Kimou Environmental Holding Limited
金茂源環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6805

2022
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(the "**Stock Exchange**")

STOCK CODE

6805

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lianghong *(Chairman)*
Mr. Zhu Heping *(Chief Executive Officer)*
Mr. Lee Yuk Kong *(resigned with effect from 26 July 2022)*
Mr. Lee Kin Ming *(appointed with effect from 26 July 2022)*
Mr. Huang Shaobo

Independent Non-Executive Directors

Mr. Kan Chung Nin, Tony *SBS, JP*
Mr. Li Xiaoyan
Mr. Li Yinquan *(resigned with effect from 22 December 2022)*
Mr. Liu Da *(appointed with effect from 1 March 2023)*

AUDIT COMMITTEE

Mr. Liu Da *(Chairman)*
Mr. Kan Chung Nin, Tony *SBS, JP*
Mr. Li Xiaoyan

NOMINATION COMMITTEE

Mr. Zhang Lianghong *(Chairman)*
Mr. Kan Chung Nin, Tony *SBS, JP*
Mr. Li Xiaoyan

REMUNERATION COMMITTEE

Mr. Kan Chung Nin, Tony *SBS, JP (Chairman)*
Mr. Zhang Lianghong
Mr. Li Xiaoyan

COMPANY SECRETARY

Mr. Yim Lok Kwan *(resigned with effect from 29 August 2022)*
Mr. Chung Ming Fai *(appointed with effect from 29 August 2022)*

AUTHORISED REPRESENTATIVES

Mr. Zhang Lianghong
Mr. Lee Yuk Kong *(resigned with effect from 26 July 2022)*
Mr. Lee Kin Ming *(appointed with effect from 26 July 2022)*

PRINCIPAL BANKER

Dongguan Rural Commercial Bank Joint
Stock Company Limited
No. 44, Nancheng Section,
Guantai Road,
Dongguan, Guangdong Province
the PRC

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Longhua Road, Longxi Street, Boluo County
Huizhou City
Guangdong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit E&F, 5/F.
Hung Cheong Factory Building
3 Kwong Cheung Street
Cheung Sha Wan, Kowloon
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAWS

Tian Yuan Law Firm LLP
Suite 3304–3309, 33/F
Jardine House
One Connaught Place, Central
Hong Kong

AUDITOR

KPMG, *Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.platingbase.com

CHAIRMAN'S STATEMENT

Dear shareholders of the Company,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kimou Environmental Holding Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively as the "**Group**" or "**Kimou**") for the year ended 31 December 2022 (the "**Year**").

The Group recorded an increase in revenue of RMB168.0 million or 18.1% to RMB1,095.8 million for the Year and the profit attributable to equity shareholders of the Company for the Year recorded an increase of RMB55.3 million or 98.9% to RMB111.2 million, mainly due to the combined effects of the increase in leased areas in 2022 which resulted in the increase in revenue and the increase in income from government grants and cost reduction. In return for shareholders' support, the Board declared a final dividend of HK$0.05 per share (equivalent to approximately RMB0.04).

Currently, the Group mainly operates four Surface Treatment Recycling Eco-industrial Parks, strategically located in Guangdong Province, Tianjin, Jingzhou in Hubei Province and Qingshen in Sichuan Province (where most electroplating enterprises in China are located), in order to enjoy convenient transportation network and be in close proximity to its customers. The construction of the first phase of the fifth Surface Treatment Recycling Eco-industrial Park in Taixing Economic Development Zone, Taixing, Jiangsu Province ("**Huadong Park**") was commenced in April 2022 and it is expected to commence operation in the third quarter of 2023. As at 31 December 2022, 23 tenants have signed contracts to station in Huadong Park.

Kimou is committed to its core business of wastewater treatment with its focus on industrial parks management and emphasis on corporate services, and endeavours to promote the green upgrade of the surface treatment industry, improve the entire industrial chain and facilitate the green and sustainable development of industrial manufacturing in China. In the future, the Group will continue to adhere to the concept of green, low-carbon and cyclic development, with the help of a broader capital market, to construct parks at various sites, steadily implementing its strategic plan, and promoting high-quality economic development and protecting the environment, and contributing its power in allowing mankind to live in harmony with nature in China.

Adhering to the concept of professional services and scientific management, the Group provides customers (electroplating enterprises settled in the industrial parks) with solutions for wastewater discharge and treatment, while creating a comprehensive service platform, allowing enterprises to focus on core businesses such as production and operation and technological innovation, gradually establishing a harmonious, win-win and value-sharing park-enterprise ecosystem.

The stable development on our Group depends on the wholehearted contributions and persistent support from the Board and all staff members. On behalf of the Board, I would like to express my heartfelt thanks to all employees for their efforts, commitments and contributions to the Group, and my gratitude to the long-term support of all customers/tenants, suppliers, business partners, shareholders and investors. In the future, we will strive forward steadily as in the past with full responsibility to all shareholders, customers/tenants and suppliers and secure satisfactory results to repay the support from various sectors.

Zhang Lianghong
Chairman
24 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2022, due to the impact of the COVID-19 outbreak, the conflict between Russia and Ukraine and the resulting food and energy crises, rising inflation, tightening debt, and the climate emergency, the industrial chain and supply chain were greatly impacted, and investment, consumption and trade were all under enormous downward pressure. The global economic growth rate slowed down, and the growth momentum of developed economies such as the United States and the European Union weakened significantly. Given that the Chinese government effectively coordinated the prevention and control of the pandemic and economic and social development and expedited the introduction of a number of policies to stabilize the macroeconomic market, the growth rate of the Chinese economy ranked at the absolute forefront among the world's major economies, which benefited the Group and its customers.

BUSINESS REVIEW

The Group develops and operates large-scale Surface Treatment Recycling Eco- industrial Parks (formerly described as "**Electroplating Industrial Park**") in the PRC which are specifically designed for the electroplating industry. For the Year, the Group's revenue was approximately RMB1,095.8 million (2021: RMB927.8 million), representing an increase of approximately 18.1% from that of 2021 and the profit attributable to the equity shareholders of the Company was approximately RMB111.2 million (2021: RMB55.9 million), representing an increase of approximately 98.9% from that of 2021.

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS

The Group currently operates four Surface Treatment Recycling Eco-industrial Parks which are strategically located in Guangdong Province ("**Guangdong Huizhou Park**"), Tianjin ("**Tianjin Bingang Park**"), Jingzhou, Hubei Province ("**Huazhong Park**") and Qingshen, Sichuan Province ("**Qingshen Park**") in order to enjoy convenient transportation network and be in close proximity to its customers where most of the PRC electroplating enterprises are located.

Total leasable area and occupancy rate

Set out below is the total leasable area and occupancy rate of the Group's four Surface Treatment Recycling Eco-industrial Parks:

	As at 31 December								
	2022					2021			
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Total
Total leasable area (sq.m.) (Note)	501,000	329,000	143,000	111,000	1,084,000	428,000	304,000	72,000	804,000
Total leased area (sq.m.) (Note)	474,000	302,000	47,000	6,000	829,000	428,000	264,000	35,000	727,000
Occupancy Rate	94.6%	91.8%	32.9%	5.4%	76.5%	100.0%	86.8%	48.6%	90.4%

Note: Rounded to the nearest thousand.

The Group offers factory premises in standard floor areas in which the tenants can choose to lease or purchase single or multiple floors according to their operational needs. The Group can also lease land to tenants to construct their own plants according to the requirements of the Group. As at 31 December 2022, the total leasable area of Guangdong Huizhou Park, Tianjin Bingang Park, Huazhong Park and Qingshen Park were approximately 501,000 sq.m., 329,000 sq.m., 143,000 sq.m. and 111,000 sq.m., respectively while their occupancy rates were 94.6%, 91.8%, 32.9% and 5.4%, respectively. The first phase of factory in Qingshen Park commenced its leasing in the fourth quarter of 2022 and the occupancy rate was low. The total occupancy rate of the Group as at 31 December 2022 was approximately 76.5%, which was lower than that for 2021. Although the occupancy rate of Tianjin Bingang Park has increased, such increase was offset by the relatively low occupancy rate of Qingshen Park.

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS *(Continued)*

Wastewater treatment capabilities

Set out below is the wastewater treatment capability of the Group's three Surface Treatment Recycling Eco-industrial Parks:

	For the year ended 31 December							
	2022				2021			
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Total
Fresh water used (tonnes)[Note (i)]	**2,667,000**	**749,000**	**41,000**	**3,457,000**	2,706,000	615,000	6,000	3,327,000
Daily wastewater treatment capacity (tonnes)[Note (i)]	**10,000**	**6,000**	**2,500**	**18,500**	10,000	6,000	2,500	18,500
Annual average daily wastewater treatment handling capacity (tonnes)	**7,307**	**2,052**	**112**	**9,471**	7,414	1,685	16	9,115
Annual average utilisation rate of daily wastewater treatment capacity	**73.1%**	**34.2%**	**4.5%**	**51.2%**	74.1%	28.1%	0.7%	49.3%

Note:

(i) Rounded to the nearest thousand.

The factory premises of the Group's three Surface Treatment Recycling Eco-industrial Parks have pre-installed conduits which direct the electroplating wastewater generated by the tenants to the Group's centralised wastewater treatment facilities. The Group has also built the systems for (i) recycling the treated wastewater back to the tenants for reuse; and (ii) discharging the rest of the treated wastewater through channels. These facilities are fundamental and of core importance to the daily operations of the tenants.

As at 31 December 2022, the total daily maximum wastewater treatment capacity of the Group reached 18,500 tonnes. The annual average daily wastewater treatment handling volume was approximately 9,471 tonnes and annual average utilisation rate of wastewater treatment was approximately 51.2%. The Group's annual average utilisation rate of wastewater treatment was higher than that of 2021. It was mainly due to the increase in annual average utilisation rate of Tianjin Bingang Park and Huazhong Park.

As at 31 December 2022, the total daily maximum wastewater treatment handling capacity of Guangdong Huizhou Park reached 10,000 tonnes. The annual average daily wastewater treatment handling volume was 7,307 tonnes and the annual average utilisation rate of wastewater treatment was 73.1%, which was a slight decline compared to the corresponding period in 2021.

As at 31 December 2022, the total daily maximum wastewater treatment handling capacity of Tianjin Bingang Park reached 6,000 tonnes. The annual average daily wastewater treatment handling volume was 2,052 tonnes and the annual average utilisation rate of wastewater treatment was 34.2%. This represents an increase of 6.1% over the corresponding period in 2021. It was mainly due to the increase in fresh water consumption as a result of the additional leased area in 2022.

As at 31 December 2022, the total daily maximum wastewater treatment handling capacity of Huazhong Park reached 2,500 tonnes. The annual average daily wastewater treatment handling volume was 112 tonnes and the annual average utilisation rate of wastewater treatment was 4.5%. This represents an increase of 3.8% over the corresponding period in 2021. It was mainly due to the increase in fresh water consumption as a result of the additional leased area in 2022.

RESEARCH AND DEVELOPMENT

To keep enhancing the effectiveness of wastewater treatment process and reuse rate is the long term objective and the social responsibility of the Group. With our experienced and knowledgeable research and development team and the cooperation of Tsinghua Shenzhen International Graduate School, the Group has been gradually transforming itself into an integrated wastewater treatment service provider. The Group had obtained 110 registered patents and 28 patent applications were in the progress of registration as at 31 December 2022.

SALES AND MARKETING

The Group conducts marketing and promotion activities and builds customers relationship through participation in domestic exhibitions and seminars. During the Year, the Group participated in five exhibitions.

OUTLOOK

According to the 2023 World Economic Situation and Prospects report released by the United Nations, due to the convergence of multiple crises, the global economy is facing a gloomy and uncertain outlook. In 2023, global economy is projected to grow at the lowest rate in recent decades. As some of the headwinds appeared to abate, a modest pick-up in global economic growth will largely depend on the speed and sequence of continued monetary tightening, the course and consequences of the Russia-Ukraine conflict, and the possibility of further disruptions in supply chains. It will affect our tenants' consumption of fresh water, steam and utilities, which in turn may pose challenges to the Group's operations and financial condition. We will closely monitor changes in the economic environment.

However, the "Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Battle of Pollution Prevention and Control" clearly proposes the target of "strengthening the prevention and control of heavy metal pollution, reducing key heavy metal pollutants released by key domestic industries by 5% as compared to 2020 by 2025" and the Ministry of Ecology and Environment issued the "Opinions on Further Strengthening the Prevention and Control of Heavy Metal Pollution" as at 7 March 2022, which further requires the optimization of the enterprise layout of key industries, the obligation of the new and expanded nonferrous metals smelting, electroplating and leather production enterprises to locate in industrial parks that are legally established and ecologically planned; the facilitation of professional electroplating enterprises into industrial parks striving for the participation rate of professional electroplating enterprises to reach 75% by the end of 2025; the development of consolidated governance in the electroplating industry, the inspection and proscription of illegal electroplating enterprises, the promotion of discharge of wastewater through legal drainage among electroplating enterprises outside industrial parks to stop secret discharge and careless discharge, the development of comprehensive governance of professional electroplating industrial parks and professional electroplating enterprises regarding heavy metal pollution, the elevation of pollution control level in the electroplating industry. As one of the proactive participants in wastewater treatment in the electroplating industry and an industry leader, the Group will tightly embrace the positive policies of our country, develop more Surface Treatment Recycling Eco-industrial Parks, accept more electroplating enterprises and realize the high degree of recycling and reuse of electroplating wastewater, so as to continue to increase revenue.

OUTLOOK *(Continued)*

Increasing the gross floor area available for leasing

The construction of the first phase of Qingshen Park was completed in the third quarter of 2022 and will be officially opened for production and operation in the second quarter of 2023, which will increase the leasable area for the Group.

During the Year, the construction of the first phase of the Group's fifth Surface Treatment Recycling Eco-industrial Park in Taixing Economic Development Zone, Taixing, Jiangsu Province ("**Huadong Park**"), was commenced in April 2022. Expected to be completed in the third quarter of 2023 and for the commencement of operation, the construction of the first phase consisted of 10 factory buildings and ancillary facilities. After the commencement of operation, Huadong Park will increase the leasable area for the Group.

As announced by the Company on 9 December 2022, the construction of 9 factories in Tianjin Bingang Park, with total gross floor area of approximately 68,400 sq.m., is expected to be completed in December 2023, which will increase the leasable area for the Group upon completion.

Enhancing wastewater treatment capabilities

The planned daily maximum wastewater treatment capacity of Qingshen Park was 20,000 tonnes. Upon the commencement of operation of the first phase of Qingshen Park in Sichuan Province in the second quarter of 2023, the Group's daily wastewater treatment capacity will increase by 5,000 tonnes.

During the Year, the construction of Huadong Park was commenced. The planned daily maximum wastewater treatment capacity of the first phase of Huadong Park was 5,500 tonnes. Upon the expected completion of construction and commencement of operation in the third quarter of 2023, the Group's daily wastewater treatment capacity will increase by 5,500 tonnes.

The Group has applied to the relevant government authorities to increase the daily maximum wastewater treatment capacity in the Guangdong Huizhou Park from 10,000 tonnes to 15,000 tonnes per day. As at the date of this report, the local government authorities are still considering the Group's application.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, as at 31 December 2022, the Group did not have any definite future plan for material investments or acquisition of material capital assets.

RESULTS OF OPERATION

Revenue

The Group's business mainly involves the provision of factory premises and centralised wastewater treatment services to the tenants at the Guangdong Huizhou Park, the Tianjin Bingang Park and the Huazhong Park. The Group's main business can be categorised into three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. For the Year, the Group's total revenue amounted to approximately RMB1,095.8 million, representing an increase of 18.1% over that in 2021, primarily due to the increase in revenue for each of the three business segments of the Group.

	For the year ended 31 December								
	2022					2021			
Revenue by segment	**Guangdong Huizhou Park RMB'000**	**Tianjin Bingang Park RMB'000**	**Huazhong Park RMB'000**	**Qingshen Park RMB'000**	**Total RMB'000**	Guangdong Huizhou Park RMB'000	Tianjin Bingang Park RMB'000	Huazhong Park RMB'000	Total RMB'000
Rental and facilities usage									
Rental of factory premises	**79,900**	**35,618**	**5,323**	**61**	**120,902**	66,625	29,898	2,792	99,315
Property management fee	**16,635**	**6,449**	**1,178**	**23**	**24,285**	13,901	4,902	647	19,450
Environmental protection technical service fee	**174,517**	**85,726**	**7,124**	**–**	**267,367**	134,072	79,740	3,286	217,098
Sub-total	**271,052**	**127,793**	**13,625**	**84**	**412,554**	214,598	114,540	6,725	335,863
Wastewater treatment and utilities									
Wastewater treatment fee	**178,754**	**51,091**	**2,980**	**–**	**232,825**	141,178	42,087	373	183,638
Steam charge	**80,116**	**39,545**	**1,667**	**–**	**121,328**	64,612	37,689	310	102,611
Utility systems maintenance fee	**52,689**	**25,497**	**980**	**3**	**79,169**	49,334	20,973	344	70,651
Sub-total	**311,559**	**116,133**	**5,627**	**3**	**433,322**	255,124	100,749	1,027	356,900
Sales of goods and ancillary business									
Sales of consumables	**203,598**	**11,868**	**2,236**	**–**	**217,702**	195,614	8,908	–	204,522
Other income	**22,791**	**8,330**	**1,092**	**–**	**32,213**	23,132	6,351	982	30,465
Sub-total	**226,389**	**20,198**	**3,328**	**–**	**249,915**	218,746	15,259	982	234,987
Total	**809,000**	**264,124**	**22,580**	**87**	**1,095,791**	688,468	230,548	8,734	927,750

RESULTS OF OPERATION *(Continued)*

Revenue from rental and facilities usage service

Revenue from rental and facilities usage service includes rental of factory premises, environmental protection technical service fee and property management fee, such fees are charged on its tenants based on the gross floor area of their leased factory premises.

The revenue from rental and facilities usage services increased by approximately RMB76.7 million or 22.8% from approximately RMB335.9 million for the year ended 31 December 2021 to approximately RMB412.6 million for the Year. The increase was primarily attributable to (i) increase in average daily leased area; and (ii) increase in rental fee per unit and environmental protection technical service fee per unit for the renewal of contracts with customers.

Revenue from wastewater treatment and utilities

Income from this business segment comprises of wastewater treatment fee, steam charge and utility systems maintenance fee, which are chargeable on our tenants based on the actual volume of fresh water, steam and utility consumed, respectively.

(i) Wastewater treatment fee

Wastewater treatment fee increased by approximately RMB49.2 million or 26.8% from approximately RMB183.6 million for the year ended 31 December 2021 to approximately RMB232.8 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of fresh water used due to the increase in leased areas for the Year and the increase in wastewater treatment fee per unit for the renewal of contracts with customers.

(ii) Steam charge

Steam charge increased by approximately RMB18.7 million or 18.2% from approximately RMB102.6 million for the year ended 31 December 2021 to approximately RMB121.3 million for the Year. The increase was primarily attributable to the combined effects of the increase in the volume of the steam consumed due to the increase in leased areas during the Year and the temporary increase in steam charge per unit resulting from the increase in natural gas price.

(iii) Utility systems maintenance fee

The Group charges its tenants for using its electricity and water supply systems, based on their consumption volume of those utilities. During the Year, over 99% of the utility systems maintenance fee was derived from utilisation of the electricity system.

The utility systems maintenance fee increased by approximately RMB8.5 million or 12.1% from approximately RMB70.7 million for the year ended 31 December 2021 to approximately RMB79.2 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of electricity consumed and water used due to the increase in leased areas during the Year.

Revenue from sales of goods and ancillary business

Sales of goods and ancillary business is mainly comprised of sales of consumables which accounted for 87.1% (2021: 87.2%) of this business segment.

Sales of consumables increased by approximately RMB13.2 million from approximately RMB204.5 million for the year ended 31 December 2021 to approximately RMB217.7 million for the Year. The increase was primarily attributable to the combined effects of (i) more orders from the tenants due to improved quality of chemicals and increased leased areas which resulted in the increase in the number of tenants; and (ii) the increase in unit selling price of the raw materials during the Year.

RESULTS OF OPERATION *(Continued)*

Operating costs

The Group's operating costs primarily consist of depreciation and amortisation, cost of inventories, staff costs, utility costs and other expenses.

