團應佔可識別資產及負債公允值淨額超逾投資成本，則即時於收購投資期間在損益中確認。

本集團評估有否客觀證據顯示聯營公司權益可能減值。如客觀證據存在，則將投資的全部賬面值(包括商譽)作為單一資產根據香港會計準則第36號透過比較其可收回金額(使用價值與公允值減出售成本之較高者)與賬面值測試有否減值。任何確認之減值虧損不會分配至任何資產(包括商譽)，其屬投資賬面值的一部份。倘其後投資的可收回金額增加，則根據香港會計準則第36號確認該減值虧損的撥回。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

於聯營公司之投資 (續)

倘本集團對聯營公司失去重大影響力，其入賬列作出售被投資方的全部權益，所產生的損益於損益確認。當本集團保留於前聯營公司之權益，且保留權益為香港財務報告準則第9號所界定的金融資產時，本集團於當日按公允值計量保留權益，而公允值則被視為首次確認時之公允值。聯營公司賬面值與任何保留權益之公允值及出售聯營公司相關權益所得任何所得款項之間的差額，乃計入釐定出售聯營公司之損益。此外，本集團將先前在其他全面收益就該聯營公司確認之所有金額入賬，基準與倘該聯營公司直接出售相關資產或負債的基準相同。因此，倘該聯營公司先前已確認其他全面收益之損益，則會於出售相關資產或負債時重新分類至損益，當有關聯營公司出售／部份出售後，本集團將收益或虧損由權益重新分類至損益（作為重新分類調整）。

當於聯營公司的投資變成於合資企業的投資時，本集團繼續使用權益法。在該等所有者權益變動後，並無對公允值的重新計量。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Investments in associates (Continued)

於聯營公司之投資(續)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

當本集團削減於聯營公司之所有權權益但繼續使用權益法時，倘以往於其他全面收益確認有關削減所有權權益之盈虧部份將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

倘一間集團實體與本集團聯營公司交易，與該聯營公司交易所產生之損益僅在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

Revenue from contracts with customers

客戶合約收入

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.

當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關商品或服務的控制權轉讓予客戶時確認。

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

履約義務指不同的商品或服務(或一組商品或服務)或一系列不同的商品或大致相同的服務。

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

控制權隨時間轉移，而倘滿足以下其中一項標準，則收入乃參照完全滿足相關履約義務的進展情況而隨時間確認：

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

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

客戶合約收入 (續)

- 本集團之履約創建或強化資產，該資產於創建或強化之時即由客戶控制；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得商品或服務控制權的時間點確認。

合約負債指本集團因已自客戶收取對價（或已可自客戶收取對價），而須轉讓商品或服務予客戶之義務。

合約成本

獲取合約的增量成本

獲取合約的增量成本是本集團為獲取客戶合約而產生的成本，即如果沒有獲得合約，將不會產生有關成本。

倘本集團預期收回該等成本（銷售佣金），則將有關成本確認為資產。由此確認的資產隨後按轉讓與資產相關的商品或服務予客戶一致的系統性基準於損益攤銷，與轉讓商品或服務（與資產相關）予客戶一致。

倘該等成本原本將在一年內悉數於損益攤銷，則本集團會應用可行權宜方法支付所有取得合約的增加成本。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃

租賃的定義

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。

就於首次應用日期或之後訂立或修改或由業務合併所引致的合約而言，本集團根據香港財務報告準則第16號的定義於初始、修改或收購日期(倘適用)評估該合約是否為租賃或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets include:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為承租人

短期租賃及低價值資產租賃

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的部份臨時員工宿舍租賃，本集團應用短期租賃確認豁免。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線基準或另一系統化基準於租期內確認為開支。

使用權資產

使用權資產的成本包括：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；
- 本集團產生的任何初始直接成本；及
- 本集團於拆解及搬遷相關資產、復原相關資產所在場地或復原相關資產至租賃的條款及條件所規定的狀況而產生的成本估計，除非該等成本乃因生產存貨而產生。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Leases (Continued)

租賃(續)

The Group as a lessee (Continued)

本集團作為承租人(續)

Right-of-use assets (Continued)

使用權資產(續)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債之任何重新計量作出調整。

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

就本集團於租期結束時合理確定獲取相關租賃資產所有權的使用權資產而言，有關使用權資產自開始日期起至使用年期結束期間計提折舊。在其他情況下，使用權資產按直線基準於其估計使用年期及租期(以較短者為準)內計提折舊。

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

本集團於綜合財務狀況表中將使用權資產呈列為單獨項目。

Refundable rental deposits

可退回租賃按金

Refundable rental deposits paid are accounted 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.

已支付的可退回租賃按金根據香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為額外的租賃付款，並包括在使用權資產成本中。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

租賃負債

於租賃開始日，本集團按當時尚未支付的租賃付款額的現值確認並計量租賃負債。在計算租賃付款的現值時，如果租賃中隱含的利率難以確定，則本集團在租賃開始日使用增量借款利率。

租賃付款包括：

- 固定付款 (包括實質性的固定付款) 減任何應收租賃優惠；
- 跟隨指數或比率而定的可變租賃付款，採用於開始日期的指數或利率初步計量；
- 根據剩餘價值擔保預期本集團將支付的金額；
- 本集團合理確定行使購買選擇權的行使價；及
- 倘租期反映本集團會行使選擇權終止租賃，則計入終止租賃的罰款。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

租賃(續)

本集團作為承租人(續)

租賃負債(續)

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

當租賃條款發生變動時，本集團重新計量租賃負債(及對相關使用權資產作出相應調整)，在此情況下，於重新評估日期透過貼現經修訂租賃款項使用經修訂貼現率重新計量相關租賃負債。

本集團於綜合財務狀況表中將租賃負債單獨呈列。

租賃修改

倘出現以下情況，本集團將租賃修改作為一項單獨的租賃入賬：

- 該項修改通過增加使用一項或多項相關資產的權利擴大了租賃範圍；及
- 調增租賃的代價，增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

For a 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 the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

租賃修改 (續)

就未作為一項單獨租賃入賬的租賃修改而言，本集團基於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。

本集團通過對相關使用權資產進行相應調整，以對租約負債進行重新計量。當經修改合約包含租約成份以及一個或多個額外租約或非租約成份時，本集團根據租約成份的相對獨立價格及非租約成份的總獨立價格，將經修改合約中的代價分配至每個租約成份。

本集團作為出租人

租賃的分類及計量

本集團作為出租人的租賃分類為融資租賃或經營租賃。當租賃的條款實質上將與相關資產所有權相關的所有風險及回報轉讓予承租人時，該項合同被分類為融資租賃。所有其他租賃應分類為經營租賃。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Leases (Continued)

租賃(續)

The Group as a lessor (Continued)

本集團作為出租人(續)

Classification and measurement of leases (Continued)

租賃的分類及計量(續)

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

經營租賃之租金收入於相關租期內以直線法在損益中確認。於協商及安排經營租賃時引致之初步直接成本乃加至租賃資產之賬面值，有關成本於租賃期內按直線法確認為開支。

Refundable rental deposits

可退回租賃按金

Refundable rental deposits received 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 from lessees.

已收可退回租賃按金按香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為承租人的額外租賃付款。

Lease modification

租賃修改

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

不屬於原始條款和條件的租賃合約的條款變更將作為租賃修改處理，包括透過諒解或減租提供租賃優惠。

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

本集團自修改生效之日起將經營租賃的變更作為新租賃入賬，並將與原始租賃有關的任何預付款或應計租賃付款作為新租賃的租賃付款的一部份。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Foreign currencies

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

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

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

外幣

編製各集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易乃按該交易日期之匯率確認。於報告期末，以外幣計值之貨幣項目以當日之匯率重新換算。按公允值列賬且按外幣列值之非貨幣項目乃按釐定公允值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不予重新換算。

貨幣項目結算以及貨幣項目重新換算所產生的匯兌差額於產生期間的損益確認。

為呈列綜合財務報表，本集團海外業務的資產及負債用本集團採用的呈列貨幣(即人民幣)按各報告期末的即期匯率進行折算，除非匯率於該期間波動較大，在此情況下，將使用交易日期的匯率。收入和費用按期內的平均匯率折算。若有任何匯兌差額產生，將於其他全面收益中確認及於權益(換算儲備)(歸屬於非控股權益(如適用))內累計。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Borrowing costs

因收購、興建或生產合資格資產(即需相當長時間方可作擬定用途或出售的資產)而直接產生的借貸成本歸入該等資產的成本,直至資產基本上可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益中確認。

Government grants

政府補助於出現合理保證本集團將會遵守附帶的條件及收取補助前,均不會確認。

政府補助於本集團確認該等補助擬作補償之有關成本為開支之期間內按系統基準在損益中確認。尤其是,以本集團應收購、建造或以其他方式取得非流動資產為主要條件的政府補助,乃於綜合財務狀況表中確認為遞延收入,並按系統及合理基準於有關資產的可用年期內轉至損益。

作為已產生開支或虧損之補償或向本集團提供即時財務支持而無日後相關成本而應收與收入有關之政府補助,於其應收取期間在損益中確認。此補助呈列於「其他收益」項下。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

退休福利成本

界定供款的退休福利計劃供款於僱員提供服務而有權獲得供款時確認為開支。

短期僱員福利

短期僱員福利於僱員提供服務時於預期支付的未折現福利金額中確認。除非有另一香港財務報告準則規定或准許短期僱員福利包含於資產成本福利內，否則所有短期僱員福利均確認為開支。

僱員應計福利(例如工資和薪金以及年假)於扣減任何已付金額後確認為負債。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For shares of the Company granted under The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme ("Restricted Shares"), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award scheme reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award scheme reserve.

When the Restricted Shares are vested, the difference of the amount previously recognised in the share award scheme reserve and the cost of the related Restricted Shares previously acquired by the Group will be transferred to retained profits. When the Restricted Shares are lapsed before the vesting date or are still not vested at the expiry date, the amount of previously recognised in the share award scheme reserve will continue to be held in the share award scheme reserve.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

以股份為基礎之付款

以權益結算股份支付的交易

授予僱員的股份

向僱員及其他提供類似服務的人士作出的以權益結算股份為基礎之付款乃按權益工具於授予日期的公允值計量。

有關舜宇光學科技(集團)有限公司限制性股份獎勵計劃項下授出的本公司股份(「限制性股份」)，釐定來自僱員服務的公允值乃參照所授出限制性股份於授出日期的公允值。該公允值以直線法於歸屬期支銷，並對應增加權益(股份獎勵計劃儲備)。於各報告期末，本集團根據對所有有關非市場歸屬狀況的評估重訂對限制性股份於歸屬時的預期股數所作的估計。重訂估計的任何影響(如有)乃於損益中確認，故此，累計開支反映重訂估計，並相應調整股份獎勵計劃儲備。

當限制性股份歸屬時，先前於股份獎勵計劃儲備確認的金額與本集團先前所收購限制性股份成本之間的差額將轉撥至保留盈利。當限制性股份於歸屬日期前失效或於到期日仍未歸屬，則先前於股份獎勵計劃儲備中確認的金額將繼續在股份獎勵計劃儲備內持有。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項根據本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報告的除稅前溢利不同，此乃因其他年度的應課稅或可扣稅收支項目，以及毋須課稅或不可扣稅項目所致。本集團的即期稅項負債根據截至報告期末已頒佈或實質頒佈的稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所採用相應稅基之暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認入賬。遞延稅項資產一般就所有暫時差額確認入賬，惟可能有應課稅溢利用於對銷可扣稅暫時差額。若於一項交易中，因初次確認資產及負債（業務合併除外）而引致之暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。此外，倘初步確認商譽產生暫時差額，遞延稅項負債不會確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Taxation (Continued)

稅項(續)

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

遞延稅項負債乃就於附屬公司及聯營公司之投資所產生應課稅暫時差額進行確認，惟倘本集團能控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況則除外。因有關該等投資的可扣減暫時差額而產生的遞延稅項資產僅在可能產生足夠應課稅溢利以使用暫時差額利益並預期能夠在可見將來撥回時確認。

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

遞延稅項資產的賬面值於各報告期末進行審閱，並會削減至不再可能有足夠應課稅溢利用於收回全部或部份相關資產為止。

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

遞延稅項資產及負債按償還負債或變現資產的期間內預期適用之稅率，根據報告期末已頒佈或實質頒佈的稅率(及稅法)計算。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

For the purpose of measuring deferred tax of leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirement to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revision to carrying amounts of right-of-use assets and lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

稅項 (續)

遞延稅項負債及資產之計量反映按照本集團所預期方式於報告期末可收回或結算其資產及負債賬面值將出現之稅務後果。

就計量本集團確認使用權資產及相關租賃負債的租賃交易中的遞延稅項而言，本集團首次釐定稅項扣減歸因於使用權或租賃負債。

就當中具有租賃負債所產生之稅項扣減的租賃交易而言，本集團對使用權資產及租賃負債個別應用香港會計準則第12號*所得稅*之規定。由於應用初始確認豁免，故並無確認相關使用權資產及租賃負債於初始確認時的暫時差額。其後對使用權資產及租賃負債之賬面值作出修訂及租賃修訂所產生之暫時差額（不獲初始確認豁免）於重新計量或修訂日期確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories 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.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

稅項(續)

當有合法可強制執行權利將與同一稅務機關徵收之所得稅有關的即期稅項資產與即期稅項負債抵銷，則遞延稅項資產及負債可互相對銷。

即期及遞延稅項於損益確認，惟當其與在其他全面收益中確認或直接在權益中確認之項目相關，則即期及遞延稅項亦分別於其他全面收益或直接在權益中確認。倘因業務合併之初步會計方法而產生即期或遞延稅項，有關稅務影響會計入業務合併之會計方法內。

物業、機器及設備

物業、機器及設備指持作生產或供應貨品或服務或作行政用途的租賃土地及樓宇(在建工程除外)的無形資產，乃按成本減其後累計折舊及後續累計減值虧損(倘有)於綜合財務狀況表中列賬。

用於生產、供應貨品或作行政用途的在建物業以成本減任何已確認的減值虧損列賬。成本包括導致資產處於對於以管理層擬定之方式營運屬必要的情形及條件而間接產生的任何成本及(對合資格資產而言)根據本集團會計政策資本化的借款成本。該等物業於完成且可作擬定用途時，會列作物業、機器及設備之適當類別。該等資產按與其他物業資產相同之方式，於資產可作擬定用途時開始折舊。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

物業、機器及設備 (續)

當本集團就包括租賃土地及樓宇部份之物業的所有權作出付款時，租賃土地及樓宇部份的全部代價將以初步確認時的相對公允值的比例分配。倘可合理作出相關款項分配，列賬為經營租賃的租賃土地於綜合財務狀況表中呈列作「使用權資產」。倘非租賃樓宇部份與相關租賃土地的未拆分利息間的代價無法合理分配，全部物業均被分類為物業、機器及設備。

物業、機器及設備項目（在建工程除外）以直線法於其估計可使用年期內經扣除估計餘值後確認折舊以撇銷成本。估計可使用年期、剩餘價值和折舊方法會在各報告期末覆核，並採用未來適用法對估計變更的影響進行核算。

物業、機器及設備項目於出售後或預計持續使用該資產不會於日後產生經濟利益時取消確認。因出售或報廢物業、機器及設備項目所產生的任何收益或虧損乃釐定為出售所得款項與資產賬面值之間的差額，並於損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

投資物業

投資物業乃持作賺取租金及／或資本增值之物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於初始確認後,投資物業按成本減其後累計折舊及任何累計減值虧損列賬。按直線法在投資物業的估計使用年期內且經計及預計殘值後確認折舊,以抵銷投資物業的成本。

投資物業在處置或永久不再使用後且預期處置不會產生未來經濟利益時終止確認。終止確認物業所產生的任何收益或損失(按照資產處置所得款項淨額與賬面值之間的差額計算)在該物業終止確認期間計入損益。

無形資產

分開收購的無形資產

單獨收購的可使用年期有限的無形資產,按成本減累計攤銷及累計減值虧損入賬。可使用年期有限的無形資產攤銷於估計可使用年期按直線法確認。估計可使用年期及攤銷方法於各報告期末予以審核,任何估計變動的影響按預期基準入賬。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

無形資產 (續)

內部產生無形資產 – 研發開支

研發活動開支於所產生期間確認為開支。

當且僅當出現所有下列情況時，開發活動（或內部項目的開發期）所產生的所有內部無形資產始予以確認：

- 完成無形資產以使該無形資產可供使用或出售的技術可行性；
- 完成無形資產及使用或出售該無形資產的意向；
- 使用或出售無形資產的能力；
- 無形資產如何產生可能的未來經濟利益；
- 有足夠的技術、財務及其他資源可用於完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間應佔開支的能力。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Intangible assets (Continued)

無形資產(續)

Internally-generated intangible assets – research and development expenditures (Continued)

內部產生無形資產 – 研發開支(續)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

就內部產生的無形資產所初步確認的金額為該無形資產自首度符合上述確認標準起已產生的開支總額。倘無內部產生的無形資產可予確認，則開發費用在其產生期間於損益確認。

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

於首次確認後，內部產生的無形資產按成本減累計攤銷及累計減值虧損(如有)呈報，與單獨收購的無形資產列賬方式相同。

Intangible assets acquired in a business combination

於業務合併中購入的無形資產

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

業務組合中所購無形資產與商譽區分確認並於收購日期按公允值初步確認(被視為其成本)。

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

初步確認後，業務組合中具有固定使用年期的所購無形資產按成本減累計攤銷及任何累計減值虧損呈列，該基準與單獨購入的無形資產一致。

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

無形資產於出售時或當動用或出售預期不會帶來未來經濟利益時終止確認。無形資產終止確認(按出售所得款項淨額與資產賬面值間的差額計量)產生的收益或虧損於資產終止確認時於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on tangible, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

有形資產、使用權資產及無形資產 (商譽除外) 減值

於各報告期末，本集團檢討其具有有限可使用年期的有形資產、使用權資產及無形資產的賬面值，以釐定是否有任何跡象顯示該等資產已蒙受減值虧損。倘存在任何該等跡象，則估計該等資產的可收回數額以釐定減值虧損程度 (如有)。

有形資產、使用權資產及無形資產之可收回款項乃獨立作出評估。倘無法估計個別資產之可收回款項，本集團將估計該資產所屬可產生現金之單位之可收回款項。

於測試現金產生單位的減值時，倘可設立合理及一致的分配基準，則企業資產分配至相關現金產生單位，或分配至現金產生單位內可設立合理及一致分配基準的最小組別。可收回金額按企業資產所屬現金產生單位或現金產生單位組別釐定，並與相關現金產生單位或現金產生單位組別的賬面值相比較。

可收回金額為公允值減出售成本與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產 (或現金產生單位) 於估計未來現金流量調整前之獨有風險之稅前折算率折算估計未來現金流量至其現值。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Impairment on tangible, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

有形資產、使用權資產及無形資產(商譽除外)減值(續)

倘若資產(或現金產生單位)的估計可收回金額低於其賬面值,則資產(或現金產生單位)的賬面值將調低至其可收回金額。對於企業資產或無法按合理一致基準分配至現金產生單位的部份企業資產,本集團將現金產生單位組別的賬面值進行比較,包括企業資產或已分配至現金產生單位組別的部份企業資產之賬面值以及現金產生單位組別的可收回金額。於分配減值虧損時,減值虧損首先分配至減少商譽的賬面值(倘適用),然後根據單位中或現金產生單位組別中每一資產的賬面值按比例分配至其他資產。資產的賬面值不會減少至低於其公允值減出售成本(如可計量)、其使用價值(如可釐定)及零(以較高值為準)。分配至資產的減值虧損款額按比例分配至單位中或現金產生單位組別中的其他資產。減值虧損即時於損益中確認。

倘減值虧損於其後撥回,則該項資產(或現金產生單位或現金產生單位組別)之賬面值會增加至其經修訂之估計可收回金額,惟增加後之賬面值不得超出假設過往年度並無就該項資產(或現金產生單位或現金產生單位組別)確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

存貨

存貨按成本及可變現淨值的較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減直至完工的全部估計成本及銷售活動所需成本。

金融工具

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債方獲確認。所有以正規途徑購買或銷售之金融資產乃按交易日期基準確認及取消確認。正規途徑買賣或銷售乃要求於市場法規或慣例所確定之時間框架內交付資產之金融資產買賣或銷售。

金融資產及金融負債初步按公允值計量，惟根據香港財務報告準則第15號初步計量的與客戶合約產生的貿易應收款項除外。交易成本直接歸屬於收購或發行金融資產及金融負債（按公允值計入損益的金融資產或金融負債除外），在初始確認時適當地計入或自金融資產或金融負債的公允值中扣除。直接歸屬於收購按公允值計入損益的金融資產或金融負債的交易成本，即時於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

實際利率法為計算金融資產或金融負債的攤銷成本以及於相關期間內分配利息收入及利息支出的方法。實際利率指在金融資產或金融負債的預計年期內或(如適用)較短期間內準確折算估計未來現金收入及支出(包括所有構成實際利率整體部份而支付或收取的費用及時點、交易成本及其他溢價或折扣)至初步確認時的賬面淨值的利率。

