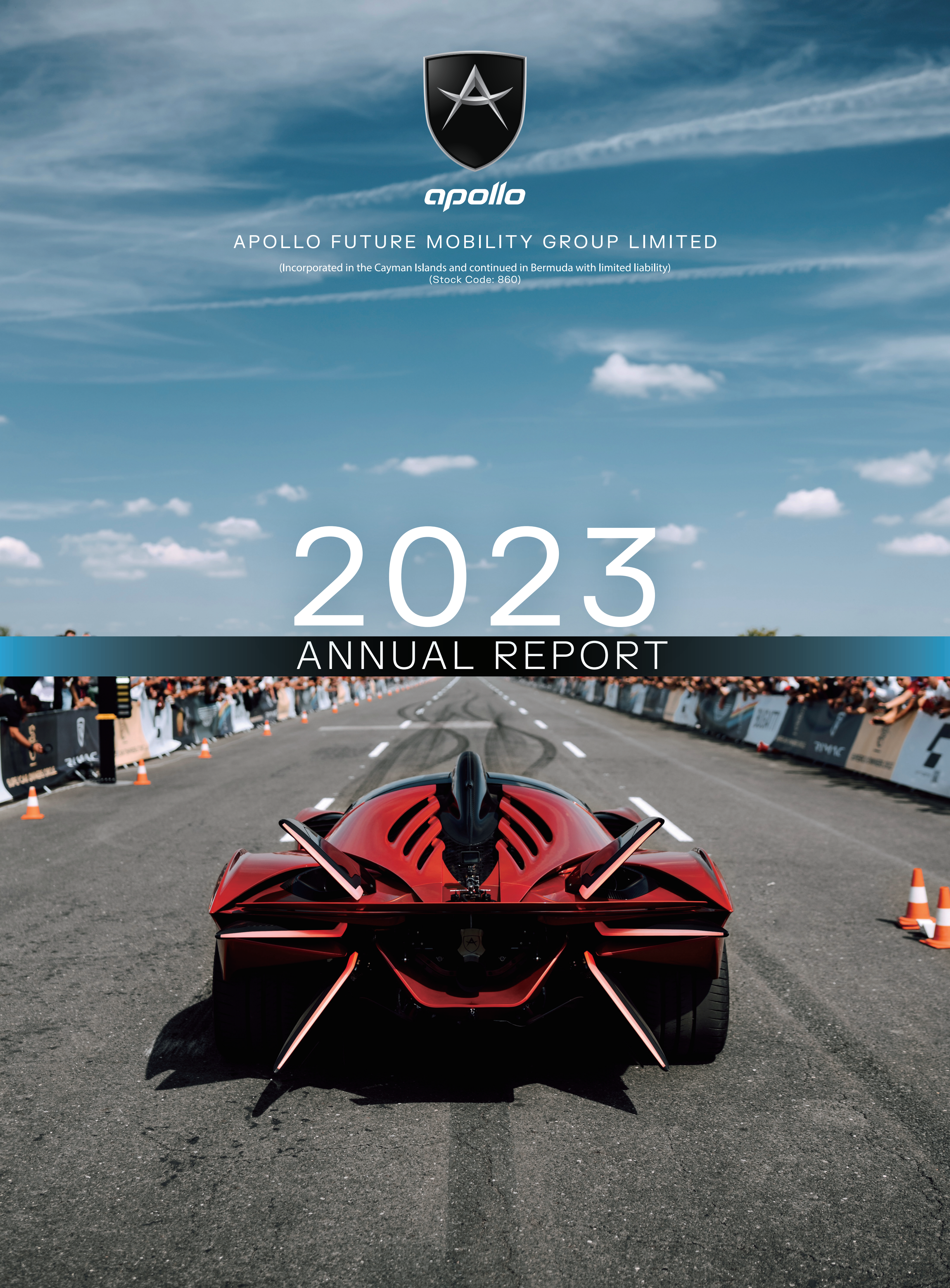
apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 860)

2023
ANNUAL REPORT



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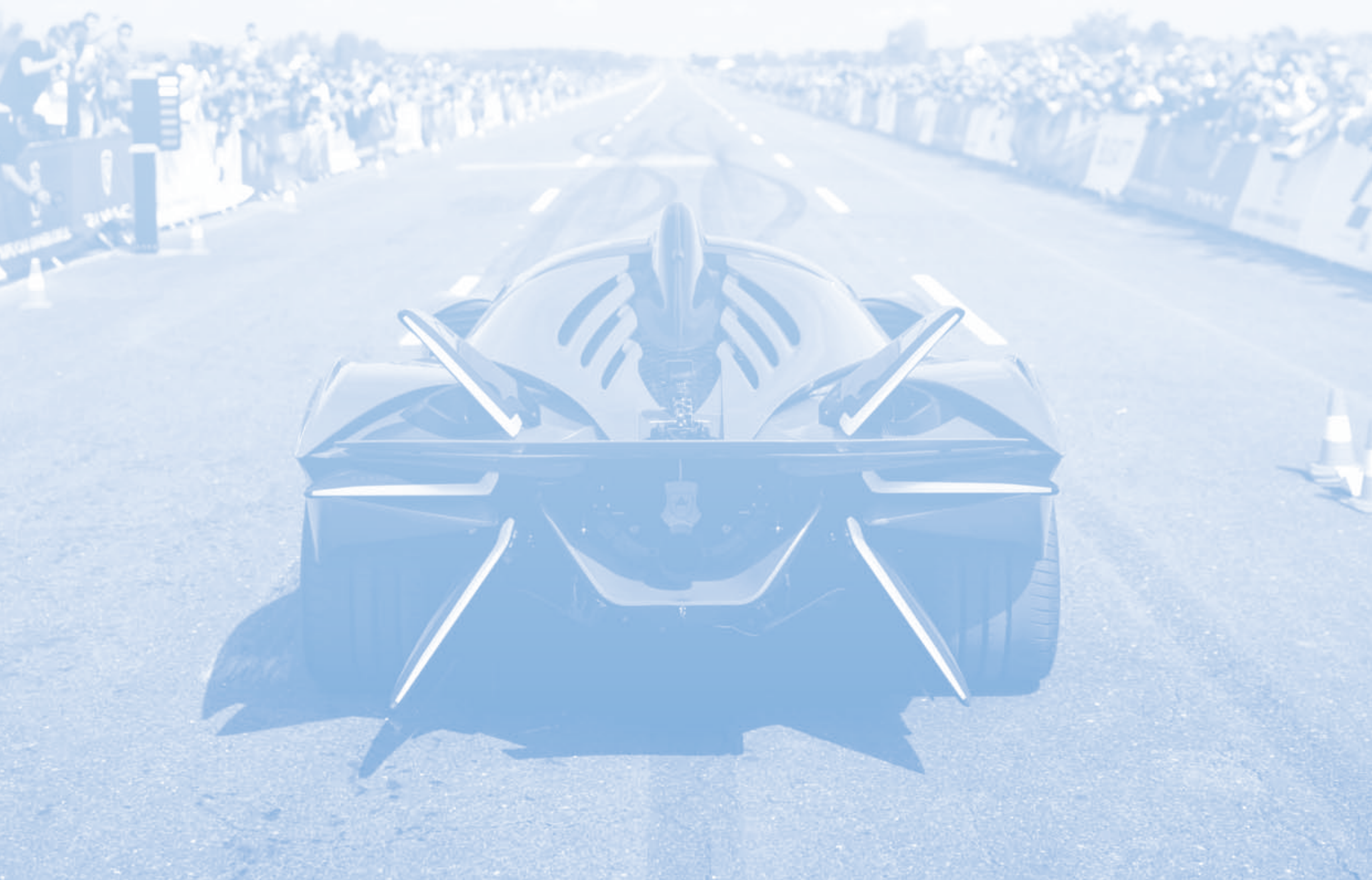


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Chun Ying *(Chairman)*
(Appointed with effect from 20 September 2023)
Ms. Chen Yizi
(Appointed with effect from 1 November 2023)
Mr. Ho King Fung, Eric
(Resigned with effect from 20 September 2023)
Mr. Joseph Lee
(Resigned with effect from 31 October 2023)
Mr. Qi Zhenggang
(Resigned with effect from 18 September 2023)

Non-executive Directors

Mr. Shen Freeman Hui
(Resigned with effect from 1 December 2023)
Mr. Porth Wilfried
(Resigned with effect from 31 October 2023)

Independent Non-executive Directors

Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

AUDIT COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

REMUNERATION COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Hui Chun Ying
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

NOMINATION COMMITTEE

Mr. Hui Chun Ying *(Chairman)*
Ms. Chen Yizi
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

INVESTMENT COMMITTEE

Mr. Hui Chun Ying *(Chairman)*
Mr. Teoh Chun Ming
Ms. Chen Yizi

CORPORATE GOVERNANCE COMMITTEE

Ms. Chen Yizi *(Chairman)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

STOCK CODE

0860

COMPANY SECRETARY

Mr. Moy Yee Wo, Matthew

LEGAL ADVISOR

Holman Fenwick Willan

AUTHORISED REPRESENTATIVES

Mr. Hui Chun Ying
Mr. Moy Yee Wo, Matthew

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTRARS

Principal Share Registrar and Transfer Office
Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

WEBSITE

http://www.apollofmg.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my honor to deliver this statement as the Chairman of Apollo Future Mobility Group Limited ("AFMG" or the "Company" and together with its subsidiaries, the "Group" or "we") in respect of the Group's annual results for the year ended 31 December 2023 (the "Year") and the Group's prospects.

INDUSTRY OVERVIEW

Hypercar Market

The hypercar market continued to exhibit momentum during the Year. According to Business Research Company, a leading research company, the global hypercar market size is expected to grow from a value of approximately United States dollars ("US$") 19.16 billion in 2023 to US$25.6 billion in 2024 at a compound annual growth rate ("CAGR") of 33.6%, driven by development of advanced technologies and burgeoning demand from ultra-high-net-worth consumers for peak-performance vehicles. During the Year, Europe and North America remained the key regions driving the hypercar market. Notably, Italy, Germany, and the United Kingdom have emerged as leading producers, actively contributing to the market's growth within Europe. In North America, the United States is anticipated to be a major market for hypercars. The introduction of new products and technologies by industry leaders is expected to provide impetus to the growth of the hypercar market within these regions. Hypercar manufacturers' deployment of state-of-the-art materials, advanced engines, energy absorption technology, crash management technology and others, has further contributed to the sector's growth.

High-end Vehicles and Luxury Vehicles

Expert Market Research, another market research and business intelligence company, revealed that the global luxury car market size recorded a value of US$483.84 billion in 2023 and is projected to grow to US$744.20 billion by 2032 at a CAGR of 4.9% during 2024–2032. The luxury car market has witnessed significant expansion driven by remarkable technological advancements in the realm of high-end automobiles. This growth has been further bolstered by an increasing desire among consumers for premium vehicles as they yearn for superior driving experiences, coupled with the rising disposable income levels.

New Energy Vehicles

The global automotive industry had a resilient recovery from the COVID-19 pandemic with electric vehicles ("EV(s)") outperforming the market during the Year. This performance is primarily attributable to the global commitment to environmental protection and the vital role that new energy vehicles ("NEV(s)") play in reducing carbon emissions in the global transportation sector. Governments across different nations have continued to provide ongoing financial incentives, extensive charging infrastructure and favourable policies that support the adoption and proliferation of NEVs. Data released by research institution EV Volumes shows that global delivery of Battery Electric Vehicles ("BEV") and Plug-in Hybrids ("PHEV') reached 14.2 million units in 2023, representing a year-on-year growth of 35%. Among them, 10 million were BEVs and 4.2 million were PHEVs and Range Extender EVs.

CHAIRMAN'S STATEMENT

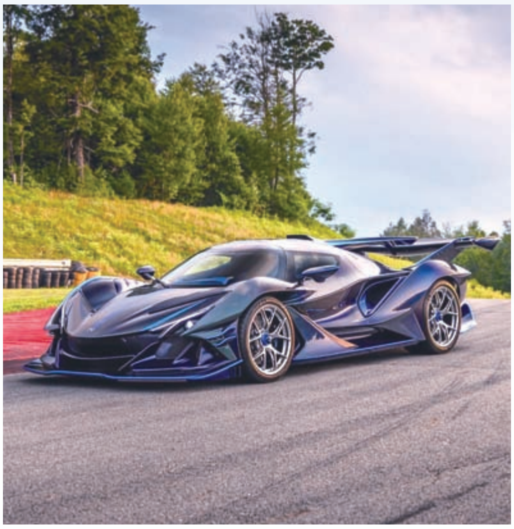
China has maintained its position as the world's largest market for EVs for nine consecutive years, with sales reaching 8.4 million units during the Year, accounting for 59% of global sales. It is also the largest EV production base as 65% of global EVs were produced in China. To further consolidate and expand China's advantages in developing the NEV industry, the Chinese government announced that the NEV purchase tax exemption policy has been extended by four years until the end of 2027. Specifically, from 1 January 2024 to 31 December 2025, no vehicle purchase tax will be levied, and the tax exemption amount for each new energy passenger vehicle will not exceed Renminbi ("RMB") 30,000. From 1 January 2026 to 31 December 2027, the vehicle purchase tax will be reduced by half, and the tax reduction amount for each new energy passenger vehicle will not exceed RMB15,000. This policy demonstrates continued government support for developing the NEV industry with an aim to ensure the stability of market development.

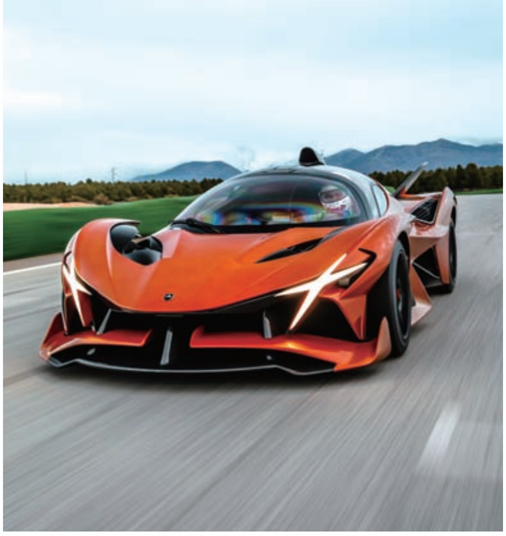
BUSINESS REVIEW

During the Year, the Group continued to develop top-tier hypercars and luxury EVs, further solidifying its leading position in the luxury mobility sector.

Apollo Hypercar

Apollo Intensa Emozione ("Apollo IE"), being the Group's flagship hypercar model, epitomises an extraordinary blend of raw performance and sheer emotion. Equipped with a striking design, a lightweight carbon fiber body, and a powerful naturally aspirated V12 engine, the Apollo IE delivers an exhilarating driving experience. Its aerodynamic features and advanced suspension system provide exceptional handling and track performance. This hypercar stands as a testament to the Group's unwavering commitment to pushing the boundaries of automotive engineering and delivering an unparalleled driving sensation.