Operating costs increased by approximately RMB95.1 million or 12.4% from approximately RMB766.9 million for the year ended 31 December 2021 to approximately RMB862.0 million for the Year.

Depreciation and amortisation

The Group's depreciation and amortisation increased by approximately RMB15.6 million or 7.6% from approximately RMB203.6 million for the year ended 31 December 2021 to approximately RMB219.2 million for the Year. The increase was attributable to the newly acquired and operated investment properties and property, plant and equipment for the Year.

Cost of inventories

Cost of inventories mainly consisted of materials for wastewater treatment and natural gas for production of steams and consumables for sale to the tenants. Cost of inventories increased by approximately RMB32.8 million or 10.6% from approximately RMB309.4 million for the year ended 31 December 2021 to approximately RMB342.2 million for the Year, primarily attributable to (i) the increased costs by selling more goods to tenants; and (ii) the increase in unit cost of materials for wastewater treatment and natural gas for production of steam.

Staff costs

Staff costs is comprised of staff's salaries, bonus and other benefits as well as Directors' remuneration which amounted to approximately RMB133.4 million for the Year, representing an increase of 30.5% as compared with approximately RMB102.3 million for the year ended 31 December 2021. The increase in the Group's staff costs was mainly due to the combined effects of the increase in number of employees due to business development needs and the increase of remuneration during the Year.

Utility costs

Utility costs mainly comprised of costs of electricity and water consumed throughout the Group's wastewater treatment processes, production of steam and for other activities such as lighting and gardening inside the Surface Treatment Recycling Eco-industrial Parks. Utility costs increased by approximately RMB7.5 million or 29.5%, from approximately RMB25.4 million for the year ended 31 December 2021 to approximately RMB32.9 million for the Year. The increase was mainly attributable to the combined effects of the increase in use of electricity and water due to the increase in volume of wastewater treatment resulting from the increase in leased areas during the Year.

RESULTS OF OPERATION *(Continued)*

Other expenses

Other expenses primarily consisted of professional service fee, waste treatment expenses, other taxes and surcharges, security charges, maintenance and consumables, research and development expenses and others.

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Professional service fee	**13,971**	10,628
Waste treatment expenses	**21,910**	23,841
Other taxes and surcharges	**30,868**	23,592
Security charges	**7,457**	8,361
Maintenance and consumables	**17,002**	12,492
Research and development expenses	**10,907**	9,593
Consultancy and services fee	**5,712**	7,052
Entertainment fee	**8,534**	10,452
Cleaning expenses	**4,260**	4,353
Travelling expenses	**2,957**	2,073
Office and seminar expenses	**2,540**	2,503
Landscaping expenses	**1,637**	1,882
Advertising and promotion expenses	**768**	1,469
Insurance	**655**	484
Others	**5,054**	7,451
Total	**134,232**	126,226

Other expenses increased by approximately RMB8.0 million or 6.3% from approximately RMB126.2 million for the year ended 31 December 2021 to approximately RMB134.2 million for the Year, primarily attributable to (a) the increase in professional and consultancy service fee resulting from the development of Surface Treatment Recycling Eco-industrial Parks; (b) the increase in expenditure on occasional maintenance and renovation; and (c) the increase in other taxes and surcharges as a result of the addition of revenue and investment properties and plants.

Other revenue

Other revenue primarily consisted of (i) bank interest income, (ii) government grants, (iii) income from additional deduction of VAT and (iv) other income. Other revenue increased by approximately RMB13.6 million or 125.9%, from approximately RMB10.8 million for the year ended 31 December 2021 to approximately RMB24.4 million for the Year. Such increase was mainly due to the increase in government grants and interest income.

RESULTS OF OPERATION *(Continued)*

Profit from operations and operating profit margin

The Group's profit from operations increased by approximately RMB83.5 million or 49.1%, from approximately RMB170.2 million for the year ended 31 December 2021 to approximately RMB253.7 million for the Year. The operating profit margin increased from 18.3% for the year ended 31 December 2021 to 23.1% for the Year. The increase in profit from operations and operating profit margin mainly was attributable to the abovementioned increase in revenue and other revenue.

Finance costs

Finance costs primarily comprised of interest in bank loans and other borrowings. Finance cost increased by approximately RMB10.1 million or 11.0%, from approximately RMB91.4 million for the year ended 31 December 2021 to approximately RMB101.5 million for the Year which was attributable to the increase in the average balance of bank loans and other borrowings during the Year.

Profit before taxation

The Group's profit before taxation increased by approximately RMB73.4 million from approximately RMB78.8 million for the year ended 31 December 2021 to approximately RMB152.2 million for the Year which was primarily attributable to the factors as described above in this section.

Income tax expense

Income tax expense increased by approximately RMB12.5 million from approximately RMB31.0 million for the year ended 31 December 2021 to approximately RMB43.5 million for the Year, which was primarily attributable to the increase in profit from Guangdong Huizhou Park and Tianjin Bingang Park's operations during the Year.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company increased by approximately RMB55.3 million from approximately RMB55.9 million for the year ended 31 December 2021 to approximately RMB111.2 million for the Year, which was mainly attributable to the factors as described above in this section.

Non-HKFRS Financial Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use adjusted earnings before finance costs, interest income, taxes, depreciation and amortisation ("**adjusted EBITDA**") for the Year as an additional financial measure. We present these financial measures as they are used by our Directors to evaluate our operating performance. We also believe that these financial measures provide useful information in understanding and evaluating our consolidated results of operations. For further details, please refer to Note 3(b) of the Notes to the Financial Statements on pages 98 to 100 in this annual report.

RESULTS OF OPERATION *(Continued)*

Net current liabilities and sufficiency of working capital

The table below sets out our current assets, current liabilities and net current liabilities as at 31 December 2022.

	31 December 2022 RMB'000	31 December 2021 RMB'000
Current assets	**500,974**	350,294
Current liabilities	**1,355,963**	1,109,042
Net current liabilities	**(854,989)**	(758,748)

As at 31 December 2022 and 31 December 2021, the net current liabilities of the Group amounted to approximately RMB855.0 million and RMB758.7 million, respectively. In light of the current liquidity position of the Group, the unutilised banking facilities available to the Group and our projected cash inflows generated from operations, the Directors believe that the Group has sufficient working capital for our present requirements and for the next 12 months.

Borrowings and gearing ratio

During the Year, the Group's cash and cash equivalents was mainly used in the development of plants and wastewater treatment facilities of the Guangdong Huizhou Park, Huazhong Park, Qingshen Park and Huadong Park. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and borrowings. As at 31 December 2022, the total interest-bearing borrowings amounted to RMB2,233.2 million were due for repayment as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within one year or on demand	**685,585**	574,883
After one year but within two years	**461,885**	274,034
After two years but within five years	**731,115**	617,638
After five years	**354,656**	197,476
Total	**2,233,241**	1,664,031

As at 31 December 2022, the Group's gearing ratio is approximately 163.6% (31 December 2021: 134.0%). The ratio is calculated based on the total debts (including all borrowings) as of the respective dates divided by the total equity as of the respective dates and multiplied by 100%.

RESULTS OF OPERATION *(Continued)*

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders of the Company, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2022 was as follows:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Current liabilities:		
Bank loans and other borrowings	**685,585**	574,883
Lease liabilities	**303**	508
	685,888	575,391
Non-current liabilities:		
Bank loans and other borrowings	**1,547,656**	1,089,148
Lease liabilities	**459**	175
	2,234,003	1,664,714
Less: Cash and cash equivalents	**(190,305)**	(112,162)
Restricted deposits with banks	**(48,449)**	(3,140)
Adjusted net debt	**1,995,249**	1,549,412
Total equity	**1,365,453**	1,241,635
Adjusted net debt-to-equity ratio	**1.46**	1.25

Capital Expenditure

The Group funded its capital expenditure with cash generated from operating activities and bank loans. During the Year, the Group's capital expenditure amounted to approximately RMB927.1 million (for the year ended 31 December 2021: RMB627.6 million), mainly attributable to the expenditures on acquisition of investment property, property, plant and equipment, right-of-use assets and other intangible assets.

RESULTS OF OPERATION *(Continued)*

Pledged assets

As at 31 December 2022, certain property, plant and equipment and investment property with carrying value of approximately RMB687.5 million and RMB1,121.5 million, respectively (31 December 2021: approximately RMB725.2 million and RMB873.0 million, respectively), land-use rights with net book value of approximately RMB342.5 million (31 December 2021: approximately RMB291.7 million), loan deposits with carrying value of RMB4.0 million (31 December 2021: nil), deposits for other borrowings with carrying value of RMB3.6 million (31 December 2021: nil), and restricted deposits with banks with carrying value of RMB48.4 million (31 December 2021: nil) were pledged as security for the bank loans and other borrowings with carrying amount of approximately RMB2,233.2 million (31 December 2021: approximately RMB1,664.0 million).

Please refer to note 26(iv) of the Notes to the Financial Statements set out in this report for particulars of guarantees made by the connected persons of the Company in favour of the lenders for securing the Group's liabilities. Such guarantees are conducted on normal commercial terms or better and are not secured by the assets of the Group.

Contingent liabilities

In 2021, an external third party (the "**Plaintiff**") launched a lawsuit against a subsidiary of the Company (the "**Defendant**") in respect of a dispute of trademark. The Plaintiff claimed a compensation in a total sum up to RMB10 million in connection with the damages therefrom from the Defendant. On 16 August 2021, pursuant to an order from the court, a bank deposit of RMB3,140,000 was frozen. On 28 September 2022, the Beijing Haidian People's Court ordered that the Defendant should pay approximately RMB350,000 to the Plaintiff. The Plaintiff appealed against the judgment. As at 31 December 2022, the Beijing Intermediate People's Court had yet to make a decision on the appeal.

Pursuant to the opinion from the Group's external legal counsel, the Directors believe it is probable that the Defendant will be subject to compensation payment by no more than RMB850,000. Accordingly, other than the amount recognised as "provision for litigation compensation" of RMB850,000 as at 31 December 2022, no further provision has therefore been made in respect of this claim.

Save as disclosed above, the Group did not have any material contingent liabilities as at 31 December 2022 (2021: nil).

Continuing connected transactions

On 20 August 2021, the Group entered into the lease contract, the environmental service contract and the wastewater treatment and utilities service contract (the "**Lease and Related Agreements**") with Tianjin Hongyue Environmental Technology Co., Ltd.* (天津洪躍環保科技有限公司) ("**Lessee**") which comprises of (1) the lease contract entered into between Tianjin Jinhuadu Waste Products Acquisition Co., Ltd.* (天津金華都廢品收購有限公司) ("**Tianjin Jinhuadu**"), a non-wholly owned subsidiary of the Company, as lessor, and the Lessee, as lessee, in relation to the leasing of a parcel of land situated at Tianjin Bingang High-tech Casting Industrial Zone, Jinghai District, Tianjin, the PRC (the "**Land**") for a term of 20 years to the Lessee; (2) the environmental service contract entered into between Tianjin Bingang Electroplating Enterprises Management Co., Ltd.* (天津濱港電鍍企業管理有限公司) ("**Tianjin Bingang**"), a subsidiary of the Company, and the Lessee in relation to the provision of certain environmental professional technical services to the Lessee in relation to the Land for a term of 5 years; and (3) the wastewater treatment and utilities service contract entered into between Tianjin Bingang and the Lessee in relation to the provision of wastewater treatment and utilities service to the Lessee in relation to the Land for a term of 5 years. The Lease and Related Agreements are related to the lease by the Group to the Lessee of the Land situated in the Tianjin Bingang Park, one of the Group's Surface Treatment Recycling Eco- industrial Parks.

RESULTS OF OPERATION *(Continued)*

Continuing connected transactions *(Continued)*

As Mr. Zhang Lianghong is an executive Director and chairman of the Board and the controlling shareholder of the Company indirectly holding, as at the date of the Lease and Related Agreements, approximately 42.75% of the issued shares of the Company and the Lessee is a subsidiary of an associate of Mr. Zhang, the Lessee is therefore a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Accordingly, the transactions contemplated under the Lease and Related Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcement dated 20 August 2021.

During the Year, the aggregate amount received and receivable by the Group under such continuing connected transactions did not exceed the annual caps disclosed by the Group in the relevant announcement.

Significant investments, acquisitions and disposals

On 18 March 2022, Taizhou Jincheng Environmental Protection Technology Co., Ltd.* (泰州金成環保科技有限公司)("**Taizhou Jincheng**"), an indirect non-wholly owned subsidiary of the Company, entered into (i) the Plant Construction Agreement A with Guangdong Jinjunda Construction Engineering Co., Ltd.* (廣東金竣達建設工程有限公司)("**Guangdong Jinjunda**"); and (ii) the Plant Construction Agreement B with Taixing Xinxing Construction Engineering Co., Ltd.* (泰興市新興建築工程有限公司)("**Taixing Xinxing**"), both for the provision of construction services for factory buildings in Taixing Economic Development Zone at a consideration of approximately RMB150.4 million and approximately RMB77.1 million respectively. For further details, please refer to the announcement of the Company dated 18 March 2022 and the circular of the Company dated 19 May 2022.

On 8 April 2022, Jiangsu Jinmao Chengxing Environmental Protection Technology Co., Ltd.* (江蘇金茂成興環保科技有限公司), an indirect non-wholly owned subsidiary of the Company, entered into the Wastewater Plant Construction Agreement with Taixing Xinxing for the provision of construction services for an electroplating wastewater treatment plant in Taixing Economic Development Zone at a consideration of approximately RMB74.7 million. For further details, please refer to the announcement of the Company dated 8 April 2022 and the circular of the Company dated 19 May 2022.

On 9 December 2022, Tianjin Sangong Metal Surface Processing Co., Ltd.* (天津三工金屬表面處理有限公司)("**Tianjin Sangong**"), an indirect non-wholly owned subsidiary of the Company, entered into (1) the Construction Agreement A with Tianjin Xinyu Construction Engineering Company Limited* (天津新宇建築工程有限公司)("**Tianjin Xinyu**") for the provision of construction services for five factories in Tianjin Bingang Park at a consideration of approximately RMB83.2 million; and (2) the Construction Agreement B with Tianjin Xinyu for the provision of construction services for four factories in Tianjin Bingang Park at a consideration of approximately RMB66.3 million. The aggregate value of consideration payable under the Construction Agreements is approximately RMB149.5 million. For further details, please refer to the announcement of the Company dated 9 December 2022.

Save as disclosed above, there was no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 885 full-time employees (2021: 799 full-time employees) responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters. The staff costs (including the Directors' remuneration) were approximately RMB133.4 million for the Year, which was an increase of approximately 30.5% as compared with approximately RMB102.3 million for the year ended 31 December 2021. The remuneration for the Directors and senior management members is based on their qualifications, work experience, job duties and position with the Group. The Group has implemented an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, discretionary bonuses and promotion.

The Group has also established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance to its employees pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

The Group puts great emphasis on staff training. The Group arranges orientation programs for newly hired staff to familiarise them with the Company's working environment and culture. The Group also regularly provides employees with on-the-job trainings so as to ensure their work performances will meet the Group's strategic goals, operating standards, customer and regulatory requirements. The Company adopted a share option scheme on 18 June 2019 for the purpose of providing incentives and rewards to eligible directors and employees of the Group. During the Year and up to the date of this report, no share option under the share option scheme has been granted.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group's total capital expenditure which have been contracted for but not incurred were approximately RMB390.0 million (31 December 2021: RMB343.7 million) for the development of the warehouse of Guangdong Huizhou Park, the development of factory premises and wastewater treatment facilities of the Huazhong Park and Qingshen Park and the development of the factory premises of Huadong Park and other equipment. These capital expenditures were mainly financed by internal resources and bank loans and other borrowings.

FOREIGN EXCHANGE RISK

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

During the Year, the Group did not use any financial derivatives to hedge against any foreign exchange risks.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank loans issued at variable rates that expose the Group to interest rate risk. The Group's management closely monitored the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits with banks and deposits with a bank with original maturity over three months is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

* *For identification purpose only*

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Our Board comprises seven Directors, including four executive Directors and three independent non-executive Directors. The following table sets forth certain information relating to our Directors:

Name	Age	Position	Date of Appointment as Director
Mr. Zhang Lianghong	53	Executive Director and chairman of the Board	7 January 2019
Mr. Zhu Heping	70	Executive Director and chief executive officer	7 January 2019
Mr. Lee Kin Ming	49	Executive Director	26 July 2022
Mr. Huang Shaobo	58	Executive Director	7 January 2019
Mr. Kan Chung Nin, Tony *SBS, JP*	72	Independent non-executive Director	18 June 2019
Mr. Li Xiaoyan	59	Independent non-executive Director	18 June 2019
Mr. Liu Da	48	Independent non-executive Director	1 March 2023

EXECUTIVE DIRECTORS

Mr. Zhang Lianghong (張梁洪), aged 53, is the founder, executive Director, chairman of the Board, chairman of the nomination committee and member of the remuneration committee of the Board. Mr. Zhang is responsible for the strategic planning, major business decisions and overall management of the Group.

Mr. Zhang has over 21 years of experience in property construction and operation of Surface Treatment Recycling Eco-industrial Parks in the PRC. In July 2001, Mr. Zhang established Boluo Jinchang Trading Company Limited* (博羅縣金昌貿易有限公司) ("**Boluo Jinchang**"), which engaged in the sale of building materials, hardware and chemicals and Huizhou Infrastructure Construction Company Longxi Branch* (惠州市建築基礎工程總公司龍溪工程處) ("**HICC-Longxi**") in July 2005, which principally engaged in contracting of building constructions. Mr. Zhang has served as a general manager of Boluo Jinchang and HICC-Longxi since their respective inception. Since the incorporation of the Group's principal operating entity, Huizhou Kimou Industrial Investment Co., Ltd. in June 2005, Mr. Zhang has been committing substantial time and efforts on the construction and operation of Surface Treatment Recycling Eco- industrial Parks. In November 2017, under the leadership of Mr. Zhang, Huizhou Kimou Industrial Investment Co., Ltd. entered into cooperation with the Jingzhou Economic-Technological Development Zone Administrative Committee in Hubei Province for the development of the Hubei Jingzhou Project.

Mr. Zhang obtained his high school diploma from Boluo County Longxi High School* (博羅縣龍溪中學) in July 1989. Mr. Zhang was awarded the Outstanding Entrepreneur of Guangdong Environmental Protection Industry* (廣東省環境保護產業優秀企業家) by the Guangdong Association of Environmental Protection Industry* (廣東省環境保護產業協會) in July 2016.

Mr. Zhang is a director of Flourish Investment International Limited, a substantial shareholder (within the meaning under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) of the Company.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Zhu Heping (朱和平), aged 70, is an executive Director and the chief executive officer of the Group. Mr. Zhu is primarily responsible for strategic planning and daily operational management of the Group.

Mr. Zhu has over 21 years of experience in the electroplating industry, including the implementation of business strategies for, and the construction and management of Surface Treatment Recycling Eco-industrial Parks in the PRC. Mr. Zhu established a trading company in Lanzhou, Gansu Province, in the PRC, which principally engaged in the trading of a variety of products, including fire fighting equipment, knitwear and leather goods from March 1998 to June 2001. Subsequently, Mr. Zhu served as the general manager of Boluo Jinchang and Huizhou Jinchang Real Estate Development Company Limited* (惠州金昌房地產有限公司), from July 2001 to May 2007 and from May 2007 to December 2018, respectively. Mr. Zhu joined the Group in June 2013 when he was appointed as the general manager of the Guangdong Huizhou Park. Under his direction, Guangdong Huizhou Park was recognised by Electroplating Division of China Surface Engineering Association* (中國表面工程協會電鍍分會) as a China Demonstration Area of Plating Industry* (中國電鍍示範園區) in January 2015. In September 2015, Mr. Zhu was appointed as general manager of the Tianjin Bingang Park and subsequently, in December 2017, he was promoted as chief executive officer of the Group.

Mr. Zhu received his diploma in business management from Jincheng United University* (金城聯合大學) in Gansu Province, the PRC, in July 1986. In May 2018, Mr. Zhu was jointly recognised as one of the Chinese Entrepreneurs* (全國優秀企業家) by the China Enterprise Confederation* (中國企業聯合會) and the China Enterprise Directors Association* (中國企業家協會).

Mr. Lee Kin Ming (李健明), aged 49, is an executive Director. Mr. Lee is responsible for the banking relationship and human resources planning of the Group.