金融資產

金融資產的分類和其後計量

滿足以下條件其後按攤銷成本計量的金融資產：

- 以收取合約現金流量為目的之經營模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

滿足以下條件其後按公允值計入其他全面收益的金融資產：

- 以出售及收取合約現金流量為目的之經營模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

所有其他金融資產其後按公允值計入損益計量，惟在首次應用／初步確認金融資產當日，倘該股權投資並非持作買賣，亦非收購方於香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇呈列其他全面收益股權投資之公允值之其後變動。

倘若出現下列情況，則金融資產將持作買賣：

- 產生之主要目的為於不久將來出售而購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部份，而近期實際具備短期獲利之模式；或
- 其為不指定及有效作為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或按公允價值計入其他全面收益計量的金融資產按以公允價值計入損益計量。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Financial instruments (Continued)

金融工具(續)

Financial assets (Continued)

金融資產(續)

Classification and subsequent measurement of financial assets (Continued)

金融資產的分類和其後計量(續)

(i) Amortised cost and interest income

(i) 攤銷成本及利息收入

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

其後按攤銷成本計量的金融資產的利息收入採用實際利率法確認。利息收入按對金融資產的總賬面值應用實際利率的方式計算，惟其後出現信貸減值的金融資產除外。有關其後出現信貸減值的金融資產，利息收入自下個報告期起應用實際利率法於按攤銷成本列賬的金融資產確認。倘信貸減值金融工具的信貸風險得以改善，使金融資產不再信貸減值，則利息收入將透過於確定資產不再信貸減值後的報告期間開始起對金融資產賬面總值應用實際利率確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

(ii) 指定按公允價值計入其他全面收益列賬的權益工具

按公允價值計入其他全面收益之權益工具的投資其後按公允價值計量，其公允價值變動產生的收益及虧損於其他全面收益確認及於按公允價值計入其他全面收益列賬的儲備累計；無須作減值評估。累計損益將不重新分類至出售股權投資之損益，並將轉移至保留盈利。

當本集團有權收取股息時，該等來自於權益工具投資的股息於損益中確認，除非該等股息為收回部份投資成本。股息於損益中計入「其他收益」項目中。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including debt instruments at amortised cost, trade and other receivables, pledged bank deposits, times deposits, short term fixed deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類和其後計量 (續)

(iii) 按公允值計入損益的金融資產

金融資產如不符合按攤銷成本計量或按透過其他全面收益按公允值列賬計量或指定為按按公允值計入其他全面收益列賬的條件，則按公允值計入損益的方式計量。

在各報告期末，按公允值計入損益的金融資產按公允值計量，而任何公允值收益或虧損則於損益中確認。於損益確認的收益或虧損淨額不包括金融資產賺取的任何股息或利息及計入「其他收益及虧損」項目下。

金融資產減值

本集團根據預期信貸虧損模型對金融資產（包括按攤銷成本計量的債務工具、貿易及其他應收款項、已抵押銀行存款、定期存款、短期定期存款及銀行結餘）進行減值評估，其須根據香港財務報告準則第9號進行減值評估。預期信貸虧損金額於各報告日期更新，以反映自初始確認起的信貸風險變動。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

全期預期信貸虧損指於相關工具預期壽命內發生所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損（「12個月預期信貸虧損」）則指預期於報告日期後12個月內可能發生的違約事件而導致的部份全期預期信貸虧損。預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並根據應收賬款特定因素、一般經濟狀況及於報告日期對當前狀況及未來狀況預測的評估而作出調整。

本集團始終就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損乃採用對已發生信貸減值的債務人個別計提及／或採用具合適組別的撥備矩陣進行整體評估。

有關所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初步確認以來信貸風險曾大幅上升，則本集團確認全期預期信貸虧損。有關應否確認全期預期信貸虧損的評估乃基於自初步確認以來違約的可能性或風險大幅上升。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅上升

於評估信貸風險自初步確認以來有否大幅上升時，本集團比較於報告日期的金融工具違約風險及初步確認日期的金融工具違約風險。作出評估時，本集團考慮合理且有可靠資料證明的定量和定性資料，包括過往經驗及無需付出過多成本或工作下可獲取的前瞻性資料。

尤其，於評估信貸風險有否大幅上升時，將考慮以下資料：

- 金融工具的實際或預期外部(如有)或內部信貸評級大幅下降；
- 外部市場信貸風險指標大幅下降(例如信貸息差(即債務人信貸違約掉期價格)大幅上升)；
- 預期現行或預測業務、金融或經濟狀況的不利變化導致債務人履行債務責任的能力大幅下降；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅上升 (續)

- 債務人的實際或預期營運業績大幅下降；或
- 債務人法規上、經濟上或技術環境上的實際或預期重大不利變化導致債務人履行債務責任的能力大幅下降。

不論上述評估結果如何，當合約款項逾期超30天時，本集團假設信貸風險自初步確認以來大幅上升，除非本集團有合理及有可靠資料證明的資料顯示情況並非如此。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Despite the foregoing, 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 reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

(i) 信貸風險大幅上升(續)

儘管有上述規定，倘債務工具於報告日期釐定為低信貸風險，本集團假定該債務工具信貸風險自初步確認以來並無大幅上升。一項債務工具倘 i) 其違約風險低；ii) 借款人有很強的能力在短期內履行其近期合約現金流量責任；及 iii) 經濟及業務狀況較長遠的不利變化，(但非必然會) 減低借款人履行其合約現金流量責任的能力，則將被釐定為低信貸風險。倘一項債務工具的內部或外部信貸評級為「投資評級」(根據全球理解的定義)，本集團認為其信貸風險為低。

本集團定期監察用以識別信貸風險有否大幅上升的標準的成效，並且適時作出修訂，以確保該標準能夠於有關款額逾期前識別信貸風險大幅上升。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(ii) 違約的定義

就內部信貸風險管理而言，本集團認為違約乃於內部建立或外部來源獲取的資料顯示債務人不大可能向債權人（包括本集團）全額結清欠款時發生（並無考慮任何本集團持有的抵押品）。

不論上述情況如何，當金融資產逾期超過90天時，本集團即認為已發生違約，除非本集團有合理及可靠資料證明應採用更寬鬆的違約標準。

(iii) 信貸減值的金融資產

當一件或多件對一項金融資產估計未來現金流量產生不利影響的事件發生時，該金融資產則出現信貸減值。有關金融資產出現信貸減值的證據包括有關以下事項的可觀察數據：

- (a) 發行人或借款人出現重大財政困難；
- (b) 不履行債務或逾期支付等違約行為；

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets (Continued)

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

(iii) 信貸減值的金融資產(續)

- (c) 借款人的貸款人因有關借款人財務困難的經濟或合約原因，給予借款人在一般情況下不會考慮的優惠安排；
- (d) 借款人可能破產或面臨財務重組；或
- (e) 該金融資產的活躍市場因財務困難而消失。

(iv) 撤銷政策

倘有資料顯示交易對手處於嚴重財務困難及無實際期望可收回欠款，本集團則撤銷該金融資產（例如於交易對手被清盤或進入破產程序時）。金融資產撤銷仍受限於本集團收回欠款程序下的執行活動，且在適當情況下將參考法律意見。撤銷構成一項終止確認事項，任何其後收回的欠款於損益內確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(v) 預期信貸虧損的計量及確認

計量預期信貸虧損時，會綜合考慮違約可能性、違約損失率（即發生違約時的損失程度）及違約風險承擔。違約可能性及違約損失率的評定乃基於經調整歷史數據及前瞻性資料。預期信貸虧損的估算乃公正及概率加權的數額，其按相應違約風險的權重釐定。本集團經考慮過往信貸虧損經驗後使用撥備矩陣並採用實際權益法估計貿易應收款項的預期信貸虧損，並按無需花費不必要成本或精力可取得的前瞻性資料調整。

一般而言，預期信貸虧損估計為根據合約應付本集團的所有合約現金流量與本集團預期將收取的全部現金流量之間的差額，並按初步確認時釐定的實際利率貼現。

若干貿易應收款項的全期預期信貸虧損經考慮過往逾期資料及前瞻性宏觀經濟資料等相關信貸資料按集體基準考慮。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 Significant accounting policies (Continued)

3.2 重要會計政策(續)

Financial instruments (Continued)

金融工具(續)

Financial assets (Continued)

金融資產(續)

Impairment of financial assets (Continued)

金融資產減值(續)

(v) Measurement and recognition of ECL (Continued)

(v) 預期信貸虧損的計量及確認(續)

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

就集體評估而言，本集團訂立組別時考慮以下特徵：

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

- 逾期情況；
- 債務人的性質、規模和行業；及
- 外部信貸評級(如有)。

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

管理層定期檢討分組方法，以確保每個分組的組成部份繼續具有類似的信貸風險特徵。

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

利息收入基於金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

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

本集團透過調整所有金融工具的賬面值於損益確認該等金融工具的減值收益或虧損，惟透過虧損撥備賬確認相關調整的貿易及其他應收款項例外。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

終止確認金融資產

本集團僅於資產產生的現金流量的合約權利到期時，或於其轉移金融資產並同時轉移持有該等資產絕大部份的風險及回報於另一實體時終止確認金融資產。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價總額間的差額於損益中確認。

於終止確認本集團選擇於初步確認時按公允值計入其他全面收益計量的權益工具投資時，先前於按公允值計入其他全面收益儲備累計的累計收益或虧損不會重新分類至損益，但會轉移至保留盈利。

金融負債及權益

分類為負債或權益

債務及權益工具按合約安排的內容以及金融負債及權益工具的定义而分類為金融負債或權益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instrument

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

3. 綜合財務報表之編製基準及重要會計政策(續)

3.2 重要會計政策(續)

金融工具(續)

金融負債及權益(續)

權益工具

權益工具乃證明實體於扣減所有負債的資產中擁有剩餘權益的任何合同。本公司所發行的權益工具乃按所收取的款項扣減直接發行成本確認。

購回本公司本身的權益工具會直接於權益中確認及扣減。購入、出售、發行或註銷本公司本身的權益工具概不會於損益中確認收益或虧損。

金融負債

所有金融負債其後採用實際利率法按攤銷成本或按公允值計入損益計量。

按公允值計入損益的金融負債

當金融負債為(i)於香港財務報告準則第3號適用時由收購方支付作為業務合併一部份的或然代價；(ii)持作買賣；或(iii)指定為按公允值計入損益時，會分類為按公允值計入損益的金融負債。

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, amounts due to related parties, bank borrowings, long term payables and bonds payable, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

按公允值計入損益的金融負債 (續)

倘若出現下列情況，則金融負債將分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部份，而近期實際具備短期獲利之模式；或
- 其為衍生工具（作為金融擔保合約或指定及實際對沖工具之衍生工具除外）。

按攤銷成本計量的金融負債

按攤銷成本計量的金融負債（包括貿易及其他應付款項、應付關連人士款項、銀行借貸、長期應付款項及應付債券）其後採用實際利率法按攤銷成本計量。

終止確認金融負債

本集團於（及僅於）本集團的責任獲解除、註銷或已屆滿時終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價之差額於損益中確認。

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綜合財務報表附註

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3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

3. 綜合財務報表之編製基準及重要會計政策 (續)

3.2 重要會計政策 (續)

金融工具 (續)

衍生金融工具

衍生工具於衍生合約訂立日期初步按公允值確認，並於其後於報告期末重新計量至其公允值。所產生的收益或虧損即時於損益中確認。

4. 估計不確定因素的主要來源

於應用附註3所述本集團之會計政策時，本公司董事須就未能於其他來源取得之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及被視為相關之其他因素而作出。實際結果或有別於該等估計。

估計及相關假設將受到持續檢討。倘會計估計修訂只影響該期間，則有關會計估計的修訂會在修訂估計期間確認，或倘有關修訂既影響當前及未來期間，則有關修訂會在修訂期間及未來期間確認。

以下為於報告期末很可能導致下一個財政年度資產及負債賬面值出現重大調整的有關將來之主要假設及其他估計不確定因素的主要來源。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Assessment of the finite useful lives of intangible assets

The Group estimates the useful lives of intangible assets based on the expected lifespan of those patents. The intangible assets are amortised on a straight-line basis over the estimated useful lives after taking into account the estimated residual value, if any. The Group determines the estimated useful lives of intangible assets on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are determined taking into the factors including the prevailing industry condition and the practice of intangible assets. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. As at 31 December 2020, the carrying amount of intangible assets with finite useful lives is RMB363,137,000 (31 December 2019: RMB419,163,000) as disclosed in Note 17.

Fair value measurement of financial instruments

As at 31 December 2020, certain of the Group's financial assets, including unlisted equity instruments, fund investments, unlisted financial products, derivatives financial assets amounting to RMB8,769,454,000 (2019: RMB5,902,639,000) and financial liabilities, including derivatives financial liabilities amounting to RMB106,670,000 (2019: RMB1,430,000) are measured at fair values. In estimating the fair value, the Group uses market-observable data to the extent it is available. When market observable data are not available, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 36(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and financial liabilities.

4. 估計不確定因素的主要來源 (續)

無形資產之有限可使用年期的評估

本集團根據有關專利的預期使用年限來估計無形資產的可使用年期。無形資產乃經計及預計殘值(如有)後,於其估計可使用年期內按直線法攤銷。本集團會於初步確認時釐定無形資產的估計可使用年期,以釐定於任何報告期內所須記錄的攤銷開支金額。可使用年期乃經計及無形資產的當前行業狀況及慣例等因素後釐定。倘以往估計出現重大變動,則將對未來期間的攤銷開支作出調整。如附註17所披露,於二零二零年十二月三十一日,具有有限可使用年期之無形資產的賬面值為人民幣363,137,000元(二零一九年十二月三十一日:人民幣419,163,000元)。

金融工具公允值計量

於二零二零年十二月三十一日,若干本集團的金融資產,包括非上市權益工具、基金投資、非上市金融產品、衍生金融資產人民幣8,769,454,000元(二零一九年:人民幣5,902,639,000元)及金融負債(包括衍生金融負債)人民幣106,670,000元(二零一九年:人民幣1,430,000元)乃按公允值計量。估算公允值時,本集團在可用範圍內採用市場可觀察數據。倘市場可觀察數據無法獲得,本集團使用估值技術(包括非根據於可觀察市場數據的輸入數據)估計若干類型金融工具之公允值。附註36(c)載有有關釐定各項金融資產及金融負債公允值所使用的估值技術、輸入數據及主要假設之詳情。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables which are not credit-impaired. The provision matrix are based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration the forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36(b) and Note 25 respectively.

Estimated impairment of associates

As at 31 December 2020, in view of impairment indicators, the Group performed impairment assessment on an associate. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associate and the proceeds from the ultimate disposal of the investment taking into account factors including discount rate, dividend payout rate, etc. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

For the year ended 31 December 2020, the impairment loss of interest recognised in profit or loss was nil (2019: RMB62,866,000).

4. 估計不確定因素的主要來源 (續)

貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣以計算並無出現信貸減值的貿易應收款項的預期信貸虧損。撥備矩陣乃基於債務人按各債務人類似虧損模式將其分組的賬齡。撥備率乃基於本集團過往觀察的逾期率，並考慮無需付出過多成本或工作即可取的合理及可支持的前瞻性資料。於每個報告日期，過往觀察的違約率會重新評估，並會考慮前瞻性資料的變動。此外，出現信貸減值的貿易應收款項的預期信貸虧損將獨立地評估。

預期信貸虧損撥備對估算變動敏感。有關預期信貸虧損及本集團貿易應收款項的資料分別於附註36(b)及附註25披露。

聯營公司估計減值

於二零二零年十二月三十一日，由於存在減值跡象，本集團對一間聯營公司進行減值評估。釐定是否應確認減值虧損時，須估計相關聯營公司的可收回金額，為使用價值及公允值減出售成本之較高者。計算使用價值要求本集團管理層在估計預期產生自聯營公司應收股息及最終出售投資所得款項的估計現金流量的現值時，計及的因素包括貼現率、股息派付比率等。倘實際現金流量低於或高於預期，或事實及情況變動導致修訂未來現金流量估計，或會出現重大撥回或進一步確認減值，將在該撥回或進一步確認發生的期間內於損益內確認。

截至二零二零九年十二月三十一日止年度，於損益內確認權益的減值虧損為零(二零一九年：人民幣62,866,000元)。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

5. 收入

(i) 客戶合約收入的細分

	For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度		
	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元
Types of goods 貨品種類			
Sales of optical and related components 光學及相關零件銷售	9,181,097	28,494,260	326,408
Total 總額	9,181,097	28,494,260	326,408
Geographical markets 地區市場			
China 中國	5,441,334	25,899,773	237,073
Asia (except China) 亞洲(中國除外)	2,177,165	2,492,908	25,418
Europe 歐洲	939,207	12,873	14,014
North America 北美洲	603,906	60,718	48,518
Others 其他	19,485	27,988	1,385
Total 總額	9,181,097	28,494,260	326,408
Timing of revenue recognition 確認收入的時間			
At a point in time 時點確認	9,181,097	28,494,260	326,408

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

5. REVENUE (Continued)

5. 收入(續)

(i) Disaggregation of revenue from contracts with customers (Continued)

(i) 客戶合約收入的細分(續)

	For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度		
	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元
Types of goods 貨品種類			
Sales of optical and related components 光學及相關零件銷售	8,815,380	28,748,410	284,914
Total 總額	8,815,380	28,748,410	284,914
Geographical markets 地區市場			
China 中國	4,459,952	26,482,734	187,297
Asia (except China) 亞洲(中國除外)	2,852,153	2,069,709	34,445
Europe 歐洲	889,351	20,365	16,881
North America 北美洲	607,435	113,995	41,626
Others 其他	6,489	61,607	4,665
Total 總額	8,815,380	28,748,410	284,914
Timing of revenue recognition 確認收入的時間			
At a point in time 時點確認	8,815,380	28,748,410	284,914

(ii) Performance obligations for contracts with customers

(ii) 客戶合約的履約責任

The Group sells optical and optical-related products directly to customers. For sales of optical components, optoelectronic products and optical instruments, revenue is recognised when control of the goods has transferred, being when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products. The credit term granted to customer is average 90 days.

本集團直接向客戶銷售光學及光學相關產品。就光學零件、光電產品和光學儀器的銷售而言，收入於貨品的控制權轉移時，即取得客戶接受時確認，即客戶能夠控制貨品的使用及實質取得此等貨品的所有剩餘利益的時間點。給予客戶的信貸期平均為90天。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

5. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group's contracts have an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations is not disclosed.