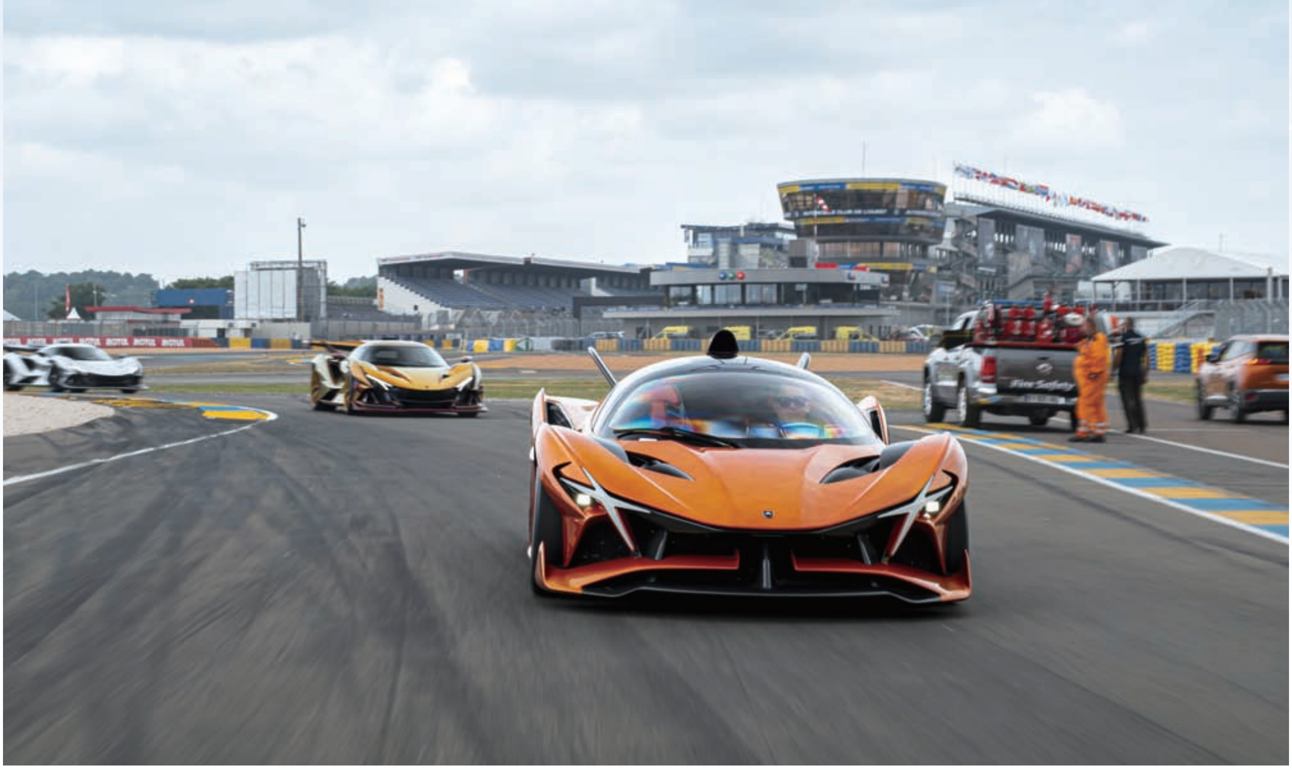




Succeeding the critically acclaimed Apollo IE, Apollo Project EVO marks a groundbreaking leap in hypercar innovation. This exceptional vehicle inherits the characteristics of the Apollo IE, featuring carbon-fibre bodywork and captivating aesthetics that leave a lasting impression. Redefining the landscape of internal combustion engine hypercars, this exceptional car showcases unparalleled innovation and performance. With its advanced carbon monocoque, it achieves a perfect balance of lightweight design and robustness, promising exceptional handling and driving dynamics. Beyond its engineering prowess, Apollo Project EVO is a true masterpiece of design, with every curve meticulously crafted for an intense visual experience. Anticipated to open for pre-orders in the coming year, this hypercar is poised to capture the imagination of automotive enthusiasts worldwide.

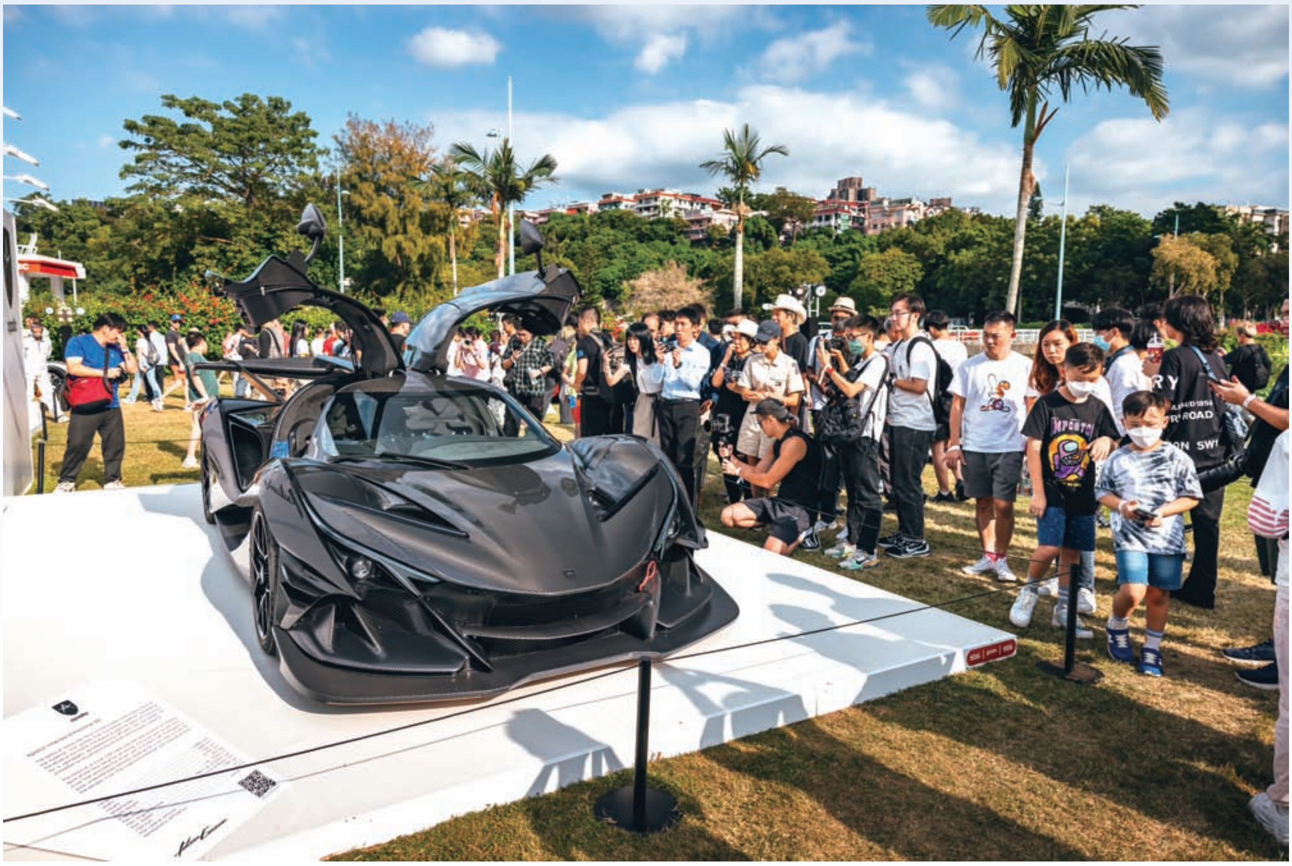
CHAIRMAN'S STATEMENT

During the Year, the Apollo IE and Apollo Project EVO made waves at various prestigious events across Europe, providing enthusiasts and potential buyers with a first-hand personal experience with these exceptional vehicles. From the test week in Guadix, Spain, to Munich's Mobility Festival (MYLE) in May, which drew over 42,000 visitors, and the 3-day MIMO event in Italy, attended by more than 60,000 enthusiasts, the Apollo hypercars demonstrated their stunning propulsion and top-speed performance. They also graced the Le Mans Classic 2023, a globally renowned motorsports event, and made an appearance in the 24 Hours of Spa in Belgium, brandishing their prowess and solidifying their reputation among the finest in the hypercar world.



CHAIRMAN'S STATEMENT

In addition, Apollo IE was showcased in the prestigious Gold Coast Motor Festival 2023 in November. The event celebrated the 30th anniversary of Hong Kong's Gold Coast and featured a diverse array of automobiles and yachts, from classic and collector cars to super and hypercars. Apollo IE brandished its prowess with its avant-garde design and peak performance powered by its uniquely designed chassis and the naturally aspirated 6.3 litre V12 engine. The event highlighted the Group's high value branding and state-of-the-art innovation, positioning Apollo IE as the sought-after hypercar.



Apollo EV

During the Year, the Group has actively engaged in exploring the luxury EV market and assessing the potential of this segment. Drawing upon its extensive expertise in hypercar development, the Group has envisioned a plan to develop luxury EV models that encapsulate the unique identity of the Apollo brand, featuring visionary design and cutting-edge technology, and emphasising intelligent and interactive experiences to meet the growing demand for a seamless integration of luxury, technology, and sustainability. Positioned as luxurious, premium, and high-tech, the Group's forthcoming luxury EV models are poised to revolutionise the industry and establish new benchmarks for exquisite and opulent electric sports cars.

CHAIRMAN'S STATEMENT

Mobility Ecosystem

Mobility Development and Engineering Services

During the Year, the Group continued to offer a wide range of mobility development, and engineering services to its clients through its subsidiary, GLM Co., Ltd ("GLM"), which holds the distinction of being the first company to obtain a license for EV production in Japan.

Backed by exceptional in-house research and development ("R&D") team and cutting-edge technologies, the Group's mobility development services encompass various aspects, such as development of own branded high-end vehicles for the Group and offering low-volume complete vehicle production and national certification services to other automobile companies. Throughout the Year, the Group has continued to provide outstanding R&D services in a business-to-business capacity, catering to both established and emerging automotive brands. These include vehicle concept development, customised interior and exterior design tailored to each vehicle project, as well as optimisation of imported vehicles to meet Japanese safety standards, ensuring top-notch quality and design. By providing professional support, the Group assisted its clients in navigating the highly competitive Japanese automobile market.

Leveraging its in-depth expertise in the development of complete vehicles, the Group offers advanced platform engineering services to its clients. The GLM vehicle platform, known for its separate structure for the outer panel and chassis, which is designed for race cars, provides remarkable stiffness and strength to the entire vehicle. It is designed to operate independently and features high-performance components such as a motor, inverter, battery unit, suspension, and steering. During the Year, the Group continued to act as a trusted partner in the field of advanced engineering and provide platform engineering services to major Japanese automobile corporates. Taking advantage of the distinctive features of the GLM vehicle platform, the Group's clients utilised such platform to study and demonstrate the integration of advanced development components.

Cooperation with ShanghaiTech University in Smart Mobility Development

In early 2023, the Group joined forces with ShanghaiTech University on Smart Mobility Development, focusing on the Smart Cockpit Project, Smart Mobility Database, and Smart Mobility Talent Cultivation. This strategic partnership aims to advance technology and intelligence in future mobility through education and research. This cooperation will provide an opportunity for the Group and ShanghaiTech University to further develop multi-faceted cooperation, and promote in-depth integration between industry, academia and research.

Strategic Cooperation with Greater Bay Technology

The Group and Guangzhou Greater Bay Technology Co., Ltd signed a strategic cooperation agreement in March 2023 focusing on the development and application of the eXtreme Fast Charging ("XFC") battery system. By leveraging each others' technological and industrial strengths, the parties will closely collaborate in areas such as component supply and joint R&D. The two parties will jointly promote the advancement of XFC technology in the luxury EV market, expedite the implementation of the technology and facilitate the sharing of charging pile resources to interconnect respective charging networks with each other, offering users a brand-new charging experience.

CHAIRMAN'S STATEMENT

Other Corporate Developments

Strategic Disposal Initiatives

The Group completed the disposal of Ideenion Automobil AG, a German automotive engineering services provider, for a total cash consideration of Euro ("EUR") 15 million on 22 February 2023. This strategic move will enhance operational efficiency and help increase the focus on developing own brand hypercars and luxury EVs. Additionally, the Group continued its strategic divestment of legacy businesses, including a portion of its money lending business, generating a total consideration of Hong Kong dollars ("HK$") 408 million. These actions align with the Group's objective of sharpening its focus on luxury mobility and demonstrate a commitment to sustained success in the automobile industry. Further details are available in the "Material Acquisitions or Disposals" section.

Board Changes and Strategic Appointments

In a series of strategic appointments, the Group welcomes Mr. Hui Chun Ying and Ms. Chen Yizi to its executive ranks, effective from 20 September 2023 and 1 November 2023, respectively. Mr. Hui Chun Ying, with extensive experience in banking and capital markets has been appointed as an executive Director and the Chairman of the Board. Ms. Chen Yizi, with over a decade of experience in investment, has been appointed as an executive Director. With the wealth of expertise possessed by these top executives, the Group is well-prepared to make further inroads into the mobility industry, exemplifying its dedication to achieving long-term success and fostering growth in this sector.

Capital Reorganisation and Change of Domicile

To optimise the Company's Shareholder (as defined below) base, the domicile of the Company has been changed from the Cayman Islands to Bermuda and implemented the Capital Reorganisation (as defined below). Further details are set out in the sections headed "Change of Domicile; Adoption of the Memorandum of Continuance and the Bye-Laws; Cancellation of Share Premium Account; and Capital Reorganisation" in this report.

Termination of the Proposed Acquisition of WM Motor Global Investment Limited

On 8 September 2023, the Group announced the termination of the acquisition of the entire issued share capital of WM Motor Global Investment Limited ("WM Motor"). The Group took into account various commercial considerations, including the volatile global market conditions, geopolitical conflicts, and the ongoing uncertainties in the financial market sentiment and post-pandemic economic recovery. The Board believes that the termination of the acquisition will not have a material adverse impact on the Group's financial position and existing business operations. Further details in respect of the termination are available in the section headed "Material Acquisitions or Disposals" below.

PROSPECTS AND OUTLOOK

Renowned internationally, the Apollo brand is synonymous with premium craftsmanship and cutting-edge innovation in the hypercar industry. Emphasising its in-house design, development, and engineering capabilities, the Group stands as a beacon of exclusivity and sophistication in the automotive landscape. The Apollo brand boasts a high-value, coveted, and prestigious automotive branding that resonates with ultra-high net worth customers and a dedicated following of car enthusiasts and fans worldwide. These valuable assets, comprising a loyal customer base and a widespread admiration for our vehicles, form the solid foundation upon which our future success, fuelling our drive for innovation and excellence, ensuring that the Group continues to thrive in the dynamic and competitive automotive industry.

CHAIRMAN'S STATEMENT

The continual expansion of the high-net-worth individual segment has propelled the global luxury goods market to demonstrate remarkable resilience, outperforming other consumer sectors and positioning the Group to capitalise on this trend. The highly anticipated Apollo Project EVO, a distinguished successor to the revered Apollo IE, reinforces the Group's commitment to evolving and delivering superior performance in contemporary hypercars. This new model is on the verge of entering its pre-order phase, marking a remarkable milestone for this exceptional car and a manifestation to the Group's resolute commitment to cutting-edge engineering, design, and performance. The avant-garde aesthetics and unparalleled technical craftsmanship prowess of Apollo have garnered worldwide acclaim and a devoted following. With the imminent triumph of the Apollo Project EVO, the Group is poised to further elevate its reputation for revolution and solidify its preeminent position in the dynamic automotive industry.

Meanwhile, the increasing global concern over climate change has prompted nations to embrace eco-friendly transportation, leading to a surge in demand for EVs. BloombergNEF forecasts that EV sales are expected to reach another record high in 2024, with passenger EV sales estimated at 16.7 million units. It is projected that nearly 60% of global EV sales in 2024 will be in China, benefiting from favourable policies, technological innovation, and a growing middle class. Advancements in battery technology, rapid infrastructure development and consumption upgrade will further bolster the demand for luxury EVs.

The Group is constantly exploring new frontiers and embracing emerging trends to remain at the forefront of innovation. Riding on our proven success in hypercars, the Group has been actively exploring the realm of clean mobility, with plans underway to develop luxury EVs in the pipeline which will embody the Apollo brand distinctive identity. This expansion into the luxury EV market is a testament to the Group's drive for continuous innovation while ensuring a sustainable future. Meanwhile, backed by the expert team from GLM in Japan, the Group is building a promising project pipeline for its mobility development and platform engineering services, customised to meet the specific needs of its clients. These projects are expected to generate additional momentum for the Group's mobility businesses, serving as catalysts for its continued growth and further cementing the Group's leading position in the industry.

Looking forward, the Group will continue to pride itself on its uncompromising pursuit of excellence in the development of hypercars. Our highly respected and unique branding serves as a testament to our commitment to perfection. Building upon our rich heritage and a strong foundation of expertise in automobile design and technological advancement, the Group is committed to delivering an unmatched level of luxury and performance combining exquisite materials and unparalleled craftmanship. We will continue to captivate the hearts and minds of automotive enthusiasts worldwide, and push the boundaries of innovation, aiming to set a novel benchmark for the future of luxury mobility.