Mr. Lee obtained a bachelor's degree in mathematics from Aberystwyth University in 1997. He worked at Wing Ka Shing Ltd.* as a sales manager from 1998 to 2002. He worked at Wing Ka Shing Ltd.* as a director from 2002 to 2019. He has been working in Dongguan Jiesheng Investment Development Co., Ltd.* (東莞傑盛投資開發有限公司) as a director from 2019 to 2021. He has been working as a general manager in Yudu Mingsheng Knitting Co., Ltd.* (于都明盛針織有限公司) since 2021. Mr. Lee is related to Mr. Lee Yuk Kong, a beneficial owner of a substantial shareholder (within the meaning under the SFO) of the Company, as father and son.

Mr. Huang Shaobo (黃少波), aged 58, is an executive Director. Mr. Huang is responsible for financial planning and corporate development of the Group.

Mr. Huang has over 29 years of experience in accounting, asset appraisal as well as mergers and acquisitions advisory. Prior to joining the Group, Mr. Huang held executive positions of several audit and asset appraisal firms in the PRC and as corporate advisors of the PRC or Hong Kong branch of several multinational companies from June 1993 to October 2015, responsible for managerial and corporate advisory. Since January 2001, Mr. Huang has been serving as independent certified asset appraiser of Dexin Asset Appraisal Firm* (惠州德信資產評估事務所), responsible for independent audit work and asset appraisals.

Mr. Huang received his diploma in management from Shanxi Fashion Institute of Technology* (陝西紡織服裝職業技術學院) (formerly known as Shanxi Textile Industry University* (陝西省紡織工業公司職工大學) in July 1986. In December 2001 and May 1997, Mr. Huang was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants and as certified appraiser by the Chinese Appraisal Society, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kan Chung Nin, Tony (簡松年), *SBS, JP*, aged 72, is an independent non-executive Director, chairman of the remuneration committee, member of the audit committee and nomination committee of the Board. Mr. Kan was appointed as an independent non-executive Director on 18 June 2019. He is responsible for providing independent advice to the Board.

Mr. Kan has extensive experience in legal practice. Prior to joining the Group, Mr. Kan founded Tony Kan & Co., Solicitors & Notaries in March 1984 and became the senior consultant in April 2014. Mr. Kan has been practising as a solicitor in Hong Kong since March 1982.

Mr. Kan has been serving as independent non-executive directors of Man Wah Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1999) since May 2013 and Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0737) since April 2018, respectively. Mr. Kan served as non-executive director as well as chairman of the board of Midland IC&I Limited, a company listed on the Main Board of the Stock Exchange (stock code: 459) from October 2016 to October 2019. Mr. Kan has served as independent non- executive director of Nameson Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1982) since January 2016. Mr. Kan has also served as vice chairman of the board of directors of DBG Technology Co., Ltd.* (惠州光弘科技股份有限公司）, a company listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300735) since December 2017.

Mr. Kan received his bachelor in law degree from University of London in 1979 and Postgraduate Certificate in Laws from The University of Hong Kong in 1980.

Mr. Kan is currently a committee member of the National Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議全國委員會). Mr. Kan served as director of China Overseas Friendship Association* (中華海外聯誼會) and vice president of Guangdong Overseas Friendship Association* (廣東海外聯誼會).

Mr. Kan served as member of the election committee of the chief executive of Hong Kong from December 2011 to 2021, and is an ex-officio member of the election committee of Hong Kong Special Administrative Region since 2021, the Justice of the Peace since July 2003 and council member of Hong Kong Sha Tin District Council from 1985 to 2011. Mr. Kan has also been serving as the founding chairman and later simultaneously as chief president of the Association of Hong Kong Professionals since 2015 and currently as standing vice chairman of the Federation of Hong Kong Guangdong Community Organisations.

Mr. Kan has been awarded the Silver Bauhinia Star by the government of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Li Xiaoyan (李曉岩), aged 59, is an independent non-executive Director and a member of the audit committee, the nomination committee and the remuneration committee of the Board. Mr. Li was appointed as an independent non-executive Director on 18 June 2019. He is responsible for providing independent advice to the Board.

Mr. Li has been serving as professor at the Department of Civil Engineering of the University of Hong Kong since July 2009 and the Tsinghua-Berkeley Shenzhen Institute since July 2018, respectively. Mr. Li is an expert in solid-liquid separation, membrane filtration and nanotechnology for advanced water and wastewater treatment and resource recovery from wastewater.

Mr. Li received his bachelor's and his master's degrees in Environmental Engineering from Tsinghua University in the PRC in June 1986 and June 1990, respectively, and subsequently obtained his Ph.D. degree from the University of Arizona in the United States in August 1996.

Mr. Li received the Outstanding Young Overseas Researcher Award from the National Natural Science Foundation of China* (國家自然科學基金委員會) in 2004, the First-Class Scientific Research Outstanding Achievement Award (Science & Technology) in 2012 and the Second-Class State Natural Science Award in 2014 from the Ministry of Education of the PRC* (中華人民共和國教育部).

Mr. Liu Da (劉達), aged 48, is an independent non-executive Director and chairman of the audit committee of the Board. Mr. Liu was appointed as independent non-executive Director on 1 March 2023. He is responsible for providing independent advice to our Board.

Mr. Liu served as an audit manager and a senior audit manager of PricewaterhouseCoopers ("**PwC**") Guangzhou Office from 1998 to 2009 and Chicago Office from 2005 to 2007. Mr. Liu provided audit and consulting services to a number of global top 500 enterprises and overseas listed Chinese companies during his tenure of office in PwC. Mr. Liu was appointed as an executive director and the chief financial officer of the Landsea Green Properties Co., Ltd.* (朗詩綠色地產有限公司), a company listed on the Main Board of the Stock Exchange (now known as Landsea Green Management Limited* (朗詩綠色管理有限公司), stock code: 106) from 31 July 2013 to 5 January 2015 and was appointed as an independent non-executive director of Long Ji Tai He Holding Limited* (隆基泰和控股有限公司), a company listed on the Main Board of the Stock Exchange (now known as Xinda Investment Holdings Limited* (鑫達投資控股有限公司), stock code: 1281) from 26 February 2015 to 16 October 2015.

Mr. Liu is currently serving as an independent non-executive director of Heng Fai Enterprises Limited* (恒輝企業控股有限公司), a company listed on the Main Board of the Stock Exchange (now known as Zensun Enterprises Limited* (正商實業有限公司), stock code: 185) since 27 July 2015, and an independent director of Guangdong Dongfang Precision Science & Technology Co., Ltd. (廣東東方精工科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002611) since 12 August 2022. Currently, Mr. Liu is the managing partner of Key Wealth Capital Company Limited* (愷華資本有限公司), providing capital market services and overseas mergers and acquisition services to Chinese enterprises.

Mr. Liu graduated from the University of International Business and Economics* (對外經濟貿易大學) with a major in international business administration and obtained a bachelor's degree in Economics. He is also a member of the Chinese Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. Zhang Lianghong (張梁洪), aged 53, is an executive Director and the chairman of the Board of the Company. His profile is set out in the paragraph headed "Executive Directors" above.

Mr. Zhu Heping (朱和平), aged 70, is the executive Director and chief executive officer of the Group. His profile is set out in the paragraph headed "Executive Directors" above.

Mr. Lee Kin Ming (李健明), aged 49, is an executive Director. His profile is set out in the paragraph headed "Executive Directors" above.

Mr. Huang Shaobo (黃少波), aged 58, is an executive Director and financial controller of the Group. His profile is set out in the paragraph headed "Executive Directors" above.

Mr. Lai Liangquan (賴亮全), aged 46, joined the Group in April 2021 as the Chief Accountant of the Group. He was appointed as the Chief Financial Officer of the Company in October 2021. Mr. Lai is responsible for the overall financial strategy, planning and financial management of the Company.

Mr. Lai has over 20 years of solid experience in finance, accounting, internal control, investment and merger and compliance. Before joining our Group, he held accounting and financial management positions at NVC International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2222), TCL Technology Group Corporation (a company listed on the Shenzhen Stock Exchange, stock code: 00100), CNOOC and Shell Petrochemical Company Limited and Dongguan Hucais Printing Company Limited (a company listed on the National Equities Exchange and Quotations, stock code: 834295). Mr. Lai has been serving as an independent non-executive director of China Health Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 673) since March 2019. Mr. Lai graduated from Xi'an Jiaotong University in the PRC with a bachelor's degree in accounting in 2001, and is a member of The Chinese Institute of Certified Public Accountants and a member of China Certified Tax Agents Association.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements (the "**Consolidated Financial Statements**") of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated in the Cayman Islands on 28 June 2018 as an exempted company with limited liability under the laws of the Cayman Islands. The Group principally operates its business through its indirect subsidiaries. Since the Group's inception in 2004, it has engaged in the development and operation of Surface Treatment Recycling Eco-industrial Parks (formerly described as "Electroplating Industrial Parks") and the provision of centralized wastewater treatment services in the PRC under three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. During the Year, there is no significant change for the Group's principal activities. Details of principal activities of the major subsidiaries of the Company are set out in Note 16 of the Notes to the Financial Statements of this annual report.

A detailed review on the Group's business performance and the material factors underlying its financial position during the Year, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

(a) review of the Company's business and financial position; and development and future prospects of the Company's business are shown in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report;

(b) details of key performance indicators are set out in the section headed "Management Discussion and Analysis" of this annual report; and

(c) the principal risks and uncertainties facing the Company are set out in the paragraph headed "Risks and uncertainties" of this report of the Directors.

RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

RISKS	MAJOR RELEVANT ALLEVIATING MEASURES
Business/Market risks	
The Group's business is highly dependent on the performance of the electroplating industry in the PRC. The PRC electroplating industry is affected by many factors, including changes in the PRC's political, economic and legal environment, and demand for electroplate products. Any market downturn would have a material adverse impact on the Group's business, financial condition and, results of operations, and prospects.	The Group reviews its competitive edges in view of the industry, market conditions and customer preferences through the industry seminars in a timely manner in order to formulate responsive marketing and development strategy.

RISKS AND UNCERTAINTIES *(Continued)*

RISKS	MAJOR RELEVANT ALLEVIATING MEASURES
Compliance Risks	
The Group's operations are subject to the environmental protection, safety and health laws and regulations in the PRC. Any changes in legislative or regulatory requirements may necessitate to involve financial and other resources for substantial upgrades and improvements of the Group's wastewater treatment technologies and facilities	The Group is able to obtain and update itself the latest environmental protection, safety and health laws and regulations by close monitoring of legal and regulatory pronouncements from the PRC government by its industry experts and in-house training for regulatory updates are conducted regularly to our employees. A real time automated monitoring system and control measures for controlling the level of pollutants in the whole cycle of wastewater treatment process ensure the due compliance with relevant discharge standards.
Investment Risks	
The establishment of a new Surface Treatment Recycling Eco-industrial Park is capital intensive. Failure to obtain sufficient of funds from our operations or banks may disrupt the project development plans which may materially and adversely affect the financial conditions and future prospects of the Group.	In order to finance the growth of the Group and its strategic expansions, the Group requires substantial funding resources and a strong capital base. The Group's finance department is responsible to manage its relationship with banks and other financial institutions and to closely monitor the Group's cash flow adequacy. The Group may consider other fund raising activities, such as share placements, the issuance of convertible bonds, etc. to strengthen the Group's capital base and bank/other borrowings and trade facilities to improve its financial position if necessary.

The discussions referred to in the above form part of this Report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group, and will pay close attention to any new changes in laws and regulations.

During the Year and up to the date of this Report of the Directors, the Board was not aware of any relevant legal and regulatory violations that have a significant impact on the business and operations of the Group.

Further discussion on the Group's compliance with laws and regulations will be disclosed in the environmental, social and governance report of the Company for the Year to be published together with the annual report of the Company.

RESULTS AND DIVIDEND

For the Year, the results of the Group are set out in the Consolidated Financial Statements on pages 70 to 77 of this annual report.

No interim dividend was declared or paid by the Board during the Year.

On 24 March 2023, the Board has resolved to recommend a final dividend of HK$5 cent (equivalent to approximately RMB4 cent) per ordinary share for the year ended 31 December 2022 (the "**Proposed Final Dividend** "). The Proposed Final Dividend, once approved at the forthcoming annual general meeting, is expected to be paid to the eligible shareholders on or about 30 June 2023. Based on 1,113,014,000 shares in issue as at 31 December 2022, it is expected that the final dividend payable will amount to approximately HK$55,650,000 (equivalent to approximately RMB49,289,000) (tax inclusive). The Proposed Final Dividend did not separately present as a liability in the equity component in the consolidated statement of financial position.

None of the shareholders of the Company has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive and during which period no share transfer of the Company will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") to be held on Thursday, 25 May 2023.

In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 19 May 2023.

In order to determine the entitlement of Shareholders to the Proposed Final Dividend, the register of members of the Company will be closed from Wednesday, 7 June 2023 to Friday, 9 June 2023 (both days inclusive), during which no transfer of shares will be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 June 2023.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close relationship with its employees, providing professional and quality services to its customers and enhancing cooperation with its business partners, so that all parties can benefit, intensive, agglomerated and clustered development of Surface Treatment Recycling Eco-industrial Parks can be promoted, assisting the quality development of regional economies and high-standard environmental protection.

FINANCIAL SUMMARY

For the Year, a summary of the published results and of the assets and liabilities of the Group, together with the financial results and of the assets and liabilities for the five years ended 31 December 2022, is set out in the section headed "Five Year Financial Summary" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

For the Year, details of movement in the Group's property, plant and equipment are set out in Note 11 of the Notes to the Financial Statements of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and is devoted to supporting environmental sustainability. It has not noted any material non-compliance with any relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group will continue to fulfill its mission of "protecting the environment and benefiting mankind", adhering to the concept of green, low-carbon and circular development. With the help of a broader capital market, we continue to construct parks at various sites, steadily implementing our strategic plan, and promoting high-quality economic development and protecting our environment, and playing a part in allowing mankind to live in harmony with nature in China.

Further details of the Group's policies and performance will be disclosed in the environmental, social and governance report of the Company for the Year to be published together with the annual report of the Company.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as at 31 December 2022 are set out in Note 26 of the Notes to the Financial Statements of this annual report.

SHARE CAPITAL

For the Year, details of movements in the share capital of the Company are set out in Note 30 of the Notes to the Financial Statements of this annual report.

RESERVES

For the Year, details of movements in the reserves of the Group and the Company are set out in the Consolidated Statement of Changes in Equity on pages 74 to 75 and in Note 30 of the Notes to the Financial Statements of this annual report, respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company as at 31 December 2022 amounted to approximately HK$622,511,000 (equivalent to RMB557,763,000) (2021: HK$628,273,000 (equivalent to RMB506,870,000)).

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions amounting to RMB30,000.

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

During the Year, the Company repurchased a total of 8,724,000 shares of the Company on the Stock Exchange, with an aggregate consideration of HK$8,798,000 (equivalent to approximately RMB7,893,000). The Company considered that such repurchase has led to an enhancement of the net asset value per Share and/or its earnings per Share, and that it was the best way of enhancing shareholder value and that it was in the best interest of the shareholders.

The details of the above-mentioned repurchase are as follows:

Date	Number of repurchased shares (share(s))	Highest price per share (HK$)	Lowest price per share (HK$)	Total Consideration (HK$)
20 January 2022	50,000	1.04	1.00	50,720.00
12 April 2022	10,000	0.90	0.84	8,500.00
22 April 2022	220,000	0.94	0.90	199,800.00
26 April 2022	10,000	0.93	0.85	8,720.00
28 April 2022	500,000	0.96	0.92	471,640.00
5 May 2022	100,000	0.98	0.95	96,460.00
10 May 2022	382,000	0.99	0.97	377,000.00
24 May 2022	262,000	0.99	0.95	258,300.00
25 May 2022	406,000	0.99	0.99	401,940.00
14 June 2022	978,000	1.02	0.99	997,220.00
15 July 2022	950,000	1.00	0.96	949,280.00
31 August 2022	1,230,000	1.01	0.96	1,236,680.00
2 September 2022	548,000	1.00	0.97	547,940.00
16 September 2022	1,200,000	1.04	0.96	1,247,480.00
31 October 2022	926,000	1.03	0.98	947,720.00
15 December 2022	952,000	1.05	0.98	998,280.00

On 20 May 2022 and 19 October 2022, the Company cancelled 1,412,000 and 5,574,000 shares of the Company, respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float above the minimum requirements prescribed under the Listing Rules during the Year and as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association ("**Articles of Association**"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing Shareholders.

DIRECTORS

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

Executive Directors

Mr. Zhang Lianghong *(Chairman)*
Mr. Zhu Heping *(Chief Executive Officer)*
Mr. Lee Yuk Kong *(resigned with effect from 26 July 2022)*
Mr. Lee Kin Ming *(appointed with effect from 26 July 2022)*
Mr. Huang Shaobo

Independent Non-executive Directors

Mr. Li Xiaoyan
Mr. Li Yinquan *(resigned with effect from 22 December 2022)*
Mr. Liu Da *(appointed with effect from 1 March 2023)*
Mr. Kan Chung Nin, Tony *SBS, JP*

In accordance with Article 16.2 and Article 16.18 of the Articles of Association, Mr. Zhang Lianghong, Mr. Li Xiaoyan, Mr. Lee Kin Ming and Mr. Liu Da will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either the Director or the Company.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors (including the Directors proposed for re-election at the AGM) have a service contract with members of the Group that cannot be terminated by the Group within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all of the independent non- executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

CONTRACT WITH CONTROLLING SHAREHOLDERS AND THEIR PLEDGED SHARES

As at 31 December 2022, Flourish Investment International Limited held 44.32% of the Company's issued shares and was the controlling shareholder of the Company. During the Year, to the best knowledge of the Company, none of the controlling shareholders pledged their shares pursuant to Rule 13.17 of the Listing Rules.

Other than the continuing connected transactions disclosed in the section "Continuing Connected Transactions Exempted from Independent Shareholders' Approval" and those set out in Note 34(b) of the Notes to the Financial Statements on page 139 in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the Year or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the Year or subsisted at the end of the year.

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than the continuing connected transactions disclosed in the section "Continuing Connected Transactions Exempted from Independent Shareholders' Approval" and those set out in Note 8 and Note 34 of the Notes to the Financial Statements on pages 106 to 107 and on pages 139 to 140 in this annual report, during the Year or at any time of the Year, none of the Directors or entities related to the Directors has a material interest, directly or indirectly, in any transaction, arrangement or contract in which the Company or any of its subsidiaries is involved and which is of material significance to the business of the Group.

REMUNERATION POLICY

The Group's remuneration policy is to compensate our employees based on their performance, qualifications and our results of operations. The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Note 8 and Note 9 of the Notes to the Financial Statements on pages 106 to 108 in this annual report.

For the Year, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors had waived or agreed to waive any emoluments for the Year.

Except as disclosed above, no other payments had been made or were payable, for the Year, by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the Year or at any time during the Year.

EQUITY-LINKED AGREEMENTS

During the Year, save for the Share Option Scheme (as defined below) of the Company, the Company did not enter into any equity-linked agreement.

MATERIAL LEGAL PROCEEDINGS

During the Year, an external third party (the "**Plaintiff**") launched a lawsuit against a subsidiary of the Company (the "**Defendant**") in respect of an alleged infringement of a trademark. The Plaintiff claimed for compensation for a total sum up to RMB10 million from the Defendant. On 16 August 2021, pursuant to an order of the court, a bank deposit of RMB3,140,000 was frozen. On 28 September 2022, the Beijing Haidian People's Court ordered that the Defendant should pay approximately RMB350,000 to the Plaintiff. The Plaintiff appealed against the judgment. As at 31 December 2022, the Beijing Intermediate People's Court had yet to make a decision on the appeal.

Pursuant to the opinion from the Group's external legal counsel, the Directors believe it is probable that the Defendant will be subject to further compensation payment by no more than RMB850,000. Accordingly, other than the amount recognised as "provision for litigation compensation" of RMB850,000 as at 31 December 2022, no further provision has therefore been made in respect of this claim.

Save as disclosed above, the Group was not involved in any material legal proceedings during the Year.

LOAN AND GUARANTEE

During the Year, the Group had not made any loan, quasi-loans or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling shareholders of the Company or their respective connected persons.