6. OPERATING SEGMENTS

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the management has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

5. 收入 (續)

(iii) 分配至客戶合約剩餘履約責任的交易價格

本集團合約的初始預期期限為一年或更短，如香港財務報告準則第15號所允許，不披露分配予剩餘履約責任的交易價格。

6. 營運分部

就資源分配及分部表現評估向董事會(即主要營運決策者)所呈報的資料側重於交付產品之類型，因為管理層已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時，主要營運決策者所得出的營運分部概無經合計。

具體而言，根據香港財務報告準則第8號營運分部，本集團營運分部如下所示：

1. 光學零件
2. 光電產品
3. 光學儀器

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

6. 營運分部(續)

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

分部收入及業績

本集團按營運及可報告分部劃分的收入及業績分析如下。

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Segment Total 分部總額 RMB' 000 人民幣千元	Eliminations 抵銷 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
REVENUE 收入						
External sales 外部銷售	9,181,097	28,494,260	326,408	38,001,765	-	38,001,765
Inter-segment sales 分部間銷售	2,324,546	23,202	115,272	2,463,020	(2,463,020)	-
Total 總額	11,505,643	28,517,462	441,680	40,464,785	(2,463,020)	38,001,765
Segment profit 分部溢利	3,086,783	2,598,882	65,856	5,751,521	-	5,751,521
Share of results of associates 分佔聯營公司業績						20
Unallocated income 未分配收入						29,772
Unallocated expenses 未分配開支						(138,429)
Profit before tax 除稅前溢利						5,642,884

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Segment Total 分部總額 RMB' 000 人民幣千元	Eliminations 抵銷 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
REVENUE 收入						
External sales 外部銷售	8,815,380	28,748,410	284,914	37,848,704	-	37,848,704
Inter-segment sales 分部間銷售	2,078,213	21,338	115,654	2,215,205	(2,215,205)	-
Total 總額	10,893,593	28,769,748	400,568	40,063,909	(2,215,205)	37,848,704
Segment profit 分部溢利	3,454,535	1,316,318	41,762	4,812,615	-	4,812,615
Share of results of associates 分佔聯營公司業績						(5,501)
Unallocated income 未分配收入						22,211
Unallocated expenses 未分配開支						(278,985)
Profit before tax 除稅前溢利						4,550,340

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

Segment revenues and results (Continued)

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, other income, other gains and losses, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain or loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

6. 營運分部 (續)

分部收入及業績 (續)

分部間銷售按現行市價入賬。

營運分部的會計政策與附註3所述的本集團會計政策相同。分部溢利指由各分部所賺取的溢利，但並無攤分中央行政成本（包括董事薪金、其他收益、其他收益及虧損、分佔聯營公司業績及融資成本）。營運分部間存在不對稱分配，這是由於本集團在分配利息收入、政府補助金、折舊及攤銷以及出售物業、機器及設備收益或虧損至各分部時，並未向各分部分配相關銀行結餘、遞延收入、物業、機器及設備以及無形資產。此乃向董事會報告以作資源分配及表現評估的基準。

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綜合財務報表附註

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6. OPERATING SEGMENTS (Continued)

6. 營運分部(續)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

分部資產及負債

集團按營運及可報告分部劃分的資產及負債分析如下：

As at 31 December 2020

於二零二零年十二月三十一日

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	2,367,013	4,368,886	56,344	6,792,243
Bill receivables 應收票據	658,226	88,041	10,263	756,530
Inventories 存貨	1,559,605	4,155,765	67,701	5,783,071
Total segment assets 分部資產總值	4,584,844	8,612,692	134,308	13,331,844
Unallocated assets 未分配資產				22,106,271
Consolidated assets 總資產				35,438,115
Liabilities 負債				
Trade payables 貿易應付款項	2,318,329	4,752,353	88,693	7,159,375
Note payables 應付票據	135,048	1,177,220	23,708	1,335,976
Total segment liabilities 分部負債總額	2,453,377	5,929,573	112,401	8,495,351
Unallocated liabilities 未分配負債				10,116,647
Consolidated liabilities 總負債				18,611,998

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Segment assets and liabilities (Continued)

分部資產及負債 (續)

As at 31 December 2019

於二零一九年十二月三十一日

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
Assets 資產				
Trade receivables 貿易應收款項	2,386,069	5,934,133	38,101	8,358,303
Bill receivables 應收票據	512,442	242,141	3,728	758,311
Inventories 存貨	1,048,014	4,028,794	69,154	5,145,962
Total segment assets 分部資產總額	3,946,525	10,205,068	110,983	14,262,576
Unallocated assets 未分配資產				16,430,495
Consolidated assets 總資產				30,693,071
Liabilities 負債				
Trade payables 貿易應付款項	1,858,677	6,572,271	73,568	8,504,516
Note payables 應付票據	171,024	938,789	12,223	1,122,036
Total segment liabilities 分部負債總額	2,029,701	7,511,060	85,791	9,626,552
Unallocated liabilities 未分配負債				8,340,342
Consolidated liabilities 總負債				17,966,894

For the purposes of monitoring segment performance and allocating resources between segments:

為監察分部表現及在分部間分配資源：

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.
- 貿易應收款項、應收票據及存貨均分配至相應的營運及可報告分部。所有其他資產都是指不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據分配至相應的營運及可報告分部。所有其他負債都是指不定期向董事會報告的未分配負債。

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Other segment information

其他分部資料

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Unallocated 未分配 RMB' 000 人民幣千元	Consolidated total 綜合總額 RMB' 000 人民幣千元
Amounts included in the measure of segment profit or loss: 計量分部損益時計入的款額：					
Depreciation and amortisation 折舊及攤銷	792,709	812,377	20,682	2,517	1,628,285
Impairment losses on trade receivables reversed in profit or loss 於損益中撥回的貿易應收款項減值虧損	(6,320)	(4,658)	(1,240)	-	(12,218)
Loss (gain) on disposal of property, plant and equipment and land use right 出售物業、機器及設備及土地使用權虧損(收益)	2,408	8,755	(7)	-	11,156
Share award scheme expense 股份獎勵計劃支出	77,369	54,874	14,747	4,821	151,811
Interest income from bank and financial instruments 銀行及金融工具利息收入	(19,672)	(233,447)	(5,876)	(12,612)	(271,607)
Allowance for inventories 存貨撥備	22,657	218,367	4,650	-	245,674
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:					
已定期向主要營運決策者提供但未計入 分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,597,434	930,988	9,229	64	2,537,715

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Other segment information (Continued)

其他分部資料 (續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

	Optical Components 光學零件 RMB' 000 人民幣千元	Optoelectronic Products 光電產品 RMB' 000 人民幣千元	Optical Instruments 光學儀器 RMB' 000 人民幣千元	Unallocated 未分配 RMB' 000 人民幣千元	Consolidated total 綜合總額 RMB' 000 人民幣千元
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Amounts included in the measure of segment

profit or loss: 計量分部損益時計入的款額：

Depreciation and amortisation 折舊及攤銷	576,549	683,623	16,586	1,120	1,277,878
Impairment losses on trade receivables recognised in profit or loss 於損益中確認的貿易應收款項減值虧損	8,790	1,212	897	-	10,899
(Gain) loss on disposal of property, plant and equipment and land use right 出售物業、機器及設備及土地使用權 (收益) 虧損	(945)	45,724	14	179	44,972
Share award scheme expense 股份獎勵計劃支出	64,973	41,887	12,453	4,495	123,808
Interest income from bank and financial instruments 銀行及金融工具利息收入	(16,197)	(194,004)	(1,030)	(17,254)	(228,485)
Allowance for inventories 存貨撥備	69,648	84,922	918	-	155,488

Amounts regularly provided to the chief operating decision maker but not included

in the measure of segment assets:

已定期向主要營運決策者提供但未計入

分部資產計量的款額：

Addition to property, plant and equipment 物業、機器及設備增加	1,763,577	1,466,416	11,722	187	3,241,902
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Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

6. OPERATING SEGMENTS (Continued)

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Mobile phone related products 移動電話相關產品	32,119,027	32,773,687
Other lens sets 其他鏡頭	2,709,419	2,314,477
Digital camera related products 數碼相機相關產品	592,186	744,788
Optical instruments 光學儀器	204,974	192,682
Other spherical lens and plane products 其他球面鏡片及平面產品	164,946	182,883
Digital video lens 數碼視頻鏡頭	29,423	98,846
Other products 其他產品	2,181,790	1,541,341
	38,001,765	37,848,704

Geographical information

The Group's operations are mainly located in the PRC, Vietnam, Korea, Japan, India and the United States.

The Group's revenue from continuing operations from external customers is presented based on the locations of goods physically delivered and information about the Group's non-current assets by the geographical location of the assets are detailed below:

6. 營運分部 (續)

主要產品收入

以下為本集團來自主要產品的收入分析：

地區資料

本集團的業務主要位於中國、越南、韓國、日本、印度及美國。

按實際交付貨物地點所示的來自外部客戶的本集團之持續營運收入及按資產地理位置劃分的本集團非流動資產的資料詳述如下：

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6. OPERATING SEGMENTS (Continued)

6. 營運分部 (續)

Geographical information (Continued)

地區資料 (續)

	Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
China 中國	31,578,180	31,129,983	8,516,376	7,696,674
Asia (except China) 亞洲(中國除外)	4,695,491	4,956,307	238,324	77,251
Europe 歐洲	966,094	926,597	179	227
North America 北美洲	713,142	763,056	1,449	23
Others 其他	48,858	72,761	-	-
	38,001,765	37,848,704	8,756,328	7,774,175

Note: Non-current assets excluded interests in associates, deferred tax assets, financial assets at FVTPL, equity instruments at FVTOCI, debt instruments at amortised cost, derivative financial assets, time deposits and goodwill.

附註：非流動資產不包括於聯營公司的權益、遞延稅項資產、按公允值計入損益的金融資產、按公允值計入其他全面收益的權益工具、按攤銷成本計量的債務工具、衍生金融資產、定期存款及商譽。

Information about major customers

Revenues from the following customers contributed over 10% of the total sales of the Group:

主要客戶資料

來自以下客戶的收入佔本集團銷售總額之比重超過10%：

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Customer A, revenue mainly from Optoelectronic and related Products A客戶，主要來自光電及相關產品的收入	10,064,270	14,647,914
Customer B, revenue mainly from Optoelectronic and related Products B客戶，主要來自光電及相關產品的收入	8,881,539	4,243,617

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

7(a). OTHER INCOME

7(a). 其他收益

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Government grants (Note 32) 政府補助金(附註32)	141,810	113,148
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收入	47,230	28,516
Interest income from debt instruments 債務工具利息收入	9,335	10,138
Investment income from unlisted financial products at FVTPL 按公允值計入損益的非上市金融產品投資收入	215,042	189,831
Interest income from small loan services 小額貸款服務利息收入	7,049	6,575
Income from sales of moulds 銷售模具收入	24,148	11,211
Income from sales of scrap materials 銷售廢料收入	24,344	16,462
Rental income 租金收入	15,665	10,131
Others 其他	25,767	19,490
Total 總額	510,390	405,502

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

7(b). OTHER GAINS AND LOSSES

7(b). 其他收益及虧損

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Loss on disposal of property, plant and equipment 出售物業、機器及設備的虧損	(11,156)	(44,972)
Loss on deemed disposal of interest in an associate 視作出售一間聯營公司權益而產生的虧損	-	(5,691)
Loss on disposal of a subsidiary 出售附屬公司的虧損	(1,673)	-
Net foreign exchange gain (loss) 外匯收益(虧損)淨額	225,506	(118,707)
Loss on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動產生的虧損淨額	(111,002)	(17,723)
Gain on changes in fair value of equity instruments at FVTPL 按公允價值計入損益的權益工具公允價值變動產生的收益	32,773	6,949
Gain on changes in fair value of debt instruments and fund investments at FVTPL 按公允價值計入損益的債務工具及基金投資公允價值變動產生的收益	53,470	41,552
Impairment loss of interest in an associate 於一間聯營公司權益的減值虧損	-	(62,866)
Others 其他	(661)	843
Total 總額	187,257	(200,615)

8. FINANCE COSTS

8. 融資成本

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Interests on bank borrowings 銀行借貸利息	54,737	71,451
Interests on bonds payable 應付債券利息	164,282	163,938
Interest on long term payables related to intangible assets 與無形資產有關的長期應付款項利息	7,158	8,095
Interest on lease liabilities 租賃負債利息	7,563	6,954
Total 總額	233,740	250,438

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9. INCOME TAX EXPENSE

9. 所得稅開支

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Current tax: 即期稅項：		
PRC Enterprise Income Tax 中國企業所得稅	540,600	328,747
Withholding tax expense 預繳稅開支	24,000	41,695
Other jurisdictions 其他管轄區	18,075	5,393
	582,675	375,835
Over provision in prior years: 過往年度超額撥備：		
PRC Enterprises Income Tax 中國企業所得稅	(4,515)	(24,135)
Deferred tax (Note 19): 遞延稅項(附註19)		
Current year 本年度	124,470	179,265
	702,630	530,965

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except as described below:

- (i) Ningbo Sunny Infrared Technologies Co., Ltd. ("Sunny Infrared Optics") and Yuyao Sunny Optical Intelligence Technology Co., Ltd. ("Sunny Optical Intelligence (Yuyao)"), domestic limited liability companies, were approved as Hi-Tech Enterprise and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2021.
- (ii) Ningbo Sunny Opotech Co., Ltd. ("Sunny Opotech"), Ningbo Sunny Automotive Optech Co., Ltd. ("Sunny Automotive Optech"), Sunny Optics (Zhongshan) Co., Ltd. ("Sunny Zhongshan Optics"), Ningbo Sunny Instruments Co., Ltd. ("Sunny Instruments"), Sunny Optical (Zhejiang) Research Institute Co., Ltd. ("Sunny Research Institute") and Zhejiang Sunny SmartLead Technologies Co., Ltd. ("Sunny SmartLead"), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2022.

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，中國附屬公司適用的稅率自二零零八年一月一日起為25%，惟下述者除外：

- (i) 寧波舜宇紅外技術有限公司(「舜宇紅外光學」)及餘姚舜宇智能光學技術有限公司(「舜宇智能光學(餘姚)」)均為內資有限責任公司，並獲認為高新技術企業，有權享受15%的優惠稅率，於二零二一年十二月三十一日屆滿。
- (ii) 寧波舜宇光電信息有限公司(「舜宇光電」)、寧波舜宇車載光學技術有限公司(「舜宇車載光學」)、舜宇光學(中山)有限公司(「舜宇中山光學」)、寧波舜宇儀器有限公司(「舜宇儀器」)、舜宇光學(浙江)研究院有限公司(「舜宇研究院」)及浙江舜宇智領技術有限公司(「舜宇智領技術」)均為內資有限責任公司，並獲認為高新技術企業，有權享受15%的優惠稅率，於二零二二年十二月三十一日屆滿。

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9. INCOME TAX EXPENSE (Continued)

(iii) Zhejiang Sunny Optics Co., Ltd. (“Sunny Zhejiang Optics”) and Xinyang Sunny Optics Co., Ltd. (“Sunny Xinyang Optics”), domestic limited liability companies, were approved as Hi-Tech Enterprise and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2020.

(iv) Zhejiang Sunny Optical Intelligence Technology Co., Ltd. (“Sunny Optical Intelligence”), a domestic limited liability company, was recognised as Software Enterprise and entitled preferential policies of exemption from enterprise income taxation for the first two years till 31 December 2018 and reduction half for the subsequent three years till 31 December 2021.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. 所得稅開支(續)

(iii) 浙江舜宇光學有限公司(「舜宇浙江光學」)及信陽舜宇光學有限公司(「舜宇信陽光學」)為內資有限責任公司，並獲認可為高新技術企業，有權享受15%的優惠稅率，於二零二零年十二月三十一日屆滿。

(iv) 浙江舜宇智能光學技術有限公司(「舜宇智能光學」)為內資有限責任公司，並獲認可為軟件企業，可於首兩年直至二零一八年十二月三十一日享受豁免企業所得稅的優惠政策，以及於其後三年直至二零二一年十二月三十一日享受半額稅項優惠。

其他管轄區的稅項按相關管轄區的現行適用稅率計算。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

9. INCOME TAX EXPENSE (Continued)

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

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Profit before tax 除稅前溢利	5,642,884	4,550,340
Tax at the PRC EIT tax rate of 25% 按中國企業所得稅稅率25%徵稅	1,410,721	1,137,585
Tax effect of share of results of associates 分佔聯營公司業績之稅務影響	(5)	1,375
Tax effect of expenses not deductible for tax purpose 不可扣稅開支之稅務影響	5,793	17,825
Tax effect of allowance granted under share award scheme in the PRC 根據股份獎勵計劃在中國授出股份的稅務影響	(14,437)	(24,447)
Tax effect of preferential tax rates for certain subsidiaries (Note a) 若干附屬公司稅率優惠之稅務影響(附註a)	(372,942)	(308,517)
Tax effect of additional tax deduction of research and development expenses (Note b) 研發開支額外稅項扣減之稅務影響(附註b)	(385,378)	(333,245)
Tax effect of tax losses not recognised 未確認稅項虧損之稅務影響	28,315	34,781
Utilisation of tax losses not previously recognised 動用先前未確認稅項虧損	(8,991)	(52,867)
Deferred tax provided for withholding tax on income derived in the PRC 就來自中國收入預繳稅而撥備的遞延稅項	49,205	81,368
Tax effect of different tax rates of subsidiaries operating in other jurisdictions 於其他管轄區經營的附屬公司的不同稅率之稅務影響	(5,136)	1,242
Over provision in prior years 過往年度超額撥備	(4,515)	(24,135)
Income tax expense for the year 年內所得稅開支	702,630	530,965

Details of deferred taxation and unrecognised temporary difference are disclosed in Note 19.

Notes:

- (a) For the PRC subsidiaries which were approved as Hi-Tech Enterprises or Software Enterprise, they are entitled to a preferential tax rate of 15% or preferential policies of exemption from or half reduction of enterprise income tax.
- (b) In August 2018, a new notice with the name of Caishui [2018] No. 99 "Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses" was released, according to which certain PRC subsidiaries are entitled to an additional 75% tax deduction on eligible research and development expenses incurred by them for the both years ended 31 December 2020 and 2019.

9. 所得稅開支(續)

年內的稅項支出與綜合損益及其他全面收益表所列除稅前溢利對賬如下：

遞延稅項及未確認暫時差額的詳情於附註19披露。

附註：

- (a) 就獲認可為高新技術企業或軟件企業的中國附屬公司而言，其有權享受15%的優惠稅率或豁免或減半企業所得稅的優惠政策。
- (b) 於二零一八年八月，一項名為財稅[2018]99號文的新通知《關於提高研究開發費用稅前加計扣除比例的通知》發佈，根據此通知，若干中國附屬公司就截至二零二零年及二零一九年十二月三十一日止兩個年度產生的符合條件的研發開支享有額外75%的稅費減免。

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10. PROFIT FOR THE YEAR

10. 年內溢利

Profit for the year has been arrived at after charging:

年內溢利已扣除以下各項：

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Directors' emoluments (Note 13) 董事酬金 (附註13)	16,169	14,508
Other staff's salaries and allowances 其他員工的薪金及津貼	1,963,313	1,583,196
Other staff's discretionary bonuses 其他員工的酌情花紅	474,763	455,846
Other staff's contribution to retirement benefit scheme 其他員工的退休福利計劃供款	219,448	191,075
Other staff's share award scheme expense 其他員工的股份獎勵計劃支出	142,279	115,608
	2,815,972	2,360,233
Cost of inventories recognised as an expense 確認為開支的存貨成本	24,741,675	25,816,826
Auditor's remuneration 核數師酬金	4,209	3,542
Depreciation of property, plant and equipment 物業、機器及設備折舊	1,513,407	1,171,430
Depreciation of investment properties 投資物業折舊	4,391	4,391
Depreciation of right-of-use assets 使用權資產折舊	54,285	46,499
Amortisation of intangible assets 無形資產攤銷	56,202	55,558
Allowance for inventories (included in cost of sales) 存貨撥備 (包括於銷售成本)	245,674	155,488

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

11. DIVIDENDS

11. 股息

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Dividends for ordinary shareholders of the Company recognised as distribution during the year: 年內確認為分派的本公司普通股股東的股息：		
2019 final dividends – RMB72.80 cents (2019: 2018 final dividends – RMB56.80 cents) per share 二零一九年末期股息 – 每股人民幣72.80分 (二零一九年：二零一八年末期股息 – 每股人民幣56.80分)	798,507	623,011

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of approximately RMB88.80 cents per share, equivalent to Hong Kong Dollar (“HK\$” or “HKD”) 105.70 cents per share, amounting to a total of approximately RMB974,003,000 (2019: approximately RMB72.80 cents per share, equivalent to HK\$81.00 cents per share, amounting to a total of approximately RMB798,507,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

於報告期末後，本公司董事建議派付每股約人民幣88.80分（相等於每股105.70港仙），合共約人民幣974,003,000元（二零一九年：每股約人民幣72.80分（相等於每股81.00港仙），合共約人民幣798,507,000元）的截至二零二零年十二月三十一日止年度末期股息，惟須獲股東於應屆股東週年大會上批准。建議於報告期末後派付的末期股息並未於報告期末確認為負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

12. EARNINGS PER SHARE

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

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Earnings 盈利		
Earnings for the purpose of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	4,871,793	3,991,298

	2020 二零二零年 ' 000 千股	2019 二零一九年 ' 000 千股
Number of shares 股份數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數(附註)	1,092,870	1,094,079
Effect of dilutive potential ordinary shares: 潛在攤薄普通股的影響: Restricted Shares 限制性股份	1,578	1,873
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	1,094,448	1,095,952

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

12. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

附註：加權平均普通股份數目計算已考慮股份獎勵計劃下本集團持有的股份。

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綜合財務報表附註

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Directors' and executives' remuneration, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

13. 董事、主要行政人員及五名最高薪酬僱員酬金

董事及行政人員酬金按適用上市規則及公司條例披露如下：

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Salaries and other benefits 薪金及其他福利 RMB' 000 人民幣千元	Bonus 花紅 RMB' 000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB' 000 人民幣千元	Share award 股份獎勵 RMB' 000 人民幣千元	Total 2020 二零二零年總額 RMB' 000 人民幣千元
A) EXECUTIVE DIRECTORS					
執行董事					
Ye Liaoning 葉遼寧	1,120	547	73	2,383	4,123
Sun Yang 孫泱	942	596	43	2,383	3,964
Wang Wenjie 王文杰	793	547	57	2,383	3,780
Sub-total 小計	2,855	1,690	173	7,149	11,867
B) NON-EXECUTIVE DIRECTOR					
非執行董事					
Wang Wenjian 王文鑒	1,120	547	-	2,383	4,050

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金 (續)

	Salaries and other benefits 薪金及其他福利 RMB' 000 人民幣千元	Bonus 花紅 RMB' 000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB' 000 人民幣千元	Share award 股份獎勵 RMB' 000 人民幣千元	Total 2020 二零二零年總額 RMB' 000 人民幣千元
C) INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事					
Zhang Yuqing 張余慶	84	-	-	-	84
Feng Hua Jun 馮華君	84	-	-	-	84
Shao Yang Dong 邵仰東	84	-	-	-	84
Sub-total 小計	252	-	-	-	252
Total 總額					16,169

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

	Salaries and other benefits 薪金及其他福利 RMB' 000 人民幣千元	Bonus 花紅 RMB' 000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB' 000 人民幣千元	Share award 股份獎勵 RMB' 000 人民幣千元	Total 2019 二零一九年總額 RMB' 000 人民幣千元
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A) EXECUTIVE DIRECTORS

執行董事

Ye Liaoning 葉遼寧	1,120	389	70	2,050	3,629
Sun Yang 孫泱	942	564	43	2,050	3,599
Wang Wenjie 王文杰	793	552	56	2,050	3,451
Sub-total 小計	2,855	1,505	169	6,150	10,679

	Salaries and other benefits 薪金及其他福利 RMB' 000 人民幣千元	Bonus 花紅 RMB' 000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB' 000 人民幣千元	Share award 股份獎勵 RMB' 000 人民幣千元	Total 2019 二零一九年總額 RMB' 000 人民幣千元
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B) NON-EXECUTIVE DIRECTOR

非執行董事

Wang Wenjian 王文鑒	1,120	389	-	2,050	3,559
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綜合財務報表附註

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

	Salaries and other benefits 薪金及其他福利 RMB' 000 人民幣千元	Bonus 花紅 RMB' 000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB' 000 人民幣千元	Share award 股份獎勵 RMB' 000 人民幣千元	Total 二零一九年總額 RMB' 000 人民幣千元
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C) INDEPENDENT

NON-EXECUTIVE

DIRECTORS

獨立非執行董事

Zhang Yuqing 張余慶	90	-	-	-	90
Feng Hua Jun 馮華君	90	-	-	-	90
Shao Yang Dong 邵仰東	90	-	-	-	90
Sub-total 小計	270	-	-	-	270
Total 總額					14,508

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

上列執行董事酬金為彼等有關管理本公司及本集團事務的服務報酬。

The non-executive director's emoluments shown above were for the services as a director of the Company and its subsidiaries.