Hui Chun Ying
Chairman and Executive Director
APOLLO FUTURE MOBILITY GROUP LIMITED
Hong Kong
28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2023, the revenue of the Group decreased by approximately 64.0% to approximately HK$279.2 million as compared to approximately HK$774.9 million for the fifteen months ended 31 December 2022. The revenue comprised revenue from mobility services segment of approximately HK$14.2 million (fifteen months ended 31 December 2022: HK$218.8 million), sales of jewellery products, watches and other commodities of approximately HK$237.4 million (fifteen months ended 31 December 2022: HK$507.8 million), and interest income from loan financing of approximately HK$27.6 million (fifteen months ended 31 December 2022: HK$48.3 million). During the Year, revenue from mobility services segment decreased mainly due to the decrease in licensing income and sales and distribution of vehicles as the next generation hypercar was still under development and the strategic disposal of certain subsidiaries during the Year. Sales of jewellery products, watches and other commodities decreased due to negative sentiment in the PRC market. Income from loan financing decreased mainly due to continued scaling down of the non-core legacy business during the Year.

The Group's gross profit amounted to approximately HK$63.1 million for the Year as compared to approximately HK$159.7 million for the fifteen months ended 31 December 2022. The gross profit margin increased to approximately 22.6% for the Year (fifteen months ended 31 December 2022: 20.6%) mainly due to the decrease in sales of low margin trading business during the Year.

General and administrative expenses decreased by 41.5% to approximately HK$161.0 million (fifteen months ended 31 December 2022: HK$275.3 million) mainly due to (i) the absence of equity-settled share options expense for the Year as no share options of the Company ("Share Option(s)") were granted during the Year; and (ii) the disposal of certain subsidiaries during the Year.

Other gains/losses, net mainly comprised: (i) the fair value gains of approximately HK$72.7 million (fifteen months ended 31 December 2022: HK$439.3 million) on financial assets at fair value through profit or loss due to changes in financial market conditions; and (ii) impairment of certain assets, including goodwill of approximately HK$410.2 million (fifteen months ended 31 December 2022: HK$107.8 million), loans receivable of approximately HK$97.2 million (fifteen months ended 31 December 2022: HK$38.8 million) and other receivables of approximately HK$179.1 million (fifteen months ended 31 December 2022: HK$4.2 million), due to increasingly competitive business landscape and challenging external environment.

Overall, the loss attributable to owners of the Company for the Year turned around to approximately HK$860.5 million from the profit of approximately HK$263.5 million for the fifteen months ended 31 December 2022 due to the reasons as explained above.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments Held

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

	As at 31 December 2023			For the year ended 31 December 2023		Fair value		
	Number of preferred shares held '000	% of preferred shares held in such investee %	Percentage to the Group's total assets %	Fair value Gain HK$'000	Share of loss of associate HK$'000	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000	Investment cost HK$'000
Investment Details								
EV Power								
Preferred shares	142,820	33.23	13.39	22,849	(21,755)	524,716	523,622	407,679
Divergent								
Preference shares	4,932	19.40	22.94	49,842	–	899,013	849,171	469,378

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Investment in EV Power Holdings Limited ("EV Power")

EV Power and its subsidiaries are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. EV Power is China's largest charging point operator in terms of number of charging sites in operation in residential areas. It operates over 7,600 charging sites and over 38,000 charging piles (or 72,000 charging bays), covering over 60 cities in the country. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

(ii) Investment in Divergent Technologies Inc. ("Divergent")

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

MONEY LENDING BUSINESS

Business model

The Group engages in money lending business through a wholly-owned subsidiary which holds a money lenders licence in Hong Kong ("Money Lending Segment") with the aim of increasing the return of capital of the Group by utilising the Group's internal resources to generate additional revenue for the shareholders of the Company ("Shareholders") under acceptable and controllable levels of risk.

As at 31 December 2023, the Money Lending Segment had outstanding loans to three corporate borrowers and one individual borrower, with an average loan size of approximately HK$46.4 million. There was no past due as at 31 December 2023. The loans receivable of the Money Lending Segment had loan tenure ranging from 1 year to 3 years and bore interest at rates ranging from 5% to 7.2% per annum. Certain loans receivable of the Money Lending Segment were secured by the pledge of properties and personal guarantees provided by certain independent third parties. Such borrowers were mainly referred to the Money Lending Segment by business partners and existing borrowers and were all independent third parties of the Company. The Money Lending Segment does not solicit borrowers publicly and only uses funds generated from its business operations to fund its Money Lending Segment.

The table below shows the list of borrowers of the loans receivable (net of loans impairment) of the Money Lending Segment as at 31 December 2023.

	Outstanding loan amount as at 31 December 2023 HK$'000
Borrowers as at 31 December 2023	
Corporate borrowers	
Customer A	21,252
Customer B	21,132
Customer C	71,967
Individual borrower	
Customer D	71,401
	185,752

The aging analysis of the Money Lending Segment's loans receivables (net of loans impairment) is as follows:

	As at 31 December 2023 HK$'000
Loans receivable repayable:	
Within one year	114,267
In the third year	71,485
	185,752

As the Group aims to focus on the development of its mobility technology solutions business going forward, it currently only uses its internal financial resources for the provision of loan financing and plans to gradually scale down the Money Lending Segment further over time.

Credit risk assessment policy

The Money Lending Segment has designated a team responsible for operating and monitoring the money lending business (the "Money Lending Team"). After identifying potential borrowers, the Money Lending Team is responsible for performing credit evaluations on them. The credit evaluation procedures include (i) engaging independent credit management service agents to prepare credit reports on each of the borrowers and guarantors; (ii) understanding the background and business operations of the borrowers; (iii) reviewing historical credit records of the borrowers and guarantors; (iv) assessing the repayment ability of the borrowers through understanding the liquidity and financial conditions of the borrowers and guarantors; and (v) assessing the validity and value of the collaterals, if applicable. As at 31 December 2023, approximately 11.03%, 38.44% and 38.23% of the gross carrying amount of loans receivable were secured by personal guarantee, corporate guarantee and collateral, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Loans impairment assessment

As at 31 December 2023, the Money Lending Segment has provided an impairment allowance of approximately HK$7,940,000 on the gross loans receivable of approximately HK$193,692,000. The impairment allowance is made in accordance with the expected credit loss ("ECL") model under HKFRS 9.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Money Lending Segment expects to receive, discounted at an approximation of the original effective interest rate. At each reporting date, the Money Lending Segment assesses whether the credit risk on the loans receivable has increased significantly since initial recognition. When making the assessment, the Money Lending Segment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, including historical and forward-looking information. For loans with no significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those loans with a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Money Lending Segment engaged an independent external valuer (the "Valuer") to assist in the assessment of the ECL of the loans receivable. Based on relevant and available information, which includes past repayment history of the borrowers, value of collaterals, data as cited in external research reports, macroeconomic factors and other qualitative information available to the Money Lending Segment, the Valuer assisted the Group in estimating the amount of ECL of the loans receivables. The Valuer concluded that as at 31 December 2023, the loss allowance for approximately HK$193,692,000 of the loans receivable should be measured based on 12-month ECLs and accordingly a total of approximately HK$7,940,000 of ECL allowance was provided. The ECL allowance as at 31 December 2022 was approximately HK$4,867,000. The increase in the ECL allowance of approximately HK$3,073,000 (representing an increase of approximately 63.1%) as at 31 December 2023 was mainly due to the impairment losses recognised for the Year.

The loans receivable of Money Lending Segment will be written off when the Money Lending Segment considers that there is no reasonable expectation of recovering the contractual cash flows. When assessing the recoverability of the loans, the Money Lending Segment considers both quantitative and qualitative information and analysis relevant and available, based on the Money Lending Segment's historical experience and credit risk assessment. As at 31 December 2023, none of the loans receivable were written off.

Internal control

In order to minimise credit risk, the Money Lending Segment maintains strict internal control over its money lending business. In addition to the Money Lending Team, the Money Lending Segment has designated a committee (the "Money Lending Committee") comprising the board of directors of the subsidiary engaged in the money lending business to oversee the money lending business and approve proposals of the Money Lending Team.

MANAGEMENT DISCUSSION AND ANALYSIS

Upon the completion of credit assessment procedures, the Money Lending Team will propose loan terms, which include loan size, loan tenure, interest rate, guarantee and collateral, with reference to the prime lending rate offered by commercials banks, prevailing interest rates offered by other money lending institutions in the market and internal credit risk rating of the borrowers and ensure that the Company complies with the applicable rules and regulations. The proposed loans will then be passed to the Money Lending Committee for review and approval. The Money Lending Team is also responsible for the ongoing monitoring of the recoverability of the loans, which includes obtaining updates on the statuses of the loans receivable, borrowers and guarantors on a quarterly basis, and reporting significant findings to the Money Lending Committee. In case of overdue loans, the Money Lending Team will report to the Money Lending Committee and provide regular updates on a monthly basis on the progress of recovering the outstanding loans. The Money Lending Team will proactively contact the borrowers to understand the reasons for overdue repayments and assess the repayment ability of the borrowers by considering factors including but not limited to the business, financial and economic conditions that may affect the repayment ability of the borrowers; actual and expected financial performance and cashflows of the borrowers; and probability of the borrowers entering into bankruptcy or other financial reorganisation. After assessing the repayment ability of the borrowers, the Money Lending Team may choose to negotiate new repayment schedules with the borrowers if the underlying default risk is considered to be acceptable. For overdue cases which are considered to have significant default risk, the Money Lending Committee will engage external legal advisors to assist in issuing demand letters to borrowers demanding for repayment of the outstanding amount and advising the Company on (where necessary) the appropriate legal actions required for the enforcement of the loan repayment and collateral.

Liquidity, Financial Resources and Gearing

As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately HK$64.3 million (31 December 2022: HK$52.5 million), which were mainly denominated in HK$, RMB, EUR and Japanese Yen.

The total current assets and total current liabilities of the Group as at 31 December 2023 were approximately HK$719.3 million and HK$524.8 million, respectively (31 December 2022: total current assets of HK$1,340.5 million and total current liabilities of HK$618.9 million). The Group's net current assets as at 31 December 2023 comprised inventories of approximately HK$75.9 million (31 December 2022: HK$90.6 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$453.5 million (31 December 2022: HK$352.4 million) and loans receivable of approximately HK$125.6 million (31 December 2022: HK$174.6 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 141 days, 27 days and 177 days, respectively. The turnover ratios were consistent and compliant with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities mainly through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings and convertible bonds. As at 31 December 2023, equity attributable to owners of the Company amounted to approximately HK$3,363.2 million (31 December 2022: HK$4,275.4 million).

The Group's total interest-bearing bank borrowings and convertible bonds issued by the Company as at 31 December 2023 amounted to approximately HK$37.8 million (31 December 2022: HK$88.2 million) and approximately HK$121.2 million (31 December 2022: 176.2 million), respectively, which were mainly denominated in HK$, RMB and Japanese Yen. The interest-bearing bank borrowings and convertible bonds were mainly used for investment in business opportunities in order to expand into the mobility technology solutions and related business and for working capital purpose and all of which are at commercial lending variable interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group monitors capital on the basis of the gearing ratio. As at 31 December 2023, the gearing ratio was approximately 1.1% (31 December 2022: 2.1%). This ratio is calculated as total interest-bearing bank borrowings (other than convertible bonds) divided by total equity.

Pledge of Assets

As at 31 December 2023, the Group's freehold land and buildings, certain building including right-of-use assets and accounts receivable, with an aggregate carrying amount of approximately HK$35.2 million (fifteen months ended 31 December 2022: 120.1 million) were pledged to secure certain bank loans to the Group of principal amount of approximately HK$13.1 million (fifteen months ended 31 December 2022: HK$46.2 million).

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (fifteen months ended 31 December 2022: Nil).

Capital Management

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

Foreign Exchange Exposure

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

Material Acquisitions or Disposals

(i) On 23 December 2022, the Company (as seller) entered into an agreement with Mobility Technology Group Inc. ("MTG"), pursuant to which the Company had conditionally agreed to sell and MTG had conditionally agreed to acquire the entire share capital of Ideenion, for a total consideration EUR15,000,000 (equivalent to approximately HK$124,350,000 as at 23 December 2022) (the "Ideenion Disposal"). Ideenion Group was principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs, including vehicle components and accessories for vehicles. The completion of the Ideenion Disposal took place on 22 February 2023. Further details of the Ideenion Disposal are set out in the announcements of the Company dated 23 December 2022 and 3 January 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) On 30 December 2022, Ming Fung Investment Holdings Limited ("Ming Fung") (as seller) entered into an agreement with Innosophi Company Limited ("Innosophi"), pursuant to which Ming Fung had conditionally agreed to sell and Innosophi had conditionally agreed to acquire the entire share capital of Chance Achieve Limited ("Chance Achieve"), for a total consideration of HK$408,000,000 (the "Chance Achieve Disposal"). Chance Achieve is principally engaged in money lending in Hong Kong. Innosophi is an investment holding company wholly owned by Mr. Freeman Hui Shen, a former non-executive Director and a substantial Shareholder of the Company. The Chance Achieve Disposal constituted (i) a discloseable transaction for the Company under Chapter 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) a connected transaction of the Company under Chapter 14A of the Listing Rules; and (iii) a special deal under Note 4 to Rule 25 of the Hong Kong Code on Takeovers and Mergers.

The Chance Achieve Disposal was approved by the independent Shareholders of the Company at the extraordinary general meeting of the Company held on 18 July 2023, and the completion of the Chance Achieve Disposal took place on 31 July 2023.

Further details of the Chance Achieve Disposal are set out in the announcements of the Company dated 30 December 2022, 11 January 2023, 17 January 2023, 20 January 2023, 2 March 2023, 31 March 2023, 28 April 2023, 24 May 2023 and 28 May 2023 and the circular of the Company dated 27 June 2023.

(iii) On 11 January 2023, Castle Riches Investments Limited ("Castle Riches"), a wholly-owned subsidiary of the Company, and WM Motor entered into an acquisition agreement, pursuant to which WM Motor conditionally agreed to sell and Castle Riches conditionally agreed to purchase the entire issued share capital of WM Motor (the "WM Acquisition"). The consideration for the WM Acquisition was US$2,023.27 million (equivalent to approximately HK$15,853.71 million), and would be settled by way of allotment and issue of consideration Shares (as defined below) at the issue price of HK$0.55 per Share. The WM Acquisition constituted a very substantial acquisition and reverse takeover for the Company under the Listing Rules and the Company would be treated as if it were a new listing applicant under the Listing Rules. The WM Acquisition also constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Further details of the WM Acquisition and the ancillary matters including, among other things, the proposed placing of Shares, whitewash waiver, interim financing, repayment of a Shareholder's loan and increase in authorised share capital of the Company are set out in the announcements of the Company dated 11 January 2023, 17 January 2023, 2 February 2023, 2 March 2023, 31 March 2023, 28 April 2023, 24 May 2023, 28 May 2023 and 31 July 2023.

On 8 September 2023, taking into account, amongst other commercial considerations of volatile global market conditions and geopolitical conflicts, the continued uncertainties of the financial market sentiment and the recovery of post pandemic economy in the short term, Castle Riches, WM Motor and the Company mutually agreed to enter into a deed of termination to terminate the acquisition agreement in relation to the WM Acquisition (the "Termination"). Further details of the Termination are set out in the announcement of the Company dated 8 September 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at 31 December 2023, the Group had 42 (31 December 2022: 139) employees. The related employees' costs for the Year (including directors' remuneration) amounted to approximately HK$66.6 million (fifteen months ended 31 December 2022: HK$177.4 million). In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

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

CHANGE OF DOMICILE; ADOPTION OF THE MEMORANDUM OF CONTINUANCE AND THE BYE-LAWS; CANCELLATION OF SHARE PREMIUM ACCOUNT; AND CAPITAL REORGANISATION

At the extraordinary general meeting of the Company held on 20 November 2023 (the "November 2023 EGM"), the Shareholders of the Company have approved, among other things, (i) the change of domicile of the Company by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; (ii) the adoption of a memorandum of continuance of the Company (the "Memorandum of Continuance") and bye-laws of the Company (the "Bye-laws") upon continuation of the Company in Bermuda; (iii) the cancellation of the entire amount standing to the credit of the share premium account of the Company (the "Cancellation of Share Premium Account"); and (iv) the share capital reorganisation (the "Capital Reorganisation"), involving the Share Consolidation, the Capital Reduction and the Share Sub-division (all as defined below).