SHARE OPTION SCHEME

The Company adopted the share option scheme (the "**Share Option Scheme**") on 18 June 2019. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(a) Purpose

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Eligible Participants

The eligible participants of the Share Option Scheme (the "**Eligible Participants**") include:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

(c) Maximum number of shares

The total number of Shares that may be issued upon exercise of all share options granted and to be granted must not in aggregate exceed 10% of the Shares in issue at the date of adoption of the Share Option Scheme (i.e. 112,000,000 Shares). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) refresh this 10% limit at any time to 10% of the issued share capital of the Company as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board subject to the approval for refreshment of 10% limit as mentioned in (i) above.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the issued share capital of the Company from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

As at the date of this annual report, the outstanding number of share options available for grant under the Share Option Scheme is 112,000,000 share options to subscribe for the Shares, representing 10.1% of the issued share capital of the Company.

SHARE OPTION SCHEME *(Continued)*

(d) Maximum entitlement of each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), and/or other information required under the Listing Rules; and

(ii) the approval of the Company's shareholders in general meeting with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

(e) Acceptance of an offer of share options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date.

Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Period which an option must be held before exercised

The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. In addition, a grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

SHARE OPTION SCHEME *(Continued)*

(g) Basis of determining the subscription price of the share option

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(h) Life of the Share Option Scheme

Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period commencing on the Listing Date (i.e. 16 July 2019) and ending on 15 July 2029 (both dates inclusive), after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme. The remaining life of the Share Option Scheme is approximately six years.

Since its adoption, no share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares or underlying Shares held(1)	Approximate percentage of shareholding interest in the Company
Mr. Zhang Lianghong ("**Mr. Zhang**")	Interest in a controlled corporation(2)	493,270,000	44.32%
Mr. Huang Shaobo ("**Mr. Huang**")	Interest in a controlled corporation(3)	27,530,000	2.47%

Notes:

(1) All interests stated are long positions.

(2) Such Shares were registered in the name of Flourish Investment International Limited, a company wholly owned by Mr. Zhang. By virtue of Part XV of the SFO, Mr. Zhang is deemed to be interested in all the Shares held by Flourish Investment International Limited.

(3) Such Shares were registered in the name of Dakson Assets Management Limited, a company wholly owned by Mr. Huang. By virtue of Part XV of the SFO, Mr. Huang is deemed to be interested in all the Shares held by Dakson Assets Management Limited.

Save as disclosed above, as at 31 December 2022, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or its holding company (if applicable), subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executives of the Company or their associates to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, to the best knowledge of the Directors, the table below listed out the persons (other than the Directors or chief executives of the Company), who had interests in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Division 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares or underlying Shares held[(1)]	Approximate percentage of shareholding interest in the Company
Flourish Investment International Limited[(2)]	Beneficial Owner	493,270,000	44.32%
Premier Investment Worldwide Company Limited[(3)]	Beneficial Owner	239,400,000	21.51%

Notes:

(1) All interests stated are long positions.

(2) Flourish Investment International Limited is a company wholly owned by Mr. Zhang, an executive Director and the chairman of the Board. By virtue of Part XV of the SFO, Mr. Zhang is deemed to be interested in all the Shares held by Flourish Investment International Limited.

(3) Premier Investment Worldwide Company Limited is a company wholly owned by Mr. Lee Yuk Kong, a former executive Director who resigned on 26 July 2022. By virtue of Part XV of the SFO, Mr. Lee is deemed to be interested in all the Shares held by Premier Investment Worldwide Company Limited.

Save as disclosed above, as at 31 December 2022, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during and at the end of the Year was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation (Cap. 622D of the Laws of Hong Kong)) of the Company and such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the Group's five largest customers accounted for less than 30% of the Group's total revenue.

During the Year, the Group's largest supplier accounted for 16.0% of the Group's total purchase and the Group's five largest suppliers accounted for 52.9% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any of the Company's shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

HUMAN RESOURCES

As at 31 December 2022, the Group had 885 full-time employees in the PRC and in Hong Kong responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters.

The Group has entered into employment contracts with its employees to cover matters such as position, terms of employment, wages, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic wages, allowance, bonuses and other employee benefits, and is determined with reference to their experience, qualifications, job duties and position with the Group. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group provides regular training to its employees in order to improve their skills and knowledge.

The Group provide orientation programmes for new employees to familiarise them with our working environment and culture. The Group will also arrange on-the-job trainings for our employees which aim at developing their skills so as to meet our strategic goals, operating standards, customer requirements and regulatory requirements.

The Group adopted a share option scheme on 18 June 2019 for the purpose of providing incentives and rewards to eligible directors and employees of the Group.

RETIREMENT BENEFITS SCHEME

The Group's employees in Hong Kong have all participated in the Mandatory Provident Fund Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when they are contributed into the scheme. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of this retirement benefits scheme.

Details of the pension obligations of the Company are set out in Note 6(b) of the Notes to the Financial Statements on page 102 in this annual report.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM INDEPENDENT SHAREHOLDERS' APPROVAL

Lease and Related Agreements

On 20 August 2021, the Group entered into the lease and related agreements with Tianjin Hongyue, including:

(1) Tianjin Jinhuadu, a non-wholly-owned subsidiary of the Company and Tianjin Hongyue entered into a lease agreement in relation to the lease of a 33,000-square-meter parcel (the "**Land**") to Tianjin Hongyue for a term of 20 years. Under the lease agreement, Tianjin Jinhuadu will grant the right of land use of the Land to Tianjin Hongyue during the term. Tianjin Hongyue shall, at its own cost, construct the factory buildings and supporting facilities and equipment on the Land, whereupon the real property rights of the buildings and real property constructed thereon shall belong to Tianjin Jinhuadu, and Tianjin Hongyue shall have the right to use such buildings and real property during the term. Pursuant to the lease agreement, the rent for the right of use of the Land payable by Tianjin Hongyue commencing on 1 July 2022 are set out as follows:

   (i) for the five years commencing on 1 July 2022 and ending on 30 June 2027 (both dates inclusive), the monthly rent shall be RMB163,677.50;

   (ii) for the five years commencing on 1 July 2027 and ending on 30 June 2032 (both dates inclusive), the monthly rent shall be RMB180,045.25;

   (iii) for the five years commencing on 1 July 2032 and ending on 30 June 2037 (both dates inclusive), the monthly rent shall be RMB198,049.78; and

   (iv) for the four years one month and 19 days commencing on 1 July 2037 and ending on 19 August 2041 (both dates inclusive), the monthly rent shall be RMB218,018.43.

   A monthly management fee of RMB65,471, which shall be payable by Tianjin Hongyue commencing on 20 August 2021 during the term.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM INDEPENDENT SHAREHOLDERS' APPROVAL *(Continued)*

Lease and Related Agreements *(Continued)*

(2) Tianjin Bingang, a non-wholly-owned subsidiary of the Company and Tianjin Hongyue entered into an environmental service contract in relation to the provision of certain environmental professional technical services to Tianjin Hongyue for the Land for a period of 5 years. Pursuant to the environmental service agreement, Tianjin Bingang shall provide Tianjin Hongyue with professional environmental technical services in respect of the Land, including but not limited to:

(a) research and development of relevant professional technologies for the operation and management of Tianjin Bingang Park;

(b) provision of standardised and process-oriented guiding services for the lessee's planning and layout, process design, environmental and safety management and public management of the Land;

(c) provision of services assisting the lessee in improving the safety and environmental awareness and daily management level of its management team; and

(d) provision of service platform for labour, finance, materials, and promoting exchanges and cooperation between the lessee and related units.

Under the environmental service agreement, the monthly service fee payable by Tianjin Hongyue for the period from 1 July 2022 to 19 August 2026 was RMB261,884.

(3) Tianjin Bingang and Tianjin Hongyue entered into a wastewater treatment and utilities service contract in relation to the provision of wastewater treatment and public utilities services to Tianjin Hongyue for the Land for a term of 5 years. Pursuant to the wastewater treatment and utility service contracts, Tianjin Bingang shall provide wastewater treatment and utilities service to Tianjin Hongyue in relation to the Land such as (a) centralised wastewater treatment, recycling and discharge; (b) water, steam and electricity supply; and (c) utilities maintenance.

Under the wastewater treatment and utility services contract, Tianjin Hongyue is required to pay a monthly fee in the following manner:

(i) wastewater treatment — for the provision of wastewater treatment services the fees are calculated based on (a) the type of the pollutant to be treated or recycled and (b) the volume of water used on the Land;

(ii) supply of water, electricity and steam — for supply of water (including tap water, recycled water and purified water), electricity and steam, calculated based on the amount of water, electricity and steam consumed; and

(iii) utility maintenance — for maintenance of the public facilities in the industrial park.

Under the wastewater treatment and utilities service contract, in the event of national macro policy adjustments or changes in national environmental protection requirements, expansion of environmental governance management service projects, increase in production and operation costs or increase in price index, Tianjin Bingang has the right to adjust the charging rates under the said contracts and Tianjin Hongyue shall accept and pay according to such adjusted charging rates.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM INDEPENDENT SHAREHOLDERS' APPROVAL *(Continued)*

Lease and Related Agreements *(Continued)*

The entering into of the lease contract to lease the Land, situated in Tianjin Bingang Park, will enable the Group to secure a tenant to lease a relative sizable space in the industrial park and provide steady rental income and increase the occupancy rate of the Tianjin Bingang Park. The management considered that for the lease under the lease contract, taking into account the size of the Land and that under the lease contract the lessee shall construct the factory buildings and supporting facilities and equipment on the Land at its own cost, it is reasonable for the lessee to secure a long period of the term of the lease so as to recover the related investment and construction costs.

It is a standard practice of the Group that at the same time of leasing to a tenant in its industrial parks, the Group would require the entering into of an agreement for the Group to provide environmental professional technical services to the tenant and an agreement requiring the tenant to use the wastewater treatment and utilities service provided by the Group in the industrial parks. As such, the Group considered that entering into of the aforesaid agreements together with the lease contract part and parcel of the lease of the Land offered to the lessee. For the term of the environmental service contract and the wastewater treatment and utilities service contract ("**Related Agreements**"), it is expected that after the expiry of the respective current term under each of the Related Agreements, the Group will enter into new agreements with the tenant to provide the environmental professional technical services and wastewater treatment and utilities services so long as the lessee is the tenant of the Land.

The Group considered that having a shorter terms of the Related Agreements than the lease of the Land can provide sufficient flexibility to cater for any unanticipated fluctuations of raw materials and energy costs in the future, which may at the same time require adjustments to the environmental professional technical services fee, the wastewater treatment and utilities service fees to be charged to the Lessee. The Company will comply with the relevant Listing Rules requirements in respect of the transactions contemplated under the abovementioned environment service agreement(s) and wastewater treatment and utilities service agreement(s) when such materialises.

Pursuant to Rule 14A.52 of the Listing Rules, the term of each agreement in respect of a continuing connected transaction shall not exceed three years unless, in exceptional circumstances, the nature of the transaction requires a longer contractual period. The Group has appointed an independent financial adviser (Gram Capital Limited) who has confirmed that the duration of the lease contract and the Related Agreements which is longer than three years is required and it is normal business practice for said agreements to be of such duration.

As Mr. Zhang Lianghong is an executive director of the Company and the controlling shareholder of the Company (indirectly holding approximately 42.75% of the issued shares of the Company as at the date of the lease contract and the Related Agreements), and Tianjin Hongyue is a subsidiary of an associate of Mr. Zhang, Tianjin Hongyue is a connected person of the Company as defined under the Listing Rules. Accordingly, the transactions between the Group and Tianjin Hongyue constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. These leases and related agreements were entered into in the ordinary course of business on normal commercial terms, and the prices charged by the Group were determined through arm's length negotiation between the Group and Tianjin Hongyue with reference to the prevailing pricing standards in the market. For details, please refer to the announcement of the Company dated 20 August 2021.

As disclosed in the Company's announcement dated 20 August 2021, the annual cap for the lease agreement for the Year is RMB1.77 million, the annual cap for the environmental service for the Year is RMB1.57 million and the annual cap for the waste water treatment and utilities service contract for the Year is RMB17.0 million. During the Year, the aggregate amounts received and receivable for the lease contract, the environmental service and wastewater treatment and utilities service contracts were RMB1.77 million, RMB0 and RMB9.99 million, respectively, which did not exceed the annual caps.

CONTINUING CONNECTED TRANSACTIONS EXEMPTED FROM INDEPENDENT SHAREHOLDERS' APPROVAL *(Continued)*

Confirmation on Continuing Connected Transactions

Pursuant to rule 14A.55 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors, who confirmed that these continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to relevant agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's the connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits and Reviews of Historical Financial Information " and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued a letter to the Board containing a conclusion that the continuing connected transactions disclosed by the Group above involve no non-compliance with Rule 14A.56 of Listing Rule. The auditor's letter has confirmed that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and

(iv) have exceeded their respective annual caps for the financial year ended 31 December 2022 set by the Company.

A copy of the auditor's letter would be submitted by the Company to the Stock Exchange at least 10 business days before the bulking print of this annual report.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with "related parties" as defined under the applicable accounting standards, the details of which are set out in Note 34 of the Notes to the Financial Statements on pages 139 to 140.

Save and except for the continuing connected transactions disclosed in the section "Continuing Connected Transactions Exempted from Independent Shareholders' Approval" and the transaction disclosed above, all other related party transactions constituted a connected transaction or continuing connected transaction and they are fully exempt under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The amounts of related party transactions disclosed in Note 34 of the Notes to the Financial Statements in this annual report are recognised in accordance with Hong Kong Accounting Standards ("**HKASs**").

PERMITTED INDEMNITY PROVISION

In accordance with the Articles of Association, each Director is entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability coverage for the Directors and officers of the Company.

CORPORATE GOVERNANCE

During the Year, the Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted and complied with the then prevailing Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules applicable during the Year as its own code to govern its corporate governance practices.

The Directors considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the then prevailing CG Code during the Year except for the temporary failure to meet the requirements of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules as set out below: On 22 December 2022, due to the need to devote more time for other activities, Mr. Li Yinquan resigned as an independent non-executive Director. Upon the resignation of Mr. Li Yinquan, he also ceased to be the chairman of the Audit Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

On 1 March 2023, Mr. Liu Da has been appointed as an independent non-executive Director and the chairman of the Audit Committee. Following the appointment of Mr. Liu, the Company is in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; (ii) the Audit Committee must comprise at least three members under Rule 3.21 of the Listing Rules, and at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee must be chaired by an independent non-executive Director.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

CORPORATE GOVERNANCE *(Continued)*

Model Code for Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and all of them have confirmed that they have complied with all relevant requirements as set out in the Model Code during the Year, the details are set out in the "Corporate Governance Report" on pages 46 to 64 of this annual report.

AUDITOR

During the previous three financial years to date, there has been no change in auditor. The Consolidated Financial Statements for the Year have been audited by KPMG, Certified Public Accountants. A resolution to re-appoint KPMG as our auditor will be submitted for shareholders' approval at forthcoming annual general meeting.

EVENTS AFTER THE REPORTING PERIOD

On 20 February 2023, Huizhou Kimou Industrial Investment Co., Ltd.* (惠州金茂實業投資有限公司) ("**the Purchaser**") entered into an equity transfer agreement with Tianjin Wanheshun Technology Group Co., Ltd.* (天津萬和順科技集團有限公司) ("**the Vendor**"), pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase 38.72% of the equity interests in the Tianjin Bingang at a total consideration of approximately RMB193.6 million. Upon completion of the acquisition, Tianjin Bingang will be owned as to 89.72% and 10.28% by the Purchaser and the Vendor, respectively. For further details, please refer to the announcement of the Company dated 20 February 2023.

On 1 March 2023, Mr. Liu Da has been appointed as an independent non-executive Director and the chairman of the Audit Committee of the Board, with effect from 1 March 2023. Following the appointment of Mr. Liu, the Company is in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; (ii) the Audit Committee must comprise at least three members under Rule 3.21 of the Listing Rules, and at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee must be chaired by an independent non-executive Director. For further details, please refer to the announcement of the Company dated 1 March 2023.

Save as disclosed above, so far as the Group is aware after having made reasonable enquiries, there were no other significant events affecting the Group which have occurred since 31 December 2022 and up to the date of this annual report.

On behalf of the Board

Zhang Lianghong
Chairman

Hong Kong, 24 March 2023

CORPORATE GOVERNANCE REPORT

CORPORATE STRATEGY AND CULTURE

Kimou is committed to fulfilling its mission of "Protecting Environment for Human Welfare (保護環境，造福人類)" and its aim of "Creating Industry Benchmark and Building a Model for Water Control" ("創行業標桿，樹治水典範"), with a vision of "adhering to green development and promoting the harmonious coexistence of man and nature (堅持綠色發展，促進人與自然和諧共生)". We are a large-scale Surface Treatment Recycling Eco-industrial Park operator in PRC with wastewater treatment as the core business, and have five large-scale Surface Treatment Recycling Eco-industrial Parks in Huizhou, Guangdong; Jinghai, Tianjin; Jingzhou, Hubei; Qingshen, Sichuan; and Taixing, Jiangsu respectively. With a business presence in southern, northern, central, western, eastern China, we endeavour to promote the agglomeration, intensification and clustering of surface treatment industry to foster the high-quality regional economic development and high-level environmental protection. In the future, Kimou will evolve and mature with a higher sense of duty and social responsibility, and higher standards and requirements, to build green and environmental Surface Treatment Recycling Eco-industrial Parks to contribute to ecological environment protection and green economic development.

Adhering to the people-oriented approach is Kimou's traditional management culture, and talents are the important productivity of the Group. The Board and the management are committed to promoting a good corporate culture, matching the right talent to the right roles, making the best use of talents, and inspiring employees to be innovative and to have a sense of duty for the environmental eco-industrial parks. We emphasize and promote within the Group the philosophy of acting in a legal, ethical and responsible manner.

Corporate Governance Practices

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, set up business strategy and measures, and enhance its transparency and accountability. The Company has developed and implemented sound corporate governance policies and measures of which the Board is responsible for performing. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the Year, the Company has complied with the applicable code provisions of the CG Code, except for the temporary failure to meet the requirements of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules as set out below:

On 22 December 2022, Mr. Li Yinquan resigned as an independent non-executive Director. Upon the resignation of Mr. Li Yinquan, he also ceased to be the chairman of the Audit Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

On 1 March 2023, Mr. Liu Da has been appointed as an independent non-executive Director and the chairman of the Audit Committee. Following the appointment of Mr. Liu, the Company is in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; (ii) the Audit Committee must comprise at least three members under Rule 3.21 of the Listing Rules, and at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee must be chaired by an independent non-executive Director.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

The Company has also established written guidelines no less exacting than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Employees Written Guidelines**"). The Company is not aware of any incident of non-compliance of the Employees Written Guidelines by the relevant employees.

BOARD OF DIRECTORS

Function of the Board

The Board is responsible for leadership and the internal control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and conducting the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Group, which will implement the strategy and direction as determined by the Board.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

As of the date of this annual report, the Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. In compliance with Code provision C.2.1, the roles of chairman and chief executive officer should be separated and are performed by Mr. Zhang Lianghong and Mr. Zhu Heping respectively. The chairman is responsible for the effective operation of the Board, while the chief executive officer is responsible for the operation of the Group's businesses. There is no relationship between the chairman and the chief executive officer. The duties of the chairman and chief executive officer are clearly separated, and are established by written terms.

The biographical details of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this annual report. There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

BOARD OF DIRECTORS *(Continued)*

Board Composition *(Continued)*

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

Executive Directors

Mr. Zhang Lianghong	Chairman of the Board, Chairman of the Nomination Committee and Member of the Remuneration Committee
Mr. Zhu Heping	Chief executive officer of the Company
Mr. Lee Yuk Kong *(resigned with effect from 26 July 2022)*	
Mr. Lee Kin Ming *(appointed with effect from 26 July 2022)*	
Mr. Huang Shaobo	

Independent Non-Executive Directors

Mr. Li Yinquan *(resigned with effect from 22 December 2022)*	
Mr. Liu Da *(appointed with effect from 1 March 2023)*	Chairman of the Audit Committee
Mr. Kan Chung Nin, Tony *SBS, JP*	Chairman of the Remuneration Committee, Member of the Audit Committee and the Nomination Committee
Mr. Li Xiaoyan	Member of the Audit Committee, the Remuneration Committee and the Nomination Committee

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

On 22 December 2022, Mr. Li Yinquan resigned as an independent non-executive Director. Upon the resignation of Mr. Li Yinquan, he also ceased to be the chairman of the Audit Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

On 1 March 2023, Mr. Liu Da has been appointed as an independent non-executive Director and the chairman of the Audit Committee. Following the appointment of Mr. Liu, the Company is in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors representing at least one-third of the Board; (ii) the Audit Committee must comprise at least three members under Rule 3.21 of the Listing Rules, and at least one of whom (Mr. Liu Da) is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee must be chaired by an independent non-executive Director.