上列非執行董事的酬金為擔任本公司及其附屬公司董事的服務報酬。

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

上列獨立非執行董事的酬金為彼等擔任本公司董事的服務報酬。

Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie are also the Chief Executives of the Company and their emoluments disclosed above include those for services rendered by them as the Chief Executives.

葉遼寧先生、孫泱先生及王文杰先生亦為本公司的主要行政人員，且上文所披露之彼等的酬金包括就彼等擔任主要行政人員所提供服務的酬金。

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綜合財務報表附註

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13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals of the Group included 4 (2019: 4) directors and chief executives for the year. Details of their emoluments are set out above. The emoluments of the remaining 1 (2019: 1) highest paid individuals were as follows:

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Salaries and other benefits 薪金及其他福利	541	671
Bonuses (Note) 花紅(附註)	1,336	1,362
Retirement benefit scheme contributions 退休福利計劃供款	61	56
Share award 股份獎勵	1,508	1,808
	3,446	3,897

Their emoluments were within the following band:

	2020 二零二零年 No. of employees 員工人數	2019 二零一九年 No. of employees 員工人數
HK\$4,000,001 to HK\$4,500,000 4,000,001港元至4,500,000港元	1	1

Note: The bonus is determined by remuneration committees based on the Group's performance for each financial year and subject to a maximum of 5% of consolidated profit attributable to owners of the Company.

During both years, no emoluments were paid by the Group to the five highest paid individuals and directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. In the year ended 31 December 2020 (2019: Nil), no director waived emoluments.

During both years, certain directors, non-director and non-chief executive highest paid employees were granted share awards, in respect of their services to the Group under the share awards scheme of the Group. Details of the share awards scheme are set out in Note 42 to the consolidated financial statements.

13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

本集團於本年度的五名最高薪酬人士包括四名(二零一九年: 四名)董事及主要行政人員, 其酬金詳情載於上文。其餘一名(二零一九年: 一名)最高薪酬人士的酬金如下:

彼的酬金範圍如下:

附註: 花紅乃由薪酬委員會根據本集團於各財政年度的表現釐定, 惟不可高於本公司股東應佔綜合溢利的5%。

於兩年內, 本集團並無向五名最高薪酬人士及本公司董事支付酬金, 作為邀請其加入或加入本集團後的獎金或作為離職補償。截至二零二零年十二月三十一日止年度, 並無董事放棄酬金(二零一九年: 零)。

於兩年內, 根據本集團的股份獎勵計劃, 若干董事, 非董事及非主要行政人員最高薪酬僱員就彼等為本集團提供的服務而獲授股份獎勵。股份獎勵計劃的詳情載於綜合財務報表附註42。

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綜合財務報表附註

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14. PROPERTY, PLANT AND EQUIPMENT 14. 物業、機器及設備

	Owned properties 自有物業 RMB' 000 人民幣千元	Machinery and production equipment 機器及生產設備 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Fixtures and office equipment 傢俬及辦公室設備 RMB' 000 人民幣千元	Construction in progress 在建工程 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
COST 成本						
At 1 January 2019 於二零一九年一月一日	556,071	5,031,358	18,754	629,100	784,858	7,020,141
Additions 添置	67,483	2,453,292	692	328,172	392,263	3,241,902
Transfer 轉撥	292,511	102,251	-	68,112	(462,874)	-
Disposals 出售	(2,167)	(179,125)	(383)	(5,966)	(56)	(187,697)
Acquired on acquisition of a subsidiary 收購一家附屬公司所得	-	26,942	163	1,581	28	28,714
Exchange realignment 外匯調整	-	57	25	51	-	133
At 31 December 2019 and 1 January 2020 於二零一九年十二月三十一日及二零二零年一月一日	913,898	7,434,775	19,251	1,021,050	714,219	10,103,193
Additions 添置	52,042	1,562,262	394	199,759	723,258	2,537,715
Transfer 轉撥	345,576	204,541	-	34,353	(584,470)	-
Disposals 出售	(11,056)	(249,505)	-	(10,309)	-	(270,870)
Derecognised on disposal of a subsidiary 出售附屬公司時終止確認	-	(849)	-	(303)	-	(1,152)
Exchange realignment 外匯調整	-	(2,786)	(110)	(1,892)	-	(4,788)
At 31 December 2020 於二零二零年十二月三十一日	1,300,460	8,948,438	19,535	1,242,658	853,007	12,364,098
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
累計折舊及減值						
At 1 January 2019 於二零一九年一月一日	130,360	2,087,377	12,413	267,250	-	2,497,400
Charge for the year 年內支出	26,459	1,051,824	2,158	90,989	-	1,171,430
Eliminated on disposals 出售時對銷	(123)	(126,888)	(240)	(5,216)	-	(132,467)
Exchange realignment 外匯調整	-	25	14	46	-	85
At 31 December 2019 and 1 January 2020 於二零一九年十二月三十一日及二零二零年一月一日	156,696	3,012,338	14,345	353,069	-	3,536,448
Charge for the year 年內支出	45,504	1,287,297	1,810	178,796	-	1,513,407
Eliminated on disposals 出售時對銷	(9,504)	(179,036)	-	(9,066)	-	(197,606)
Derecognised on disposal of a subsidiary 出售附屬公司時終止確認	-	(835)	-	(286)	-	(1,121)
Exchange realignment 外匯調整	-	(63)	(105)	(55)	-	(223)
At 31 December 2020 於二零二零年十二月三十一日	192,696	4,119,701	16,050	522,458	-	4,850,905
CARRYING VALUES 賬面值						
At 31 December 2020 於二零二零年十二月三十一日	1,107,764	4,828,737	3,485	720,200	853,007	7,513,193
At 31 December 2019 於二零一九年十二月三十一日	757,202	4,422,437	4,906	667,981	714,219	6,566,745

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis over their estimated useful lives as follows:

Owned properties	Shorter of 20 years or over the lease term
Machinery and production equipment	5 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

The carrying value of owned properties shown above comprises:

14. 物業、機器及設備(續)

上述物業、機器及設備項目(在建工程除外)按照直線法於其下列估計可用年期限內進行折舊：

自有物業	20年或於租期內 (以較短者為準)
機器及生產設備	5至10年
汽車	4至5年
傢俬及辦公室設備	3至10年

上述自有物業的賬面值組成如下：

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Owned properties outside Hong Kong 於香港以外的自有物業	1,107,764	757,202

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15. RIGHT-OF-USE ASSETS

15. 使用權資產

	Leasehold lands 租賃土地 RMB' 000 人民幣千元	Leased properties 租賃物業 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
As at 31 December 2020 於二零二零年十二月三十一日 Carrying amount 賬面值	342,552	137,453	480,005
As at 31 December 2019 於二零一九年十二月三十一日 Carrying amount 賬面值	243,974	158,769	402,743
For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度 Depreciation charge 折舊費用	7,908	46,377	54,285
For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度 Depreciation charge 折舊費用	6,322	40,177	46,499

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Expense relating to short-term leases 短期租賃相關開支	8,218	9,363
Expense relating to leases of low-value assets, excluding short-term leases of low value assets 低價值資產租賃相關開支 (不包括短期低價值資產租賃)	235	461
Total cash outflow for leases 租賃現金流出總值	167,567	112,535
Additions to right-of-use assets 使用權資產添置	134,287	126,254

For both years, the Group leases various offices, warehouses, staff dormitory and machines for its operations. Lease contracts are entered into for fixed term of 1 month to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

於兩年內，本集團租賃多間辦公室、倉庫、員工宿舍及機器用於其營運。所訂立租賃合約的固定期限為1個月至10年。租期乃按個別基準磋商且包含各項不同的條款及條件。於釐定租期及評估不可撤銷期限長度時，本集團採用合約的定義及釐定合約可執行的期限。

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15. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several office buildings and industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term lease for machines. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases entered during the year.

Restrictions or covenants on leases

In addition, lease liabilities of RMB140,479,000 are recognised with related right-of-use assets of RMB137,453,000 as at 31 December 2020 (2019: lease liabilities of RMB160,606,000 and related right-of-use assets of RMB158,769,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15. 使用權資產(續)

此外，本集團擁有數個辦公樓及工業樓宇（主要安置其生產設施）。本集團為該等物業權益（包括相關租賃土地）的登記擁有人。已一次性支付全部款項以收購該等物業權益。儘於能可靠分配付款時，方可將該等所擁有物業的租賃土地成份單獨呈列。

本集團定期就機器訂立短期租賃。於二零二零年十二月三十一日，短期租賃組合與年內訂立的短期租賃組合類似。

租賃限制或契約

此外，截至二零二零年十二月三十一日，租賃負債人民幣140,479,000元及相關的使用權資產人民幣137,453,000元獲確認（二零一九年：租賃負債為人民幣160,606,000元及相關的使用權資產為人民幣158,769,000元）。除出租人持有的租賃資產中的擔保權益外，租賃協議不施加任何其他契約。租賃資產不得用於借款擔保。

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16. INVESTMENT PROPERTIES

The Group leases out several offices under operating leases with rentals receivable quarterly or semi-annually. The lease typically run for fixed period of 1 to 10 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the group entities. The lease contracts do not contain residual value guarantee and lessee's option to purchase the property at the end of lease term.

16. 投資物業

本集團以每季度或半年度的應收租金出租數間經營租賃下的辦公室。固定租期為期1至10年。

由於所有租賃均以集團實體的相關功能貨幣計值，故本集團不會面臨租賃安排引致的外匯風險。租賃合約不包括剩餘擔保價值及承租人於租期末購買物業的選擇權。

	RMB' 000 人民幣千元
COST 成本	
At 31 December 2019 and 31 December 2020 於二零一九年十二月三十一日及二零二零年十二月三十一日	67,601
DEPRECIATION 折舊	
At 1 January 2019 於二零一九年一月一日	17,912
Charge for the year 年內支出	4,391
At 31 December 2019 and 1 January 2020 於二零一九年十二月三十一日及二零二零年一月一日	22,303
Charge for the year 年內支出	4,391
At 31 December 2020 於二零二零年十二月三十一日	26,694
CARRYING VALUES 賬面值	
At 31 December 2020 於二零二零年十二月三十一日	40,907
At 31 December 2019 於二零一九年十二月三十一日	45,298

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16. INVESTMENT PROPERTIES (Continued)

All of the investment properties are measured using the cost model. The fair value of the Group's investment properties at 31 December 2020 was RMB93,348,000 (31 December 2019: RMB91,160,000). The fair value has been determined by the management of the Company reference to recent market evidence of transaction prices for similar properties in the same locations and conditions.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

16. 投資物業(續)

所有投資物業以成本模式計量。於二零二零年十二月三十一日，本集團投資物業的公允值為人民幣93,348,000元(二零一九年十二月三十一日：人民幣91,160,000元)。該公允值經本公司管理層參考同區條件相同的同類物業的近期市場成交價後釐定。

本集團投資物業的詳情及於報告期末有關公允值等級的資料如下：

	Level 3 第三級 RMB' 000 人民幣千元	Fair value as at 31/12/2020 於二零二零年 十二月三十一日 的公允值 RMB' 000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	93,348	93,348
	Level 3 第三級 RMB' 000 人民幣千元	Fair value as at 31/12/2019 於二零一九年 十二月三十一日 的公允值 RMB' 000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	91,160	91,160

The above investment properties are depreciated on a straight-line basis over 20 years.

上列投資物業於20年內按照直線法折舊。

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17. INTANGIBLE ASSETS

17. 無形資產

	Patents 專利權 RMB' 000 人民幣千元
COST 成本	
At 1 January 2019 於二零一九年一月一日	444,933
Acquired on acquisition of a subsidiary 收購一家附屬公司所得	125,900
At 31 December 2019 於二零一九年十二月三十一日	570,833
Additions 添置	176
At 31 December 2020 於二零二零年十二月三十一日	571,009
AMORTISATION AND IMPAIRMENT 攤銷及減值	
At 1 January 2019 於二零一九年一月一日	96,112
Charge for the year 年內支出	55,558
At 31 December 2019 and 1 January 2020 於二零一九年十二月三十一日及二零二零年一月一日	151,670
Charge for the year 年內支出	56,202
At 31 December 2020 於二零二零年十二月三十一日	207,872
CARRYING VALUES 賬面值	
At 31 December 2020 於二零二零年十二月三十一日	363,137
At 31 December 2019 於二零一九年十二月三十一日	419,163

As at 31 December 2020, the Group held (i) licensing patent acquired from Konica Minolta, Inc. ("KMI"), an independent third party of the Group, which allows the Group to develop, produce and sell licensed products, (ii) patent and other intangible assets acquired from the acquisition of Sunny Mobility Technologies (Ningbo) Co., Ltd., formerly known as Wuxi Wissen Intelligent Sensing Technology Co., Ltd. ("Wuxi Wissen"), in the prior year to develop the advanced driving assistant system in automobile industry.

於二零二零年十二月三十一日，本集團於本年度持有(i)自本集團的一名獨立第三方柯尼卡美能達公司(「KMI」)購買的專利授權，允許本集團開發、生產及銷售授權產品、(ii)於去年收購寧波舜宇智行傳感技術有限公司(前稱無錫為森智能傳感技術有限公司(「無錫為森」))取得的專利及其他無形資產，於汽車行業開發先進駕駛輔助系統。

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17. INTANGIBLE ASSETS (Continued)

These intangible assets have finite useful lives and are amortised on a straight-line basis over 10 years.

The directors of the Company considered no impairment loss on intangible assets for the both years ended 31 December 2020 and 2019.

17. 無形資產(續)

該等無形資產具有有限可使用年期，並以直線法按十年期攤銷。

截至二零二零年及二零一九年十二月三十一日止年度，本公司董事認為無形資產並無減值虧損。

18. INTERESTS IN ASSOCIATES

18. 於聯營公司的權益

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Cost of investment in unlisted associates 非上市聯營公司投資成本	93,569	92,319
Share of post-acquisition profit or loss and other comprehensive income or expenses, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	(18,753)	(18,773)
Impairment loss recognised 已確認減值虧損	(72,863)	(72,863)
	1,953	683

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18. INTERESTS IN ASSOCIATES (Continued)

Details of each of the Group's associates at the end of the reporting period are as follow:

18. 於聯營公司的權益 (續)

於報告期末，本集團各聯營公司的詳情如下：

Name of associate 聯營公司名稱	Places of registration/ operation 註冊地點/ 營業地點	Proportion of ownership interests held by the Group 本集團持有的 所有權益比例		Proportion of voting rights held by the Group 本集團持有的 投票權比例		Principal activity 主要業務
		2020 二零二零年	2019 二零一九年	2020 二零二零年	2019 二零一九年	
Visiondigi (Shanghai) Technology Co., Ltd. ("Visiondigi Shanghai")* 上海威乾視頻技術有限公司(上海威乾)*	The PRC 中國	30.85%	30.85%	33.33%	33.33%	Manufacture and sale of closed circuit television 生產及銷售閉路電視
Jiangsu Sunny Medical Equipments Co., Ltd. ("Jiangsu Medical")* 江蘇舜宇醫療器械有限公司(江蘇舜宇醫療)*	The PRC 中國	26.00%	26.00%	33.33%	33.33%	Manufacture and sale of medical instrument business 生產及銷售醫療儀器業務
SCIVAX Co., Ltd. ("SCIVAX")* SCIVAX株式會社(「SCIVAX」)*	Japan 日本	18.3%	18.30%	18.30%	18.30%	Research and development of advanced nanotechnology 研究及開發先進納米技術
浙江生一光學感知技術有限公司# 浙江生一光學感知技術有限公司#	The PRC 中國	25.00%	N/A 不適用	25.00%	N/A 不適用	Research and development of optics products 研究及開發光學產品

*: The English names of the above entities established in the PRC and Japan are translated for identification purpose only.

#: The company was established during the current year, which is mainly engaged in the research and development of advanced optics products.

*: 於中國及日本成立的上述實體的英文名稱為翻譯名稱，僅供識別。

#: 該公司於本年度期間成立，主要從事研究及開發先進光學產品。

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19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Deferred tax assets 遞延稅項資產	(207,332)	(131,178)
Deferred tax liabilities 遞延稅項負債	888,809	684,836
	681,477	553,658

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經抵銷。用作財務報告目的的遞延稅項結餘分析如下：

已確認的主要遞延稅項負債(資產)及於本年度和過往年度變動如下：

	Withholding tax on distributed profit from the PRC 中國已分配利潤預繳稅 RMB' 000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及預期信貸虧損撥備 RMB' 000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB' 000 人民幣千元	Accelerated depreciation 加速折舊 RMB' 000 人民幣千元	Accrued bonus 應計獎金 RMB' 000 人民幣千元	Others 其他 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2019 於二零一九年一月一日	80,859	(32,456)	(9,288)	314,493	(7,248)	14,369	360,729
Charge (Credit) to profit or loss (Note 9) 於損益中扣除(計入)(附註9)	39,673	(24,929)	(577)	227,129	(48,864)	(13,167)	179,265
Acquired on acquisition of a subsidiary 收購一家附屬公司所得	-	-	-	-	-	13,664	13,664
At 31 December 2019 於二零一九年十二月三十一日	120,532	(57,385)	(9,865)	541,622	(56,112)	14,866	553,658
Charge (Credit) to profit or loss (Note 9) 於損益中扣除(計入)(附註9)	25,205	(33,971)	1,544	170,504	(41,407)	2,595	124,470
Charge to other comprehensive income 計入其他全面收益	-	-	-	-	-	3,349	3,349
At 31 December 2020 於二零二零年十二月三十一日	145,737	(91,356)	(8,321)	712,126	(97,519)	20,810	681,477

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19. DEFERRED TAXATION (Continued)

As at 31 December 2020, the deferred tax liability amounting to RMB145,737,000 (31 December 2019: RMB120,532,000) was provided in respect of the temporary differences attributed to the PRC undistributed profits to the extent exceeding the investment plan which the directors of the Company decided to distribute. The Group has determined that the remaining portion of the profits derived from those PRC operating subsidiaries will be retained by those subsidiaries and not distributed in the foreseeable future, since the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse nor be subject to withholding tax in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of approximately RMB885,339,000 (2019: RMB808,044,000) available for offset against future profits. The tax losses arising from the PRC non high-tech subsidiaries of RMB78,984,000 (2019: RMB110,718,000) can be carried forward for maximum of five years and will expire during 2021 to 2025 (2019: 2020 to 2024) while the tax losses arising from the PRC high-tech subsidiaries of RMB764,624,000 (2019: RMB653,462,000) can be carried forward for maximum of ten years and will expire during 2021 to 2030 (2019: 2020 to 2029) according to Caishui [2018] No. 76. which has extended the expiration period from five years to ten years. Other tax losses may be carried forward indefinitely.

20. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT/ LAND USE RIGHT

The deposits are paid for construction of factory buildings, acquisition of plants and equipment located in the PRC and other regions and acquisition of land use right for the expansion of the Group's production plants.

19. 遞延稅項 (續)

於二零二零年十二月三十一日，本集團就有關中國未分派盈利的暫時差額作出遞延稅項負債撥備共計人民幣145,737,000元(二零一九年十二月三十一日：人民幣120,532,000元)，該金額已超過本公司董事決定分派之投資計劃的金額。本集團已決定來自該等中國營運附屬公司的盈利之餘下部分將由該等附屬公司保留，且不會於可預見的將來分派，因為本集團已就控制撥回暫時差額的時間作好準備，且該等差額將不大可能於可預見的將來撥回或須預繳稅項。

於報告期末，本集團有未使用稅項虧損約人民幣885,339,000元(二零一九年：人民幣808,044,000元)可供用於抵銷未來溢利。中國非高新技術附屬公司產生的稅項虧損為人民幣78,984,000元(二零一九年：人民幣110,718,000元)可於最多五年內結轉，並將於二零二一年至二零二五年(二零一九年：二零二零年至二零二四年)到期。而中國高新技術附屬公司產生的稅項虧損為人民幣764,624,000元(二零一九年：人民幣653,462,000元)，可於最多十年內結轉，到期期限根據財稅[2018]76號文由五年增至十年，將於二零二一年至二零三零年(二零一九年：二零二零年至二零二九年)到期。其他稅項虧損可無限期結轉。

20. 就收購物業、機器及設備／土地使用權已支付的按金

本集團就興建廠房樓宇以及收購位於中國的機器及設備及收購土地使用權以供其生產機器擴張而支付按金。

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21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 按公允值計入其他全面收益的權益工具

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Unlisted equity investments 非上市股權投資	134,609	112,183

The unlisted equity investments represent the Group's equity interests in private entities. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

During the current year, the Group made a new equity investment measured as equity instruments at FVTOCI amounting to RMB100,000 (2019: RMB5,600,000) and the fair value gain in the amount of RMB22,326,000 was recognised in FVTOCI reserve.