Change of Domicile, Principal Share Registrar and Registered Office

The Change of Domicile became effective on 12 December 2023. With effect from the Change of Domicile becoming effective, (a) the registered office of the Company has been changed to Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda; and (b) Conyers Corporate Services (Bermuda) Limited of Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda has been appointed as the principal share registrar and transfer office of the Company in Bermuda. Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong remains as the branch share registrar and transfer office of the Company in Hong Kong.

Adoption of the Memorandum of Continuance and the Bye-laws

With effect from the Change of Domicile becoming effective, the Memorandum of Continuance and the Bye-laws, approved and adopted pursuant to the passing of special resolutions by the Shareholders at the November 2023 EGM, became effective on 12 December 2023.

Cancellation of Share Premium Account

With the passing of special resolutions by the Shareholders at the November 2023 EGM to approve the Cancellation of Share Premium Account, the transfer of the credit arising from the cancellation of the entire amount standing to the credit of the share premium account of the Company to an account designated as the contributed surplus account of the Company has been approved and that such designated contributed surplus account of the Company has become the contributed surplus account of the Company within the meaning of the Bermuda Companies Act.

Capital Reorganisation

The Capital Reorganisation involved the following:

(i) the consolidation of every twenty ordinary shares of the Company of HK$0.10 each into one consolidated share of HK$2.00 each (the "Share Consolidation");

(ii) the reduction of the issued share capital of the Company by (a) eliminating any fraction of a consolidated share in the issued capital of the Company arising from the Share Consolidation; and (b) cancelling the paid-up share capital of the Company to the extent of HK$1.99 per issued consolidated share such that the nominal value of each issued consolidated share be reduced from HK$2.00 to HK$0.01 (the "Capital Reduction"); and

(iii) the sub-division of each authorised but unissued consolidated share of par value of HK$2.00 each into two hundred new Shares of par value of HK$0.01 each (the "Share Sub-division").

Upon the Capital Reorganisation becoming effective on 14 December 2023, the authorised share capital of the Company was HK$2,000,000,000.00 divided into 200,000,000,000 Shares of par value of HK$0.01 each ("Shares"), of which 480,654,928 Shares of par value of HK$0.01 each were in issue and the aggregate nominal value of the issued share capital was HK$4,806,549.28.

Further details of the above changes are set out in the announcements of the Company dated 24 October 2023, 5 December 2023 and 12 December 2023, and the circular of the Company dated 3 November 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no other specific plan for material investments or capital assets as at 31 December 2023.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

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

RESULTS AND DIVIDENDS

The Group's results for the Year and the financial position of the Group and of the Company as at 31 December 2023 are set out in the consolidated financial statements on pages 97 to 217, respectively.

The Board did not recommend the payment of any dividend for the Year (2022: Nil).

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

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

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

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

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

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

Business Risk

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

Financial Risk

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

FINANCIAL STATEMENTS

The financial performance of the Group for the Year and the financial position of the Group as at 31 December 2023 are set out on pages 97 to 100.

REPORT OF THE DIRECTORS

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for each of the three years ended 30 September 2021, the fifteen months ended 31 December 2022 and the year ended 31 December 2023:

Results

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000	**Year ended 30 September** 2021 HK$'000	2020 HK$'000	2019 HK$'000
Revenue	**279,213**	774,888	528,559	357,705	536,355
Profit/(loss) from operating activities	**(845,718)**	289,185	(349,386)	(69,713)	(621,564)
Finance costs	**(22,187)**	(21,450)	(6,823)	(8,253)	(4,039)
Profit/(loss) before tax	**(867,905)**	267,735	(356,209)	(77,966)	(625,603)
Income tax credit/(expense)	**(1,071)**	(1,376)	(3,144)	(281,397)	6,274
Profit/(loss) for the year	**(868,976)**	266,359	(359,353)	(359,363)	(619,329)
Attributable to:					
Owners of the Company	**(860,535)**	263,459	(349,589)	(345,177)	(605,392)
Non-controlling interests	**(8,441)**	2,900	(9,764)	(14,186)	(13,937)
	(868,976)	266,359	(359,353)	(359,363)	(619,329)

REPORT OF THE DIRECTORS

FIVE YEAR FINANCIAL SUMMARY *(continued)*

Assets and Liabilities

	At 31 December 2023 HK$'000	At 31 December 2022 HK$'000	At 30 September 2021 HK$'000	2020 HK$'000	2019 HK$'000
Non-current assets	**3,200,329**	3,593,315	3,749,786	3,640,800	3,362,862
Current assets	**719,340**	1,340,514	1,331,877	1,677,070	1,190,447
Total assets	**3,919,669**	4,933,829	5,081,663	5,317,870	4,553,309
Current liabilities	**524,753**	618,890	1,277,595	869,875	407,368
Non-current liabilities	**53,459**	54,153	164,486	714,603	102,276
Total liabilities	**578,212**	673,043	1,442,081	1,584,478	509,644
Net assets	**3,341,457**	4,260,786	3,639,582	3,733,392	4,043,665

PROPERTY, PLANT AND EQUIPMENT

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

ISSUED CAPITAL

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of the Bermuda, being the jurisdiction in which the Company is continued, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 101 to 102 of this report.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had distributable reserves of approximately HK$3,828,349,000 (2022: HK$3,117,443,000) calculated in accordance with the Companies Act 1981 of Bermuda. This includes the Company's contributed surplus of approximately HK$7,573,141,000 (2022: Nil) and share premium account of Nil (2022: 6,616,638,000) which are distributable to the Shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus Shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's 5 largest customers combined accounted for approximately 64% of the total sales and the sales to the largest customer included therein amounted to approximately 27%.

Total purchases for the Year from the largest supplier included therein amounted to approximately 99%.

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

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Hui Chun Ying *(Chairman)* (Note 1)
Ms. Chen Yizi (Note 2)
Mr. Ho King Fung, Eric (Note 3)
Mr. Joseph Lee (Note 4)
Mr. Qi Zhenggang (Note 5)

Non-executive Director

Mr. Freeman Hui Shen (Note 6)
Mr. Wilfried Porth (Note 4)

Independent Non-Executive Directors

Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

Notes:

1. appointed with effect from 20 September 2023
2. appointed with effect from 1 November 2023
3. resigned with effect from 20 September 2023
4. resigned with effect from 31 October 2023
5. resigned with effect from 18 September 2023
6. resigned with effect from 1 December 2023

In accordance with bye-law 84(1) of the Bye-laws, Mr. Teoh Chun Ming and Ms. Hau Yan Hannah Lee shall retire by rotation at the forthcoming annual general meeting of the Company (the "2024 AGM") and they, being eligible, have offered themselves for re-election at the 2024 AGM. In accordance with bye-law 83(2) of the Bye-laws, Mr. Hui Chun Ying and Ms. Chen Yizi shall retire from office at the 2024 AGM and they, being eligible, have offered themselves for re-election at the 2024 AGM. All Directors are subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years.

None of the Directors proposed for re-election at the 2024 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 37 to 39 of the annual report.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Disposal of Chance Achieve

On 30 December 2022, Ming Fung (as seller) entered into an agreement (the "Disposal Agreement") with Innosophi (as purchaser), pursuant to which Ming Fung had conditionally agreed to sell and Innosophi had conditionally agreed to acquire the entire share capital of Chance Achieve, for a total consideration of HK$408,000,000. Chance Achieve is principally engaged in money lending in Hong Kong. Innosophi is an investment holding company wholly owned by Mr. Freeman Hui Shen, a former non-executive Director and a substantial Shareholder of the Company. The Chance Achieve Disposal constituted (i) a disclosable transaction for the Company under Chapter 14 of the Listing Rules; (ii) a connected transaction of the Company under Chapter 14A of the Listing Rules; and (iii) a special deal under Note 4 to Rule 25 of the Hong Kong Code on Takeovers and Mergers, and was subject to, among other things, the passing of the ordinary resolutions by the independent Shareholders of the Company at the extraordinary general meeting. The completion of the Chance Achieve Disposal took place on 31 July 2023.

As disclosed in the announcement of the Company dated 30 December 2022, the Group has reinforced its position in the market as one of the leading mobility technology solutions providers and persisted in developing its proprietary future mobility technologies. The Group continues to pursue opportunities in the smart EVs adoption trend across the globe and strives to becoming one of the leaders in the mobility industry. As such, the Group plans to continue gradually phasing out its legacy businesses including the money lending business as part of its rebranding and restructuring exercise and to avoid risks of uncertainty in the operation and profitability of the Chance Achieve. Accordingly, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser, and Mr. Freeman Hui Shen who did not attend the relevant Board meeting) were of the view that the Chance Achieve Disposal is in the interests of the Group, and the terms of the Disposal Agreement fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Further details of the Chance Achieve Disposal are set out in the announcements of the Company dated 30 December 2022, 11 January 2023, 17 January 2023, 20 January 2023, 2 March 2023, 31 March 2023, 28 April 2023, 24 May 2023 and 28 May 2023 and the circular of the Company dated 27 June 2023.

Acquisition of WM Motor

On 11 January 2023, Castle Riches, a wholly-owned subsidiary of the Company, and WM Motor entered into an acquisition agreement, pursuant to which WM Motor conditionally agreed to sell and Castle Riches conditionally agreed to purchase the entire issued share capital of WM Motor. The consideration for the WM Acquisition was US$2,023.27 million (equivalent to approximately HK$15,853.71 million), and would be settled by way of allotment and issue of consideration shares of the Company at the issue price of HK$0.55 per share. The WM Acquisition constituted a very substantial acquisition and reverse takeover for the Company under the Listing Rules and the Company would be treated as if it were a new listing applicant under the Listing Rules. The WM Acquisition also constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Further details of the WM Acquisition and the ancillary matters including, among other things, the proposed placing of shares, whitewash waiver, interim financing, repayment of a shareholder's loan and increase in authorised share capital of the Company are set out in the announcements of the Company dated 11 January 2023, 17 January 2023, 2 February 2023, 2 March 2023, 31 March 2023, 28 April 2023, 24 May 2023, 28 May 2023 and 31 July 2023.

On 8 September 2023, taking into account, amongst other commercial considerations of volatile global market conditions and geopolitical conflicts, the continued uncertainties of the financial market sentiment and the recovery of post pandemic economy in the short term, Castle Riches, WM Motor and the Company mutually agreed to enter into a deed of termination to terminate the acquisition agreement in relation to the WM Acquisition. Further details of the Termination are set out in the announcement of the Company dated 8 September 2023.

Subscription by Ruby Charm

On 15 March 2024, the Company entered into a subscription agreement with each of Ruby Charm Investment Limited (the "Ruby Charm"), Atlantis Multi-Strategy Capital VCC (on behalf of MPW Index Supreme Investment Fund), Walong Holdings Limited, Talent Frontier Limited, Vivaldi International Limited, Ocean Dynasty Investments Limited, Goldrank Limited, Sino-Alliance International, Ltd. and Top Laurels Limited (collectively the "Subscribers") respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 445,652,177 Shares (the "Subscription Shares") at the subscription price of HK$0.46 per Share (the "2024 March Subscription").

As the ultimate beneficial owner of Ruby Charm, Mr. Ho King Man, Justin, is a substantial shareholder and hence a connected person of the Company, the subscription agreement entered into between the Company and Ruby Charm and the transactions contemplated thereunder constitute a connected transaction of the Company and shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The completion of the 2024 March Subscription is conditional upon, among others, the passing by the shareholders at the special general meeting (the "SGM") all resolutions as may be required under the Listing Rules, the Bye-laws of the Company and/or any other applicable laws and regulations including, without limitation, resolutions approving the issue and allotment by the Company of the Subscription Shares and the transactions thereby contemplated.

The Subscription Shares will be allotted and issued under the specific mandate which will be sought from the independent shareholders of the Company at the SGM. Further details of the 2024 March Subscription are set out in the announcement of the Company dated 15 March 2024 and the circular of the Company dated 18 April 2024.

RELATED PARTY TRANSACTIONS

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions disclosed in the paragraph headed "Connected Transactions", no transactions, arrangements or contracts of significance, to which the Company, its parent company, its subsidiaries or its fellow subsidiaries, was a party and in which a Director at any time during the Year or an entity connected with a Director at any time during the Year had any material interest, whether directly or indirectly, was entered into or subsisted at the end of the Year or at any time during the Year, nor was there any contract of significance between the Group and a controlling Shareholder or any of its subsidiaries, or any contract of significance for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries.

MANAGEMENT CONTRACTS

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

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

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

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

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Number of share options held (Note 1)	Total interests	Percentage of interest (Note 2)
Mr. Teoh Chun Ming	Personal	–	250,000	250,000	0.05%
Mr. Peter Edward Jackson	Personal	–	250,000	250,000	0.05%
Mr. Charles Matthew Pecot III	Personal	–	200,000	200,000	0.04%

Notes:

1. The Capital Reorganisation became effective on 14 December 2023 and adjustments have been made to the above number of Share Options and exercise price of Share Options in accordance with the terms of the applicable share option schemes. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.

2. Based on 480,654,928 shares of the Company in issue as at 31 December 2023.

3. All the interests disclosed above represent long positions in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

2013 Share Option Scheme

A share option scheme (the "2013 Share Option Scheme") was adopted by the Company on 1 March 2013, the purpose of which was to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisors and Shareholders of the Group and to promote the success of the business of the Group.

The 2013 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date. Accordingly, the 2013 Share Option Scheme has expired on 28 February 2023 and no further Share Options shall be granted under the 2013 Share Option Scheme but the provisions of the 2013 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto.

Eligible participants under the 2013 Share Option Scheme include, among others, employees, directors, customers, advisors, Shareholders, consultants, suppliers or service providers of the Group.

Details of the movements of the Share Options during the Year under the 2013 Share Option Scheme are as follows:

		Number of Share Options							
	Date of Grant	As at 1 January 2022	Granted during the Year	Lapsed/ Cancelled during the Year	Exercised during the Year	As at 31 December 2023	Vesting and exercise period	Exercise price per share HK$	Closing price per share immediately before date of grant HK$
Directors and Chief Executive									
Mr. Teoh Chun Ming	30 May 2019	50,000	–	–	–	50,000	Note 4	9.50	9.70
	4 January 2021	100,000	–	–	–	100,000	Note 5	15.60	15.40
	4 January 2022	100,000	–	–	–	100,000	Note 6	8.90	9.00
Mr. Peter Edward Jackson	30 May 2019	50,000	–	–	–	50,000	Note 4	9.50	9.70
	4 January 2021	100,000	–	–	–	100,000	Note 5	15.60	15.40
	4 January 2022	100,000	–	–	–	100,000	Note 6	8.90	9.00
Mr. Charles Matthew Pecot III	4 January 2021	100,000	–	–	–	100,000	Note 5	15.60	15.40
	4 January 2022	100,000	–	–	–	100,000	Note 6	8.90	9.00
Former Director									
Mr. Ho King Fung, Eric (Note 2)	6 April 2017	1,000,000	–	–	–	1,000,000	Note 3	17.00	16.80
	30 May 2019	1,500,000	–	–	–	1,500,000	Note 4	9.50	9.70
	4 January 2021	1,875,000	–	–	–	1,875,000	Note 5	15.60	15.40
	4 January 2022	1,500,000	–	–	–	1,500,000	Note 6	8.90	9.00
Mr. Mirko Konta (Note 9)	4 January 2022	100,000	–	(100,000)	–	–	Note 6	8.90	9.00
Mr. Joseph Lee (Note 7)	13 January 2022	2,000,000	–	–	–	2,000,000	Note 8	8.80	8.40
Related entity participants									
Substantial Shareholders	13 March 2018	2,500,000	–	–	–	2,500,000	Note 10	35.64	34.20
Employee participants									
Employees (Note 11)	19 July 2016	74,400	–	–	–	74,400	Note 12	13.00	13.00
	30 May 2019	500,000	–	–	–	500,000	Note 4	9.50	9.70
	4 January 2021	3,600,000	–	–	–	3,600,000	Note 5	15.60	15.40
	4 January 2022	3,000,000	–	(250,000)	–	2,750,000	Note 6	8.90	9.00
Service Providers									
Consultants (Note 13)	4 January 2021	6,000,000	–	–	–	6,000,000	Note 5	15.60	15.40
Total		24,349,400	–	(350,000)	–	23,999,400			

SHARE OPTION SCHEME *(continued)*

Notes:

1. The Capital Reorganisation became effective on 14 December 2023 and adjustments have been made to the above number of Share Options and exercise price of Share Options in accordance with the terms of the applicable share option schemes.