Save as disclosed above, at other times during the Year, the Board has complied with the requirements set out in Rules 3.10 and 3.10A of the Listing Rules.

The Company has received an annual confirmation of independence from each of Mr. Kan Chung Nin, Tony *SBS, JP*, Mr. Liu Da and Mr. Li Xiaoyan, being all the independent non-executive Directors, in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a term of three years and subject to retirement and rotation under the Articles of Association.

Appointment and Re-election of Directors

Non-executive directors of the Company have been appointed for a specific term, subject to re-election. All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Each of the executive Directors has entered into a service contract with the Company for a term of three years with effect from their respective date of appointment subject to termination by not less than three months' written notice served by either the executive Directors or the Company.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years with effect from their respective date of appointment subject to termination by not less than three months' written notice served by either the independent non-executive Directors or the Company. The above appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

According to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after the appointment and shall then be eligible for re-election at that meeting.

According to Article 16.18 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Accordingly, Mr. Zhang Lianghong, Mr. Li Xiaoyan, Mr. Lee Kin Ming and Mr. Liu Da will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the AGM.

None of the Directors including those who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS *(Continued)*

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed.

Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism to ensure independent views and inputs are available to the Board, and ensure the independence of the Board as a critical measure to improve the efficiency of the Board. The mechanism covers Directors' access to external professional advisers; and Directors' right to obtain additional information and documents from the management on matters to be discussed at Board meetings.

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**") to oversee particular aspects of the Company's affairs. Each of the Board committees operates under its own written terms of reference which states their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Board established the Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code. Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only and have a minimum of three members with independent non-executive directors in majority and at least one independent non- executive director with appropriate professional qualifications or accounting or related financial management expertise.

As at the date of this annual report, the Audit Committee consists of three members, namely Mr. Liu Da, Mr. Kan Chung Nin, Tony *SBS, JP* and Mr. Li Xiaoyan, the independent non-executive Directors. Mr. Liu Da is the chairman of the Audit Committee, who has appropriate professional qualifications or accounting or related financial management expertise. None of them is a member of the former or existing auditors of the Company for the two years immediately preceding the date of their appointments. The terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

Under its terms of reference, the primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process and the risk management and internal control systems of the Group, oversee the audit process, review the financial information of the Company and maintain the relationship with the auditors of the Group and perform other duties and responsibilities as assigned by the Board.

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

During the Year, the Audit Committee held two meetings, and the attendance of each member is set out in the section headed "Board meetings and general meeting" below. In addition to the Audit Committee meetings, the Audit Committee also dealt with matters by way of circulation during the Year. A summary of the work performed by the Audit Committee during the Year is listed below:

— reviewed the Group's annual financial statements for the year ended 31 December 2021 and interim financial statements for the six months ended 30 June 2022 and the related result announcements, documents and other matters or issues raised by external auditor of the Company;

— reviewed the terms of engagement of external auditor of the Company;

— recommended to the Board, for the approval by the shareholders of the Company, of the re-appointment of the auditor of the Company;

— discussed and confirmed with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems;

— reviewed internal audit function and its effectiveness;

— reviewed the terms of reference of the Audit Committee; and

— engagement of non-audit services and relevant scope of works, connected transactions, continuing connected transactions and their annual caps and significant issues such as arrangements for employees to raise concerns about possible improprieties.

For the Year, the Audit Committee also met the external auditors twice.

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules requires an issuer to establish a remuneration committee chaired by independent non-executive director and comprising a majority of independent non-executive directors. The Remuneration Committee consists of three members, in which there are two independent non-executive Directors, namely Mr. Kan Chung Nin, Tony *SBS, JP*, Mr. Li Xiaoyan and one executive Director, namely Mr. Zhang Lianghong. Mr. Kan Chung Nin, Tony *SBS, JP* is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are published on the Company's website and the website of the Stock Exchange.

Under its terms of reference, the primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations to the Board, review the performance and the remuneration packages of individual executive Directors and senior management and to assess the performance of the Directors and approve the terms of the Directors' service contracts, to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee has adopted the approach under Code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on remuneration packages of the Directors and the members of senior management. The remuneration of the Directors was determined with reference to their respective experience, responsibilities with the Group and the general market conditions.

During the Year, the Remuneration Committee held two meetings and the attendance of each member is set out in the section headed "Board meetings and general meeting" below, to review the remuneration policy and structure of the Company, as well as the performance and remuneration packages of executive directors and senior management, review the service contracts of executive directors and other related matters, and provide advice to the Board in this regard. A summary of the work performed by the Remuneration Committee during the Year is listed below:

— reviewed the existing policy and structure for the remuneration of the Directors and senior management; and

— reviewed and recommended to the Board the proposal for salary adjustments for executive Directors and senior management of the Company.

Pursuant to Code Provision E.1.5 of the CG Code, details of the emoluments of the senior management by bands for the Year were as follows:

Emoluments Band	Number of Individuals
HK$1,000,000 and below	2
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	1
	5

Pursuant to Appendix 16 to the Listing Rules, the emoluments of the employees who are Directors and who are amongst the five highest paid individuals are set out in Note 8 and Note 9 of the Notes to the Financial Statements.

BOARD COMMITTEES *(Continued)*

Nomination Committee

The Board established the Nomination Committee with written terms of reference in compliance with the CG Code, chaired by the chairman of the board or an independent non-executive Director and comprises a majority of independent non-executive Directors. The Nomination Committee consists of two independent non-executive Directors, being Mr. Kan Chung Nin, Tony *SBS, JP* and Mr. Li Xiaoyan, and one executive Director, being Mr. Zhang Lianghong, who is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website and the website of the Stock Exchange.

The Nomination Committee is responsible for reviewing and assessing the structure, size and composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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

When considering the appointment or reappointment of Directors, the Nomination Committee will consider various factors including the background, experience and qualification of the proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director, and other criteria with regard to the benefits of diversity, including but not limited to gender, age, cultural and educational background, or professional experience and taking into account the Group's business model and specific needs.

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

During the Year, the Nomination Committee held two meetings and the attendance of each member is set out in the section headed "Board meetings and general meeting" below. A summary of the work performed by the Nomination Committee during the Year is listed below:

— reviewed the Board's structure, size and composition;

— assessed the independence of the independent non-executive Directors;

— made recommendation to the Board on the re-election of retiring Directors at the 2022 AGM; and

— reviewed the terms of reference of the Nomination Committee.

During the year, the Nomination Committee has reviewed the structure, number and composition of the Board and the independence of independent non-executive directors and has considered the qualifications of the retiring directors standing for election at the Annual General Meeting, and was of the opinion that the composition of the Board, taking into account the Group's business model and specific needs, met the requirements under the Board Diversity Policy. However, the board of directors currently consists of only male members, and the company will look for one suitable female member to join the Board as soon as possible. Pursuant to Rule 13.92 of the Listing Rules, the Company is required to appoint at least one female director by no later than 31 December 2024.

As of 31 December 2022, among the Group's 885 employees, 608 (68.7%) were male and 277 (31.3%) were female. The gender ratio is in line with the nature of the Group's business of large-scale Surface Treatment Recycling Eco-industrial parks focusing on wastewater treatment.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Company will appoint at least one female Director no later than 31 December 2024 in order to achieve gender diversity of the Board.

The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its effectiveness.

BOARD COMMITTEES *(Continued)*

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee reviews the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board has delegated the responsibility for performing the functions set out in the code provision A.2.1 of the CG Code to the Audit Committee.

During the Year, the Audit Committee had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD MEETINGS AND GENERAL MEETING

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Prior notices convening the Board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary of the Company was responsible for keeping minutes for the Board meetings.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and facilitate the Directors' performance of their obligations under the relevant requirements of the Listing Rules.

In addition to regular Board meetings, during the Year, the chairman of the Board held one meeting with the independent non-executive Directors without the presence of other Directors.

During the Year, the Company held 6 Board meetings in total. The attendance record of each Director at the Board and Board committee meetings and the general meeting of the Company held during the Year is set out in the table below:

	Attendance/Number of Meetings Eligible to Attend				
Name of Director	**Board Meeting**	**Audit Committee Meeting**	**Nomination Committee Meeting**	**Remuneration Committee Meeting**	**2022 AGM**
Executive Directors					
Mr. Zhang Lianghong	6/6	N/A	2/2	2/2	1/1
Mr. Zhu Heping	6/6	N/A	N/A	N/A	1/1
Mr. Lee Yuk Kong (resigned with effect from 26 July 2022)	3/3	N/A	N/A	N/A	1/1
Mr. Lee Kin Ming (appointed with effect from 26 July 2022)	3/3	N/A	N/A	N/A	0/0
Mr. Huang Shaobo	6/6	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Kan Chung Nin, Tony *SBS, JP*	6/6	2/2	2/2	2/2	1/1
Mr. Li Xiaoyan	6/6	2/2	N/A	N/A	1/1
Mr. Li Yinquan (resigned with effect from 22 December 2022)	5/5	2/2	2/2	2/2	1/1
Mr. Liu Da (appointed with effect from 1 March 2023)	N/A	N/A	N/A	N/A	N/A

During the Year, no Board or Committee meeting was attended by a Director's alternate.

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

It is the Company's policy that every newly appointed Director will receive formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. During the Year and up to the date of this annual report, the Company has appointed Mr. Lee Kin Ming as the executive Director with effect from 26 July 2022, and Mr. Liu Da as the independent non-executive Director with effect from 1 March 2023.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his roles, functions, duties and responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

All Directors, namely, Mr. Zhang Lianghong, Mr. Zhu Heping, Mr. Lee Kin Ming, Mr. Huang Shaobo, Mr. Kan Chung Nin, Tony *SBS, JP*, Mr. Li Xiaoyan and Mr. Li Yinquan (resigned on 22 December 2022), had participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development. During the Year, the Company received professional development records from each Director relating to directors' responsibilities, regulatory requirements and continuity of business development.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, SWCS Corporate Services Group (Hong Kong) Limited ("**SWCS**"), to provide company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

On 29 August 2022, Mr. Yim Lok Kwan, a representative of SWCS, has resigned as the company secretary of the Company (the "**Company Secretary**") and Mr. Chung Ming Fai ("**Mr. Chung**"), a representative of SWCS, has been appointed as the company secretary with effect from 29 August 2022.

Mr. Chung is a vice president of SWCS and has over 18 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia, and by virtue of the aforesaid qualifications, Mr. Chung would be capable of discharging the functions of the Company Secretary.

Mr. Lai Liangquan, the Group's Chief Financial Officer, is the primary point of contact at the Company for the Company Secretary, and will collaborate and communicate with Mr. Chung on corporate governance, secretarial and administrative matters of the company. Further, whenever necessary, the contact person assigned will promptly deliver information regarding the performance, financial positions and other major development and affairs of the Group to Mr. Chung. Having in place a mechanism that enables Mr. Chung to get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Chung as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

According to the requirements of Rule 3.29 of the Listing Rules, Mr. Chung has taken not less than 15 hours of relevant professional training for the Year.

ACCOUNTABILITY AND AUDIT

Responsibilities in respect of the Consolidated Financial Statements

The Directors confirm that it is their responsibility to prepare the financial statement of the Group for the year ended 31 December 2022, and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year is set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control systems

The Board, with the assistance of the management, is the ultimate risk management decision-making body and makes risk management decisions on major risk matters. The management is responsible for managing the Group's risk matters, directing and coordinating the work of risk management functions and risk assessment framework in relation to its corresponding business activities.

The Board and the management have the responsibility for overseeing the effectiveness of the risk assessment framework and risk management functions. The management reports to the Audit Committee and the Board regarding the results of the risk management framework on an annual basis.

The Group has developed its internal management systems, which include but not limited to the following processes:

- The Board receives regular updates from the senior management and reviews the Group's business plan, financial results, investment strategies and business indicators to ensure that the business risks are identified and managed;

- The senior management supervises the Group's business performance on an on-going basis via regular meetings with respective departments and project teams, to identify potential risks and develop strategies to address the risk;

- The Group monitors a wide range of indicators, such as our key operational data, employee turnover rate, and responds promptly if any risk indicators arise; and

- The Group works with external legal, accounting and other professional advisers at various jurisdictions to ensure that it is in compliance with relevant legislation and regulations.

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

The Company has established an internal audit department to carry out its internal audit functions by assisting the Board to implement our Group's risk management and internal control systems and to assess whether the material controls are sufficient and adequate for the Group. The internal audit department regularly reports to the Audit Committee for its findings and recommendations for improvement on the internal control systems. The management will report to the Board as regards findings on the internal control weaknesses as reviewed and identified by the internal audit department and provide remedial action plan, if required, together with follow-up on status of remediation to the Board from time to time.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Review of the effectiveness of the risk management and internal control systems

During the Year, the Board has conducted review of the risk management and internal control systems of the Group including but not limited to, (i) the changes in the nature and extent of significant risks and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and quality of the Management's ongoing monitoring of risks and of the internal control systems; (iii) the extent and frequency of communication of monitoring results to the Board and Audit Committee to assess control of the Company and the effectiveness of risk management; (iv) significant control failings or weaknesses that have been identified, and (v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance and (vi) reviewing internal control review assessment conducted by the internal audit department for the Year.

Based on the review of the risk management and internal control systems and its own assessment, the Board considered that the risk management and internal control systems of the Group have been implemented effectively and are adequate.

In addition, the Board has reviewed and considered that the resources, staff qualifications and experience, training programs and budget of the Company's accounting, compliance, legal and financial reporting functions are adequate and effective during the Year.

Internal audit function

The Company has set up the internal audit department to regularly monitor and assess the internal risk and control system of each department in order to determine the risk which may affect the business and other aspects of the Group (including key operational and financial processes, regulatory compliance and information safety).

Inside information

The Group attaches utmost importance to the proper handling and dissemination of inside information. Internal policies have been put in place to ensure that inside information is adequately controlled. To ensure the confidentiality and the timely disclosure of inside information, all employees have been provided with learning materials and guidelines regarding the handling and dissemination of inside information. Our data system controls have been implemented to ensure the access to sensitive data is restricted to authorized personnel only.

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

As for the surveillance and disclosure of the inside information, the Company has adopted the policy for the disclosure of inside information, with the aim to ensure that the internal personnel shall comply with the requirements for confidentiality and perform the responsibility for the disclosure of inside information. The policy has expressly set forth the identification of inside information and the decision-making tree for taking the required action. The employees and other relevant parties shall maintain strict confidentiality in respect of the inside information. In the event of disclosing the inside information, it shall be made on the fair, true and effective basis.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Whistleblowing Policy

All staff is considered to be an informal monitor. The Group relies on each of its employees, at all levels, to monitor the quality, ethics and professionalism of the Group's business operation and the Group's standards. The Group listens to employees' concerns, considers recommendations for improving the Group's practices and controls and announces timely communications on policy changes and other matters of the Group. In addition, the Company has established a whistleblowing policy, under which employees and those who come into contact with the Company are provided with ways to raise their concerns about possible improprieties in any matter relating to the Company without fear of reprisal or victimisation, and in a responsible and effective manner. Written complaints can be lodged directly to the Audit Committee. The Audit Committee will then convene a meeting to decide whether and/or how to carry out any necessary investigation and, depending upon the circumstances, consider to nominate investigating officer or set up a special committee to investigate the matter independently.

INSURANCE ON DIRECTOR'S AND OFFICER'S LIABILITIES

During the year and up to the date of this annual report, the Company has arranged liabilities insurance covering the indemnity of the directors and senior management of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy which allows the Company's shareholders to share the profits of the Company whilst retaining adequate reserves for the Group's future growth. The declaration and amount of dividends shall be determined at the sole discretion of the Board. Pursuant to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) financial performance;

(b) cash flow position;

(c) business profile and strategy;

(d) future operations and revenues;

(e) capital requirements and expenditures plans;

(f) the interests of shareholders;

(g) any restrictions on the payment of dividends; and

(h) any other factors that the Board deem appropriate.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the Company's external auditors of the Company (including KPMG and other PRC auditors) in respect of audit services for the Year amounted to RMB3,400,000, of which RMB3,170,000 is for HKFRSs audit services and non-audit services rendered by KPMG. No other non-audit services were provided by the Company's external auditors during the Year.

For the Year, the remuneration paid and payable to the Company's auditor, KPMG, is set out below:

Services rendered	For the year ended 31 December 2022 RMB'000
Audit services — mainly related to annual audits	**1,829**
Non-audit services — mainly related to interim review	**1,341**
Total	**3,170**

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company to convene an extraordinary general meeting (the "**EGM**") of the Company are prepared in accordance with Article 12.3 of the Articles of Association:

(a) written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company;

(b) written requisition of any one member which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company; or

(c) if the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Such requisition shall be made in writing to the Board or the Company Secretary via email at the email address of the Company at llq@platingbase.com.cn.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures and contact details for raising enquiries

(a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.

(b) Shareholders may raise any enquiry in respect of the Company in writing to the Company via email at the email address of the Company at llq@platingbase.com.cn.

(c) For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

(d) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Act or the Articles of Association. However, shareholders who wish to put forward proposal at general meetings may convene an EGM following the procedures set out above.

Contact Details

Shareholders may send their requisitions, proposed resolutions for the general meeting or enquiries to the Board as mentioned above to the primary contact person of the Company as set out below:

Name: The Chairman of the Board of Directors of Kimou Environmental Holding Limited
Address: Unit E&F, 5/F. Hung Cheong Factory Building, 3 Kwong Cheung Street, Cheung Sha Wan, Kowloon, Hong Kong
Email: llq@platingbase.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

CHANGE IN CONSTITUTIONAL DOCUMENTS

In order to bring the existing Articles of Association in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 of the Listing Rules which took effect on 1 January 2022, the shareholders of the Company passed a special resolution on 27 May 2022 to adopt the second amended and restated memorandum and articles of association of the Company, which took effect on the same date.

The second amended and restated memorandum and articles of association of the Company are available on the website of the Stock Exchange and the website of the Company.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established a shareholder's communication policy, and endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other meetings that maybe convened. The chairman of the Board as well as chairman of Audit Committee, Remuneration Committee and Nomination Committee or, in their absence, other members of the respective committees will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

Shareholders are encouraged to attend the annual general meeting of the Company. Notice of the annual general meeting and related papers shall be sent to shareholders in accordance with the requirements of the Articles of Association and the Listing Rules and such documents shall be also made available on the Company's website (https://www.platingbase.com) and the Hong Kong Stock Exchange's website (https://www.hkexnews.hk). In addition, the Company's website provides information such as e-mail address and telephone number for making inquiries to the Company in order to maintain effective communication with its shareholders and investors.

The Board conducted an annual review of the implementation and effectiveness of the Company's shareholder communication policy and concluded that the policy was effectively implemented during the Year.

Independent auditor's report to the shareholders of Kimou Environmental Holding Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kimou Environmental Holding Limited ("**the Company**") and its subsidiaries (together "**the Group**") set out on pages 70 to 142, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the 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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTER *(Continued)*

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies on page 97.