非上市股權投資代表本集團於私人實體的股本權益。本公司董事已選擇將該等投資指定為按公允值計入其他全面收益的權益工具，此乃由於彼等相信於損益確認該等投資公允值的短期波動不符合本集團就長期目的持有該等投資以及就長期而言實現該等投資效益的策略。

於本年度期間，本集團作出一項新的股權投資，以按公允值計入其他全面收益的權益工具計量為人民幣100,000元（二零一九年：人民幣5,600,000元），公允值收益金額人民幣22,326,000元已於按公允值計入其他全面收益儲備確認。

22. DEBT INSTRUMENTS AT AMORTISED COST

22. 按攤銷成本計量的債務工具

During the current year, two debt instruments amounting to RMB54,200,000 reached maturity and was redeemed accordingly.

The Group purchased another debt instrument amounting to RMB29,262,000 carrying coupon rate of 6.40% with the same business model to collect contractual cash flows that are solely payments of principle amount outstanding semi-annually according to the contract terms, the debt instrument was classified and subsequently measured at amortised cost.

As at 31 December 2020, the total carrying amount of the debt instruments is RMB52,823,000 (31 December 2019: RMB83,711,000) and all of the debt instruments will mature within one year (31 December 2019: RMB55,749,000).

於本年度期間，兩筆金額為人民幣54,200,000元的債務工具已到期並已贖回。

本集團購入的另一項債務工具金額為人民幣29,262,000元，票面利率為6.40%，其業務模式同樣旨在收取合約現金流量，僅為按合約條款支付每半年未償還本金之利息，該債務工具被分類且其後按攤銷成本計量。

於二零二零年十二月三十一日，債務工具總賬面值為人民幣52,823,000元（二零一九年十二月三十一日：人民幣83,711,000元），且所有債務工具將於一年內到期（二零一九年十二月三十一日：人民幣55,749,000元）。

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

23. 按公允值計入損益的金融資產

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Current assets 流動資產		
Fund investments (Note a) 基金投資 (附註a)	282,711	373,638
Unlisted financial products (Note b) 非上市金融產品 (附註b)	8,197,475	5,289,170
	8,480,186	5,662,808
Non-current assets 非流動資產		
Debt investments (Note c) 債務投資 (附註c)	72,884	84,568
Equity investments (Note d) 股權投資 (附註d)	133,352	100,579
	206,236	185,147

Notes:

附註：

(a) Fund investments

The Group entered into several contracts to purchase fund units (the "Fund") with a financial institution since 2018, which were accounted for as financial assets as FVTPL on initial recognition. As at 31 December 2020, the fair value of the Fund is United State Dollar ("US\$" or "USD") 43,328,000 (31 December 2019: USD53,559,000) per the investment statement of the financial institution, equivalent to RMB282,711,000 (31 December 2019: RMB373,638,000). The fair value gain in the amount of USD3,328,000, equivalent to RMB22,199,000 (2019: RMB40,734,000) was recognised in profit or loss in the current year.

(a) 基金投資

自二零一八年起，本集團與一家金融機構簽訂若干合約以購買基金單位（「基金」），於初步確認時已列作按公允值計入損益的金融資產。於二零二零年十二月三十一日，根據金融機構的投資報表，基金的公允值為43,328,000美元（「美元」）（二零一九年十二月三十一日：53,559,000美元），相當於人民幣282,711,000元（二零一九年十二月三十一日：人民幣373,638,000元）。本年度於損益中確認公允值收益金額為3,328,000美元（相等於人民幣22,199,000元）（二零一九年：人民幣40,734,000元）。

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) Unlisted financial products

During the current year, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products was determined by reference to the performance of the underlying government debt instruments and treasury notes and as at 31 December 2020 the expected return rate stated in the contracts ranges from 2.15% to 3.95% (31 December 2019: 2.10% to 4.75%) per annum.

In the opinion of the directors of the Company, the fair value change of the unlisted financial products is insignificant in the current year.

(c) Debt investments

During the current year, the Group disposed three debt investments at the proceed of RMB81,668,000 (2019: RMB75,719,000) and the Group purchased another three debt instruments at FVTPL amounting to RMB77,617,000 with coupon rates ranging from 4.45% to 5.00%.

The gain on the fair value change of the remaining debt investments amounting to RMB47,000 (2019: RMB1,674,000) was recognised in the profit or loss in the current year.

(d) Equity investments

The Group's equity investments of 餘姚市陽明智行投資中心(有限合伙) ("V Fund") and another partnership enterprise in total amount of RMB72,500,000 (31 December 2019: RMB72,500,000) were classified as financial assets at FVTPL. As at 31 December 2020, the fair value of all equity investments amounted to RMB133,352,000 (31 December 2019: RMB100,579,000) with a fair value gain of RMB32,773,000 (2019: RMB6,949,000) recognised in the profit or loss during the current year.

23. 按公允值計入損益的金融資產 (續)

(b) 非上市金融產品

於本年度期間，本集團與銀行簽訂若干非上市金融產品合約。該等非上市金融產品由中國的相關銀行管理，主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部份非上市金融產品的回報根據相關政府債務工具及國庫券的表現釐定，於二零二零年十二月三十一日，合約中的預期年回報率介乎2.15%至3.95%之間(二零一九年十二月三十一日：2.10%至4.75%之間)。

本公司董事認為，非上市金融產品的公允值變動於本年度並不重大。

(c) 債務投資

於本年度期間，本集團出售三項債務投資，所得款項為人民幣81,668,000元(二零一九年：人民幣75,719,000元)，且本集團購入另外三項按公允值計入損益的債務工具金額為人民幣77,617,000元，票面利率介乎4.45%至5.00%不等。

餘下債務投資的公允值變動收益為人民幣47,000元(二零一九年：人民幣1,674,000元)，於本年度在損益內確認。

(d) 股權投資

本集團於餘姚市陽明智行投資中心(有限合伙) ("V基金") 及另一家合夥企業總金額為人民幣72,500,000元(二零一九年十二月三十一日：人民幣72,500,000元)的股權投資被分類為按公允值計入損益的金融資產。於二零二零年十二月三十一日，所有股權投資的公允值為人民幣133,352,000元(二零一九年十二月三十一日：人民幣100,579,000元)，本年度期間於損益中確認公允值收益為人民幣32,773,000元(二零一九年：人民幣6,949,000元)。

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24. INVENTORIES

24. 存貨

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Raw materials 原材料	1,126,857	796,909
Work in progress 半製成品	193,666	154,988
Finished goods 製成品	4,462,548	4,194,065
	5,783,071	5,145,962

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

25. 貿易及其他應收款項及預付款項

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Current assets 流動資產		
Trade receivables 貿易應收款項	6,888,146	8,470,788
Less: allowance for expected credit loss 減：預期信貸虧損撥備	(95,903)	(112,485)
	6,792,243	8,358,303
Bill receivables 應收票據	756,530	758,311
Loan receivables (Note) 應收貸款(附註)	164,998	116,184
Other receivables and prepayment 其他應收款項及預付款項		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	92,948	72,670
Advance to suppliers 墊付供應商款項	77,578	96,771
Interest receivables 應收利息	54,277	30,693
Prepaid expenses 預付開支	119,584	95,261
Utilities deposits and prepayment 公用事業按金及預付款項	75,561	30,714
Advances to employees 墊付僱員款項	68,701	34,349
Others 其他	9,605	36,428
	498,254	396,886
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	8,212,025	9,629,684

Note: The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals.

附註：本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。

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25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows a credit period of average 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit loss presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Within 90 days 90天以內	6,599,719	8,146,567
91 to 180 days 91天至180天	191,585	208,686
Over 180 days 180天以上	939	3,050
	6,792,243	8,358,303

The credit period of bill receivables is 90 to 180 days. Aging of bill receivables based on the issue date at the end of the reporting period is as follows:

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Within 90 days 90天以內	647,049	713,304
91 to 180 days 91天至180天	109,481	45,007
	756,530	758,311

All bills received by the Group are with a maturity period of less than one year.

25. 貿易及其他應收款項及預付款項(續)

本集團給予其貿易客戶平均90天的信貸期。以下為於報告期末基於發票日(與各自的收益確認日期相若)呈列的貿易應收款項(扣除信貸虧損撥備)的賬齡分析。

應收票據的信貸期為90至180天。於報告期末基於發行日的應收票據賬齡如下：

本集團收取的所有票據的到期期限均少於一年。

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25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB31,818,000 (31 December 2019: RMB59,643,000) which are past due as at the reporting date. Nil (31 December 2019: Nil) of the past due has been past due 90 days or more.

Details of impairment assessment of trade and other receivables and bill receivables for the years ended 31 December 2020 and 2019 are set out in Note 36(b).

26. TIME DEPOSITS/PLEGGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

During the current year, the Group deposited RMB500,000,000 time deposits with several banks in the PRC. These time deposits carry fixed interest rates ranging from 3.85% to 4.18% (31 December 2019: nil) per annum. The maturity period of these time deposits is three years and are therefore classified as non-current assets.

The Group pledged certain of its bank deposits to banks as security for note payables and the pledged bank deposits carry fixed interests of 1.35% (31 December 2019: 1.35%) per annum.

Short term fixed deposits carry fixed interest rates ranging from 1.92% to 3.15% (31 December 2019: 2.10% to 3.15%) per annum. Short term fixed deposits have original maturity dates less than one year and therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rates at 0.30% (31 December 2019: 0.35%) per annum.

25. 貿易及其他應收款項及預付款項 (續)

於二零二零年十二月三十一日，本集團貿易應收款項結餘包括於報告日期已逾期的總賬面值為人民幣31,818,000元（二零一九年十二月三十一日：人民幣59,643,000元）的債務人。並無（二零一九年十二月三十一日：無）逾期款項逾期90天或以上。

貿易及其他應收款項及應收票據截至二零二零年及二零一九年十二月三十一日止年度的減值評估詳情載於附註36(b)。

26. 定期存款／已抵押銀行存款／短期定期存款／銀行結餘及現金

於本年度期間，本集團存入數家中國的銀行的定期存款為人民幣500,000,000元。該等定期存款固定年利率介乎3.85%至4.18%之間（二零一九年十二月三十一日：無）。該等定期存款到期期限為三年，因而被分類為非流動資產。

本集團已向銀行抵押其若干銀行存款作應付票據的抵押品，已抵押銀行存款固定年利率為1.35%（二零一九年十二月三十一日：1.35%）。

短期定期存款按介乎1.92%至3.15%之間（二零一九年十二月三十一日：2.10%至3.15%）的固定年利率計息。短期定期存款原到期日少於一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按0.30%（二零一九年十二月三十一日：0.35%）的市場儲蓄存款年利率計息。

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

27. 衍生金融資產及負債

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

於報告期末，本集團持有若干分類為持作買賣及未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Foreign currency forward contracts 遠期外匯合約	17,657	22,462	9,865	-
Foreign currency options contracts 外匯期權合約	3,650	4,607	96,805	1,430
Total 總額	21,307	27,069	106,670	1,430
Less: current portion 減：即期部份				
Foreign currency forward contracts 遠期外匯合約	17,657	8,808	5,083	-
Foreign currency options contracts 外匯期權合約	3,650	4,607	96,805	1,430
	21,307	13,415	101,888	1,430
Non-current portion 非即期部份	-	13,654	4,782	-

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

As at 31 December 2020, the Group had entered into the following foreign currency forward contracts and foreign currency options contracts:

Foreign currency forward contracts

The Group entered into several USD/RMB foreign currency forward contracts with banks in the PRC in order to manage the Group's foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract Series W	USD56,250,000	RMB384,157,125	Semi-annually till 18 January 2023	USD:RMB from 6.68 to 6.99
合約系列W	56,250,000美元	人民幣384,157,125元	半年期至 二零二三年一月十八日	美元兌人民幣 6.68至6.99
Contract Series X	RMB771,800,000	USD115,700,000	Semi-annually till 15 March 2021	USD:RMB from 6.58 to 6.73
合約系列X	人民幣771,800,000元	115,700,000美元	半年期至 二零二一年三月十五日	美元兌人民幣 6.58至6.73
Contract Series Y	USD119,000,000	RMB786,547,000	Quarterly till 25 March 2021	USD:RMB from 6.57 to 6.64
合約系列Y	119,000,000美元	人民幣786,547,000元	按季度至 二零二一年三月二十五日	美元兌人民幣 6.57至6.64
Contract Series Z	USD10,000,000	RMB67,216,000	Quarterly till 25 January 2021	USD:RMB: 6.72
合約系列Z	10,000,000美元	人民幣67,216,000元	按季度至 二零二一年一月二十五日	美元兌人民幣6.72

Foreign currency options contracts

The Group entered into several USD/RMB foreign currency options contracts with banks in the PRC in order to manage the Group's currency risk.

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts ("Valuation Date").

27. 衍生金融資產及負債 (續)

於二零二零年十二月三十一日，本集團已訂立以下遠期外匯合約及外匯期權合約：

遠期外匯合約

本集團已與中國的銀行訂立若干美元兌人民幣的遠期外匯合約，以管理本集團的外匯風險。

外匯期權合約

本集團已與中國的銀行訂立若干美元兌人民幣的外匯期權合約，以管理本集團的貨幣風險。

本集團須於各合約所指定的估值日期（「估值日期」）就指定名義金額與該等銀行進行交易。

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27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Foreign currency options contracts (Continued)

At each Valuation Date, the reference rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

Extracts of details of foreign currency options contracts from the respective contracts outstanding as at 31 December 2020 are as follow:

	Notional amount 名義金額 USD' 000 千美元	Strike/barrier rates 行使/門檻匯率	Ending settlement date 結束結算日期
Contract A 合約A	30,000	USD:RMB at 1:6.4000 美元兌人民幣：1：6.4000	26 April 2021 二零二一年四月二十六日
Contract B 合約B	40,000	USD:RMB at 1:7.1883 美元兌人民幣：1：7.1883	15 June 2021 二零二一年六月十五日
Contract C 合約C	40,000	USD:RMB at 1:7.1882 美元兌人民幣：1：7.1882	15 June 2021 二零二一年六月十五日
Contract D 合約D	75,000	USD:RMB at 1:7.1901 美元兌人民幣：1：7.1901	15 June 2021 二零二一年六月十五日
Contract E 合約E	75,000	USD:RMB at 1:7.1900 美元兌人民幣：1：7.1900	15 June 2021 二零二一年六月十五日

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amount.

27. 衍生金融資產及負債(續)

外匯期權合約(續)

於各估值日期，參考匯率(指各合約所指定的現貨匯率)須與各合約所指定的行使匯率(上限及下限)/門檻匯率作比較，且在達致各合約所指定若干條件的情況下，本集團可向相關銀行收取/支付該等合約所指定的金額。

於二零二零年十二月三十一日，各項未平倉合約的外匯期權合約的詳情摘要如下：

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議(「國際掉期及衍生工具協會總協議」)涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債或破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於綜合財務狀況表內抵銷。

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28. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on the issue date at the end of reporting period.

28. 貿易及其他應付款項

以下為於報告期末基於發票日的貿易應付款項及基於發行日的應付票據的賬齡分析。

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Current liabilities 流動負債		
Trade payables 貿易應付款項		
Within 90 days 90天以內	5,525,012	7,062,167
91 to 180 days 91天至180天	829,036	963,569
Over 180 days 180天以上	495	3,509
Accrued purchases 應計採購額	804,832	475,271
Total trade payables and accrued purchases 貿易應付款項及應計採購額總額	7,159,375	8,504,516
Note payables 應付票據		
Within 90 days 90天以內	1,022,991	1,021,415
91 to 180 days 91天至180天	312,985	100,621
	1,335,976	1,122,036
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	182,910	278,461
Staff salaries and welfare payables 員工薪金及福利應付款項	1,222,684	807,252
Labor outsourcing payables 勞務外包應付款項	168,504	201,405
Payables for acquisition of patents 收購專利應付款項	45,651	42,068
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	341,112	151,177
Commission payables 應付佣金	32,471	33,386
Interest payables 應付利息	65,878	69,744
Rental and utilities payables 應付租金及公用事業費用	50,808	31,500
Others 其他	127,995	80,041
	2,238,013	1,695,034
	10,733,364	11,321,586
Non-current liabilities 非流動負債		
Long term payables 長期應付款項		
Payables for acquisition of patents 收購專利應付款項	245,636	299,209

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28. TRADE AND OTHER PAYABLES (Continued)

The credit period on purchases of goods is up to 180 days (2019: 180 days) and the credit period for note payables is 90 days to 180 days (2019: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

28. 貿易及其他應付款項(續)

貨品採購的信貸期最多為180天(二零一九年: 180天)及應付票據的信貸期為90天至180天(二零一九年: 90天至180天)。本集團已實施財務風險管理政策, 以確保所有應付款項於信貸期內支付。

29. CONTRACT LIABILITIES

29. 合約負債

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Advance from customers 客戶墊付款項	131,191	83,202

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations satisfied in previous periods.

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的所有合約負債對應的履約義務均於報告期內完成, 收入得以確認, 且本報告期確認的收入中不包含任何往期已經實現的履約義務。

30. BANK BORROWINGS

30. 銀行借貸

Unsecured 無抵押	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Guaranteed 有擔保	1,381,243	700,000
Unguaranteed 無擔保	689,368	418,572
	2,070,611	1,118,572

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30. BANK BORROWINGS (Continued)

The exposure of the Group's bank borrowings are as follows:

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Fixed-rate borrowings 固定利率借貸	1,124,500	418,572
Variable-rate borrowings 可變利率借貸	946,111	700,000
	2,070,611	1,118,572

The above bank borrowings are repayable within one year.

The range of effective interest rates per annum (which are equal to contractual interest rates) on the Group's bank borrowings are as follows:

	31/12/2020 二零二零年 十二月三十一日	31/12/2019 二零一九年 十二月三十一日
Fixed-rate borrowings 固定利率借貸	2.96%	2.77%
Variable-rate borrowings 可變利率借貸	0.85%-1.14%	3.26%-3.29%

The variable-rate borrowings as at 31 December 2020 are denominated in USD which carry the floating-rates at London Inter-Bank Offer Rate ("LIBOR") plus a premium. As at 31 December 2019, the variable-rate borrowings are denominated in RMB which carry the floating-rates at Loan Prime Rate ("LPR") minus basis points.

The Group's bank borrowings that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
USD 美元	946,111	418,572

30. 銀行借貸 (續)

本集團的銀行借貸風險如下：

上述銀行借貸須於一年內償還。

本集團銀行借貸的實際年利率(相等於合約利率)範圍如下：

於二零二零年十二月三十一日的可變利率借貸以美元計值，其浮動利率按倫敦銀行同業拆息利率(「倫敦銀行同業拆息利率」)加溢價計算。於二零一九年十二月三十一日，可變利率借貸以人民幣計值，其浮動利率按貸款基礎利率(「貸款基礎利率」)減基點計算。

本集團以相關集團實體功能貨幣以外的貨幣計值的銀行借貸載列如下：

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31. LEASE LIABILITIES

31. 租賃負債

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Lease Liabilities payable: 應付租賃負債：		
Within one year 一年內	43,580	38,140
Within period of more than one year but not more than two years 超過一年但不超過兩年的期間內	37,551	35,665
Within period of more than two years but not more than five years 超過兩年但不超過五年的期間內	37,699	58,596
Within period of more than five years 超過五年的期間內	21,649	28,205
	140,479	160,606
Less: Amount due for settlement with 12 month shown under current liabilities 減：流動負債下所列於12個月內結算的到期款項	(43,580)	(38,140)
Amount due for settlement after 12 month shown under non-current liabilities 非流動負債下所列於12個月後結算的到期款	96,899	122,466

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 4.90% (2019: from 4.75% to 4.90%).

應用於租賃負債的加權平均增量借款利率介乎4.75%至4.90%之間(二零一九年：4.75%至4.90%之間)。

32. GOVERNMENT GRANTS/DEFERRED INCOME

32. 政府補助金 / 遞延收入

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Amounts credited to profit or loss during the year: 年內計入損益金額：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼(附註a)	59,954	42,988
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼(附註b)	16,037	7,275
Incentive subsidies (Note c) 獎勵補貼(附註c)	65,819	62,885
	141,810	113,148

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32. GOVERNMENT GRANTS/DEFERRED INCOME (Continued)

32. 政府補助金／遞延收入 (續)

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼 (附註a)	55,945	59,728
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼 (附註b)	21,605	24,272
Total 總計	77,550	84,000
Less: current portion 減：即期部份	(8,695)	(10,106)
Non-current portion 非即期部份	68,855	73,894

Notes:

- (a) The Group received grants from the local government for the purpose of increasing in production capacity for high-end handset lens sets by enhancement of production lines. The amounts are deferred and amortised over the useful lives of the relevant assets in the enhanced production lines.
- (b) The Group received grants for reimbursement towards the costs of research and development of certain technology projects with local government and various parties. The amounts are deferred and amortised over period of the respective research and development projects.
- (c) Incentive subsidies were received from the local government in recognition of the eminence of development of new products, achievement of certain revenue and export volume milestones of the Group. The subsidies were unconditional and granted on a discretionary basis to the Group and recognised in profit or loss when received.