2. Mr. Ho King Fung, Eric resigned as a Director with effect from 20 September 2023.

3. From 6 April 2017 to 5 April 2027.

4. From 30 May 2019 to 29 May 2029.

5. From 4 January 2021 to 3 January 2031.

6. From 4 January 2022 to 3 January 2032.

7. Mr. Joseph Lee resigned as a Director with effect from 31 October 2023.

8. From 13 January 2022 to 12 January 2032.

9. Mr. Mirko Konta resigned as a Director with effect from 23 December 2022.

10. From 13 March 2018 to 12 March 2028.

11. "Employees" mean employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

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

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

13. They are consultants providing professional advice and assistance to the business development of the Group and assisting in sourcing funding for the Company from potential investors in the Middle East, Europe and the PRC.

The number of Share Options available for grant under scheme mandate under the 2013 Share Option Scheme as at the beginning of the Year was 17,175,992 Share Options (such number has been adjusted pursuant to the Capital Reorganisation), and no Share Option was available for grant under the 2013 Share Option Scheme as at 31 December 2023 as the 2013 Share Option Scheme has expired on 28 February 2023.

The total number of Shares available for issue upon the exercise of all Share Options granted under the 2013 Share Option Scheme is 23,999,400 Shares representing approximately 4.16% of the Company's total number of issued Shares as at the date of this report. The number of Shares that may be issued in respect of the Share Options granted under the 2013 Share Option Scheme divided by the weighted average number of ordinary Shares of the Company in issue for the Year was approximately 4.99%.

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

2023 Share Option Scheme

The Company has adopted a share option scheme on 30 June 2023 (the "2023 Share Option Scheme") which was approved by the Shareholders of the Company at the annual general meeting held on 30 June 2023.

No Share Options were granted, exercised or lapsed under the 2023 Share Option Scheme up to 31 December 2023. The number of Share Options available for grant under scheme mandate of the 2023 Share Option Scheme as at the end of the Year was 48,065,492 Share Options representing approximately 8.33% of the Company's total number of issued Shares as at the date of this report. As at 31 December 2023, the Group did not have any outstanding Share Options granted under the 2023 Share Option Scheme.

The details of the 2023 Share Option Scheme are as follows:

Purpose

The purpose of the 2023 Share Option Scheme is to give the eligible participants an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of an employee participant, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Who may join

Eligible participants ("Eligible Participants") under the 2023 Share Option Scheme include (i) employee participants, being any director or employee of the Company or any of its subsidiaries, including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries (the "Employee Participants"); and (ii) related entity participants, being a director or employee of a holding company, a subsidiary of the holding company or an associated company of the Company.

REPORT OF THE DIRECTORS

Maximum entitlement of each participants
No Option may be granted to any person such that the total number of Shares issued and to be issued upon exercise of Share Options granted and to be granted to that person in any 12-month period exceeds 1% of any relevant class of the Company's issued share capital from time to time (the "1% Individual Limit"). Any further grant of Share Options in excess of the 1% Individual Limit is subject to Shareholders' approval in a general meeting with such grantee and his/her associates abstaining from voting.

Where any grant of Share Options to a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Share Options already granted and to be granted (including Share Options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of securities in issue, such further grant of Share Options is subject to Shareholders' approval in a general meeting with such grantee and his/her associates and all core connected persons (as defined in the Listing Rules) of the Company abstaining from voting.

Offer and grant of Share Options
Subject to the terms of the 2023 Share Option Scheme, the Board shall be entitled at any time within 10 years from the adoption date of the 2023 Share Option Scheme to offer the grant of a Share Option to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the exercise price for such number of Shares as the Board may (subject to the terms of the 2023 Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

Amount payable for Share Options and offer period
An offer of the grant of an Option shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the grant date provided that no such grant of a Share Option may be accepted after the expiry of the effective period of the 2023 Share Option Scheme or after the 2023 Share Option Scheme has been terminated. A Share Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate grant letter comprising acceptance of the offer of the Share Option duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of a Share Option must be accepted by the relevant Eligible Participant, being a date no later than 28 days after the offer date.

Vesting Period

The exercise of any Share Option may be subject to a vesting period to be determined by the Board in its absolute discretion. In any event, the vesting period for a Share Option under the 2023 Share Option Scheme shall not be less than 12 months, except that the Share Options granted to Employee Participants may be less than 12 months under the following specific circumstances.

(a) grants of "make-whole" Share Options to new joiners to replace the share options they forfeited when leaving the previous employers;

(b) grants of Share Options to an Employee Participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of a Share Option may accelerate;

(c) grants of Share Options with performance-based vesting conditions in lieu of time-based vesting criteria;

(d) grants of Share Options made in batches during a year for administrative and compliance reasons;

(e) grants of Share Options with a mixed or accelerated vesting schedule such as where the Share Options may vest evenly over a period of 12 months; and

(f) grants of Share Options with a total vesting and holding period of more than 12 months.

Exercise price

The exercise price in respect of any particular Share Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Share Option (and shall be stated in the letter containing the offer of the grant of the Share Option) but the exercise price shall not be less than whichever is the higher of:

(a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date;

(b) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days (as defined in the Listing Rules) immediately preceding the grant date; and

(c) the nominal value of a Share on the grant date.

Term of the 2023 Share Option Scheme

The 2023 Share Option Scheme shall be valid and effective for a period of 10 years from 30 June 2023, i.e. until 29 June 2033, after which no further options pursuant to the 2023 Share Option Scheme may be granted.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme" and "Issue of Listed Securities of the Company and Use of Proceeds" above, during the Year, the Company did not enter into any equity-linked agreements which would or might result in the issue of Shares by the Company, or require the Company to enter into any agreements which would or might result in the issue of Shares by the Company.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Percentage of Shares in issue (Note 1)
WM Motor Holdings Limited	Beneficial owner	113,777,267 (Note 2)	23.67%
Time Hero Limited	Interest in a controlled corporation	113,777,267 (Note 2)	23.67%
Freeman Schenk Limited	Interest in a controlled corporation	113,777,267 (Note 2)	23.67%
Cantrust (Far East) Limited	Trustee and interest in controlled corporation	113,777,267 (Note 2)	23.67%
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	30,854,823 (Note 3)	6.42%
Ruby Charm Investment Limited	Beneficial owner	27,510,223 (Note 3)	5.72%

Notes:

1. Based on 480,654,928 Shares of the Company in issue as at 31 December 2023.

2. These Shares are held by WM Motor Holdings Limited, of which 65.41% of the voting right is held by Timeless Hero Limited. Timeless Hero Limited is wholly-owned by Freeman Schenk Limited, which is in turn wholly-owned by Cantrust (Far East) Limited. Cantrust (Far East) Limited is the trustee of New Freeman Schenk Trust, a discretionary trust established by Mr. Freeman Hui Shen as the settlor. Accordingly, Mr. Freeman Hui Shen should be deemed to be interested in these Shares.

3. Among 30,854,823 Shares, (i) 27,510,223 Shares are owned by Ruby Charm Investment Limited, a private company directly wholly owned by Mr. Ho King Man, Justin; (ii) 844,600 Shares are owned by Jumbo Eagle Investments Limited, a private company directly wholly owned by Mr. Ho King Man, Justin; and (iii) 2,500,000 Shares represent the Share Options granted to Mr. Ho King Man, Justin on 13 March 2018 pursuant to the terms of the 2013 Share Option Scheme, which entitle him to subscribe for Shares of the Company. Details of Share Options held by Mr. Ho King Man, Justin as a substantial shareholder of the Company are shown in the section "Share Option Schemes" above.

4. All the interests stated above represent long positions in the Shares of the Company.

REPORT OF THE DIRECTORS

INTEREST-BEARING BANK AND OTHER BORROWINGS

Particulars of interest-bearing bank and other borrowings of the Group as at 31 December 2023 are set out in note 30 to the consolidated financial statements.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix C1 of the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

ENVIRONMENTAL POLICY

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

AUDIT COMMITTEE

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

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

REPORT OF THE DIRECTORS

AUDITORS

The consolidated financial statements of the Company for each of year ended 30 September 2021, fifteen months ended 31 December 2022 and the Year have been audited by Ernst & Young ("EY"), who will retire and, being eligible, offer themselves for re-appointment as the auditors of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
APOLLO FUTURE MOBILITY GROUP LIMITED
Hui Chun Ying
Chairman and Executive Director

Hong Kong
28 March 2024

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Hui Chun Ying, aged 40, joined the Company as an executive Director, the Chairman of the Board, a member of the nomination committee of the Company (the "Nomination Committee") and the chairman of the investment committee of the Company (the "Investment Committee") on 20 September 2023. He was appointed as a member of the Remuneration Committee and the chairman of the Nomination Committee with effect from 1 December 2023.

Mr. Hui has extensive experience in banking, capital markets and legal practice. He is a co-founder of Repeat App, a food and beverage mobile application in the United Arab Emirates and the United States. From December 2021 to July 2022, Mr. Hui served as a representative of Finex Hong Kong Limited, and was licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Between October 2018 and August 2019, he acted as the Asia Pacific Chief Operating Officer for a Swiss family office known as Privatemarket.io. Between February 2014 and June 2018, he was an Associate Director at UBS Wealth Management Hong Kong and prior to that, between September 2012 and February 2014, he was a capital market associate at Sidley Austin, Hong Kong. He was admitted as a solicitor of Hong Kong Special Administrative Region and a New York Attorney.

Mr. Hui holds a Bachelor of Laws degree from the School of Oriental and African Studies, University of London, a Master of Laws degree specialising in Corporate and Financial Law from University College London and a Postgraduate Certificate in Laws from the University of Hong Kong.

Ms. Chen Yizi, aged 37, was appointed as an executive Director, a member of the Investment Committee and the chairman of the corporate governance committee of the Company (the "Corporate Governance Committee") with effect from 1 November 2023.

Ms. Chen has over a decade of experience in originating, underwriting and managing investment opportunities in early and growth-stage companies as well as funds. Before joining the Company, Ms. Chen dedicated her time to advising global family offices and entrepreneurs, specialising in optimising asset allocation strategies, providing investment recommendations, and crafting their expansion plans. Prior to that, she held the position of Managing Director and Investment Committee member of ASG, a New York-based family office, where she led the firm's Investment Development department, forming enduring global strategic partnerships and sourcing opportunities across various asset classes with a focus on venture capital and private equity. Ms. Chen's professional journey began in media, where she spent four years as an on-air personality at an international television station, delivering in-depth coverage of business and political news.

Ms. Chen holds a Bachelor's degree in Journalism from Nanjing University and a Master of Arts degree in Media, Culture, and Communication from New York University. In May 2023, she was accredited as a Chartered Alternative Investment Analyst by the Chartered Alternative Investment Analyst Association. She is also a member of the Milken Institute Young Leader Circle, and a class 24 fellow of the Kauffman Fellows programme.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Teoh Chun Ming, aged 53, was appointed as an independent non-executive Director with effect from 24 November 2017. He also serves as the chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee, Investment Committee and Corporate Governance Committee with effect from 24 November 2017 and the chairman of the Remuneration Committee with effect from 17 December 2018.

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

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

Mr. Peter Edward Jackson, aged 75, was appointed as an independent non-executive Directors with effect from 23 April 2018 and was appointed as a member of the Audit committee, Remuneration committee, Nomination committee and Corporate Governance Committee with effect from 17 December 2018.

He has over 40 years' international experience in the satellite and telecommunications industry. He was a non-executive director of Asia Satellite Telecommunications Holdings Limited ("AsiaSat"), a company previously listed on the Stock Exchange (former stock code: 1135), from January 2012 to August 2018 and a non-executive director of SpeedCast International Limited, a company previously listed on the Australian Stock Exchange, from August 2014 to March 2021. He was also a consultant to CITIC Group Corporation and worked with several private equity and venture capital firms in board or advisory positions from January 2012 to July 2018.

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

Mr. Charles Matthew Pecot III, aged 62, was appointed as an independent non-executive Director and as a member of the Audit committee, Remuneration committee, Nomination committee and Corporate Governance Committee with effect from 1 June 2019.

Mr. Pecot had been working in the finance industry and international capital markets worldwide since 1994 and has extensive management experience. He was the Head of Markets at Barclays Capital Asia Limited ("Barclays") for the period from July 2019 to June 2022, managing the trading operations of Barclays in Asia Pacific, including all Equities, Credit and Macro (including Rates and Foreign Exchange). Prior to that, he was the Head of Equities at Barclays, responsible for leading the equities franchise in Asia Pacific only. Previously, he was the Head of Prime Services and Head of Equities Distribution in Asia Pacific at Credit Suisse (Hong Kong) Limited for the period from July 2009 to June 2017. Mr. Pecot was also the Head of Prime Services and Prime Brokerage Services in Asia Pacific at UBS Securities Asia Limited for the period from April 2004 to February 2007. Currently, Mr. Pecot serves as the chairman of Blackpanda Pte. Ltd., a cybersecurity consultancy company focused on Asia.

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

Ms. Hau Yan Hannah Lee, aged 50, joined the Company as an independent non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee with effect from 1 April 2022.

Ms. Lee has more than 25 years of experience in auditing, accounting, mergers and acquisitions and initial public offerings. She currently works as a consultant for start-up companies in Hong Kong. Previously, she served as the chief financial officer at various multibillion dollar companies in Hong Kong and China, including Ganji.com, Global Education & Technology Group and The9 Limited. Between 2016 and 2017, she also served as an independent non-executive director of AL Group Limited (stock code: 8360), a company listed on the Stock Exchange.

Ms. Lee received her bachelor's degree with honors in Accounting from the University of British Columbia, Canada. Ms. Lee is also a Certified Public Accountant in the United States of America and a Chartered Professional Accountant in Canada.

Company Secretary

Mr. Moy Yee Wo, Matthew, aged 45, is the chief financial officer and company secretary of the Company. Mr. Moy joined the Company in 2019 and is responsible for our Group's strategic planning, corporate finance activities, oversight of financial reporting procedures, company secretary matters, internal controls and compliance with the requirements under Listing Rules. Before joining the Company, Mr. Moy served as the chief financial officer, the company secretary and an authorised representative of China Silver Group Limited, a company listed on the Stock Exchange (stock code: 815), from August 2012 to January 2019. Mr. Moy has been an independent non-executive director of Chi Ho Development Holdings Limited (stock code: 8423) and Janco Holdings Limited (stock code: 8035), all being companies listed on the Stock Exchange, since 22 February 2017 and 28 October 2022 respectively. He also served as an independent non-executive director of Reach New Holdings Limited, a company listed on the Stock Exchange (stock code: 8471), from June 2017 to November 2023. Mr. Moy has over 15 years of experience in the financial industry and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Moy graduated with a bachelor's degree in business administration in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

The Board has adopted the Code as set out in Appendix C1 to the Listing Rules. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Executive Directors	:	Mr. Hui Chun Ying *(Appointed with effect from 20 September 2023)* Ms. Chen Yizi *(Appointed with effect from 1 November 2023)* Mr. Ho King Fung, Eric *(Resigned with effect from 20 September 2023)* Mr. Joseph Lee *(Resigned with effect from 31 October 2023)* Mr. Qi Zhenggang *(Resigned with effect from 18 September 2023)*
Non-executive Director	:	Mr. Freeman Hui Shen *(Resigned with effect from 1 December 2023)* Mr. Wilfried Porth *(Resigned with effect from 31 October 2023)*
Independent Non-Executive Directors	:	Mr. Teoh Chun Ming Mr. Peter Edward Jackson Mr. Charles Matthew Pecot III Ms. Hau Yan Hannah Lee

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board.