The Key Audit Matter	How the matter was addressed in our audit
The Group has the following principal sources of revenue: — Facilities usage and management service; — Wastewater treatment and utilities; — Sales of goods and ancillary business. These sources of revenue have different trade terms and revenue recognition criteria. The Group handles individual transactions manually which increases the risk of errors that may be made in the recognition of revenue. We identified recognition of revenue as a key audit matter because revenue is a key performance measure for the Group and a key driver of the gross margin which increases the risk that revenue may be manipulated to meet targets and expectations and because the different trade terms and manual accounting treatments increase the risk of errors in the recognition of revenue.	Our audit procedures to assess the recognition of revenue included the following: • understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the recognition of revenue; • evaluating the Group's revenue recognition accounting policies with reference to the requirements of the prevailing accounting standards; • obtaining the calculation sheets of the rental revenue, comparing rental revenue received and receivables with underlying tenancy information, including monthly rents and rental periods as set out the signed rental agreements for facilities usage, on a sample basis, and examining the calculations to assess whether rental revenue had been recorded in the appropriate accounting period; • reconciling revenue records as set out in the management accounts to wastewater treatment and utilities monthly fee notes, monthly wastewater and utilities meter reading records, service contracts, and bank statements on a sample basis to assess whether the related revenue has been recognised in the appropriate accounting period; • selecting a sample of transactions regarding the sales of goods during and after the end of the reporting period and matching the details with good delivery notes evidencing the date of delivering and acceptance of the goods to assess whether the related revenue had been recognised in the appropriate accounting period; and • obtaining confirmations directly from the Group's customers, on a sample basis, to confirm the transaction amounts during the reporting period and reconciling the amounts confirmed to the Group's accounting records and assessing the reasons for any differences with relevant supporting documents.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

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

(Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Lam Kai Wa.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Revenue	3	**1,095,791**	927,750
Other revenue	4	**24,370**	10,787
Depreciation and amortisation	6(c)	**(219,213)**	(203,637)
Cost of inventories	6(c)	**(342,189)**	(309,383)
Staff costs	6(b)	**(133,404)**	(102,251)
Utility costs	6(c)	**(32,930)**	(25,423)
Other expenses		**(134,232)**	(126,226)
Other net loss	5	**(2,688)**	(1,453)
Impairment losses on trade receivables	31(a)	**(1,834)**	–
Profit from operations		**253,671**	170,164
Finance costs	6(a)	**(101,460)**	(91,365)
Profit before taxation	6	**152,211**	78,799
Income tax	7	**(43,506)**	(31,035)
Profit for the year		**108,705**	47,764
Attributable to:			
Equity shareholders		**111,235**	55,915
Non-controlling interests	16	**(2,530)**	(8,151)
Profit for the year		**108,705**	47,764
Earnings per share (RMB)	10		
Basic and diluted		**0.10**	0.05

The notes on pages 78 to 142 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 30(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022
(Expressed in Renminbi)

	2022 RMB'000	2021 RMB'000
Profit for the year	**108,705**	47,764
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using Renminbi ("**RMB**") as functional currency	**55**	300
Total comprehensive income for the year	**108,760**	48,064
Attributable to:		
Equity shareholders	**111,290**	56,215
Non-controlling interests	**(2,530)**	(8,151)
Total comprehensive income for the year	**108,760**	48,064

The notes on pages 78 to 142 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	11	**1,571,451**	1,451,658
Investment property	12	**1,313,425**	916,242
Construction in progress	13	**536,293**	376,581
Right-of-use assets	14	**376,948**	358,493
Intangible assets	15	**2,366**	2,721
Interests in associates	17	**2,948**	–
Other financial assets	18	**4,511**	5,626
Other receivables	20	**15,671**	21,553
Deferred tax assets	29	**47,531**	52,278
		3,871,144	3,185,152
Current assets			
Inventories	19	**23,560**	18,018
Trade and other receivables	20	**226,682**	216,974
Non-current assets held for sale	21	**11,978**	–
Restricted deposits with banks	22	**48,449**	3,140
Cash and cash equivalents	23	**190,305**	112,162
		500,974	350,294
Current liabilities			
Trade and other payables	24	**638,557**	496,501
Contract liabilities	25	**12,820**	11,992
Bank loans and other borrowings	26	**685,585**	574,883
Lease liabilities	27	**303**	508
Current taxation	29	**18,698**	25,158
		1,355,963	1,109,042
Net current liabilities		**(854,989)**	(758,748)
Non-current liabilities			
Bank loans and other borrowings	26	**1,547,656**	1,089,148
Lease liabilities	27	**459**	175
Deferred income	28	**98,036**	88,695
Deferred tax liabilities	29	**4,551**	6,751
		1,650,702	1,184,769
Net assets		**1,365,453**	1,241,635

The notes on pages 78 to 142 form part of these financial statements.

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
CAPITAL AND RESERVES	30		
Share capital		**97,751**	98,377
Reserves		**1,043,653**	940,399
Total equity attributable to equity shareholders		**1,141,404**	1,038,776
Non-controlling interests	16	**224,049**	202,859
Total equity		**1,365,453**	1,241,635

Approved and authorised for issue by the board of directors on 24 March 2023.

Zhang Lianghong
Chairman

Zhu Heping
Executive Director and Chief Executive Officer

The notes on pages 78 to 142 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(Expressed in Renminbi)

	Attributable to equity shareholders									
	Share capital RMB'000 Note 30(c)	Share premium RMB'000 Note 30(d)	Capital reserve RMB'000 Note 30(d)	Shares repurchased for cancellation RMB'000 Note 30(d)	Statutory reserve RMB'000 Note 30(d)	Exchange reserve RMB'000 Note 30(d)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	98,377	595,124	19,809	(104)	85,130	4,759	235,681	1,038,776	202,859	1,241,635
Changes in equity for the year ended 31 December 2022										
Profit/(loss) for the year	–	–	–	–	–	–	111,235	111,235	(2,530)	108,705
Other comprehensive income	–	–	–	–	–	55	–	55	–	55
Total comprehensive income	–	–	–	–	–	55	111,235	111,290	(2,530)	108,760
Purchase of own shares	–	–	–	(7,893)	–	–	–	(7,893)	–	(7,893)
Cancellation of shares	(626)	(5,633)	–	6,259	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	(769)	(769)	(1,481)	(2,250)
Contributions from non-controlling interest	–	–	–	–	–	–	–	–	25,201	25,201
Transfer to statutory reserve	–	–	–	–	20,444	–	(20,444)	–	–	–
Balance at 31 December 2022	97,751	589,491	19,809	(1,738)	105,574	4,814	325,703	1,141,404	224,049	1,365,453

The notes on pages 78 to 142 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022
(Expressed in Renminbi)

	Attributable to equity shareholders									
	Share capital RMB'000 Note 30(c)	Share premium RMB'000 Note 30(d)	Capital reserve RMB'000 Note 30(d)	Shares repurchased for cancellation RMB'000 Note 30(d)	Statutory reserve RMB'000 Note 30(d)	Exchange reserve RMB'000 Note 30(d)	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	98,377	595,124	19,809	–	48,254	4,459	216,642	982,665	182,620	1,165,285
Changes in equity for the year ended 31 December 2021										
Profit/(loss) for the year	–	–	–	–	–	–	55,915	55,915	(8,151)	47,764
Other comprehensive income	–	–	–	–	–	300	–	300	–	300
Total comprehensive income	–	–	–	–	–	300	55,915	56,215	(8,151)	48,064
Purchase of own shares	–	–	–	(104)	–	–	–	(104)	–	(104)
Contributions from non-controlling interest	–	–	–	–	–	–	–	–	28,390	28,390
Transfer to statutory reserve	–	–	–	–	36,876	–	(36,876)	–	–	–
Balance at 31 December 2021	98,377	595,124	19,809	(104)	85,130	4,759	235,681	1,038,776	202,859	1,241,635

The notes on pages 78 to 142 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations	23(b)	**503,374**	389,757
Income tax paid	29(a)	**(47,419)**	(32,396)
Net cash generated from operating activities		**455,955**	357,361
Investing activities			
Interest received		**1,737**	1,030
Payment for purchase of property, plant and equipment, investment property and lease prepayments		**(784,949)**	(661,683)
Payment for purchase of intangible assets		**(254)**	(69)
Proceeds from disposal of property, plant and equipment		**1,448**	24
Proceeds from disposal of investment properties		**2,260**	–
Payment for interest in associates		**(3,000)**	–
Payment for deposits with a bank with original maturity date over three months		**–**	(36,000)
Withdrawal of deposits with a bank with original maturity date over three months		**–**	36,000
Payment for pledged deposits with banks		**(45,309)**	–
Advance to a third party		**(58,000)**	–
Repayment from a third party		**58,000**	–
Net cash used in investing activities		**(828,067)**	(660,698)
Financing activities			
Proceeds from bank loans and other borrowings	23(e)	**1,307,389**	760,298
Repayment of bank loans and other borrowings	23(e)	**(734,222)**	(345,264)
Interest paid	23(e)	**(124,596)**	(102,044)
Advance from related parties	23(e)	**8,516**	2,250
Repayment to related parties	23(e)	**(10,766)**	–
Payment for loan service fee		**(2,220)**	–
Payment of loan deposits		**(48,874)**	–
Repayment of loan deposits		**44,874**	–
Payment for deposits of other borrowings		**(3,550)**	–
Payments for acquisition of non-controlling interests		**(2,250)**	–
Capital injection from non-controlling interests		**25,201**	28,390
Payment for purchase of own shares		**(7,893)**	(104)
Lease payments	23(f)	**(709)**	(861)
Net cash generated from financing activities		**450,900**	342,665

The notes on pages 78 to 142 form part of these financial statements.

for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Net increase in cash and cash equivalents		**78,788**	39,328
Cash and cash equivalents at the beginning of the year		**112,162**	72,773
Effect of foreign exchange rate changes		**(645)**	61
Cash and cash equivalents at the end of the year	23	**190,305**	112,162

The notes on pages 78 to 142 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in associates.

At 31 December 2022, the Group's current liabilities exceeded its current assets by RMB854,989,000 (2021: RMB758,748,000). The directors of the Company have confirmed that, based on future projection of the Group's cash flows from operations and the anticipated ability of the Group to renew or rollover its banking facilities and other financing sources to finance its continuing operations and its planned and/or committed capital expenditure for the next twelve months from the end of the reporting period of this annual financial statement, the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(y)).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets at fair value through profit or loss are stated at fair value as explained in note 1(f).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendment to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the financial statement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associates *(Continued)*

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

(f) Investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrecoverable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Investment property

Investment properties are land and buildings which are owned or held under a leasehold interest (see note 1(j)) to earn rental income and/or for capital appreciation.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)). Depreciation is calculated to write off the costs of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 years
Land-use rights	50 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Rental income from investment properties is accounted for as described in note 1(u)(i).

(h) Property, plant and equipment and construction in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

No depreciation is provided in respect of the construction in progress.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 years
Plant and machinery	3–20 years
Motor vehicles	5–10 years
Office equipment and others	3–10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(k)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Electroplating wastewater treatment operation rights	5 years
Software	10 years

Both the period and method of amortisation are reviewed annually.

(j) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use assets recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payment made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use assets is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the unexpired term of lease.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or losses if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group has taken advantages of the practical expedient not to assess whether the rent concessions are lease modifications, and recognized the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(u)(i).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits with a bank, deposits with a bank with original maturity date over three months and trade and other receivables), which are held for the collection of contractual cash flows which represent solely payments of principal and interest.

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). 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 since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

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

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

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(iv) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— construction in progress;

— investment property;

— right-of-use assets;

— intangible assets;

— investments in associates; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit ("**CGU**")). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and (ii)).

(l) Inventories

Inventories are assets in the form of materials and consumables or supplies which are held for consumption in the rendering of services or for sale in the ordinary course of business.

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are consumed in the rendering of services or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(n)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amount.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(x)).

(r) Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to defined contribution retirement plans

Pursuant to the relevant laws and regulations of the People's Republic of China (the "**PRC**"), the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government.

Contributions to defined contribution retirement plans are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services, the sales of goods or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax ("**VAT**") and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(ii) Revenue from provision of facilities usage and management services, wastewater treatment and utilities and other related services is recognised when the services are rendered.

(iii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the goods in the contracts. Revenue excludes VAT and is after deduction of any trade discounts.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(k)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group or the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(w) Research and development expenses

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development expenses are recognised as expenses in the period in which they are incurred.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Non-current assets held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries and associates). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 31 contains information about the assumptions and their risk factors relating to fair value of financial assets. Other key sources of estimation uncertainty and critical accounting judgements in the process of applying the Group's accounting policies are as follows:

Impairments of assets

In considering the impairment losses that may be required for certain property, plant and equipment, construction in progress, investment property, right-of-use assets and intangible assets, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are industrial park property development and management, electroplating wastewater treatment and sales of goods and ancillary business. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business lines is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major business lines		
— Facilities usage and management service	291,652	236,548
— Wastewater treatment and utilities	433,322	356,900
— Sales of goods and ancillary business	249,915	234,987
	974,889	828,435
Revenue from other sources		
Gross rentals from investment properties (note 12)	120,902	99,315
	1,095,791	927,750

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii), respectively.

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the year ended 31 December 2022 (2021: nil).

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Rental and facilities usage: this segment conducts industrial park property development and management business.

— Wastewater treatment and utilities: this segment operates electroplating wastewater treatment plants and provides services of utilities.

— Sales of goods and ancillary business: this segment includes sales of materials and consumables and provision of other related environmental services to customers.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment rentals of properties and sales of raw materials, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before finance costs, interest income, taxes, depreciation and amortisation". To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 are set out below.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2022	Rental and facilities usage RMB'000	Wastewater treatment and utilities RMB'000	Sales of goods and ancillary business RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
Point in time	–	433,322	249,915	683,237
Over time	412,554	–	–	412,554
Revenue from external customers	412,554	433,322	249,915	1,095,791
Inter-segment revenue	18,837	–	26,810	45,647
Reportable segment revenue	431,391	433,322	276,725	1,141,438
Reportable segment profit (adjusted EBITDA)	397,824	88,552	14,752	501,128
Depreciation and amortisation for the year	(205,169)	(12,273)	(1,771)	(219,213)

For the year ended 31 December 2021	Rental and facilities usage RMB'000	Wastewater treatment and utilities RMB'000	Sales of goods and ancillary business RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
Point in time	–	356,900	234,987	591,887
Over time	335,863	–	–	335,863
Revenue from external customers	335,863	356,900	234,987	927,750
Inter-segment revenue	2,812	–	17,127	19,939
Reportable segment revenue	338,675	356,900	252,114	947,689
Reportable segment profit (adjusted EBITDA)	269,577	114,235	15,276	399,088
Depreciation and amortisation for the year	(189,902)	(11,991)	(1,744)	(203,637)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment profits

	2022 RMB'000	2021 RMB'000
Reportable segment profit derived from the Group's external customers	**501,128**	399,088
Depreciation and amortisation	**(219,213)**	(203,637)
Finance costs	**(101,460)**	(91,365)
Interest income	**2,474**	1,030
Unallocated head office and corporate expenses	**(30,718)**	(26,317)
Consolidated profit before taxation	**152,211**	78,799

(iii) Geographic information

Substantially all of the Group's revenue and non-current assets are generated and located in the PRC.

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

(i) Contracts with customers within the scope of HKFRS 15

As at 31 December 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB1,202,194,000 (2021: RMB1,258,880,000). This amount represents revenue expected to be recognised in the future from contracts of property management, facilities usage and other services entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are rendered, which is mainly expected to occur over the next one to twenty-two years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service and sales contracts of raw materials such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an original expected duration of one year or less.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date *(Continued)*

(ii) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 12 sets out information about the operating leases of investment property.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022 RMB'000	2021 RMB'000
Less than one year	**124,426**	107,780
One to two years	**116,622**	101,657
Two to three years	**110,541**	94,054
Three to four years	**95,382**	87,805
Four to five years	**25,403**	71,386
More than five years	**79,088**	68,341
Total undiscounted lease payments	**551,462**	531,023

4 OTHER REVENUE

	2022 RMB'000	2021 RMB'000
Interest income	**2,474**	1,030
Government grants		
— Unconditional subsidies	**5,949**	1,742
— Conditional subsidies (note 28)	**11,236**	7,505
Income from additional deduction of VAT	**3,849**	–
Other income	**862**	510
	24,370	10,787

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

5 OTHER NET LOSS

	2022 RMB'000	2021 RMB'000
Loss arising from disposal of property, plant and equipment	**(463)**	(63)
Changes in fair value of other financial assets through profit or loss	**(1,115)**	(114)
Net foreign exchange loss	**(1,629)**	(422)
Others	**519**	(854)
	(2,688)	(1,453)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2022 RMB'000	2021 RMB'000
Interest on bank loans and other borrowings	**125,199**	103,381
Interest on lease liabilities (note 14)	**48**	58
Less: interest expenses capitalised into properties and plant under development	**(23,787)**	(12,074)
	101,460	91,365

The borrowing costs have been capitalised at a rate of 5.70% to 6.55% per annum (2021: 6.25% to 6.82%).

(b) Staff costs (including directors' emoluments)

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	**122,863**	93,821
Retirement scheme contributions	**10,541**	8,430
	133,404	102,251

The PRC entities participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

6 PROFIT BEFORE TAXATION *(Continued)*

(c) Other items

	2022 RMB'000	2021 RMB'000
Depreciation and amortisation		
— Property, plant and equipment	**147,121**	141,094
— Investment property	**61,940**	54,209
— Right-of-use assets	**9,543**	7,723
— Intangible assets	**609**	611
	219,213	203,637
Cost of inventories (i)		
— Cost of inventory-sold	**204,302**	197,700
— Cost of inventory-consumption	**137,887**	111,683
	342,189	309,383
Auditors' remuneration		
— Audit related	**2,151**	2,071
— Non-audit related	**1,249**	821
	3,400	2,892
Utility costs	**32,930**	25,423
Research and development expenses	**10,907**	9,593

(i) Cost of inventories mainly represented goods sold to customers and raw materials consumed during the provision of electroplating wastewater treatment services.

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2022 RMB'000	2021 RMB'000
Current tax — PRC income tax		
Provision for the year (note 29(a))	**40,959**	41,634
Deferred tax		
Origination and reversal of temporary differences (note 29(b))	**1,132**	(10,599)
Effect on deferred tax balances at 1 January resulting from a change in tax rate (note 29(b))	**1,415**	–
	2,547	(10,599)
	43,506	31,035

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 RMB'000	2021 RMB'000
Profit before taxation	**152,211**	78,799
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (i)	**38,050**	21,670
Effect of non-deductible expenses	**3,360**	2,876
Effect of preferential tax treatments on High and New Technology Enterprise (ii)	**(13,596)**	(11,749)
Additional deduction for research and development expenses (iii)	**(5,357)**	(3,563)
Effect of unused tax losses not recognised	**21,834**	13,993
Effect on deferred tax balances at 1 January resulting from a change in tax rate (note 29(b))	**1,415**	–
Withholding tax on distribution of profit from a PRC subsidiary	**–**	8,711
Others	**(2,200)**	(903)
Income tax expenses	**43,506**	31,035

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: *(Continued)*

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. For the year ended 31 December 2022, subsidiaries in Hong Kong did not have any assessable profits (2021: nil).

The statutory income tax rate for the PRC subsidiaries is 25%.

(ii) In 2021, Huizhou Jinmaoyuan Environmental Technology Co., Ltd. ("**Huizhou Jinmaoyuan**") was approved as a High and New Technology Enterprise. According to relevant tax rules in the PRC, Huizhou Jinmaoyuan was entitled to a preferential income tax rate of 15% from 2021 to 2023.

In 2022, Tianjin Bingang Electroplating Enterprises Management Co., Ltd. ("**Tianjin Bingang**") was approved as a High and New Technology Enterprise. According to relevant tax rules in the PRC, Tianjin Bingang was entitled to a preferential income tax rate of 15% from 2022 to 2024.

In 2022, Jinyuan(Jingzhou) Environmental Technology Co., Ltd. ("**Jingzhou Jinyuan**") was approved as a High and New Technology Enterprise. According to relevant tax rules in the PRC, Jingzhou Jinyuan was entitled to a preferential income tax rate of 15% from 2022 to 2024.

Accordingly, the income tax of Huizhou Jinmaoyuan, Tianjin Bingang and Jingzhou Jinyuan was reduced by RMB13,596,000 for the year ended 31 December 2022 (2021: RMB11,749,000) as High and New Technology Enterprises.

(iii) During the year ended 31 December 2022, Huizhou Jinmaoyuan, Tianjin Bingang, Jingzhou Jinyuan and Sichuan Jinmaoyuan Environmental Technology Co., Ltd. ("**Sichuan Jinmaoyuan**") were eligible to claim additional deduction on research and development expenses when determined the assessable profits. Accordingly, the income tax was reduced by RMB5,357,000 for the year ended 31 December 2022 (2021: RMB3,563,000).