附註：

- (a) 本集團獲得地方政府的補貼，以通過改進生產線提高高端手機鏡頭產能。該等金額作遞延並於各已改進生產線的相關資產的可使用年期內攤銷。
- (b) 本集團獲得地方政府及有關各方的補貼，以補助部份技術項目研發成本。該等金額作遞延並於各研究及開發項目期間攤銷。
- (c) 地方政府提供獎勵補貼以嘉許本集團開發新產品、達到收入指標及發展出口業務。該等補貼為無條件及酌情授予本集團及於收取時於損益中確認。

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33. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of US\$600 million at the rate of 3.75% which will be due by 2023 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company has used all of the net proceeds from the bonds for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current year, interest expense of approximately RMB164,282,000 (2019: RMB163,938,000) was recognised in consolidated statement of profit or loss and other comprehensive income.

33. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元3.75厘的無抵押債券，該發行已於二零一八年一月二十三日完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司已將債券所得款項之全部淨額作為資本開支資金、滿足營運資金需求、現有債務再融資及其他的一般公司用途。

於本年度期間，約人民幣164,282,000元（二零一九年：人民幣163,938,000元）的利息開支於綜合損益及其他全面收益表中確認。

34. SHARE CAPITAL

34. 股本

	Number of shares 股份數目	Amount 金額 HK\$' 000 千港元	Equivalent to 相等於 RMB' 000 人民幣千元
Authorised: 法定：			
Ordinary shares of HK\$0.10 each at 31 December 2019 and 31 December 2020 於二零一九年十二月三十一日及二零二零年十二月三十一日每股面值0.10港元的普通股	100,000,000,000	10,000,000	
Issued & fully paid: 已發行及繳足：			
Ordinary shares of HK\$0.10 each at 31 December 2019 and 31 December 2020 於二零一九年十二月三十一日及二零二零年十二月三十一日每股面值0.10港元的普通股	1,096,849,700	109,685	105,163

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35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 30 and bonds payable disclosed in Note 33, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

35. 資本風險管理

本集團管理其資本，以確保本集團轄下實體能夠持續經營，同時通過優化債務及權益結構，實現股東回報最大化。本集團的整體策略與去年相同。

本集團的資本架構由負債淨額（包括於附註30中披露的銀行借貸及於附註33中披露的應付債券（扣除現金及現金等值項目））及本公司股東應佔權益（包括已發行股本、保留盈利及其他儲備）組成。

本公司董事每半年檢討一次資本架構。作為檢討的一部份，本公司董事考慮資本成本及各類資本相關風險。根據本公司董事的建議，本集團將透過支付股息、發行新股及股份購回以及發行新債或償還現有債務來平衡其整體資本架構。

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36. FINANCIAL INSTRUMENTS

36. 金融工具

a. Categories of financial instruments

a. 金融工具分類

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
<i>Financial assets</i> 金融資產		
Financial assets at FVTPL 按公允值計入損益的金融資產	8,686,422	5,847,955
Derivative financial assets 衍生金融資產	21,307	27,069
Financial assets at amortised cost 按攤銷成本計量的金融資產	11,410,602	11,321,982
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	134,609	112,183
	20,252,940	17,309,189
<i>Financial liabilities</i> 金融負債		
Liabilities measured at amortised cost 按攤銷成本計量的負債	14,415,363	15,267,837
Derivative financial liabilities 衍生金融負債	106,670	1,430
	14,522,033	15,269,267
Lease liabilities 租賃負債	140,479	160,606

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies

The Group's financial instruments include derivative financial assets/liabilities, trade and other receivables, amounts with related parties, financial assets at FVTPL, debt instruments at amortised cost, equity instruments at FVTOCI, time deposits, short term fixed deposits, pledged bank deposits, bank balances and cash, trade and other payables, lease liabilities, bank borrowings, long term payables and bonds payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the market risks of foreign currency risk, interest rate risk and other price risk. Market risk exposures are further measured by sensitivity analysis. Details of each type of market risks are described as follows:

Foreign currency risk

The Group undertakes certain foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, trade and other receivables, trade and other payables, bonds payable and bank borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and utilising foreign currency forward contracts and foreign currency option contracts.

b. 財務風險管理目標及政策

本集團的金融工具包括衍生金融資產／負債、貿易及其他應收款項、與關連人士之間的款項、按公允值計入損益的金融資產、按攤銷成本計量的債務工具、按公允值計入其他全面收益的權益工具、定期存款、短期定期存款、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、租賃負債、銀行借貸、長期應付款項及應付債券。金融工具的詳情載於相關附註。與此等金融工具相關的風險包括市場風險（外匯風險、利率風險及其他價格風險）、信貸風險及流動資金風險。減輕此等風險的政策載列於下文。管理層負責管理及監控此等風險，確保及時有效地採取適當措施。

市場風險

本集團業務面臨的主要市場風險為外匯風險、利率風險及其他價格風險。市場風險進一步按敏感度分析界定。以下為各類市場風險的詳情：

外匯風險

本集團進行若干外幣買賣，因而面對外匯風險。本集團若干銀行結餘及現金、貿易及其他應收款項、貿易及其他應付款項、應付債券以及銀行借貸均以相關集團實體功能貨幣以外的貨幣計值且均面臨有關外匯風險。本集團密切監控匯率變動及使用遠期外匯合約及外匯期權合約以管理外匯風險。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets 資產		Liabilities 負債	
	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
USD 美元	3,888,114	2,292,831	6,821,730	7,194,353
HKD 港元	59,963	71,517	1,150	-
Japanese Yen ("JPY") 日元	39,923	106,683	394,580	407,948
Indian Rupee ("INR") 印度盧比	365,975	164,868	9,226	19,708
Vietnamese Dong ("VND") 越南盾	5,247	36,005	7,766	14,936

Sensitivity analysis

The Group is mainly exposed to fluctuation in USD, HKD, JPY, INR and VND against RMB.

The following table details the Group's sensitivity to a 5% (2019: 5%) change in respective foreign currencies against RMB. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end date for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in post-tax profit where the respective functional currencies strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant currencies, there would be an equal and opposite impact on the post-tax profit.

b. 財務風險管理目標及政策(續)

市場風險(續)

外匯風險(續)

以下為本集團於報告期末以外幣計值貨幣資產及貨幣負債的賬面值：

敏感度分析

本集團的主要風險來自美元、港元、日元、印度盧比及越南盾兌人民幣的匯率波動。

下表詳述本集團於各外幣兌人民幣升/貶值5%(二零一九年:5%)時的敏感度。敏感度分析僅包括尚未結算的外幣計值貨幣項目,以及有關換算因年結日匯率增減5%而作出的調整。

下列正數(負數)代表各功能貨幣兌相關外幣升值5%而導致除稅後溢利增加(減少)情況。倘各功能貨幣兌相關貨幣貶值5%,則會對除稅後溢利有等額相反的影響。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Sensitivity analysis (Continued)

b. 財務風險管理目標及政策 (續)

市場風險 (續)

敏感度分析 (續)

	Profit for the year 年內溢利	
	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
USD (Note) 美元 (附註)	124,679	208,315
HKD 港元	(2,500)	(3,039)
JPY 日元	15,073	12,804
INR 印度盧比	(15,162)	(6,169)
VND 越南盾	107	(895)

Note: This is mainly attributable to the exposure to bank balances, outstanding receivables, outstanding payables, bank borrowings and bonds payable denominated in foreign currency of USD at the year end date.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 30 for details of these bank borrowings), lease liabilities (see Note 31 for details of lease liabilities), time deposits, short term fixed deposits and pledged bank deposits (see Note 26 for details of these deposits), debt instruments (see Notes 22 and 23 for details of these debt instruments) and bonds payable (see Note 33 for details of the bonds payable). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

附註：主要是來自於年結日以外幣美元計值的銀行結餘、未結算應收款項、未結算應付款項、銀行借貸及應付債券的風險。

利率風險

本集團因固定利率銀行借貸(該等銀行借貸詳情見附註30)、租賃負債(租賃負債詳情見附註31)、定期存款、短期定期存款及已抵押銀行存款(該等存款詳情見附註26)、債務工具(該等債務工具詳情見附註22及23)以及應付債券(應付債券詳情見附註33)而面臨公允值利率風險。本集團目前沒有任何利率對沖政策。然而，本集團會監控利率風險並會在有需要時考慮對沖重大利率風險。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see Note 30 for details of these bank borrowings). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the LIBOR arising from the Group's bank borrowings. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As listed in note 30, several of the Group's LIBOR to specify bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

The Group's exposures to interest rates on financial liabilities and lease liabilities are detailed in the liquidity risk management section of this note.

b. 財務風險管理目標及政策(續)

市場風險(續)

利率風險(續)

本集團亦因可變利率銀行結餘和銀行借貸(該等銀行借貸詳情見附註30)而面臨現金流量利率風險。本集團的現金流量利率風險主要集中於銀行結餘及本集團的銀行借貸產生的倫敦銀行同業拆息利率波動。管理層將檢討固定及浮動利率的借貸比例並確保其處於合理範圍內。

全球正就主要利率基準進行根本上的改革，包括以近似無風險利率取代若干銀行同業拆息利率(「銀行同業拆息利率」)。如附註30所示，本集團多項指定銀行借款的倫敦銀行同業拆息利率可能需要進行利率基準改革。本集團正密切監察過渡至新基準利率的情況。

本集團金融負債及租賃負債的利率風險已在本附註流動資金風險管理一節中作詳細說明。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2019: 50 basis points) increase or decrease in variable-rate bank borrowings and fixed-rate debt instruments at FVTPL are used represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2020 would have decreased/increased by RMB4,331,000 (2019: RMB3,335,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and fixed-rate debt instruments at FVTPL.

b. 財務風險管理目標及政策 (續)

市場風險 (續)

敏感度分析

以下敏感度分析乃根據報告期末衍生工具及非衍生工具的利率風險釐定。該分析乃假設於報告期末未償還的金融工具在全年均未償還而編製。可變利率銀行借貸及按公允值計入損益的固定利率債務工具增加或減少50個基準點(二零一九年：50個基準點)用來代表管理層對利率的合理可能變化的評估。

倘利率增加／減少50個基準點(二零一九年：50個基準點)且其他所有變量保持不變，本集團於截至二零二零年十二月三十一日止年度的除稅後溢利將減少／增加人民幣4,331,000元(二零一九年：人民幣3,335,000元)，主要是因為本集團面臨可變利率銀行借貸及按公允值計入損益的固定利率債務工具的利率風險。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

Other price risk

The Group is exposed to other price risk through its investments in unlisted financial products, fund, debt instruments and equity investments as financial assets at FVTPL, the foreign currency forward contracts and foreign currency option contracts. The management considers alternative tools to mitigate other price risk and manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in several industry sectors for long term strategic purposes which had been designed as FVTOCI. The management closely monitors such exposure and consider hedging such exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to the price risk at the reporting date. For the sensitivity analysis of those financial assets at FVTPL, increase (decrease) in the prices of the respective financial assets would result in an increase (decrease) the post-tax profit for the year ended 31 December 2020. Sensitivity analyses for unquoted equity securities at FVTOCI with fair value measurement categorised within Level 3 were disclosed in Note 36(c).

If the prices of those financial assets at FVTPL had been 5% (2019: 5%) higher/lower, the Group's post-tax profit for the year ended 31 December 2020 would increase/decrease by RMB369,173,000 (2019: RMB248,538,000).

市場風險(續)

其他價格風險

本集團因其按公允值計入損益的金融資產(非上市金融產品、基金、債務工具及股權投資)、遠期外匯合約及外匯期權合約的投資,面臨其他價格風險。管理層考慮用替代工具降低其他價格風險,並且以維持具有各種風險的投資組合管理該等所面臨的風險。此外,本集團亦因長遠策略目的投資若干無報價股權證券,被投資者營運於數個行業,該等證券指定為按公允值計入其他全面收益。管理層密切監察該等風險,並在有需要時考慮對沖該等風險。

敏感度分析

敏感度分析乃根據報告期末價格風險釐定。有關按公允值計入損益的金融資產的敏感度分析,倘相應金融資產的價格增加(減少),截至二零二零年十二月三十一日止年度除稅後溢利將相應增加(減少)。公允值計量分類為第三級的按公允值計入其他全面收益的無報價股本證券敏感度分析於附註36(c)披露。

倘按公允值計入損益的該等金融資產價格高出/低出5%(二零一九年:5%),本集團截至二零二零年十二月三十一日止年度的除稅後溢利將增加/減少人民幣369,173,000元(二零一九年:人民幣248,538,000元)。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risks on liquid funds and derivative financial assets are limited because the counterparties are banks with high credit ratings.

As at 31 December 2020 and 2019, the Group has concentration of credit risk on its unlisted financial products at FVTPL. The credit risk on unlisted financial products at FVTPL is limited by the underlying assets invested by the unlisted financial products being the PRC government related debt instruments and treasury notes and the counterparties who issued these unlisted financial products are banks with good reputations.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估

於二零二零年十二月三十一日，本集團承受財務虧損的最大信貸風險來自綜合財務狀況表所列各項已確認金融資產的賬面值。

為盡量減低信貸風險，本集團管理層已委派專責隊伍，負責釐定信貸限額、審批信貸及其他監控程序，以確保採取跟進行動收回過期債務。此外，本集團按預期信貸虧損模式對貿易應收款項個別地或根據撥備矩陣進行減值評估。因此，本公司董事認為本集團的信貸風險已大大降低。

由於交易對手均為信貸評級良好的銀行，故有關流動資金及衍生金融資產的信貸風險有限。

於二零二零年及二零一九年十二月三十一日，本集團的信貸風險集中於按公允值計入損益的非上市金融產品。按公允值計入損益的非上市金融產品的信貸風險有限，此乃由於非上市金融產品投資的相關資產為中國政府有關債務工具及國庫券，且發行該等非上市金融產品的對手方為聲譽良好的銀行。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has concentration of credit risk as 28% (2019: 31%) and 51% (2019: 66%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. Revenue from the top five trade debtors represent over 56% (2019: 58%) of the Group's revenue for the year ended 31 December 2020. The directors of the Company, the associates and the shareholders have no interest in the customers mentioned above. The largest five customers' manufacturing facilities are located in the PRC and their principal activities are manufacturing of smartphones and optical related products.

The Group also has concentration of credit risk on its deposits for acquisition of property, plant and equipment as 61% (2019: 42%) of the total deposits for acquisition of property, plant and equipment was paid to the Group's largest three suppliers of property, plant and equipment. The credit risk on the deposits paid is limited as these suppliers are large construction enterprises and equipment suppliers in the PRC, Hong Kong and Japan.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

b. 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

除於若干信貸評級良好的銀行存放的流動資金存在信貸集中風險外，本集團另有信貸集中風險，皆因本集團總貿易應收款項中，最大客戶與前五大客戶分別佔28%（二零一九年：31%）及51%（二零一九年：66%）。來自前五大貿易債務人的收入佔截至二零二零年十二月三十一日止年度本集團收入逾56%（二零一九年：58%）。本公司董事、聯繫人及股東於上述客戶中並無任何權益。前五大客戶的生產設施位於中國，其主要業務為製造智能手機及光學相關產品。

本集團因購置物業、機器及設備的按金而承受信貸集中風險，皆因本集團已向前三大物業、機器及設備供應商支付購置物業、機器及設備總按金的61%（二零一九年：42%）。已付按金的信貸風險有限，因為該等供應商為中國、香港及日本的大型建築企業及設備供應商。

除上文所述者外，本集團並無其他重大信貸集中風險，皆因有關風險乃分散於多名對手方及客戶之中。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating 內部信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方的違約風險低，且無任何逾期款項	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	12m ECL 12個月預期信貸虧損
Watch list 觀察名單	Debtor frequently repays after due dates but usually settle in full 債務人經常於到期日後還款，但通常於到期日後結清	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 不確定的	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 自經內部或外部資源建立的資料初步確認以來，信貸風險大幅上升	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 證據顯示資產出現信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損 – 信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 證據顯示債務人處於嚴重財務困難，本集團對收回欠款無實際期望	Amount is written off 款額已撇銷	Amount is written off 款額已撇銷

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團的內部信貸評級評估包括以下類別：

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes 附註	External credit rating 外部 信貸評級	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 12個月或 全期預期信貸虧損	2020 Gross Carrying amount 二零二零年 總賬面值		2019 Gross Carrying amount 二零一九年 總賬面值	
					RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
Financial assets at amortised cost 按攤銷成本計量的金融資產								
Trade receivables 貿易應收款項	25	N/A 不適用	Note b 附註b	Lifetime ECL (provision matrix) 全期預期信貸虧損 (撥備矩陣)	6,798,858		8,375,781	
			Loss 虧損	Credit-impaired 出現信貸減值	89,288	6,888,146	95,007	8,470,788
Loan receivables 應收貸款	25	N/A 不適用	Note c 附註c	12m ECL 12個月預期信貸虧損	164,998	164,998	116,184	116,184
Bill receivables 應收票據	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	756,530	756,530	758,311	758,311
Other receivables 其他應收款項	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	63,882	63,882	67,121	67,121
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	BB- BB-	N/A 不適用	12m ECL 12個月預期信貸虧損	52,823	52,823	83,711	83,711
Time deposits 定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	500,000	500,000	-	-
Short term fixed deposits 短期定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	234,917	234,917	15,000	15,000
Pledged bank deposits 已抵押銀行存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	3,438	3,438	6,113	6,113
Bank balances and cash 銀行結餘及現金	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	2,841,771	2,841,771	1,917,239	1,917,239

b. 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

下表詳列本集團受限於預期信貸虧損評估的金融資產的所面臨的信貸風險：

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- a. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2020 二零二零年	Past due 逾期款項 RMB' 000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
Bill receivables 應收票據	-	756,530	756,530
Other receivables 其他應收款項	-	63,882	63,882
	-	820,412	820,412

2019 二零一九年	Past due 逾期款項 RMB' 000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
Bill receivables 應收票據	-	758,311	758,311
Other receivables 其他應收款項	-	67,121	67,121
	-	825,432	825,432

- b. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by debtor's aging.
- c. The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals. The credit risk of loan receivables is low.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：

- a. 出於內部信貸風險管理的目的，本集團採用逾期資料評估信貸風險自初步確認以來有否大幅上升。

- b. 就貿易應收款項而言，本集團應用了香港財務報告準則第9號的簡單方法以計量全期預期信貸虧損的虧損撥備。除出現信貸減值的債務人外，本集團使用撥備矩陣（按債務人賬齡分組）釐定該等項目的預期信貸虧損。

- c. 本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。應收貸款的信貸風險不高。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amount of RMB89,288,000 as at 31 December 2020 (2019: RMB95,007,000) were assessed individually.

b. 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

作為本集團信貸風險管理的一部份，除出現信貸減值的應收款項外，本集團使用債務人的賬齡評估其客戶的減值，因該等客戶包含具有相同風險特徵(反映客戶根據合約條款支付所有到期款項的能力)。下表提供有關所面臨的信貸風險及基於撥備矩陣於全期預期信貸虧損(無信貸減值)內作出整體評估的貿易應收款項的預期信貸虧損的資料。於二零二零年十二月三十一日，總賬面值為人民幣89,288,000元(二零一九年：人民幣95,007,000元)的信貸減值債務人則作獨立評估。

2020 二零二零年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB' 000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB' 000 人民幣千元
1 – 90 days 1至90天	0.01%	6,600,315	596
91 – 120 days 91至120天	0.20%	177,932	363
121 – 180 days 121至180天	0.78%	14,126	110
More than 180 days 180天以上	85.52%	6,485	5,546
		6,798,858	6,615

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

2019 二零一九年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB' 000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB' 000 人民幣千元
1 – 90 days 1至90天	0.01%	8,147,073	506
91 – 120 days 91至120天	1.64%	192,506	3,165
121 – 180 days 121至180天	1.47%	19,634	289
More than 180 days 180天以上	81.59%	16,568	13,518
		8,375,781	17,478

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2020, the Group reversed RMB6,499,000, which was net off recognition of RMB6,603,000 (2019: reversal of RMB4,249,000) impairment allowance for trade receivables based on the provision matrix and reversed RMB5,719,000 (2019: recognition of RMB1,432,000) impairment allowance for credit impaired debtors, respectively.