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

BOARD OF DIRECTORS *(continued)*

During the Year, a total of five (5) Board meetings and one (1) annual general meeting (the "2023 AGM") and two (2) extraordinary general meetings (the "EGMs") were held and the attendance of each of the Directors is set out as follows:

Name of Directors	Number of meetings held and attended during the Year Board meetings	2023 AGM	EGMs
Mr. Hui Chun Ying (appointed with effect from 20 September 2023)	N/A	N/A	1/1
Ms. Chen Yizi (appointed with effect from 1 November 2023)	N/A	N/A	1/1
Mr. Ho King Fung, Eric (resigned with effect from 20 September 2023)	5/5	1/1	1/1
Mr. Joseph Lee (resigned with effect from 31 October 2023)	4/5	1/1	1/1
Mr. Qi Zhenggang (resigned with effect from 18 September 2023)	5/5	1/1	1/1
Mr. Freeman Hui Shen (resigned with effect from 1 December 2023)	3/5	1/1	0/2
Mr. Wilfried Porth (resigned with effect from 31 October 2023)	5/5	1/1	0/1
Mr. Teoh Chun Ming	5/5	1/1	2/2
Mr. Peter Edward Jackson	5/5	1/1	1/2
Mr. Charles Matthew Pecot III	5/5	1/1	1/2
Ms. Hau Yan Hannah Lee	5/5	1/1	2/2

The then chairman of the Board, and the chairman and/or a designated member of each of the board committees of the Board attended the 2023 AGM and the EGMs, either in person by electronic means, to answer questions and collect views of the Shareholders of the Company.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board, led by our Chairman, Mr. Hui Chun Ying, determines, monitors and oversees our overall strategies and policies, authorising the development plan and annual budgets, setting the Group's values, standards and culture, evaluates the financial and operating performance, reviewing the effectiveness of the internal control system and supervises the management of the Group. The Board delegates the day-to-day management, administration and operation of the Group to our executive Directors and senior management of the Group, and putting in place mechanisms for ensuring that the objectives of the Company is understood and shared at all levels of the Group. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The Company recognises that Board independence is essential to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness. The implementation and effectiveness of such mechanisms are reviewed by the Board on an annual basis.

The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by our independent non-executive Directors. Each year, the Chairman meets with the independent non-executive Directors at least once without the presence of other Directors, enabling them to express their views outside the boardroom.

CORPORATE GOVERNANCE REPORT

DIRECTORS' INDUCTION AND PROFESSIONAL DEVELOPMENT

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

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

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

During the Year, all of Mr. Hui Chun Ying, Ms. Chen Yizi, Mr. Ho King Fung, Eric, Mr. Joseph Lee, Mr. Qi Zhenggang, Mr. Freeman Hui Shen, Mr. Wilfried Porth, Mr. Teoh Chun Ming, Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee (during their respective term of office as Directors) have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars and reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

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

The Board held meetings from time to time whenever necessary and no less than four times a year at approximately quarterly intervals. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of a Board meeting in order to allow sufficient time for the Directors to review the documents.

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Year, Mr. Ho King Fung, Eric was the Chairman and following his resignation as the Chairman and an executive Director with effect from 20 September 2023, Mr. Hui Chun Ying was appointed as the Chairman. The Company has not appointed a chief executive officer.

The Chairman is primarily responsible for providing the overall leadership in the Board's affairs and in the strategic development of the business of the Group and ensuring that good corporate governance practices and procedures are established, along with the responsibilities of the Chairman under the Bye-laws and the Listing Rules.

Day-to-day management of the business of the Group are carried out by the senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board meeting.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

Mr. Teoh Chun Ming, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 24 November 2021 for a period of 36 months and is renewable automatically for a successive term of 12 months.

Mr. Peter Edward Jackson, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 23 April 2022 for a period of 36 months and is renewable automatically for a successive term of 12 months.

Mr. Charles Matthew Pecot III, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 1 June 2023 for a period of 36 months and is renewable automatically for a successive term of 12 months.

Ms. Hau Yan Hannah Lee, as an independent non-executive Director has entered into a formal letter of appointment with the Company commencing from 1 April 2022 for an initial term of 36 months.

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

AUDIT COMMITTEE

During the Year and as at the date of this report, the Audit Committee comprised the following members:

Mr. Teoh Chun Ming *(Chairman)*
Mr. Freeman Hui Shen *(ceased to be a member with effect from 1 December 2023)*
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

As at the date of this report, the chairman of the Audit Committee is Mr. Teoh Chun Ming. All members of the Audit Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee are independent non-executive Directors. Mr. Teoh Chun Ming, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, has the appropriate professional qualification to lead and chair the Audit Committee. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

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

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

Name of members of Audit Committee	**Number of meetings held and attended during the Year**
Mr. Teoh Chun Ming *(Chairman)*	2/2
Mr. Freeman Hui Shen *(ceased to be a member with effect from 1 December 2023)*	2/2
Mr. Peter Edward Jackson	2/2
Mr. Charles Matthew Pecot III	2/2
Ms. Hau Yan Hannah Lee	2/2

AUDIT COMMITTEE *(continued)*

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

- reviewed the annual report and the annual results announcement of the Company for the fifteen months ended 31 December 2022;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 30 June 2023;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function and the Company's performance and reporting in the aspect of environmental, social and governance;
- reviewed the Group's financial and accounting policies and practices;
- reviewed the risk management and internal control systems of the Group;
- reviewed the effectiveness of the Company's internal audit function;
- reviewed the management letter of the auditors of the Company; and
- met and discussed with the auditors of the Company in respect of the annual results of the Company for the fifteen months ended 31 December 2022 and interim results of the Company for the six months ended 30 June 2023.

REMUNERATION COMMITTEE

During the Year and as at the date of this report, the Remuneration Committee comprised the following members:

Mr. Teoh Chun Ming *(Chairman)*
Mr. Hui Chun Ying *(appointed as a member with effect from 1 December 2023)*
Mr. Freeman Hui Shen *(ceased to be a member with effect from 1 December 2023)*
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

As at the date of this report, the chairman of the Remuneration Committee is Mr. Teoh Chun Ming. A majority of the members of the Remuneration Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee are independent non-executive Directors. Mr. Hui Chun Ying is an executive Director of the Company. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

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

REMUNERATION COMMITTEE *(continued)*

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

Name of members of Remuneration Committee	Number of meetings held and attended during the Year
Mr. Teoh Chun Ming *(Chairman)*	1/1
Mr. Hui Chun Ying *(appointed as a member with effect from 1 December 2023)*	N/A
Mr. Freeman Hui Shen *(ceased to be a member with effect from 1 December 2023)*	1/1
Mr. Peter Edward Jackson	1/1
Mr. Charles Matthew Pecot III	1/1
Ms. Hau Yan Hannah Lee	1/1

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

- reviewed and determined the policy for the remuneration of Directors and senior management;
- assessed performance of Directors and senior management;
- reviewed and recommended the terms of Directors' service contracts;
- reviewed and recommended the remuneration package of the Directors and senior management to the Board (including those newly appointed during the Year); and
- reviewed and recommended matters relating to share schemes.

For the Year, the remuneration payable to two senior management (excluding Directors) each fell within the band of HK$3,000,001 to HK$3,500,000 and HK$3,500,001 to HK$4,000,000, respectively.

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

For the Year, no Share Options were granted under the 2013 Share Option Scheme and 2023 Share Option Scheme.

Pursuant to the code provision E.1.5 of the Code, the remuneration of the members of the Board and the senior management by band for the Year is set out below:

In the band of	Number of Individuals
Nil to HK$500,000	4
HK$500,001 to HK$1,000,000	1
HK$1,500,001 to HK$2,000,000	1
HK$3,000,001 to HK$3,500,000	1
HK$3,500,001 to HK$4,000,000	4

Details of the remuneration of each Director and the five individuals with the highest paid in the Group for the Year are set out in note 11 to the consolidated financial statements as contained in this annual report.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

During the Year and as at the date of this report, the Nomination Committee comprised the following members:

Mr. Hui Chun Ying *(Chairman) (appointed as the chairman and a member with effect from 1 December 2023)*
Ms. Chen Yizi *(appointed as a member with effect from 1 December 2023)*
Mr. Freeman Hui Shen *(ceased to be the chairman and a member with effect from 1 December 2023)*
Mr. Ho King Fung, Eric *(ceased to be a member with effect from 20 September 2023)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

As at the date of this report, the chairman of the Nomination Committee is Mr. Hui Chun Ying. A majority of the members of the Nomination Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III are independent non-executive Directors. Mr. Hui Chun Ying is the Chairman of the Board and an executive Director and Ms. Chen Yizi is an executive Director. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company. For the appointment and nomination of new Directors during the Year, the Nomination Committee considered the candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the relevant industry and/or other professional areas.

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

Name of members of Nomination Committee	**Number of meetings held and attended during the Year**
Mr. Hui Chun Ying *(Chairman)* *(appointed as the chairman and a member with effect from 1 December 2023)*	N/A
Ms. Chen Yizi *(appointed as a member with effect from 1 December 2023)*	N/A
Mr. Freeman Hui Shen *(ceased the chairman and a member with effect from 1 December 2023)*	1/1
Mr. Ho King Fung, Eric *(ceased to be a member with effect from 20 September 2023)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Peter Edward Jackson	1/1
Mr. Charles Matthew Pecot III	1/1

NOMINATION COMMITTEE *(continued)*

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

- reviewed the structure, size and composition of the Board;
- assessed the independence of independent non-executive Directors; and
- considered and recommended (i) the appointment of Mr. Hui Chun Ying as the Chairman and an executive Director; and (ii) the appointment of Ms. Chen Yizi as an executive Director, based on the procedures and the process and criteria set out in its terms of reference.

BOARD DIVERSITY POLICY

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

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

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition in the Listing Rules from time to time.
2. The number of independent non-executive Directors should be not less than three and one-third of the Board.
3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.
4. The Board should have at least one member of a different gender in order to achieve gender diversity at Board level.

The Nomination Committee is of the view that the Company has achieved these measurable objectives under the board diversity policy. The Board will continue to ensure any successors to the Board shall follow the above measurable objectives.

As at the date of this report, the Board comprises six Directors. Four of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of nationality, gender, professional background and skills and the Board is of the view that the Company has achieved these measurable objectives under the board diversity policy.

GENDER DIVERSITY

As at 31 December 2023, the gender ratio in the total workforce of the Group (including senior management) was approximately 2.2:1 (male:female). Traditionally, the automobile industry has been short of female talents. Nevertheless, the Company targets to avoid a single gender senior workforce by providing supports (e.g. provide relevant trainings to employees in the workplace to enhance their competitiveness) and will timely review the gender diversity of the senior workforce in accordance with the business development of the Group, thereby to improve the proportion of female employees gradually.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established on 24 November 2017 and during the Year and as at the date of this report comprised the following members:

Ms. Chen Yizi *(Chairman) (appointed as the chairman and a member with effect from 31 October 2023)*
Mr. Joseph Lee *(ceased to be the chairman and a member with effect from 31 October 2023)*
Mr. Qi Zhenggang *(ceased to be a member with effect from 18 September 2023)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

As at the date of this report, the chairman of the Corporate Governance Committee is Ms. Chen Yizi. A majority of the members of the Corporate Governance Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III are independent non-executive Directors. Ms. Chen Yizi, the chairman of the Corporate Governance Committee, is an executive Director. The terms of reference of the Corporate Governance Committee are available at the Company's website.

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

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

Name of members of the Corporate Governance Committee	**Number of meetings held and attended during the Year**
Ms. Chen Yizi *(Chairman) (appointed as the chairman and a member with effect from 31 October 2023)*	N/A
Mr. Joseph Lee *(ceased to be the chairman and a member with effect from 31 October 2023)*	1/1
Mr. Qi Zhenggang *(ceased to be a member with effect from 18 September 2023)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Peter Edward Jackson	1/1
Mr. Charles Matthew Pecot III	1/1

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

- developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;

- reviewed and monitored the training and continuous professional development of Directors and senior management;

- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

- reviewed the Company's compliance with the Code; and

- reviewed the corporate governance report as part of the 2022 annual report of the Company.

INVESTMENT COMMITTEE

The Investment Committee was established on 7 March 2016 and during the Year and as at the date of this report comprises Mr. Hui Chun Ying (Chairman), Ms. Chen Yizi and Mr. Teoh Chun Ming. The terms of reference of the Investment Committee are available at the Company's website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

The Board considers that the processes for the Group's financial reporting and Listing Rules compliances are effective and adequate.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

DISSEMINATION OF INSIDE INFORMATION

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

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

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

AUDITORS' REMUNERATION

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

Services rendered	**Fees paid/payable (HK$'000)**
Audit services	7,800
Non-audit services:	
— Review of interim financial information	1,050
Total	8,850

COMPANY SECRETARY

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

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

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders of the Company and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called a special general meeting ("SGM").

— Right to convene extraordinary general meeting

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

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

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

— Right to put enquiries to the Board

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

— Right to put forward proposals at general meetings

There are no provisions allowing Shareholders of the Company to propose new resolutions at the general meetings under the Companies Act 1981 of Bermuda. However, Shareholders are requested to follow bye-law 58 of the Bye-laws for including a resolution at a general meeting. The requirements and procedures are set out above. Pursuant to bye-law 85 of the Bye-laws, no person, other than a Director retiring at a meeting, shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless there shall have been lodged at the head office or at the registration office notice in writing signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and also notice in writing signed by that person of his willingness to be elected as a director and a written consent to the publication of his/her personal data. Unless otherwise determined by the Directors and notified by the Company to the Shareholders, the period for lodgment of the said notices shall be a seven day period commencing on the day after the dispatch of the notice of the general meeting for such election of Director(s) and ending on the date falling seven days after the dispatch of the said notice of the general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules and his/her contact details. The procedures for Shareholders of the Company to propose a person for election as a Director is posted on the Company's website.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

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

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

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

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

b. the Group's liquidity position;

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

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

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

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

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

h. any other factors that the Board deem appropriate.

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

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

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

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

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

INVESTOR RELATIONS

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

The Company regards communications with its investors as being vital. The Company continues to enhance investor relations. Designated members of the Board and senior management of the Company are given the specific responsibilities to maintain regular contact with institutional investors, potential investors as well as other stakeholders. Press releases were issued as appropriate to provide with the most updated business development of the Group to the public. The Board reviewed the investor engagement and communication activities during the Year and was satisfied with the effectiveness of the Shareholders communication channels and policy in place.

At the extraordinary general meeting of the Company held on 20 November 2023, the Shareholders of the Company have approved, among other things, (i) the change of domicile of the Company by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; (ii) the adoption of the Memorandum of Continuance and the Bye-laws upon continuation of the Company in Bermuda. The Memorandum of Continuance and the Bye-laws are available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

1.1 Introduction

We are pleased to present our Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**"). The ESG Report presents the Group's concern to environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable development to stakeholders. Additional information in relation to the Group's corporate governance and financial performance can be referred to in our annual report for the year ended 31 December 2023. The board of directors (the "**Board**") acknowledges its responsibility for ensuring the integrity of this ESG Report.

1.2 Scope and Reporting Boundary

The scope of the ESG Report covers the environmental and social performances of the Group's principal operating activities spanning over the period from 1 January 2023 to 31 December 2023 ("**Reporting Period**"). The Group consists of three operating segments: mobility technology solutions segment, jewellery products, watches and other commodities segment and money lending segment, with international presence spanning across Hong Kong, the People's Republic of China (the "**PRC**"), Japan and Germany.

The reporting boundary of the ESG Report is established consistently based on the criteria that all operations and entities reported are substantially owned by the Group and are under our management across the Group's structure. As a result, we do not report entities which are outside of the Group's structure, where we do not own the assets and do not directly engage or employ the workforce, and where we do not operate the asset under a contractual obligation. In addition, we do not report entities which were sold or acquired during the Reporting Period. During the Reporting Period, the Group completed the disposal of Ideenion Automobil AG ("**Ideenion**" and together with its subsidiaries, "**Ideenion Group**") and Chance Achieve Limited ("**Chance Achieve**").

1.3 Reporting Guidelines

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complies with all provisions of "Comply or Explain" as well as the reporting principles of materiality, quantitative, balance and consistency. In preparing the ESG Report, we have adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Stock Exchange for computing the relevant Key Performance Indicators ("**KPIs**"), and there is no change from the previous year in the way the ESG Report has been prepared, unless otherwise stated. The application of materiality is detailed in the subsection headed "**2.4 Materiality Assessment**".

We regard this ESG Report as a communication channel with our stakeholders and believe that we should disclose ESG information that is meaningful and important to their decision-making. To serve this purpose, this ESG Report is prepared with reference to the fundamental reporting principles set out in the ESG Reporting Guide.