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclose pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 December 2022				
	Directors' and supervisors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Defined contribution retirement plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Zhang Lianghong	–	846	32	–	878
Mr. Zhu Heping	–	1,234	–	322	1,556
Mr. Huang Shaobo	–	431	–	–	431
Mr. Lee Yuk Kong (resigned on 26 July 2022)	–	245	–	–	245
Mr. Lee Kin Ming (appointed on 26 July 2022)	–	187	–	–	187
	–	2,943	32	322	3,297
Independent non-executive directors					
Mr. Kan Chung Nin, Tony *SBS, JP*	–	259	–	–	259
Mr. Li Xiaoyan	–	259	–	–	259
Mr. Li Yinquan (resigned on 22 December 2022)	–	253	–	–	253
	–	771	–	–	771
	–	3,714	32	322	4,068

8 DIRECTORS' EMOLUMENTS *(Continued)*

	For the year ended 31 December 2021				
	Directors' and supervisors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Defined contribution retirement plans RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Zhang Lianghong	–	823	31	–	854
Mr. Zhu Heping	–	1,206	–	360	1,566
Mr. Huang Shaobo	–	415	–	–	415
Mr. Lee Yuk Kong	–	415	–	–	415
	–	2,859	31	360	3,250
Independent non-executive directors					
Mr. Kan Chung Nin, Tony *SBS, JP*	–	249	–	–	249
Mr. Li Xiaoyan	–	249	–	–	249
Mr. Li Yinquan	–	249	–	–	249
	–	747	–	–	747
	–	3,606	31	360	3,997

Subsequent to the year ended 31 December 2022, Mr. Liu Da was appointed as independent non-executive director on 1 March 2023.

There was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2022 (2021: nil). There was no arrangement under which a director had waived or agreed to waive any remuneration during the year (2021: nil).

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2021: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2021: three) individuals are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	**1,539**	1,468
Discretionary bonuses	**95**	374
Retirement scheme contributions	**73**	69
	1,707	1,911

The emoluments of the two (2021: three) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
Nil to HKD1,000,000	**1**	3
HKD1,000,001 to HKD1,500,000	**1**	–

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB111,235,000 (2021: RMB55,915,000) and the weighted average number of 1,116,457,000 ordinary shares (2021: 1,119,995,000 shares) in issue during the year, calculated as follows:

	2022 '000	2021 '000
Issued ordinary shares at 1 January	**1,120,000**	1,120,000
Effect of shares repurchased (note 30(c)(ii))	**(3,543)**	(5)
Weighted average number of ordinary shares at 31 December	**1,116,457**	1,119,995

(b) Diluted earnings per share

During the years ended 31 December 2022 and 2021, there were no dilutive potential ordinary shares issued.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Total RMB'000
Cost:					
At 1 January 2021	256,398	1,395,618	7,560	14,453	1,674,029
Additions	–	11,828	3,070	2,224	17,122
Transfer from construction in progress (note 13)	178,274	196,616	–	–	374,890
Disposals	–	(1,683)	(168)	(57)	(1,908)
At 31 December 2021	**434,672**	**1,602,379**	**10,462**	**16,620**	**2,064,133**
Additions	**–**	**3,599**	**926**	**1,672**	**6,197**
Transfer from construction in progress (note 13)	**112,269**	**143,765**	**–**	**6,594**	**262,628**
Disposals	**–**	**(3,661)**	**(578)**	**(38)**	**(4,277)**
At 31 December 2022	**546,941**	**1,746,082**	**10,810**	**24,848**	**2,328,681**
Accumulated depreciation:					
At 1 January 2021	(59,614)	(400,006)	(5,107)	(7,607)	(472,334)
Charge for the year	(19,442)	(117,561)	(1,206)	(2,885)	(141,094)
Written back on disposals	–	750	149	54	953
At 31 December 2021	**(79,056)**	**(516,817)**	**(6,164)**	**(10,438)**	**(612,475)**
Charge for the year	**(21,529)**	**(121,012)**	**(1,346)**	**(3,234)**	**(147,121)**
Written back on disposals	**–**	**1,788**	**549**	**29**	**2,366**
At 31 December 2022	**(100,585)**	**(636,041)**	**(6,961)**	**(13,643)**	**(757,230)**
Net book value:					
At 31 December 2022	**446,356**	**1,110,041**	**3,849**	**11,205**	**1,571,451**
At 31 December 2021	355,616	1,085,562	4,298	6,182	1,451,658

As at 31 December 2022, certain property, plant and equipment with carrying value of RMB687,486,000 (2021: RMB725,153,000) were pledged to secure the Group's bank loans and other borrowings (note 26(iii)).

(Expressed in Renminbi unless otherwise indicated)

12 INVESTMENT PROPERTY

	RMB'000
Cost:	
At 1 January 2021	1,064,149
Transfer from construction in progress (note 13)	120,724
Transfer from land-use rights (note 14)	9,561
At 31 December 2021	**1,194,434**
Transfer from construction in progress (note 13)	**466,176**
Transfer from land-use rights (note 14)	**5,589**
Transfer to assets held for sale (note 21)	**(12,054)**
At 31 December 2022	**1,654,145**
Accumulated depreciation:	
At 1 January 2021	(222,767)
Charge for the year	(54,209)
Transfer from land-use rights (note 14)	(1,216)
At 31 December 2021	**(278,192)**
Charge for the year	**(61,940)**
Transfer from land-use rights (note 14)	**(664)**
Transfer to assets held for sale (note 21)	**76**
At 31 December 2022	**(340,720)**
Net book value:	
At 31 December 2022	**1,313,425**
At 31 December 2021	916,242

As at 31 December 2022, the fair value of the Group's investment property was approximately RMB2,387,100,000 (2021: RMB1,804,020,000). The fair value is determined by the directors of the Company with reference to the valuation performed, using the income capitalisation approach with reference to the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the exiting lease period and the sum of average unit market rent at the capitalisation rate after the existing lease period, by an independent qualified professional valuer.

As at 31 December 2022, certain investment property with carrying value of RMB1,121,483,000 (2021: RMB873,009,000) were pledged to secure the Group's bank loans and other borrowings (note 26(iii)).

12 INVESTMENT PROPERTY *(Continued)*

Amount recognised in profit or loss

	2022 RMB'000	2021 RMB'000
Rental income, excluding service charges (note 3(a))	**120,902**	99,315
Direct operating expenses that generated rental income during the year	**(69,285)**	(69,031)
Direct operating expenses that did not generate rental income during the year	**(10,404)**	(8,921)

The rental income is included in 'revenue'. The Group leased out investment property under operating leases. The operating leases mainly run for an initial period of 4 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every year to reflect market rentals. None of the leases includes contingent rentals.

13 CONSTRUCTION IN PROGRESS

	RMB'000
Cost:	
At 1 January 2021	363,246
Additions	508,949
Transfer to property, plant and equipment (note 11)	(374,890)
Transfer to investment property (note 12)	(120,724)
At 31 December 2021	**376,581**
Additions	**888,516**
Transfer to property, plant and equipment (note 11)	**(262,628)**
Transfer to investment property (note 12)	**(466,176)**
At 31 December 2022	**536,293**

14 RIGHT-OF-USE ASSETS

Information about leases for which the Group is a lessee is presenting as below:

	Land-use rights RMB'000	Office and dormitories RMB'000	Total RMB'000
Cost:			
At 1 January 2021	304,290	3,067	307,357
Additions	101,505	201	101,706
Transfer to investment property (note 12)	(9,561)	–	(9,561)
At 31 December 2021	**396,234**	**3,268**	**399,502**
Additions	**32,183**	**748**	**32,931**
Transfer to investment property (note 12)	**(5,589)**	**–**	**(5,589)**
Disposals	**–**	**(815)**	**(815)**
At 31 December 2022	**422,828**	**3,201**	**426,029**
Accumulated amortisation:			
At 1 January 2021	(32,892)	(1,610)	(34,502)
Charge for the year	(6,977)	(746)	(7,723)
Transfer to investment property (note 12)	1,216	–	1,216
At 31 December 2021	**(38,653)**	**(2,356)**	**(41,009)**
Charge for the year	**(8,869)**	**(674)**	**(9,543)**
Transfer to investment property (note 12)	**664**	**–**	**664**
Disposals	**–**	**807**	**807**
At 31 December 2022	**(46,858)**	**(2,223)**	**(49,081)**
Net book value:			
At 31 December 2022	**375,970**	**978**	**376,948**
At 31 December 2021	357,581	912	358,493

The Group's land-use rights on leasehold land are located in the PRC. Amortisation is recognised in profit or loss on a straight-line basis over the respective periods of the land-use rights, which are 42 to 50 years (2021: 42 to 50 years). At 31 December 2022, the remaining periods of the land-use rights range from 33 to 50 years (2021: 34 to 50 years).

As at 31 December 2022, land-use rights with net book value of RMB342,486,000 (2021: RMB291,649,000) were pledged for bank loans and other borrowings (note 26(iii)).

The Group leases office and dormitories expiring from 1 to 5 years. All leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

14 RIGHT-OF-USE ASSETS *(Continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities (note 6(a))	48	58
Expenses relating to short-term leases	543	339
	591	397

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 23 and 27, respectively.

15 INTANGIBLE ASSETS

	Electroplating wastewater treatment operation rights RMB'000	Software RMB'000	Total RMB'000
Cost:			
At 1 January 2021	5,333	946	6,279
Additions	69	–	69
At 31 December 2021	5,402	946	6,348
Additions	–	254	254
At 31 December 2022	5,402	1,200	6,602
Accumulated amortisation:			
At 1 January 2021	(2,848)	(168)	(3,016)
Charge for the year	(522)	(89)	(611)
At 31 December 2021	(3,370)	(257)	(3,627)
Charge for the year	(465)	(144)	(609)
At 31 December 2022	(3,835)	(401)	(4,236)
Net book value:			
At 31 December 2022	1,567	799	2,366
At 31 December 2021	2,032	689	2,721

(Expressed in Renminbi unless otherwise indicated)

16 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of major subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated:

Name of company	Place of incorporation and business	Particulars of issued and registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Huizhou Kimou Industrial Investment Co., Ltd. ("**Huizhou Kimou**") (i) 惠州金茂實業投資有限公司 (i)	Huizhou, the PRC	RMB600,000,000	100%	–	100%	Investment property development and management
Huizhou Jinzefeng Trading Co., Ltd. (ii) 惠州金澤豐貿易有限公司 (ii)	Huizhou, the PRC	RMB20,000,000	100%	–	100%	Sales of chemical materials
Huizhou Jinmaoyuan (ii) 惠州金茂源環保科技有限公司 (ii)	Huizhou, the PRC	RMB160,000,000	100%	–	100%	Provision of electroplating wastewater processing and related services
Tianjin Bingang (ii) 天津濱港電鍍企業管理有限公司 (ii)	Tianjin, the PRC	RMB589,880,000	51%	–	51%	Provision of electroplating wastewater processing and related services

(i) This is a wholly-foreign-owned limited liability companies in the PRC. The official name of the entity is in Chinese. The English translation of the name is for reference only.

(ii) These are private limited liability companies in the PRC. The official names of these entities are in Chinese. The English translation of the names is for reference only.

The following table lists out the information relating to Tianjin Bingang, the subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

16 INVESTMENTS IN SUBSIDIARIES *(Continued)*

	2022 RMB'000	2021 RMB'000
NCI percentage	**49%**	49%
Current assets	**62,034**	80,718
Non-current assets	**1,088,284**	1,148,815
Current liabilities	**(505,207)**	(459,942)
Non-current liabilities	**(275,696)**	(406,685)
Net assets	**369,415**	362,906
Carrying amount of NCI	**181,013**	177,824
Revenue	**264,123**	222,102
Profit/(loss) for the year	**7,090**	(9,931)
Total comprehensive income	**7,090**	(9,931)
Profit/(loss) allocated to NCI	**3,474**	(4,866)
Net cash generated from operating activities	**126,099**	79,915
Net cash used in investing activities	**(27,608)**	(22,231)
Net cash generated used in financing activities	**(101,481)**	(54,060)

17 INVESTMENTS IN ASSOCIATES

The following list contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued/ paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Tianjin Qianfeng New Energy Co., Ltd. (i)	Incorporated	The PRC	RMB10,000,000/ RMB8,800,000	20%	–	20%	Power generation and transportation
Huizhou Qianfeng New Energy Technology Co., Ltd. (i)	Incorporated	The PRC	RMB5,000,000	20%	–	20%	Power generation and transportation

(i) The official names of these entities are in Chinese. The English translation of the names is for identification only.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

17 INVESTMENTS IN ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**2,948**	–
Aggregate amounts of the Group's share of those associates'		
— Loss and total comprehensive income from continuing operations	**(52)**	–

18 OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
Unlisted equity securities measured as fair value through profit or loss	**4,511**	5,626

The unlisted equity securities represented the 5% shares in a local commercial bank incorporated in the PRC and engaging in provision of banking and financing services. No dividend was received on this investment during the year (2021: nil).

19 INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw material	**4,894**	4,398
Consumables	**18,666**	13,620
	23,560	18,018

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount of inventories sold and consumed (note 6(c))	**342,189**	309,383

20 TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Current		
Trade debtors	**135,361**	117,252
Less: Allowance for expected credit losses (note 31(a))	**(1,199)**	–
	134,162	117,252
Deductible input VAT	**78,278**	91,355
Prepayments and other receivables	**7,344**	7,549
Loan deposits (i)	**4,000**	–
Amounts due from a related party (note 34(c))	**2,898**	818
	226,682	216,974
Non-current		
Prepayments for purchase of property, plant and equipment	**10,121**	1,277
Deposits for other borrowings	**3,550**	–
Deposits for acquisition of land-use rights and constructions	**2,000**	20,276
	15,671	21,553
Total	**242,353**	238,527

(i) It represents the payments to a bank as deposits for certain bank loans.

All of the trade and other receivables, apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

As at 31 December 2022, the Group endorsed certain bank acceptance bills totaling RMB11,000,000 (2021: RMB4,000,000) to suppliers and contractors for settling payables of the same amount on a full resource basis. The Group has derecognised these bills receivable and the payables in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group have limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

20 TRADE AND OTHER RECEIVABLES *(Continued)*

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 month	**110,103**	102,172
1 to 3 months	**16,416**	10,422
4 to 6 months	**5,152**	2,422
Over 6 months	**2,491**	2,236
	134,162	117,252

Trade debtors are due within 15 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors are set out in note 31(a).

21 NON-CURRENT ASSETS HELD FOR SALE

	2022 RMB'000	2021 RMB'000
Non-current assets held for sale	**11,978**	–

Non-current assets held for sale represent properties which were agreed to be sold to independent third parties in the next 12 months and were measured at the lower of their carrying amounts and fair values less costs to sell.

22 RESTRICTED DEPOSITS WITH BANKS

	2022 RMB'000	2021 RMB'000
Deposits for litigation dispute (note 32)	**3,140**	3,140
Pledged deposits (i)	**45,309**	–
	48,449	3,140

Note:

(i) As at 31 December 2022, the deposits with banks have been pledged as securities for bank loans (note 26(iii)).

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2022 RMB'000	2021 RMB'000
Cash on hand	106	188
Cash at bank	188,371	110,434
Other cash and cash equivalents	1,828	1,540
	190,305	112,162

As at 31 December 2022, cash and cash equivalents placed with banks in Mainland China amounted to RMB187,835,000 (2021: RMB108,446,000). Remittance of funds out of Mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of profit before taxation to cash generated from operations:

	2022 RMB'000	2021 RMB'000
Profit before taxation	152,211	78,799
Adjustments for:		
Depreciation and amortisation	219,213	203,637
Finance costs	101,460	91,365
Interest income	(2,007)	(1,030)
Foreign exchange loss	700	239
Loss arising from disposals of property, plant and equipment	463	63
Change in fair value of other financial assets through profit or loss	1,115	114
Loan service fee	2,220	–
Share of losses of associates	52	–
Changes in working capital:		
Increase in restricted deposits with banks (note 22)	–	(3,140)
Increase in inventories	(5,542)	(11,981)
Increase in trade and other receivables	(41,238)	(70,118)
Increase in trade and other payables	65,386	78,402
Increase in deferred income	9,341	23,407
Cash generated from operations	503,374	389,757

(c) Significant investing activities not requiring the use of cash:

	2022 RMB'000	2021 RMB'000
Purchase of property, plant and equipment and investment property settled by bills endorsement	10,505	11,297

23 CASH AND CASH EQUIVALENTS *(Continued)*

(d) Significant financing activities not requiring the use of cash:

	2022 RMB'000	2021 RMB'000
Other borrowings settled by bills endorsement	3,957	–

(e) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans RMB'000 (Note 26)	Liabilities arising from other borrowings RMB'000 (Note 26)	Interest payable RMB'000 (Note 24)	Liabilities arising from related parties liabilities RMB'000 (Note 34(b))	Lease liabilities RMB'000 (Note 27)	Total RMB'000
At 1 January 2022	1,633,278	30,753	3,368	2,250	683	1,670,332
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	1,193,889	113,500	–	–	–	1,307,389
Repayment of bank loans and other borrowings	(696,281)	(37,941)	–	–	–	(734,222)
Interest paid	–	–	(124,596)	–	–	(124,596)
Advance from a related party	–	–	–	8,516	–	8,516
Repayment to related parties	–	–	–	(10,766)	–	(10,766)
Capital element of lease rentals paid (note 23(f))	–	–	–	–	(709)	(709)
Total changes from financing cash flows	497,608	75,559	(124,596)	(2,250)	(709)	445,612
Interest on bank loans and other borrowings (note 6(a))	–	–	125,199	–	–	125,199
Interest on lease liabilities (note 6(a))	–	–	–	–	48	48
Increase in lease liabilities from entering into new leases during this period	–	–	–	–	748	748
Decrease in lease liabilities from terminating leases during this period	–	–	–	–	(8)	(8)
Other borrowings settled by bills endorsement	–	(3,957)	–	–	–	(3,957)
Total other charges	–	(3,957)	125,199	–	788	122,030
At 31 December 2022	2,130,886	102,355	3,971	–	762	2,237,974

23 CASH AND CASH EQUIVALENTS *(Continued)*

(e) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loans RMB'000 (Note 26)	Liabilities arising from other borrowings RMB'000 (Note 26)	Interest payable RMB'000 (Note 24)	Liabilities arising from related parties liabilities RMB'000 (Note 34(b))	Lease liabilities RMB'000 (Note 27)	Total RMB'000
At 1 January 2021	1,226,497	22,500	2,031	–	1,285	1,252,313
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	725,418	34,880	–	–	–	760,298
Repayment of bank loans and other borrowings	(318,637)	(26,627)	–	–	–	(345,264)
Interest paid	–	–	(102,044)	–	–	(102,044)
Advance from a related party	–	–	–	2,250	–	2,250
Capital element of lease rentals paid (note 23(f))	–	–	–	–	(861)	(861)
Total changes from financing cash flows	406,781	8,253	(102,044)	2,250	(861)	314,379
Interest on bank loans and other borrowings (note 6(a))	–	–	103,381	–	–	103,381
Interest on lease liabilities (note 6(a))	–	–	–	–	58	58
Increase in lease liabilities from entering into new leases during this period	–	–	–	–	201	201
Total other charges	–	–	103,381	–	259	103,640
At 31 December 2021	1,633,278	30,753	3,368	2,250	683	1,670,332

(f) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022 RMB'000	2021 RMB'000
Within operating cash flows	**543**	339
Within financing cash flows	**709**	861

(Expressed in Renminbi unless otherwise indicated)

24 TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	**80,131**	69,142
Deposits due to customers	**203,539**	184,897
Payables for equipment and construction	**302,574**	202,124
Interest payable	**3,971**	3,368
Payroll payable	**31,144**	21,674
Amounts due to related parties (note 34(c))	**2**	3,235
Provision for litigation compensation (note 32)	**850**	–
Others	**16,346**	12,061
Total	**638,557**	496,501

Deposits due to customers represented the rental and facilities usage deposits, which might be repayable to customers after more than one year. All of the other trade payables, other payables, accruals and amounts due to related parties are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is 30 to 60 days.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 month	**56,651**	55,668
1 to 3 months	**18,127**	12,830
4 to 6 months	**4,040**	294
Over 6 months	**1,313**	350
	80,131	69,142

25 CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Service fees prepaid by customers	**5,990**	9,725
Payments for properties prepaid by a third party (note 21)	**2,260**	–
Payments of goods prepaid by customers	**4,570**	2,267
	12,820	11,992

Service fees and payments of goods from customers are recorded as contract liabilities in the consolidated statement of financial position at the time of receipt. Revenue from provision of services and sales for goods is recognised according to the accounting policy set out in note 1(u).