信貸風險及減值評估 (續)

b. 財務風險管理目標及政策 (續)

估計虧損率乃基於債務人的預期壽命內的歷史觀察違約率及無需付出不必要的成本或努力而獲得的前瞻性資料進行評估。分類由管理層定期檢討，以確保有關特定債務人的相關資料是最新的。

截至二零二零年十二月三十一日止年度，本集團基於撥備矩陣撥回扣除確認人民幣6,603,000元的人民幣6,499,000元（二零一九年：撥回人民幣4,249,000元）的應收貿易款項減值撥備，並撥回人民幣5,719,000元（二零一九年：確認人民幣1,432,000元）的信貸減值債務人減值撥備。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

b. 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

下表載列已於簡單方法下確認的貿易應收款項全期預期信貸虧損變動。

	Lifetime ECL (not credit- impaired) 全期預期信貸虧損 (無信貸減值) RMB' 000 人民幣千元	Lifetime ECL (credit- impaired) 全期預期信貸虧損 (出現信貸減值) RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
As at 1 January 2019 於二零一九年一月一日	8,011	93,575	101,586
Changes due to financial assets recognised at 1 January 2019: 因於二零一九年一月一日確認的金融資產的變動：			
– Impairment losses recognised – 確認減值虧損	–	1,432	1,432
– Impairment losses reversed – 撥回減值虧損	(4,249)	–	(4,249)
New financial assets originated 產生新金融資產	13,716	–	13,716
As at 31 December 2019 於二零一九年十二月三十一日	17,478	95,007	112,485
Changes due to financial assets recognised at 1 January 2020: 因於二零二零年一月一日確認的金融資產的變動：			
– Transfer to credit-impaired – 轉撥至信貸減值	(4,364)	4,364	–
– Impairment losses reversed – 確認減值虧損	(13,102)	(5,719)	(18,821)
– Write-offs – 撇銷	–	(4,364)	(4,364)
New financial assets originated 產生新金融資產	6,603	–	6,603
As at 31 December 2020 於二零二零年十二月三十一日	6,615	89,288	95,903

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that debtors is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

The Group has net current assets amounting to approximately RMB12,218,409,000 at 31 December 2020 (31 December 2019: RMB9,815,555,000) and has low exposure to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the year end date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the year end date.

b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團於有資料顯示債務人處於嚴重財務困難及對收回欠款無實際期望時撇銷該項貿易應收款項(例如於債務人已被清盤或已進入破產程序時)。

流動資金風險

本集團於二零二零年十二月三十一日的流動資產淨值約人民幣12,218,409,000元(二零一九年十二月三十一日：人民幣9,815,555,000元)，故因未能籌募足夠資金清償到期金融負債的流動資金風險相當低。

為管理流動資金風險，本集團監控及維持管理層認為足夠的現金及現金等值項目，用作本集團的營運資金及減輕現金流量不穩定的影響。

下表載列基於年終日至到期日的剩餘期間按有關到期組別對本集團金融負債及以淨額結算的衍生金融負債的分析。表格所披露金額為基於年終日的浮動利率或匯率(如適用)的未貼現合約現金流量。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

b. 財務風險管理目標及政策(續)

流動資金風險(續)

流動資金表

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB' 000 人民幣千元	3 months to 1 year 三個月至一年 RMB' 000 人民幣千元	1 year to 5 years 一年至五年 RMB' 000 人民幣千元	5 years to 10 years 五年至十年 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
<i>As at 31 December 2020 於二零二零年十二月三十一日</i>							
Non-derivative financial liabilities 非衍生金融負債							
Trade and other payables 貿易及其他應付款項		7,008,065	1,188,167	-	-	8,196,232	8,196,232
Amounts due to related parties 應付關連人士款項		5,560	1,436	-	-	6,996	6,996
Bank borrowings – fixed rate 銀行借貸 – 固定利率	2.96%	24,611	1,120,635	-	-	1,145,246	1,124,500
Bank borrowings – variable rate 銀行借貸 – 可變利率	0.95%	-	950,025	-	-	950,025	946,111
Bonds payable 應付債券	4.00%	73,405	73,405	4,135,155	-	4,281,965	3,895,888
Long term payables 長期應付款項	2.27%	-	-	257,117	-	257,117	245,636
		7,111,641	3,333,668	4,392,272	-	14,837,581	14,415,363
Lease liabilities 租賃負債	4.80%	12,329	36,758	83,745	23,119	155,951	140,479
Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算							
Foreign currency options contracts 外匯期權合約		11,034	87,420	-	-	98,454	96,805
Foreign currency forward contracts 外匯遠期合約		3,562	1,569	5,136	-	10,267	9,865
Total 總計		7,138,566	3,459,415	4,481,153	23,119	15,102,253	14,662,512

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB' 000 人民幣千元	3 months to 1 year 三個月至一年 RMB' 000 人民幣千元	1 year to 5 years 一年至五年 RMB' 000 人民幣千元	5 years to 10 years 五年至十年 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
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As at 31 December 2019 於二零一九年十二月三十一日

Non-derivative financial liabilities 非衍生金融負債

Trade and other payables 貿易及其他應付款項		9,686,484	-	-	-	9,686,484	9,686,484
Amounts due to related parties 應付關連人士款項		7,498	-	-	-	7,498	7,498
Bank borrowings – fixed rate 銀行借貸 – 固定利率	2.77%	-	424,311	-	-	424,311	418,572
Bank borrowings – variable rate 銀行借貸 – 可變利率	3.28%	-	718,855	-	-	718,855	700,000
Bonds payable 應付債券	4.00%	78,482	78,482	627,856	3,950,276	4,735,096	4,156,074
Long term payables 長期應付款	2.27%	-	-	210,831	105,416	316,247	299,209
		9,772,464	1,221,648	838,687	4,055,692	15,888,491	15,267,837

Lease liabilities 租賃負債

	4.80%	9,649	35,148	105,932	30,842	181,571	160,606
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Derivative financial liabilities – net settled

衍生金融負債 – 淨額結算

Foreign currency options contracts 外匯期權合約		-	1,430	-	-	1,430	1,430
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Total 總計

		9,782,113	1,258,226	944,619	4,086,534	16,071,492	15,429,873
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The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與在報告期末釐定的利率估計值不同，則上述非衍生金融負債的可變利率工具金額也隨之變動。

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綜合財務報表附註

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

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

c. 金融工具的公允價值計量

本附註提供有關本集團如何釐定不同金融資產及金融負債公允價值的資料。

本公司董事認為，在綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允價值相若。

按經常性基準以公允價值計量的本集團金融資產及金融負債的公允價值

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允價值		Fair value hierarchy 公允價值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2020 二零二零年十二月三十一日	31 December 2019 二零一九年十二月三十一日		
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	Listed debt instruments: RMB72,884,000 上市債務工具： 人民幣72,884,000元	Listed debt instruments: RMB84,568,000 上市債務工具： 人民幣84,568,000元	Level 1 第一級	Quoted bid prices in an active market 活躍市場的市場報價
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	Funds investments: RMB282,711,000 基金投資： 人民幣282,711,000元	Funds investments: RMB373,638,000 基金投資： 人民幣373,638,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks 主要輸入數據： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允價值計量 (續)

按經常性基準以公允價值計量的本集團金融資產及金融負債的公允價值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允價值		Fair value hierarchy 公允價值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2020 二零二零年十二月三十一日	31 December 2019 二零一九年十二月三十一日		
Foreign currency forward contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的遠期外匯合約	Current derivative financial assets: RMB17,657,000 Current and non-current derivative financial liabilities: RMB9,865,000 流動衍生金融資產： 人民幣17,657,000元 流動及非流動衍生金融負債： 人民幣9,865,000元	Current and non-current derivative financial assets: RMB22,462,000 流動及非流動衍生金融資產： 人民幣22,462,000元	Level 2 第二級	Discounted cash flows Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Forward exchange rate 貼現現金流量 主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 遠期匯率
Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產	Unlisted financial products: RMB8,197,475,000 非上市金融產品： 人民幣8,197,475,000元	Unlisted financial products: RMB5,289,170,000 非上市金融產品： 人民幣5,289,170,000元	Level 2 第二級	Discounted cash flows Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks 貼現現金流量 主要輸入數據： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具(續)

c. Fair value measurements of financial instruments (Continued)

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

c. 金融工具的公允值計量(續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值(續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2020 二零二零年十二月三十一日	31 December 2019 二零一九年十二月三十一日		
Foreign currency options contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的外匯期權合約	Current derivative financial assets: RMB3,650,000 流動衍生金融資產: 人民幣3,650,000元	Current derivative financial assets: RMB4,607,000 流動衍生金融資產: 人民幣4,607,000元	Level 3 第三級	Black-scholes model Key unobservable inputs: Volatility of the foreign exchange rate (Note a) 柏力克-舒爾斯模式 主要不可觀察輸入數據: 匯率波動(附註a)
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB134,609,000 Equity investments at FVTPL: RMB133,352,000 按公允值計入其他全面收益的權益工具: 人民幣134,609,000元 按公允值計入損益的股權投資: 人民幣133,352,000元	Equity instruments at FVTOCI: RMB112,183,000 Equity investments at FVTPL: RMB100,579,000 按公允值計入其他全面收益的權益工具: 人民幣112,183,000元 按公允值計入損益的股權投資: 人民幣100,579,000元	Level 3 第三級	Market approach Key unobservable inputs: (1) Revenue growth rate (2) P/S multiples of selected comparable companies (Note b) 市場法 主要不可觀察輸入數據: (1) 收入增長率 (2) 選定可資比較公司的市銷率倍數(附註b)

Note a: The higher the volatility of the foreign exchange rate, the higher the fair value.

附註a: 匯率愈波動, 公允值愈高。

Note b: The higher the revenue growth rate, the higher the fair value.
The higher the P/S multiples, the higher the fair value.

附註b: 收入增長率愈高, 公允值愈高。
市銷率倍數, 公允值愈高。

There is no transfer among level 1, 2 and 3 during the year.

年內第一、二級與第三級之間並無轉移。

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36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

c. Fair value measurements of financial instruments (Continued)

c. 金融工具的公允值計量 (續)

Reconciliation of Level 3 fair value measurements of financial assets

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts 外匯 期權合約 RMB' 000 人民幣千元	FVTOCI 按公允值計入 其他全面收益 RMB' 000 人民幣千元	FVTPL 按公允值 計入損益 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2019 於二零一九年一月一日	(344)	106,583	77,880	184,119
Total gains (losses) 收益 (虧損) 總額	2,965	-	6,949	9,914
- in profit or loss - 於損益	2,965	-	6,949	9,914
- in other comprehensive expense - 於其他全面開支	-	-	-	-
Purchases 購買	212	5,600	15,750	21,562
Settlements 結算	344	-	-	344
At 31 December 2019 於二零一九年十二月三十一日	3,177	112,183	100,579	215,939
At 1 January 2020 於二零二零年一月一日	3,177	112,183	100,579	215,939
Total gains (loss) 收益 (虧損) 總額	(93,155)	22,326	32,773	(38,056)
- in profit or loss - 於損益	(93,155)	-	32,773	(60,382)
- in other comprehensive expense - 於其他全面開支	-	22,326	-	22,326
Purchases 購買	-	100	-	100
Settlements 結算	(3,177)	-	-	(3,177)
At 31 December 2020 於二零二零年十二月三十一日	(93,155)	134,609	133,352	174,806

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37. COMMITMENTS

37. 承擔

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements 已訂約但未於綜合財務報表提供的有關收購物業、機器及設備的資本開支	356,008	953,200

38. OPERATING LEASES

38. 經營租賃

The Group as lessor

本集團作為出租人

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

於報告期末，本集團已就下列未來最低租賃付款與承租人訂約：

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Within one year 一年內	1,942	2,650
In the second year 第二年	1,186	1,998
In the third year 第三年	1,199	1,446
In the fourth year 第四年	1,225	1,156
In the fifth year 第五年	1,225	1,182
After five years 五年以後	2,239	3,237
	9,016	11,669

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39. RETIREMENT BENEFIT SCHEME

39. 退休福利計劃

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Retirement benefit scheme contribution made during the year 年內退休福利計劃供款	219,621	191,244

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 for the Group's Hong Kong employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. For employees who are members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of approximately RMB1,320 (equivalent to HK\$1,500) per month, which contribution is matched by the employee.

本集團中國附屬公司的僱員已參加地方政府經營的國家管理退休福利計劃。該等附屬公司須自薪金成本撥出特定百分比的款項作為退休福利計劃的供款。本集團於該退休福利計劃的唯一責任為向該計劃作出定額供款。

本集團亦為香港僱員參加二零零零年十二月根據強制性公積金計劃條例設立的強制公積金計劃（「強積金計劃」）。強積金計劃的資產獨立於本集團資產，存放於由信託人管理的基金。本集團按身為強積金計劃成員的僱員之相關薪金成本5%向該計劃供款，上限為每月約人民幣1,320元（相等於1,500港元），而僱員亦會作相應供款。

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40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

40. 融資活動產生的負債對賬

下表為本集團融資活動產生的負債變動詳情，包括現金及非現金變動。融資活動產生的負債乃為現金流量或將來現金流量於本集團綜合現金流量報表分類為融資活動現金流量的負債。

	Bank borrowings (Note 30) 銀行借貸 (附註30) RMB' 000 人民幣千元	Interest payables (Note 28) 應付利息 (附註28) RMB' 000 人民幣千元	Bonds payable (Note 33) 應付債券 (附註33) RMB' 000 人民幣千元	Dividend payables 應付股息 RMB' 000 人民幣千元	Lease liabilities (Note 31) 租賃負債 (附註31) RMB' 000 人民幣千元	Other payables 其他應付款項 RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2019 於二零一九年一月一日	1,482,405	70,062	4,079,983	-	131,217	-	5,763,667
Financing cash flows 融資現金流量	(381,776)	(239,531)	-	(623,501)	(46,988)	(170,255)	(1,462,051)
New leases entered 訂立之新租賃	-	-	-	-	94,912	-	94,912
Termination of lease 終止租賃	-	-	-	-	(25,489)	-	(25,489)
Interest on lease liability 租賃負債利息	-	-	-	-	6,954	-	6,954
Interests on bank borrowings 銀行借貸利息	-	71,451	-	-	-	-	71,451
Interests on bonds payable 應付債券利息	-	155,126	8,812	-	-	-	163,938
Interest on long term payable 長期應付款項利息	-	8,095	-	-	-	-	8,095
Foreign exchange translation 外幣換算	17,943	4,541	67,279	-	-	-	89,763
Dividend recognised as distribution 確認為分派之股息	-	-	-	623,501	-	-	623,501
Purchase of shares under share-award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	170,255	170,255
At 31 December 2019 於二零一九年十二月三十一日	1,118,572	69,744	4,156,074	-	160,606	-	5,504,996
At 1 January 2020 於二零二零年一月一日	1,118,572	69,744	4,156,074	-	160,606	-	5,504,996
Financing cash flows 融資現金流量	1,016,745	(224,439)	-	(796,458)	(45,065)	(151,397)	(200,614)
New leases entered 訂立之新租賃	-	-	-	-	27,714	-	27,714
Termination of lease 終止租賃	-	-	-	-	(2,776)	-	(2,776)
Interest on lease liability 租賃負債利息	-	7,563	-	-	-	-	7,563
Interests on bank borrowings 銀行借貸利息	-	54,737	-	-	-	-	54,737
Interests on bonds payable 應付債券利息	-	155,115	9,167	-	-	-	164,282
Interest on long term payable 長期應付款項利息	-	7,158	-	-	-	-	7,158
Foreign exchange translation 外幣換算	(64,706)	(4,000)	(269,353)	-	-	-	(338,059)
Dividend recognised as distribution 確認為分派之股息	-	-	-	796,458	-	-	796,458
Purchase of shares under share-award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	151,397	151,397
At 31 December 2020 於二零二零年十二月三十一日	2,070,611	65,878	3,895,888	-	140,479	-	6,172,856

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41. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties during the years are as follows:

Name 名稱	Principal activities 主要業務	Relationship 關係
餘姚市舜藝光學儀器有限公司 ("舜藝光學") 餘姚市舜藝光學儀器有限公司 ("舜藝光學")	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's chairman, Mr. Ye Liaoning 本公司主席葉遼寧先生近親所控制的公司
寧波市益康國際貿易有限公司("益康") 寧波市益康國際貿易有限公司("益康")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市博科貿易有限公司("博科") 餘姚市博科貿易有限公司("博科")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市康優寶電器經營部("康優寶") 餘姚市康優寶電器經營部("康優寶")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
Jiangsu Medical 江蘇舜宇醫療	Manufacture and sales of medical instruments 生產及銷售醫療器械	An associate of the Group 本集團聯營公司

41. 關連人士交易

(a) 年內關連人士名稱及與關連人士的關係如下：

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41. RELATED PARTY TRANSACTIONS (Continued)

41. 關連人士交易 (續)

(b) Transactions with related parties:

(b) 與關連人士交易：

	2020 二零二零年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元
Sales of goods 銷售產品		
舜藝光學 舜藝光學	4,038	3,289
Jiangsu Medical 江蘇舜宇醫療	-	613
	4,038	3,902
Purchase of raw materials 購買原材料		
舜藝光學 舜藝光學	11,711	12,740
益康 益康	421	544
博科 博科	2,696	4,676
康優寶 康優寶	1,932	1,884
	16,760	19,844

(c) At the end of reporting period, the Group has the following significant balances with related parties:

(c) 於報告期末，本集團與關連人士的重大結餘如下：

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Current liabilities: 流動負債：		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	5,354	3,960
博科 博科	722	2,269
康優寶 康優寶	744	1,087
益康 益康	176	182
	6,996	7,498

All of the above amounts are of trade nature, unsecured, interest free and repayable on demand.

所有以上數額均為貿易性質、無擔保、免利息且須於即期償還。

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41. RELATED PARTY TRANSACTIONS (Continued)

(c) At the end of reporting period, the Group has the following significant balances with related parties: (Continued)

The following is an aged analysis of related parties balance of trade nature at the end of reporting period.

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Current liabilities: 流動負債：		
Within 90 days 90天內	5,561	5,971
91-120 days 91至120天	1,435	1,527
	6,996	7,498

The Group allows a credit period of 90 days to related party trade receivables (2019: 90 days). The average credit period on purchases of goods from related parties is 90 days (2019: 90 days).

(d) Compensation of key management personnel

The remuneration of key management during the year is as follows:

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
Short-term employee benefits 短期僱員福利	21,665	20,455
Share award scheme 股份獎勵計劃	27,156	23,152
Post-employment benefits 離職後福利	795	790
	49,616	44,397

41. 關連人士交易 (續)

(c) 於報告期末，本集團與關連人士的重大結餘如下：(續)

於報告期末，有關貿易性質的關連人士結餘賬齡分析如下。

本集團給予關連人士貿易應收款項90天的信貸期(二零一九年：90天)。採購關連人士貨品的平均信貸期為90天(二零一九年：90天)。

(d) 主要管理人員薪酬

年內，主要管理人員薪酬如下：

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42. SHARE AWARD SCHEME

The Company adopted The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (the “Restricted Share Award Scheme”) on 22 March 2010 (“Adoption Date”) with a duration of 10 years commencing from the Adoption Date. The objective of the Restricted Share Award Scheme is to provide the selected participants including directors of the Company, employees, agents or consultants of the Company and its subsidiaries (the “Selected Participants”) with an opportunity to acquire a proprietary interest in the Company; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to be the owners of the Company through ownership of shares. The Group has set up The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme Trust (the “Trust”) to administrate and hold the Company’s shares before they are vested and transferred to Selected Participants. Upon granting of shares to Selected Participants, the Trust purchases the Company’s shares being awarded from the open market with funds provided by the Company by way of contributions. Restricted Shares granted under the Restricted Share Award Scheme are subject to a vesting scale in tranches of one-third to one-fifth each (as the case may be) on every anniversary date of the grant date starting from the first anniversary date until the third to the fifth anniversary (as the case may be). The vested shares are transferred to Selected Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Selected Participants.

42. 股份獎勵計劃

本公司已於二零一零年三月二十二日(「採納日期」)採納了舜宇光學科技(集團)有限公司限制性股份獎勵計劃(「限制性股份獎勵計劃」)，該計劃自採納日期起持續十年有效。限制性股份獎勵計劃旨在為特選參與者提供(包括本公司董事、僱員、本公司及其附屬公司的代理或顧問)(「特選參與者」)一個購買本公司所有人權益的機會；鼓勵及挽留於本集團工作的個別人士；及額外推動彼等爭取達到業績目標，以實現提升本公司價值，並且透過擁有股份，使特選參與者的權益與本公司股東的權益直接掛鈎的目標。本集團已成立舜宇光學科技(集團)有限公司限制性股份獎勵計劃信託(「信託」)以管理及持有本公司股份直至股份歸屬及轉讓予特選參與者。在向特選參與者授出股份時，信託在公開市場上購買將予授出之本公司股份，並由本公司以供款方式提供資金。根據限制性股份獎勵計劃授出的限制性股份由授出日期第一週年當日起計至第三到第五(視情況而定)個週年日期間，每個週年日分批歸屬三分之一至五分之一(視情況而定)。已歸屬的股份無償轉讓予特選參與者，惟特選參與者須承擔轉讓本公司該等股份應佔或應付的開支。

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42. SHARE AWARD SCHEME (Continued)

The grant of Restricted Shares is subject to acceptance by the Selected Participants. The Restricted Shares granted to but not accepted by the Selected Participants shall become unaccepted shares. The Trustee may use any remainder of cash and non-cash income received by the Trust in respect of the shares held upon trust to purchase additional shares after defraying all expenses incurred by the Trust prior to the purchase of additional shares. The selected participants have no rights to receive dividend income and cannot exercise any voting rights in respect of the Restricted Shares granted to them during the vesting period. The Trust shall hold the additional shares, unaccepted shares and unvested shares upon trust and may make any grant to existing or new Selected Participants after receiving instructions from the Administration Committee of the Group. The fair value of the Restricted Shares awarded was determined based on the market value of the Company's shares at the grant date.