1. ABOUT THE REPORT *(continued)*

1.4 Reporting Principles

The reporting principles of the foundation of this ESG Report are governed by "materiality", "quantitative", "balance" and "consistency" summarised below.

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

1.5 Reporting Framework

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

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

1.6 Data Collection

Data in this ESG Report is extracted from the Group's internal management system and statistics, and part of the data collected in previous years. Unless otherwise stated, HK$ is used in this ESG Report as its functional currency.

1.7 Contact

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

2. ESG POLICY, STRATEGY AND MANAGEMENT

2.1 ESG Governance from the Board of Directors

Sustainability has become a core element in the Group's strategy. We review our business model and governance structure with our ideal on sustainability and are devoted to creating sustainable mobility for the future. The future of mobility is being fueled by three key technology-driven disruptive trends: electrification of vehicles, connected and autonomous vehicles and mobility-as-a-service.

We have a well-established governance structure to effectively oversee our ESG issues and manage our sustainability performance. The Board of Directors of the Group (the "**Board**") assumes ultimate responsibility for overseeing our Group's ESG-related risks and opportunities, establishing the ESG-related strategies and targets of our Group, and reviewing our Group's performance annually against the ESG-related targets. Growing environmental concerns, increasingly complex regulations, and shifting stakeholder expectations drive the need to set target and assist the Group to enhance sustainability strategy that aligns with and complements our business strategy. In pursuant to our commitment towards responsible corporate citizenship, we have set up an ESG Working Group (the "**ESG Working Group**"). Our ESG Working Group has been established with senior management and department heads across different functions. The key responsibilities include supporting the Board in implementing ESG-related strategies and targets, managing and promoting the implementation of measures in relation to ESG issues identified. To effectively and accurately evaluate ESG-related issues that are considered material and relevant to the Group, the Board requires the ESG Working Group to report ESG updates to the Board regularly.

To ensure all the long-term sustainability goals and targets are relevant to the Group, the Board keeps track and continuously reviews the sustainability priorities through regular stakeholder engagement and embeds the results into our sustainability initiatives and strategies. We also take into consideration the industry practices, international trends and benchmarks against peers in setting and evaluating our environmental and social KPIs as well as other ESG topics that are material to the Group's principal business.

The Board

- The Board is responsible for the overall decision-making process and overseeing the formulation, administration, and assessment of the ESG system.

ESG Working Group

- The ESG Working Group is responsible for assisting the Board in managing and monitoring the ESG matters on a daily basis.

Functional Departments

- Functional departments are responsible for the execution of measures to achieve the preset ESG-related strategies and targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

2.1 ESG Governance from the Board of Directors *(continued)*

We, as part of the great community, are committed to allocating our resources and our best thinking to build a sustainable business fit for the future and to build a better world for all stakeholders in different aspects. The Board makes the following statements of our ESG policy:

Part of fighting Climate Change

The planet is in crisis, and we need urgent collective action and creativity to address the related human and environmental challenges. We strive to protect and preserve our planet by adopting sustainable practices throughout our business, identifying and assessing financial and other risks associated with climate change and integrating low-carbon solutions into our operation. At the same time, we are committed to bringing energy-saving and environmentally friendly mobility solutions to customers.

Building Strong Governance

An ESG management system requires a combined effort of an effective governance structure that comprises the decision-making level and execution level members. The Board has the overall responsibility to define the Group's ESG strategy and approach, manage and assess the Group's ESG performance. The Group set up an ESG Working Group to strengthen the ESG governance structure, which supporting the Board to implement the ESG strategies and measures thoroughly.

Health and Well Being

We are determined to set ourselves in a good position to maintain robust business performance and growth together with our employees, with an objective to uphold an open, fair, just and reasonable human resource policy. The Group is committed to a holistic approach to health and wellness, through a healthy, comfortable and safe workplace for our employees, enabling them to work delightfully and diligently and share the development achievement of the Group.

Supporting Technological Innovation

We are dedicating our unmatched innovative capacity to accomplish long-term sustainability, offering a range of low-carbon and intelligent requirements of mobility solutions to help manage energy use in a greener and smarter way. The Group will continue to plan ahead and focus on leveraging our cores skills of design and engineering along with our global partners to build up sustainable competitiveness in automobile transformation in electrification and intelligence, so as to create an exceptional mobility solutions and experience for the future.

Supporting Sustainable Community

The Group regards social responsibility as an important part of its corporate development strategy, and actively leverage our resources to encourage our employees, consumers and business partners to jointly participate in philanthropic activities, in order to achieve our philanthropic value proposition of supporting sustainable community.

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

2.1 ESG Governance from the Board of Directors *(continued)*

Embracing Diversity

Our diverse cultures, lived experiences, and perspectives enrich our workplace. The Group values the diversity of experiences and backgrounds, equitable opportunities for talent development, diversifying our talent pool and pipelines, fostering inclusion, and providing education to our people. We aim for every employee to feel seen and valued in the workplace, and to find a community in which they can flourish.

2.2 Our Approach to ESG

The Group managed the following major ESG approach to ensure the close integration of the Group's core strategy and ESG strategy.

Carbon Emission and Climate Change Strategy — Reducing carbon emissions is the most critical means to address climate change. The Group set quantitative carbon reduction targets and implemented the improvement on carbon reduction measures.

Social Responsibility — Sharing the social responsibility ideal and system of the Group including the key topics of promoting stakeholders' in-depth participation, public health, community development, fostering talent growth and investing business development and advancing a culture of diversity, equity and inclusion.

Community Contribution — the Group explores sustainable philanthropic model and promotes our philanthropic ideal to employees, suppliers and stakeholders, and encourages them to actively participate in our philanthropic activities.

The Group ensures our corporate governance structure meets the applicable laws and regulations, industry best practice and global trends, upholding the highest ethical standards of business integrity and fosters a culture of compliance throughout the Group.

Looking ahead, we will continue to strengthen the ESG governance, deepen the ESG supervision responsibility, and improve the Group's ESG performance. At the same time, we will speed up the formulation and improvement of ESG goals and action plans of various departments, promote the achievement of environmental protection, social responsibility right-track governance and publicly disclose more ESG-related policies.

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

2.3 Stakeholder Engagement

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

Major issues concerning stakeholders and corresponding measures:

Stakeholders	Focus	Communication and Responses
Stock Exchange	• Compliance with Listing Rules • Timely and accurate announcements	• Meetings • Training, workshops • Website updates and announcements
Government and regulatory authorities	• Compliance with laws and regulations • Tax payment according to law	• Company's website • Public consultation
Suppliers	• Stable supply • Quality services and products	• Review and evaluation • Contracts and agreements
Shareholders/Investors	• Corporate image • Business strategies and performance • Investment returns	• General meetings • Issuing of financial reports and/or operation reports for investors • Company's website
Media & Public	• Corporate governance • Environmental protection • Human right	• Announcements • Press release
Customers	• Product and services quality • Commercial credibility • Reasonable prices • Privacy protection	• After-sales services • Website's privacy agreement
Employees	• Rights and benefits • Employee compensation • Training and development • Working environment	• Regular meetings • Staff emails and notifications • Employee activities • WeChat group • Staff training
Community	• Employment opportunities • Community development • Social welfare	• Community activities • Media enquiry • Press releases and announcements

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

2.4 Materiality Assessment

Following the stakeholder engagement, we conducted a materiality assessment which comprised of four phases:

1. Preparation a list of sustainability issues relevant to the Group's business are identified according to international and local reporting standards;

2. Identify a list of potential material topics that are relevant to the Group's ESG performance;

3. Conduct a questionnaire survey to examine stakeholders' expectations and the extent of influence of material issues towards stakeholders and the Group's business; and

4. Screen out the most representative material topics and analysis of the results, the Board identified the following ESG topics as potentially material relevant to our business operations.

To better understand the concerns and interests of its stakeholders, the Group reviewed its the materiality assessment in the last reporting period. After analysing the results, the Group concluded that there have been no significant changes in the main concerns of stakeholders and that the priority of ESG matters remains consistent with the previous reporting period. The materiality matrix generally demonstrates that all issues raised were important to both primary and secondary stakeholders, albeit to differing degrees of importance to stakeholders and to the Group. The assessment results are presented below:

Importance to Stakeholders \ Importance to the Group	Very High	Medium	High
Very High	★ Occupational Safety and Health ▲ Quality Control	⬣ Climate Change ▲ Innovation ◆ Customer Satisfaction	⬣ Energy Reduction ◆ Corporate Governance and Compliance
High	⬣ Green Procurement ◆ Community Engagement	◆ Intellectual Property Rights ◆ Data Security and Customer Privacy ◆ Employee's Rights	★ Career Development ★ Employee Communication ◆ Market Presence
Medium	◆ Waste Management	◆ Anti-Corruption	

Key: ▲ Innovation and Technology ★ Our People ⬣ Environment ◆ Being a responsible business

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. PROTECTING THE ENVIRONMENT

3.1 The Future of Emission Reduction

While the challenge ahead is now the navigation to a greener destination, we are aware of the enhanced awareness of environmental and resource efficiency issues amongst our people, stakeholders, customers and suppliers. Customers were now more conscious than ever about where the money they spent was going, making a deliberate choice with every purchase to contribute to a green future. As such corporates are now commonly expected to clearly state where products come from and how the ESG policies inform their choice of processes, materials and deployment of human resources. The change of consumer mentality is progressively transforming the purchasing decisions.

The Group is committed to changing our business models to become more sustainable and helping our customers embrace the green transition. We are committed to instilling the consciousness of resources conservation, deeply indoctrinated the low-carbon concept and environmental protection into the work and life of every employee. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks, ensure the compliance of relevant laws and regulations and keep our green development. We firmly believe that our commitment to environmental protection will become a part of our competitiveness, leading the Group to a greater success in the future and fulfil our responsibilities as a member of the community we all live in.

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

3.2 Climate Change Response Management

Climate change is reaching alarming levels globally due in large part to emissions from burning fossil fuels for transportation and electricity generation. The world cannot reduce Greenhouse Gas ("**GHG**") emissions without addressing both energy generation and consumption while the world cannot address its energy habits without first directly reducing emissions in the transportation and energy sectors.

The Group dedicated itself to empowering the low-carbon transformation of the global economy and is committed to implementing the recommendations of the Task Force on climate-Related Financial Disclosure ("**TCFD**"), providing investors and stakeholders with useful information on climate-related risks and opportunities that are related to our business. TCFD is a market-driven initiative that is set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. Moreover, responding to climate change can enhance our business resilience and enable us to take advantage of any opportunities it may offer.

Potential climate-related risks faced by the Group include physical risks such as extreme weather events and a rise in sea level. Also, the Group have to face transition risks such as policy and regulatory risks, market risks and reputational risks. The Group's strong action to address climate change is embedded throughout the business and is led by a top management- level climate-related risk management framework identified on this basis.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.3 Climate Change Mitigation

To prepare for climate-related disclosure, the Group has allocated human and financial resources to continuously assess the impact of climate change on our business and operation. The assessment aims to identify the physical and transition risks that are most relevant to the Group. The result will be incorporated into our risk management system wherever appropriate.

Climate risks are typically classified into two major categories faced by the Group include physical risks and transition risks.

Transition Climate Risks

Transition risks are those associated with the transition to a low carbon economy, which may be due to changes in policies, technologies and markets. As we shift to a low carbon world, transition risks will emerge that can impact and change investment and consumption patterns. The below table shows our response in managing various risks brought by the climate change that the Group may be facing.

Table 3-1: Transition Climate Risks and Opportunities

Risk	Risk Details	Mitigation and Opportunities
Market Risks	Downstream market developments, including a change in consumer behaviours, introduction of the carbon tax, carbon border adjustment, the increased cost of raw material due to embedded GHG emissions pricing. As the maturity of shared mobility and automatic driving will create more scenarios, some customers, especially those who are committed to a low-carbon lifestyle, may pursue more eco-friendly experience and no longer perceive cars as their assets.	We will continue to engage and collaborate with our customers as they reduce their emissions. Also, we will keep abreast of the industry standards and adopt green procurement. A stringent environmental management system will be adopted to ensure the Group meets the expectations and requirements of the customers.
Policy and regulatory changes	Evolving policy and regulatory changes, including those that cap emissions, may increase expenditure required to meet emissions caps.	We will regularly monitor the regulatory environment and strictly adhere to the Group's emission-reduction measures to maintain a low emission level. We will continue to work with industry bodies, peers, governments, and communities to ensure an effective regulatory framework.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.3 Climate Change Mitigation *(continued)*

Transition Climate Risks *(continued)*

Risk	Risk Details	Mitigation and Opportunities
Technical viability of decarbonisation strategy	The increase in the price of fossil fuel will cause the auto companies to face higher costs in the use of production facilities powered by fossil fuel in the short term.	We are adapting new technology, to power our operations and are making significant investments to improve energy efficiency of and to decarbonise our operation wherever feasible, including development of partnerships with key suppliers and industry experts.
Reputation damage	As public awareness about climate change, green and low-carbon development continues to grow, failure to meet stakeholder expectations may put the Group at reputational risk. Reputational impact from potential misalignment of emissions reduction impacts our: • Daily operation • Services demand • Financing • Investment opportunities	We continue to align ourselves on the right track to fight climate change. We ensure regular and transparent engagement with our stakeholders on our climate strategy and progress on achieving our objectives through direct consultation, regular meetings, media statements and presentations.

Physical Climate Risks

Physical risks reflect how changes to the frequency and intensity of extreme and ongoing weather can impact, disrupt and damage business operations, assets and supply chains, as well as lead to broader impacts such as environmental stress, food and water security and trends in migration. Physical impacts from climate change are inevitable. The rate and extent of change will depend on global decarbonisation efforts.

The TCFD distinguishes between the following physical climate risks:

- Acute risks — A change in the frequency and/or intensity of extreme weather events, for example cyclones or floods.

- Chronic risks — Longer-term shifts in climate patterns, for example sustained higher temperatures, lower rainfall and a rise in sea level.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.3 Climate Change Mitigation *(continued)*

Physical Climate Risks *(continued)*

Table 3-2: Physical Climate Risks and Opportunities

Risk	Risk Detail	Mitigation and Opportunities
ACUTE PHYSICAL RISKS		
Increased severity of extreme weather events	The increased severity of cyclones and flooding from climate change may cause material damage to assets, leading to operational disruptions, impacts to production rates and increased costs associated with asset repair. Climate change may not only cause increase in wear and tear of the supplier's production equipment, and affect their service life, but also impact our value chain over the long-term.	More importantly, climate change brings considerable opportunities for developing resilient business models and new products, such as new energy mobility services and new energy vehicles, to meet the market and customers' expectations of sustainability and low-carbon mobility. Climate change stimulates our innovation and experimentation in products and businesses, such as the promotion of new energy technologies or application of lightweight technology, which will help us adapting to a low carbon economy and formulating the related business planning. We will establish safety management system, including adverse weather guidelines.
Increased frequency of extreme heat	Climate change may lead to an increase in the severity which has the potential to cause material damage.	We implement some procedures that detail how to conduct a thermal risk assessment and to inform heat management controls.
CHRONIC PHYSICAL RISKS		
Rising sea levels and storm surge inundation	Global sea level rises coupled with storm surge have the potential to cause material damage to our infrastructure through inundation. Sea levels may rise due to expanding ocean volumes from temperature increases and from melting glaciers and ice sheets.	All new projects assess and develop management and mitigation mechanisms to address the potential physical impacts of climate change.
Changes in precipitation patterns	The potential for prolonged drought events or changes to precipitation patterns may place increasing stress on the availability of water resources to the business. This may lead to more stringent controls and impact relationships with local stakeholders.	Our water strategy is focused on reducing water usage across our operations. This includes adopting technological solutions and using metrics and internal performance standards to proactively manage water scarcity risks.

Looking forward, the Group will further examine the alignment of its policies with the TCFD recommendations.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.4 Corporate Environmental Policy

We are dedicated to protecting and preserving our earth by adopting sustainable practices throughout our business, identifying and assessing financial and other risks associated with climate change and integrating low-carbon solutions into our operation. The Group formulated relevant rules and regulations for a sound and effective management of energy consumption, GHG emission, as well as discharge of waste and sewage and other pollutants, highlighted as below.