Movements in contract liabilities

	2022 RMB'000	2021 RMB'000
Balance at 1 January	**11,992**	9,148
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(11,992)**	(9,148)
Increase in contract liabilities as a result of receiving services fees and payments of goods in advance as at the year end	**12,820**	11,992
Balance at 31 December	**12,820**	11,992

26 BANK LOANS AND OTHER BORROWINGS

At 31 December 2022, the bank loans and other borrowings were as follows:

	2022 RMB'000	2021 RMB'000
Secured and guaranteed bank loans	**2,130,886**	1,633,278
Secured other borrowings	**102,355**	30,753
	2,233,241	1,664,031

26 BANK LOANS AND OTHER BORROWINGS *(Continued)*

At 31 December 2022, the bank loans and other borrowings were repayable as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year or on demand	**685,585**	574,883
After 1 year but within 2 years	**461,885**	274,034
After 2 years but within 5 years	**731,115**	617,638
After 5 years	**354,656**	197,476
Sub-total	**1,547,656**	1,089,148
Total	**2,233,241**	1,664,031

(i) Other borrowings represent loans received from financial institutions in the PRC.

(ii) As at 31 December 2022, bank loans amounted to RMB1,684,594,000 (2021: RMB1,286,288,000) were floating-interest rate loans with interest rates ranged from 3.10% to 7.40% (2021: 5.22% to 6.86%). Bank loans and other borrowings amounted to RMB548,647,000 (2021: RMB377,743,000) were fixed-interest rate borrowings with interest rates ranged from 3.65% to 8.67% (2021: 5.80% to 6.65%).

(iii) Secured bank loans and other borrowings as at 31 December 2022 and 2021 were secured by certain of the Group's charge rights of income, equity interests of certain subsidiaries of the Group in the PRC, property, plant and equipment (note 11), investment property (note 12), land-use rights (note 14), loan deposits (note 20), deposits for other borrowings (note 20) and restricted deposits with banks (note 22).

(iv) As at 31 December 2022, bank loans and other borrowings amounted to RMB2,227,428,000 (2021: RMB1,519,541,000) were guaranteed by certain directors of the Company, close family members of directors, non-controlling shareholders of the Company or non-controlling shareholders of certain subsidiaries of the Group in the PRC.

(v) As at 31 December 2022, bank loans and other borrowings amounted to RMB2,233,241,000 (2021: RMB1,664,031,000) were subject to the fulfillment of covenants, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lenders' approval. As at 31 December 2022, none of the covenants relating to drawn down facilities had been breached (2021: nil).

27 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December of 2022:

	2022		2021	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**303**	**342**	508	547
After 1 year but within 2 years	**143**	**163**	175	189
After 2 years but within 5 years	**316**	**352**	–	–
	459	**515**	175	189
	762	**857**	683	736
Less: total future interest expenses		**(95)**		(53)
Present value of lease liabilities		**762**		683

28 DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**88,695**	65,288
Additions	**20,577**	30,912
Credited to profit or loss (note 4)	**(11,236)**	(7,505)
At the end of the year	**98,036**	88,695

Deferred income consists of deferred government grants and subsidies for acquisition of right-of-use assets and construction of certain property, plant and equipment. The grants and subsidies from local government were conditional and the conditions would be fulfilled upon the completion of acquisition of right-of-use assets or construction of certain property, plant and equipment of the Group. The grants will be recognised as income in profit or loss on a systematic basis over the estimated useful lives of the right-of-use assets and property, plant and equipment.

29 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**25,158**	15,920
Provision for PRC income tax for the year (note 7(a))	**40,959**	41,634
PRC income tax paid	**(47,419)**	(32,396)
At the end of the year	**18,698**	25,158

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Unused tax loss RMB'000	Government grant RMB'000	Revaluation of other financial assets RMB'000	Withholding tax on distribution of profit from PRC to HK RMB'000	Others RMB'000	Net deferred tax asset RMB'000
Deferred tax arising from:						
At 1 January 2021	(33,405)	(11,216)	(1,065)	10,831	(73)	(34,928)
(Credited)/charged to profit or loss (note 7(a))	(7,758)	1,058	(29)	(4,080)	210	(10,599)
At 31 December 2021	**(41,163)**	**(10,158)**	**(1,094)**	**6,751**	**137**	**(45,527)**
Effect on deferred tax balances at 1 January resulting from a change in tax rate (note 7(a))	**1,415**	**–**	**–**	**–**	**–**	**1,415**
Charged/(Credited) to profit or loss (note 7(a))	**3,305**	**1,147**	**(278)**	**(2,200)**	**(842)**	**1,132**
At 31 December 2022	**(36,443)**	**(9,011)**	**(1,372)**	**4,551**	**(705)**	**(42,980)**

29 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised *(Continued)*

(ii) Reconciliation to the consolidated statements of financial position:

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	**(47,531)**	(52,278)
Net deferred tax liabilities recognised in the consolidated statements of financial position	**4,551**	6,751
	(42,980)	(45,527)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses as at 31 December 2022 of RMB98,864,000 (2021: RMB57,738,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities. The tax losses of subsidiaries located in the PRC expire in 5 years under current tax legislation.

(d) Deferred tax liabilities not recognised

Dividend withholding tax

According to the CIT Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

As at 31 December 2022, deferred tax liabilities in respect of the dividend withholding tax relating to the undistributed profits of the Company's subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at 31 December 2022, it was determined that the undistributed profits of the Company's subsidiaries would not be distributed in the foreseeable future. The amounts of undistributed profit of the Company's subsidiaries are set out below:

	2022 RMB'000	2021 RMB'000
Distributable profits earned by PRC subsidiaries on or after 1 January 2008	**268,986**	14,622

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Shares repurchased for cancellation RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2021		98,377	595,124	(28,656)	–	(33,851)	630,994
Changes in equity for 2021:							
Loss for the year		–	–	–	–	(7,759)	(7,759)
Other comprehensive income		–	–	(17,884)	–	–	(17,884)
Total comprehensive income		–	–	(17,884)	–	(7,759)	(25,643)
Purchase of own shares		–	–	–	(104)	–	(104)
At 31 December 2021 and 1 January 2022	30	98,377	595,124	(46,540)	(104)	(41,610)	605,247
Changes in equity for 2022:							
Profit for the year		**–**	**–**	**–**	**–**	**337**	**337**
Other comprehensive income		**–**	**–**	**56,085**	**–**	**–**	**56,085**
Total comprehensive income		**–**	**–**	**56,085**	**–**	**337**	**56,422**
Purchase of own shares		**–**	**–**	**–**	**(7,893)**	**–**	**(7,893)**
Cancellation of shares		**(626)**	**(5,633)**	**–**	**6,259**	**–**	**–**
As at 31 December 2022	30	**97,751**	**589,491**	**9,545**	**(1,738)**	**(41,273)**	**653,776**

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022 RMB'000	2021 RMB'000
Final dividend proposed after the end of the reporting period of HKD0.05 per ordinary share (2021: nil)	**49,289**	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period, and it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No dividends have been declared or paid by the Company during the year (2021: nil).

(c) Share capital

(i) Issued share capital of the Company

	Number of shares	USD	HKD	RMB equivalent
Ordinary shares, issued and fully paid				
At 1 January 2021, 31 December 2021 and 1 January 2022	1,120,000,000	–	112,000,000	98,377,440
Shares repurchased and cancelled	(6,986,000)	–	(698,600)	(626,325)
At 31 December 2022	1,113,014,000	–	111,301,400	97,751,115

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital *(Continued)*

(ii) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/Year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid HKD	RMB equivalent RMB
January 2022	50,000	1.04	1.00	51,000	46,000
April 2022	740,000	0.96	0.84	689,000	618,000
May 2022	1,150,000	0.99	0.95	1,134,000	1,017,000
June 2022	978,000	1.02	0.99	997,000	894,000
July 2022	950,000	1.00	0.96	949,000	851,000
August 2022	1,230,000	1.01	0.96	1,237,000	1,110,000
September 2022	1,748,000	1.04	0.96	1,795,000	1,610,000
October 2022	926,000	1.03	0.98	948,000	850,000
December 2022	952,000	1.05	0.98	998,000	897,000
	8,724,000			8,798,000	7,893,000

In 2022, the Company repurchased 8,724,000 shares in total, representing 0.78% of the total shares of the Company, on the Stock Exchange for an aggregate price of HKD8,798,000 (equivalent to RMB7,893,000).

(d) Nature and purposes of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account and other reserve account of the Company are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve represents the difference between the increase of share capital and total capital injection made by shareholders to a subsidiary.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purposes of reserves *(Continued)*

(iii) PRC statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve can be used to reduce losses of prior years, if any, and may be converted into paid-in capital in proportion to the existing equity interests of shareholders.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies with functional currency other than RMB presentation currency. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(v) Acquisition of non-controlling interests

During the year ended 31 December 2022, the Group acquired non-controlling interests in a subsidiary at a consideration of RMB2,250,000, subsequent to which the Group held 100% equity interest in the subsidiary (2021: nil).

(e) Distributability of reserves

As at 31 December 2022, the aggregate amounts of reserves available for distribution to equity shareholders of the Company was HKD622,511,000 (equivalent to RMB557,763,000) (2021: HKD628,273,000 (equivalent to RMB506,870,000)), which comprises of share premium and offset by accumulated losses of the Company.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders of the Company, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

(Expressed in Renminbi unless otherwise indicated)

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2022 was as follows:

	Notes	2022 RMB'000	2021 RMB'000
Current liabilities:			
Bank loans and other borrowings	26	**685,585**	574,883
Lease liabilities	27	**303**	508
		685,888	575,391
Non-current liabilities:			
Bank loans and other borrowings	26	**1,547,656**	1,089,148
Lease liabilities	27	**459**	175
		2,234,003	1,664,714
Less: Cash and cash equivalents	23	**(190,305)**	(112,162)
Restricted deposits with banks	22	**(48,449)**	(3,140)
Adjusted net debt		**1,995,249**	1,549,412
Total equity		**1,365,453**	1,241,635
Adjusted net debt-to-equity ratio		**1.46**	1.25

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits with banks is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

Trade receivables

Rental and facilities usage deposits are received from customers by the Group to reduce potential exposure to credit risk. Normally, the Group does not obtain other collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 3% (2021: 3%) and 11% (2021: 10%) of the total trade receivables was due from the Group's largest customer and the five largest customers of the Group.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022:

	2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.12%	115,975	(144)
1 month past due	2.07%	9,560	(198)
1–3 months past due	3.66%	5,976	(219)
4–6 months past due	9.28%	2,461	(228)
6–12 months past due	24.61%	744	(183)
over 1year past due	35.11%	645	(227)
		135,361	(1,199)

As at 31 December 2021 in respect of trade receivables, sufficient rental and facilities usage deposits are received from customers to cover potential exposure to credit risk, and the Group considers to have low credit risk arising from trade receivables. The expected credit loss rate for financial assets measured at amortised cost is insignificant for the year ended 31 December 2021.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022 RMB'000
Balance at 1 January	–
Amounts written off	(635)
Impairment losses recognised	1,834
Balance at 31 December	1,199

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2022 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2022 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Bank loans and other borrowings	**816,584**	**557,296**	**890,556**	**378,655**	**2,643,091**	**2,233,241**
Lease liabilities	**342**	**163**	**352**	**–**	**857**	**762**
Trade and other payables	**638,557**	**–**	**–**	**–**	**638,557**	**638,557**
Total	**1,455,483**	**557,459**	**890,908**	**378,655**	**3,282,505**	**2,872,560**

	2021 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans and other borrowings	662,549	337,364	702,418	209,920	1,912,251	1,664,031
Lease liabilities	547	189	–	–	736	683
Trade and other payables	496,501	–	–	–	496,501	496,501
Total	1,159,597	337,553	702,418	209,920	2,409,488	2,161,215

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings issued at variable rates that expose the Group to cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans and other borrowings at the end of the reporting period:

	2022		2021	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Fixed rate borrowings:				
Lease liabilities	**4.75**	**762**	4.75	683
Bank loans and other borrowings	**3.65–8.67**	**548,647**	5.80–6.65	377,743
		549,409		378,426
Variable rate borrowings:				
Bank loans	**3.10–7.40**	**1,684,594**	5.22–6.86	1,286,288

(ii) Sensitivity analysis

At 31 December 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB13,378,000 (2021: RMB10,238,000). The impact on the Group's profit after tax is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2021.

(d) Currency risk

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December	Fair value measurements as at 31 December 2022 categorised into		
	2022 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Other financial assets:				
Unlisted equity securities	**4,511**	**–**	**4,511**	**–**

	Fair value at 31 December	Fair value measurements as at 31 December 2021 categorised into		
	2021 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Other financial assets:				
Unlisted equity securities	5,626	–	5,626	–

During the years ended 31 December 2021 and 2022, the fair value of unlisted equity instruments in level 2 is determined by the directors of the Company with reference to the valuation performed, using the price/net assets ratios of comparable listed companies adjusted for lack of marketability discount, by an independent qualified professional valuer.

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2022 and 2021.

32 CONTINGENT LIABILITY

Contingent liability in respect of legal claim

In 2021, an external third party (the "**Plaintiff**") launched a lawsuit against a subsidiary of the Company (the "**Defendant**") in respect of a dispute of trademark. The Plaintiff claimed a compensation in a total sum up to RMB10 million in connection with the damages and therefrom from the Defendant. On 16 August 2021, pursuant to an order from the court, a bank deposit of RMB3,140,000 was frozen. On 28 September 2022, the Beijing Haidian People's Court ordered that the Defendant should pay approximately RMB350,000 to the Plaintiff. The Plaintiff appealed against the judgment. As at 31 December 2022, the Beijing Intermediate People's Court had yet to make a decision on the appeal.

Pursuant to the opinion from the Group's external legal counsel, the directors believe it is probable that the Defendant will be subject to compensation payment by no more than RMB850,000. Accordingly, other than the amount recognised as "provision for litigation compensation" of RMB850,000 as at 31 December 2022, no further provision has therefore been made in respect of this claim.

33 CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2022 not provided for in the financial statements were as follows:

	2022 **RMB'000**	2021 RMB'000
Contracted for		
— Construction of industrial parks	**390,037**	343,748
Authorised but not contracted for:		
— Construction of industrial parks	**1,366,966**	1,986,833
	1,757,003	2,330,581

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows.

	2022 RMB'000	2021 RMB'000
Salaries and other benefits	**5,669**	5,806
Retirement scheme contributions	**105**	100
	5,774	5,906

Total remuneration is included in "staff costs" (note 6(b)).

(b) Related parties transactions

During the years ended 31 December 2022, the Group entered into the following material related party transactions:

	2022 RMB'000	2021 RMB'000
Provision of rental service to a fellow subsidiary	**3,682**	1,011
Provision of wastewater treatment and utilities service to a fellow subsidiary	**9,985**	31
Payables of rental deposits from a fellow subsidiary	**–**	982
Receivables of rental deposits from a fellow subsidiary	**982**	–
Advance from an entity controlled by members of key management personnel	**8,516**	–
Advance from a non-controlling shareholder	**–**	2,250

34 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balance with related parties

(i) Amount due from a related party (note 20)

	2022 RMB'000	2021 RMB'000
Trade receivables from:		
— a fellow subsidiary	**2,898**	818

(ii) Amounts due to related parties (note 24)

	2022 RMB'000	2021 RMB'000
Other payables to:		
— a fellow subsidiary	**2**	985
— a non-controlling interest	**–**	2,250
	2	3,235

The balances with these related parties are unsecured, interest-free and have no fixed repayment terms.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of note 34(b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing connected transactions exempted from independent shareholders' approval" and "Related party transactions" of the Directors' Report.

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	2022 RMB'000	2021 RMB'000
Non-current asset			
Investments in subsidiaries	16	–*	–*
Current assets			
Cash and cash equivalents		2,050	2,571
Restricted deposits with a bank		9,016	–
Other receivables		704,610	609,301
		715,676	611,872
Current liabilities			
Bank loans		46,857	–
Other payables		15,043	6,625
Net assets		653,776	605,247
CAPITAL AND RESERVES			
Share capital	30(a)	97,751	98,377
Reserves		556,025	506,870
Total equity		653,776	605,247

* The balance represents amount less than RMB1,000.

36 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2022, the directors consider the immediate controlling party to be Flourish Investment International Limited, while the ultimate controlling party of the Company as at 31 December 2022 to be Mr. Zhang Lianghong.

(Expressed in Renminbi unless otherwise indicated)

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in the financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance contracts*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

38 SUBSEQUENT EVENT

On 20 February 2023, Huizhou Kimou ("**the Purchaser**") entered into an equity transfer agreement with Tianjin Wanheshun Technology Group Co., Ltd. ("**the Vendor**"), pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase 38.72% of the equity interests in the Tianjin Bingang (the "**Target Company**") at a consideration of approximately RMB193.6 million. Upon completion of the acquisition, the Target Company will be owned as to 89.72% and 10.28% by the Purchaser and the Vendor, respectively.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	**1,095,791**	927,750	724,724	640,040	479,678
Other revenue	**24,370**	10,787	10,306	12,924	11,023
Depreciation and amortisation	**(219,213)**	(203,637)	(168,438)	(152,241)	(126,031)
Cost of inventories	**(342,189)**	(309,383)	(190,363)	(163,827)	(101,454)
Staff costs	**(133,404)**	(102,251)	(69,260)	(60,849)	(45,677)
Utility costs	**(32,930)**	(25,423)	(18,180)	(20,092)	(16,514)
Other expenses	**(134,232)**	(126,226)	(113,007)	(134,670)	(92,820)
Other net (loss)/income	**(2,688)**	(1,453)	(2,448)	521	(2,123)
Impairment losses on trade receivables	**(1,834)**	–	–	–	–
Profit from operations	**253,671**	170,164	173,334	121,806	106,082
Finance costs	**(101,460)**	(91,365)	(52,936)	(67,112)	(60,969)
Profit before taxation	**152,211**	78,799	120,398	54,694	45,113
Income tax	**(43,506)**	(31,035)	(35,146)	(12,839)	(8,702)
Profit for the year	**108,705**	47,764	85,252	41,855	36,411
Attributable to:					
Equity shareholders	**111,235**	55,915	102,609	55,146	47,936
Non-controlling interests	**(2,530)**	(8,151)	(17,357)	(13,291)	(11,525)
Profit for the year	**108,705**	47,764	85,252	41,855	36,411

ASSETS AND LIABILITIES

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	**4,372,118**	3,535,446	2,993,669	2,640,564	2,257,144
Total liabilities	**3,006,665**	2,293,811	1,828,384	1,560,655	1,924,049
Total assets less current liabilities	**3,016,155**	2,426,404	2,100,117	1,797,671	1,153,236
Total equity attributable to the equity shareholders of the Company	**1,141,404**	1,038,776	982,665	879,932	333,095

SCHEDULE OF INVESTMENT PROPERTIES

SCHEDULE OF PROPERTIES

Main investment properties

Item	Address	Parcel No.	Use	Category of the lease	Percentage held by the Group
1.	Portions of an industrial complex located at Longhua Road, Longxi Street, Boluo County, Huizhou City, Guangdong Province, the PRC	441322021005GB00669	Industrial	Medium term	100%
		441322021002GB00265	Industrial	Medium term	100%
2.	Portions of an industrial complex located at Zhongwang Town, Jinghai District, Tianjin City, the PRC	120223107220201000	Industrial	Medium term	51%
		120223107220203000	Industrial	Medium term	51%
		120223107220204000	Industrial	Medium term	51%
		120223107220202000	Industrial	Medium term	51%
		120223107220003000	Industrial	Medium term	51%
		120223107220004001	Industrial	Medium term	51%
		120223107220004003	Industrial	Medium term	51%
		120223107220004004	Industrial	Medium term	51%
3.	Portions of an industrial complex located at Meide Road, Shashi District, Jingzhou City, Hubei Province, the PRC	421002101010GB00005	Industrial	Medium term	100%
		421002101010GB00006	Industrial	Medium term	100%
		421002101010GB00007	Industrial	Medium term	100%
4.	Jinmao Road, Qingshen County, Sichuan Province, the PRC	511425006011GB00012W00000000	Industrial	Medium term	100%

Main properties held for development and/or sale

Item	Address	Parcel No.	Stage of Completion as at the date of the annual report	Expected Completion Date	Use	Site Area and Gross Floor Area	Percentage held by the Group
1.	Taixing Economic Development Zone (泰興經濟開發區), in Taixing City, Jiangsu Province, the PRC	321283600001GB00019W00000000	75%	30 April 2023	Industrial	106,000 sq.m/ 155,000 sq.m	68%