During the year ended 31 December 2015, pursuant to the original Restricted Share Award Scheme dated 22 March 2010, the directors of the Company resolved to change (i) the vesting period under the Restricted Share Award Scheme from three to five years to two to five years; and (ii) the circumstances when the Company's shares would lapse, with immediate effect. The details of the amendments have been disclosed in the announcement of the Company dated 26 May 2015. The directors of the Company considered that the above amendments have had no material impact on the recognition and measurement of those shares granted before 26 May 2015.

On 16 March 2020, the Board of Directors resolved to amend the existing Scheme Rules and adopted the further amended and restated Scheme Rules with effect from 22 March 2020 to extend the share award scheme period for ten years. Under the further amended and restated Scheme Rules, the Scheme shall (unless previously terminated by a resolution of the Board of Directors) terminate on the revised expiry date, being 21 March 2030.

42. 股份獎勵計劃(續)

授出限制性股份須待特選參與者接納方可作實。授予特選參與者但不獲接納的限制性股份為不獲接納股份。受託人可動用信託就以信託方式持有的股份所收取的任何現金及非現金收入餘額購買額外股份，惟在購買額外股份前須已支付信託的所有開支。特選參與者並無收取股息收入的權利，亦不能在歸屬期內就彼等獲授予的限制性股份行使任何投票權。信託須以信託方式持有額外股份、不獲接納股份及未歸屬股份，並在本集團管理委員會的指示下向現有或新的特選參與者授出該等股份。作為獎勵的限制性股份的公允值按本公司股份於授出日期的市價釐定。

截至二零一五年十二月三十一日止年度，根據日期為二零一零年三月二十二日的原定限制性股份獎勵計劃，本公司董事議決修訂(i)限制性股份獎勵計劃項下之歸屬期，由三至五年變更為二至五年；及(ii)本公司股份失效之情況，即時有效。有關修訂的詳情於本公司日期為二零一五年五月二十六日之公告內披露。本公司董事認為，上述修訂對該等於二零一五年五月二十六日前授出的股份的確認及計量並無重大影響。

於二零二零年三月十六日，董事會議決修訂現有計劃規則，並採納經進一步修訂及重列之計劃規則，自二零二零年三月二十二日起生效，以將股份獎勵計劃的期限延長十年。根據經進一步修訂及重列之計劃規則，計劃應在經修訂屆滿日期(即二零二零年三月三十一日)終止(除非經董事會決議案提前終止)。

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42. SHARE AWARD SCHEME (Continued)

42. 股份獎勵計劃(續)

Movements in the number of Restricted Shares granted and related fair value are as follows:

已授出限制性股份的數目及其相關公允值的變動如下：

	Weighted average fair value (per share) (每股)加權平均公允值 HK\$ 港元	Number of Restricted Shares granted 已授出限制性股份數目 (' 000) (千股)
At 1 January 2019 於二零一九年一月一日	97.508	2,513
Forfeited 已失效	102.460	(116)
Vested 已歸屬	61.123	(1,862)
Granted (Note a) 已授(附註a)	101.976	2,390
At 31 December 2019 and 1 January 2020 於二零一九年十二月三十一日及二零二零年一月一日	124.122	2,925
Forfeited 已失效	123.296	(112)
Vested 已歸屬	108.560	(1,488)
Granted (Note b) 已授(附註b)	130.711	1,458
At 31 December 2020 於二零二零年十二月三十一日	135.931	2,783

Notes:

附註：

(a) The Restricted Shares granted in 2019 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

(a) 於二零一九年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

Restricted Shares	Fair value (per share) HK\$	Scales	限制性股份	(每股)公允值 港元	規模
829,117 shares	100.900	One-third	829,117股	100.900	三分之一
916,455 shares	100.900	One-half	916,455股	100.900	二分之一
285,358 shares	88.200	One-third	285,358股	88.200	三分之一
53,573 shares	88.200	One-half	53,573股	88.200	二分之一
305,586 shares	123.400	One-half	305,586股	123.400	二分之一

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42. SHARE AWARD SCHEME (Continued)

Notes: (Continued)

- (b) The Restricted Shares granted in 2020 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

Restricted Shares	Fair value (per share) HK\$	Scales
845,947 shares	122.500	One-half
27,595 shares	126.800	One-half
233,868 shares	126.800	One-third
351,181 shares	153.400	One-half

The fair value of Restricted Shares granted is measured on the basis of an observable market price.

The following table discloses details of the shares granted under Restricted Shares held by employees (including the directors of the Company) of the Group and movements in such holdings during the year:

Type	Balance at 1.1.2020	Granted during the year	Forfeited during the year	Vested during the year	Balance at 31.12.2020
類別	於二零二零年 一月一日的結餘 '000 千股	於年內授出 '000 千股	於年內失效 '000 千股	於年內歸屬 '000 千股	於二零二零年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,925	1,458	(112)	(1,488)	2,783

Type	Balance at 1.1.2019	Granted during the year	Forfeited during the year	Vested during the year	Balance at 31.12.2019
類別	於二零一九年 一月一日的結餘 '000 千股	於年內授出 '000 千股	於年內失效 '000 千股	於年內歸屬 '000 千股	於二零一九年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,513	2,390	(116)	(1,862)	2,925

42. 股份獎勵計劃(續)

附註：(續)

- (b) 於二零二零年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	(每股)公允值 港元	規模
845,947股	122.500	二分之一
27,595股	126.800	二分之一
233,868股	126.800	三分之一
351,181股	153.400	二分之一

已授出限制性股份的公允值乃基於可觀察的市場價格計量。

下表披露本集團僱員(包括本公司董事)所持有的根據限制性股份已授出股份的詳情及年內該等股份變動的詳情：

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42. SHARE AWARD SCHEME (Continued)

42. 股份獎勵計劃(續)

Details of the shares held by the directors of the Company included in the above table are as follows:

上表所載本公司董事所持股份的詳情如下：

Type	Balance at 1.1.2020	Granted during the year	Forfeited during the year	Vested during the year	Balance at 31.12.2020
類別	於二零二零年一月一日的結餘	於年內授出	於年內失效	於年內歸屬	於二零二零年十二月三十一日的結餘
	'000	'000	'000	'000	'000
	千股	千股	千股	千股	千股
Shares 股份	253	35	-	(108)	180

Type	Balance at 1.1.2019	Granted during the year	Forfeited during the year	Vested during the year	Balance at 31.12.2019
類別	於二零一九年一月一日的結餘	於年內授出	於年內失效	於年內歸屬	於二零一九年十二月三十一日的結餘
	'000	'000	'000	'000	'000
	千股	千股	千股	千股	千股
Shares 股份	79	228	-	(54)	253

The equity-settled share-based payments charged to the profit or loss was RMB151,811,000 for the year ended 31 December 2020 (2019: RMB123,808,000).

截至二零二零年十二月三十一日止年度，於損益扣除的以權益結算股份支付的款項為人民幣151,811,000元(二零一九年：人民幣123,808,000元)。

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43. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows:

43. 附屬公司詳情

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
Sun Yu Optical Technology Limited 舜宇光學科技有限公司	The British Virgin Islands ("The BVI") 英屬處女群島 (「處女群島」)	Ordinary shares US\$100,000 普通股100,000美元	100% (directly held) (直接持有)	100%	Investment holding 投資控股
Sun Xiang Optical Overseas Limited 舜享光學海外有限公司	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sun Li Instrument Overseas Limited 舜利儀器海外有限公司	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optics Technology Limited Summit Optics Technology Limited	The BVI 處女群島	Ordinary share US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Summit Optics Investment Limited Summit Optics Investment Limited	The BVI 處女群島	Ordinary share US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Sunny Optical Overseas Limited 舜宇光學海外有限公司	Hong Kong 香港	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Overseas Limited 舜宇儀器海外有限公司	Hong Kong 香港	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optical Technology Limited Summit Optical Technology Limited	Hong Kong 香港	Ordinary share HK\$1 普通股1港元	100%	100%	Investment holding 投資控股
Summit Optical Investment Limited Summit Optical Investment Limited	Hong Kong 香港	Ordinary share HK\$1 普通股1港元	100%	100%	Investment holding 投資控股

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
* Zhejiang Sunny Optics Co., Ltd. * 浙江舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB430,000,000 註冊及實繳股本 人民幣430,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Instruments Co., Ltd. * 寧波舜宇儀器有限公司	The PRC 中國	Registered and contributed capital RMB82,500,000 註冊及實繳股本 人民幣82,500,000元	100%	100%	Manufacture and sale of optical instruments 生產及銷售光學儀器
* Sunny Optics (Zhongshan) Co., Ltd. * 舜宇光學(中山)有限公司	The PRC 中國	Registered and contributed capital US\$14,990,000 註冊及實繳股本 14,990,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Opotech Co., Ltd. * 寧波舜宇光電信息有限公司	The PRC 中國	Registered and contributed capital US\$38,831,600 註冊及實繳股本 38,831,600美元	100%	100%	Manufacture and sale of optoelectronics products 生產及銷售光電產品

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
#Ningbo Sunny Automotive Optech Co., Ltd. #寧波舜宇車載光學技術有限公司	The PRC 中國	Registered and contributed capital RMB5,000,000 註冊及實繳股本 人民幣5,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
#Xinyang Sunny Optics Co., Ltd. #信陽舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
#Ningbo Sunny Infrared Technologies Co., Ltd. #寧波舜宇紅外技術有限公司	The PRC 中國	Registered and contributed capital RMB11,481,481 註冊及實繳股本 人民幣11,481,481元	68.10%	68.10%	Research and development of infrared technologies 研究及開發紅外技術
Sunny Opotech Korea Co., Ltd. 舜宇光電韓國有限公司	Korea 韓國	Ordinary shares Korean Won ("KRW") 108,000,000 普通股108,000,000韓元 (「韓元」)	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
Sunny Korea Co., Ltd. (Note a) 舜宇韓國有限公司(附註a)	Korea 韓國	Ordinary shares KRW3,080,880,000 普通股3,080,880,000韓元	70.15%	56.70%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Japan Co., Ltd. (Note a) 舜宇日本株式會社(附註a)	Japan 日本	Registered and contributed capital JPY99,000,000 註冊及實繳股本 99,000,000日元	57.89%	55%	Trading of optical instruments and optoelectronics products 買賣光學儀器及光電產品
Sunny Opotech North America Inc 舜宇光電信息(北美)有限公司	The United States 美國	Common stock US\$952,731 普通股952,731美元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
Sunny Optical Corean (BVI) Limited Sunny Optical Corean (BVI) Limited	The BVI 處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Singapore PTE. Ltd. (Note b) 舜宇儀器新加坡有限公司(附註b)	Singapore 新加坡	Ordinary shares Singapore Dollar 8,350,000 普通股8,350,000新加坡元	N/A 不適用	100%	Sale and development of scientific instruments 銷售及開發科學儀器

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
#Shanghai Sunny Yangming Precision Optics Co., Ltd. #上海舜宇陽明精密光學有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
#Ningbo Sunny Intelligent Technology Co., Ltd. #寧波舜宇智能科技有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Sales and development of optical instruments 銷售及開發光學儀器
#Sunny Group Co., Ltd. #舜宇集團有限公司	The PRC 中國	Registered and contributed capital RMB115,782,000 註冊及實繳股本 人民幣115,782,000元	100%	100%	Investment holdings and property leasing 投資控股及物業租賃
#Zhejiang Sunny Optical Intelligence Technology Co., Ltd. #浙江舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品

Notes to the Consolidated Financial Statements

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
#Ningbo Mei Shan Bao Shui Gang Qu Sunyi Investment Co., Ltd. #寧波梅山保税港區舜翌投資管理有限公司	The PRC 中國	Registered and contributed capital RMB2,000,000 註冊及實繳股本 人民幣2,000,000元	51.00%	51.00%	Investment holdings 投資控股
#Sunny Optical (Zhejiang) Research Institute Co., Ltd. #舜宇光學(浙江)研究院有限公司	The PRC 中國	Registered and contributed capital RMB50,000,000 註冊及實繳股本 人民幣50,000,000元	100%	100%	Provide development, service and consultation of technology 提供技術開發、服務及 諮詢
#Ningbo Mei Shan Bao Shui Gang Qu Sunxin Investment Partnership (Limited Partnership) #寧波梅山保税港區舜鑫投資管理合夥企業 (有限合夥)	The PRC 中國	Registered and contributed capital RMB3,000,000 註冊及實繳股本 人民幣3,000,000元	51.02%	51.02%	Investment holdings 投資控股
#Yuyao Sunny Optical Intelligence Technology Co., Ltd. #餘姚舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Provide optical technology service 提供光學技術服務

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
#Yuyao City Sunny Huitong Microcredit Co., Ltd. #餘姚市舜宇匯通小額貸款有限公司	The PRC 中國	Registered and contributed capital RMB200,000,000 註冊及實繳股本 人民幣200,000,000元	100%	100%	Provision of financing service 提供金融服務
Sunny Optics Vina Co., Ltd. (Note a) 舜宇越南光電有限公司(附註a)	Vietnam 越南	Registered and contributed capital US\$150,000 註冊及實繳股本 150,000美元	70.15%	56.7%	Sale of optoelectronics components 銷售光電零件
Sunny Optics Vina Hanoi Co., Ltd (Note a) 舜宇越南光學有限公司(附註a)	Vietnam 越南	Registered and contributed capital US\$100,000 註冊及實繳股本 100,000美元	70.15%	56.7%	Sale of optical components 銷售光學零件
Sunny Optics Europe GmbH 舜宇歐洲光學有限公司	German 德國	Registered and contributed capital Euro 500,000 註冊及實繳股本 500,000歐元	100%	100%	Sale of optical components 銷售光學零件

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43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
Sunny Automotive Vina Co., Ltd. 舜宇越南車載光學有限公司	Vietnam 越南	Registered and contributed capital US\$3,000,000 註冊及實繳股本 3,000,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Opotech Vietnam Co., Ltd. 舜宇光電越南有限公司	Vietnam 越南	Registered and contributed capital US\$3,000,000 註冊及實繳股本 3,000,000美元	100%	–	Manufacture and sale of optoelectronics components 生產及銷售光電零件
Sunny Opotech India Private Limited 舜宇光電信息印度有限公司	India 印度	Registered and contributed capital INR183,701,000 註冊及實繳股本 183,701,000印度盧比	100%	100%	Manufacture and sale of optoelectronics components 生產及銷售光電零件
#Sunny Mobility Technologies (Ningbo) Co., Ltd. (Note c) #寧波舜宇智行傳感技術有限公司 (附註c)	The PRC 中國	Registered and contributed capital RMB29,509,710 註冊及實繳股本人民幣 29,509,710元	68.67%	60.07%	Sales and development of optoelectronics products 銷售及開發光電產品

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2020 and 2019 are as follows (Continued):

43. 附屬公司詳情(續)

除另有說明外，本公司於二零二零年及二零一九年十二月三十一日間接持有的附屬公司詳情如下(續)：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 註冊成立/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2020 二零二零年	2019 二零一九年	
#Zhejiang Sunny SmartLead Technologies Co., Ltd (Note c) #浙江舜宇智領技術有限公司(附註c)	The PRC 中國	Registered and contributed capital RMB73,514,500 註冊及實繳股本人民幣73,514,500元	68.67%	60.07%	Sales and development of optoelectronics products 銷售及開發光電產品
#Shanghai Wissen Automotive Sensing Technology Co., Ltd. (Note c) #上海為森車載傳感技術有限公司(附註c)	The PRC 中國	Registered and contributed capital RMB10,000,000 註冊及實繳股本人民幣10,000,000元	68.67%	60.07%	Sales and development of optoelectronics products 銷售及開發光電產品
#Sunny OmniLight Technology Co., Ltd. #寧波舜宇奧來技術有限公司	The PRC 中國	Registered and contributed capital RMB130,680,000 註冊及實繳股本人民幣130,680,000元	93.39%	88.36%	Sales and development of optical products 銷售及開發光電產品
#Ningbo Yuanheng Supply Chain Management Co., Ltd. #寧波元恒供應鏈管理有限公司	The PRC 中國	Registered and contributed capital RMB1,000,000 註冊及實繳股本人民幣1,000,000元	100%	-	Import and export agent 進出口代理

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

43. PARTICULARS OF SUBSIDIARIES (Continued)

* companies are sino-foreign equity joint venture enterprises

companies are domestic invested enterprises

None of the subsidiaries had issued any debt securities at the end of both years.

Note a: The Group has acquired additional equity interest from NCI to strengthen the Group's sales network in South Korea, Japan and Vietnam.

Note b: During the current year, the Group disposed all the equity interests of Sunny Instruments Singapore PTE. Ltd. which is mainly a research and development center to optimize the strategy of research and development activity.

Note c: The Group has acquired 8.60% equity interest from NCI to strengthen the Group's business layout of advanced driving assistant system in automobile industry.

43. 附屬公司詳情(續)

* 該等公司為中外合資企業

該等公司為內資企業

於該兩年末，附屬公司並無發行任何債務證券。

附註a：本集團已從NCI購入額外股權，以增強本集團於南韓、日本及越南的銷售網絡。

附註b：於本年度期間，本集團為了優化研發活動策略，出售所有舜宇儀器新加坡有限公司的權益，該公司主要是一個研發中心。

附註c：本集團以購入NCI 8.60%股權，以強化本集團在汽車行業先進駕駛系統的業務佈局。

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綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY

44. 本公司財務資料

Assets and Liabilities

資產及負債

	31/12/2020 二零二零年 十二月三十一日 RMB' 000 人民幣千元	31/12/2019 二零一九年 十二月三十一日 RMB' 000 人民幣千元
NON-CURRENT ASSETS 非流動資產		
Property, plant and equipment 物業、機器及設備	-	402
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	72,884	84,568
Debt instruments at amortised cost 按攤銷成本計量的債務工具	-	27,962
Interests in subsidiaries, unlisted 非上市附屬公司權益	253,850	253,850
Amounts due from subsidiaries 應收附屬公司款項	1,797,607	1,795,984
Loans to subsidiaries 附屬公司貸款	2,837,773	3,014,195
	4,962,114	5,176,961
CURRENT ASSETS 流動資產		
Other receivables and prepayment 其他應收款項及預付款項	709	5,890
Amounts due from subsidiaries 應收附屬公司款項	560,018	-
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	282,711	373,638
Debt instruments at amortised cost 按攤銷成本計量的債務工具	52,823	55,749
Banks balances and cash 銀行結餘及現金	153,057	129,377
	1,049,318	564,654
CURRENT LIABILITIES 流動負債		
Short term borrowings 短期借貸	750,364	418,572
Amounts due to subsidiaries 應付附屬公司款項	17,715	23,892
Other payables 其他應付款項	65,330	73,153
	833,409	515,617
NET CURRENT ASSETS 流動資產淨額	215,909	49,037
TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債	5,178,023	5,225,998
NON-CURRENT LIABILITIES 非流動負債		
Bonds payable 應付債券	3,895,888	4,156,074
	3,895,888	4,156,074
NET ASSETS 資產淨值	1,282,135	1,069,924
CAPITAL AND RESERVES 資本及儲備		
Share capital 股本	105,163	105,163
Reserves 儲備	1,176,972	964,761
TOTAL EQUITY 權益總額	1,282,135	1,069,924

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

44. 本公司財務資料(續)

Reserves

儲備

	Share premium	Special reserve	Shares held under share award scheme 根據股份獎勵計劃持有的股份	Share award scheme reserve 股份獎勵計劃儲備	Retained profits	Total
	RMB' 000 人民幣千元	RMB' 000 人民幣千元 (Note a) (附註a)	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
The Company 本公司						
At 1 January 2019 於二零一九年一月一日	2,680	166,973	(7,288)	(869)	617,506	779,002
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	807,781	807,781
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(4,911)	-	-	(4,911)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,054	-	4,054
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	3,577	(3,678)	101	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	1,846	-	-	-	-	1,846
Dividends paid 已付股息	(2,680)	-	-	-	(620,331)	(623,011)
At 31 December 2019 於二零一九年十二月三十一日	1,846	166,973	(8,622)	(493)	805,057	964,761

Notes to the Consolidated Financial Statements

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至二零二零年十二月三十一日止年度

44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

44. 本公司財務資料 (續)

Reserves (Continued)

儲備 (續)

	Share premium	Special reserve	Shares held under share award scheme	Share award scheme reserve	Retained profits	Total
	股份溢價	特別儲備	根據股份獎勵計劃持有的股份	股份獎勵計劃儲備	保留盈利	總計
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note a) (附註a)				
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	1,006,283	1,006,283
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(2,056)	-	-	(2,056)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,442	-	4,442
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	4,197	(4,570)	373	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	2,049	2,049
Dividends paid 已付股息	(1,846)	-	-	-	(796,661)	(798,507)
At 31 December 2020 於二零二零年十二月三十一日	-	166,973	(6,481)	(621)	1,017,101	1,176,972

Note:

附註：

(a) The amount recorded in the special reserve was resulted from:

(a) 計入特別儲備的款項來自：

- (i) the capital contribution by/distribution to the Company in relation to the acquisitions/disposals of equity interests in subsidiaries; and
- (ii) the difference between the net carrying amounts of equity interests in subsidiaries and the nominal value of the shares of their respective holding companies arisen in share exchange transactions during the group reorganisation.

- (i) 本公司就收購／出售附屬公司股權所作注資／所得分派；及
- (ii) 附屬公司股權的賬面淨值與彼等各自控股公司股份面值之間於集團重組換股交易中產生的差額。

ISSUER

Sunny Optical Technology (Group) Company Limited
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