- To assess, monitor and manage environmental risks and opportunities associated with our business;
- To comply with applicable environmental protection laws and regulations;
- To integrate environmental considerations in the operations;
- To define appropriate objectives and targets on a regular basis for our ESG management approach;
- To continuously improve the ESG management system to set and maintain standards;
- To prevent pollution and to protect the environment by conserving natural resources and minimizing waste; and
- To promote environmental awareness and low carbon lifestyle among the workforce.

During the Reporting Period, the Group complied with environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste, including but not limited to the "Air Pollution Control Ordinance", "Waste Disposal Ordinance", "Water Pollution Control Ordinance", "Environmental Protection Law of the PRC", "Law on Air Pollution and Control of the PRC", "Basic Environment Law of Japan", "Water Protection Law of Germany", "Waste Law of Germany" and "European Climate Law". The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

3.5 Optimizing Energy Saving and Resources Consumption

The air emissions generated by the Group mainly from mobile combustion sources as it involved use of fossil fuels in the business operations during the Reporting Period. The material air pollutants emitted were mainly composed of nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**"), and particulate matter ("**PM**").

The main contributors to the Group's carbon footprint are direct GHG emissions generated from office administration inevitably involve consumption of fossil fuel directly or indirectly (Scope 1), energy indirect GHG emissions generated from the consumption of purchased electricity and gas (Scope 2) and other indirect GHG emissions generated from business travel by flight and paper consumption in business operation (Scope 3).

The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment and minimise our impact on the environment. The sustainable measures adopted by the Group includes:

3. PROTECTING THE ENVIRONMENT *(continued)*

3.5 Optimizing Energy Saving and Resources Consumption *(continued)*

Reduce Energy Consumption

- We promote the use of energy-saving measures such as energy-saving lighting facilities in production and office areas, energy-efficiency air-conditioning system, high-efficiency energy-saving equipment and more variable frequency equipment;
- Reduce our employees' carbon footprints. with the Group's efforts in promoting corporate sustainability among employees; and
- Enhance our employees' awareness towards resource conservation, energy saving and environmental protection, inspiring tangible changes to their long-term behavioural patterns.

Reduce Paper Consumption

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

- Paperless office by developing our own internal administration system to reduce the use of paper in all level of our management;
- Selection of working partners which provide paperless operating procedures whenever feasible;
- Paperless board meeting;
- Encourage use of electronic means of communication to manage daily process; and
- Use duplex printing and reuse single-side printed papers.

Reduce Air Business Travel

The Group encourages its employees to adopt electronic means of communication such as video or telephone conferencing to avoid unnecessary travel arrangement. Video conference equipment is available in conference rooms to conduct virtual meetings. We are seeking to minimise emissions from commuting through work-from-home programs and associate adoption of sustainable commuter transport options.

Fleet Management

Regular maintenance checks are performed for all the vehicles to enhance fuel consumption efficiency, ensure road safety and to keep air and GHG emissions at their minimum.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.6 Exhaust Gas and GHG Emissions

Our Group's business inevitably involves consumption of fossil fuel, which directly or indirectly, releases Nitrogen Oxides (NOx), Sulphur Oxides (SOx), Particulate Matter (PM) and Carbon Dioxide (CO2) into the air. In accordance with the ESG Reporting Guide set out by the Stock Exchange, our environmental performance of "Emissions" during the Reporting Period is tabulated below.

Table 3-3: Air Emissions

Air Emissions	Unit	FY2023	FY2022
Nitrogen Oxides (NOx)	g	**5,928.09**	12,406.13
Sulphur Oxides (SOx)	g	**118.74**	209.60
Particulate Matter (PM)	g	**359.33**	913.35

During the Reporting Period, the NOx, SOx and PM emissions of the Group decreased significantly. This is mainly due to a reduction in vehicle usage as the Group completed the disposal of certain subsidiaries during the Reporting Period. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the air emissions between 90% to 120% for the next reporting period, against the level of the baseline year ended 31 December 2023. These measures include, but are not limited to, requiring employees to turn off idle equipment, using energy-efficient appliances, conducting regular checks and maintenance of vehicles and equipment.

Table 3-4: GHG Emissions

GHG Emissions	Unit	FY2023	FY2022
Direct GHG Emissions (Scope 1)	CO_2e (t)	**33.31**	55.10
Energy Indirect GHG Emissions (Scope 2)	CO_2e (t)	**50.67**	117.15
Other Indirect GHG Emissions (Scope 3)[1]	CO_2e (t)	**5.80**	–
Total GHG Emissions	CO_2e (t)	**89.78**	172.25
GHG Emissions Intensity	CO_2e (t)/employee	**2.14**	1.24

During the Reporting Period, the GHG emissions of the Group decreased significantly, while the GHG emissions intensity increased. This is mainly due to a reduction in vehicle usage and electricity consumption as the Group completed the disposal of certain subsidiaries during the Reporting Period. Although the GHG emissions decreased, it decreased by a proportion less than the decrease in the number of employees. Thus, the intensity of GHG emissions increased. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the GHG emissions intensity between 90% to 120% for the next reporting period, against the level of the baseline year ended 31 December 2023.

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

[1] The data of intensity of non-hazardous waste generated for the Reporting Period is disclosed in accordance with "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange to display the more comprehensive performance of the Group.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.7 Pollution and Waste Management

Waste Management Policy

The Group's principal waste management policy endeavours an adoption of the waste management hierarchy (waste prevention followed by re-use, recycle, recovery and finally disposal) in order to achieve a green and paperless operation with a minimal generation of waste wherever possible and practical. The Group implements the following measures and objectives to achieve our waste control target.

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

Hazardous Waste

Given our business nature, the Group does not directly produce hazardous waste throughout the operation. The Group endeavours to recycle electronic waste and fluorescent tube throughout our operation wherever practical, ultimately reducing both the monetary and environmental costs involved in disposal of these wastes that would otherwise be scrapped and treated as hazardous waste.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.7 Pollution and Waste Management *(continued)*

Non-hazardous Waste

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

Table 3-5: Waste

Waste	Unit	FY2023	FY2022
Total Non-Hazardous Waste Generated	kg	**32,610.54**	39,492.00
Intensity of Non-Hazardous Waste Generated[2]	kg/employee	**776.44**	–

During the Reporting Period, the total non-hazardous waste generated has decreased by 17%. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the non-hazardous waste intensity between 90% to 120% for the next reporting period, against the level of the baseline year ended 31 December 2023. During the Reporting Period, there were no non-compliance cases reported in relation to discharges into water and land, and generation of waste within the Group.

3.8 Use of Resources

In light of finite earth's resources, the Group considers the conservation of natural resources through low-carbon practices as an indispensable component of our sustainable business. We have implemented various initiatives throughout our operations to keep on improving resource use efficiency, reducing and avoiding pollutant generation, while lowering our operating cost.

Water Consumption

The Group takes a cautious approach to water stewardship, seeking to maximise efficiency and reduce water consumption. We strive to engage all employees to develop a habit of conserving water consciously. Pantry is posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. During the Reporting Period, we have no issue in sourcing water that is fit for purpose. The Group's water consumption was minimal and immaterial, hence we did not record the total water consumption and intensity during the Reporting Period.

Packaging Material

Given our business model, the Group does not have manufacturing facilities and does not consume a significant amount of packaging materials for our operation. However, we encourage our suppliers packaging management to promote the simplification, reduction, reuse, degradation and recycling of auto parts packaging.

2 The data of intensity of non-hazardous waste generated for the Reporting Period is disclosed in accordance with "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange to display the more comprehensive performance of the Group.

3. PROTECTING THE ENVIRONMENT *(continued)*

3.8 Use of Resources *(continued)*

Environmental Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, our environmental performance of "Energy Consumption" during the Reporting Period are tabulated below.

Table 3-6: Energy Consumption

Energy Consumption[3]	Unit	FY2023	FY2022
Direct Energy Consumption			
— Unleaded Petrol	kWh	**27,926.42**	N/A
— Diesel	kWh	**47,295.45**	N/A
— Town gas	kWh	**72,760.00**	N/A
Indirect Energy Consumption			
— Purchased Electricity	kWh	**180,493.00**	206,435.00
Total Energy Consumption	kWh	**328,474.87**	429,713.00
Energy Consumption Intensity	kWh/employee	**7,820.83**	3,091.46

During the Reporting Period, the total energy consumption decreased significantly. Although the total energy consumption decreased, it decreased by a proportion less than the decrease in the number of employees. Thus, the energy consumption intensity increased. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the energy consumption intensity between 90% to 120% for the next reporting period, against the level of the baseline year ended 31 December 2023. During the Reporting Period, there were no non-compliance cases reported in relation to use of resources within the Group.

3 The detail breakdown of energy consumption for the Reporting Period is disclosed in accordance with "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange to display the more comprehensive performance of the Group.

4. PEOPLE

4.1 A Workplace for People

To have the best people in our business, we must be a workplace people choose to join, stay and grow. Despite the past few challenging years, we stay true to strengthen our sustainability approach with the attitude of "openness, equity, respect and inclusion", the Group promises to provide all employees with equal opportunities and a broad career development platform, so as to enhance employees' sense of belonging and enthusiasm and creativity.

Meanwhile, we continue to invest resources to absorb global talents with different backgrounds and support the development of employees, carry out cross-cultural communication and integration, and build a diversified talent team. We also made every effort to provide long-term employment opportunities for employees and local communities where we operate. The Group strictly abides by related labour laws and regulations and corresponding practices applicable to the places where it operates.

4.2 Occupational Health and Safety

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

- Pursuit of a healthy, pleasant and safe workplace environment for our employees;
- Commitment of appropriate resources and leadership to the OSH management system;
- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- Zero tolerance of accidents and injuries;
- Promotion of a safety culture among employees;
- Review of the performance of various OSH measures, so that their effectiveness and reliability can be maintained; and
- Compliance with applicable laws and regulations in relation to occupational safety and health.

4. PEOPLE *(continued)*

4.2 Occupational Health and Safety *(continued)*

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

- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Organization of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- Promotion of safety culture among employees;
- Organization of induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Provision of OSH training sessions to employees according to their roles and responsibilities to ensure awareness of job hazards and conformity to safety practices with respect to OSH;
- Provision of job-related training to existing staff-members to strengthen their professional knowledge and skills in daily operations and safety matters;
- Training courses and measures are reviewed and regularly reported to the management by the safety officer; and
- Prohibition of smoking and abuse of alcohol and drugs in workplaces.

During the Reporting Period, the Group compiled with the applicable laws and regulations in relation to safety and health of employees in the regions where we operated. During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified during the Reporting Period. Summary of work- related fatalities and injuries during the Reporting Period are shown in the table below.

Table 4-1: Health and Safety Statistics

	Total Number in FY2023	Total Number in FY2022	Total Number in FY2021
No. of Work-Related Fatalities	**0**	0	0
Rate of Work-Related Fatalities	**0**	0	0
No. of Injuries at Work	**0**	0	0
Lost Days due to Injury at Work	**0**	0	0

4. PEOPLE *(continued)*

4.3 Talent Attraction and Retention

Considering that every employee has unique talents and the potential to become a driving force for our corporate development and long-term growth, the Group is committed to a people-oriented approach and the development of competencies of our employees while proactively managing our talent pipeline and career development for them.

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

In order to attract and retain our employees, the Group offers competitive wages, medical insurance, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its employee based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, Share Options may be granted to eligible employees by reference to the performance of the Group and individual employees. We are committed to providing career development resources to our employees to further nurture their skills and capabilities that will contribute to our long-term sustainable growth.

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

4. PEOPLE *(continued)*

4.4 Our Workforce

Hong Kong

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

Mainland China

In the PRC, we participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local laws and regulations, including but not limited to the "Labour Contract Law of the PRC", "Labour Law of the PRC", "Social Insurance Law of the PRC" and "Regulations on the Administration of Housing Provident Funds".

Japan

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

4. PEOPLE *(continued)*

4.4 Our Workforce *(continued)*

Germany

In Germany, we complied with the employment law and regulations of Germany throughout the Reporting Period, including but not limited to the "Civil Code", "General Equal Treatment Act", "Part-Time and Limited Term Employment Act", "Continuation of Remuneration Act", "Minimum Wage Act", "Protection Against Unfair Dismissal Act", "Minimum Vacation Act for Employees", "Works Constitution Act", "Hours of Employment Act", "Maternity Protection Act", "Federal Parental Benefit and Parental Leave Act" and "Labour Court Act".

As of 31 December 2023, there was a total of 42 employees, details of our employees are as follows:

Table 4-2: Our Workforce

	FY 2023
Number of Employees	
Total	42
By Gender	
Male	29
Female	13
By Age	
Under 30 years old	1
30–50 years old	38
Over 50 years old	3
By Employment Type	
Full-time	41
Part-time	1
By Geographical Region	
Hong Kong	19
The PRC	10
Japan	12
Germany	1

4. PEOPLE *(continued)*

4.4 Our Workforce *(continued)*

Table 4-3: Turnover Rate

	FY 2023[4]
Total Employee Turnover Rate	**38%**
By Gender	
Male	**38%**
Female	**38%**
By Age	
Under 30 years old	**400%**
30–50 years old	**26%**
Over 50 years old	**67%**
By Geographical Region	
Hong Kong	**21%**
The PRC	**–%**
Japan	**33%**
Germany	**800%**

4 The high turnover rate was mainly due to the disposal of Ideenion Group and Chance Achieve completed during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. PEOPLE *(continued)*

4.5 Talent Development and Training

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

During the Reporting Period, the Group organised a total of 14 hours of development and training. Each employee at all levels received, on average, 0.3 hours of development and training, including induction training, technical skills training, thematic courses such as anti-corruption, and pre-post training as summarised below.

Table 4-4: Employee Training

	Unit	FY2023
Average hours of training received per employee	hours	**0.3**
Average hours of training per employee by ranking		
Senior Staff	hours	**0.2**
Middle Staff	hours	**0.4**
Junior Staff	hours	**0.4**
Average hours of training per employee by gender		
Male	hours	**0.3**
Female	hours	**0.4**
Percentage of employees trained by employment level		
Senior Staff	%	**50**
Middle Staff	%	**25**
Junior Staff	%	**25**
Percentage of employees trained by gender		
Male	%	**50**
Female	%	**50**

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

4. PEOPLE *(continued)*

4.5 Talent Development and Training *(continued)*

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

Table 4-5: Development and Training Programs

Orientation Programs	Orientation programs are organised for new joiners by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping them adapt to the new work environment affirmatively and quickly.
Continuous Professional Training	Continuous training is committed in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets.
Thematic Training	Directors and senior management are encouraged to take part in professional thematic training and seminars including occupational safety, corporate governance, business development and strategy. Employees from respective departments are encouraged to take part in thematic courses to strengthen and refresh their knowledge, management skills, including various topics stipulated in different ordinances, rules and guidelines such as the Securities and Futures Ordinance, Personal Data (Privacy) Ordinance, Main Board Listing Rules and Guidelines, compliance, anti-money laundering (“AML”), anti-corruption and Know-Your-Client.

4.6 Labour Standards

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

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

5. OPERATING RESPONSIBLY

The demand for environmental, ethical compliance and sustainable development are increasingly pressing both globally and locally. In order to achieve our goal to be a responsible corporate in the Asia-Pacific region, we realise that we must operate in a sustainable fashion with a comprehensive ESG management approach. It is additionally essential for us to encourage all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

5.1 Innovation-Driven Development

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

5.2 Supply Chain Management

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

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

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

5. OPERATING RESPONSIBLY *(continued)*

5.2 Supply Chain Management *(continued)*

We believe that, through the above review process, we can minimise the potential environmental and social risks associated with supply chain management. During the Reporting Period, the Group engaged 213 suppliers. No complaint was received from the suppliers and there were no disputed debts or unsettled debts, and all the debts are settled on or before due dates or a latest date as mutually agreed.

Table 5-1: No. of Suppliers by Geographical Region

Geographical Region	Number of Suppliers
The PRC	2
The United States	2
Japan	10
Europe	199
Total	213

During the Reporting Period, no material complaint was received from the suppliers and there were no material disputed debts or unsettled debts and the debts are settled as soon as practicable.

5.3 Product and Service Responsibility

Commitment to Innovative Research and Development

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

5. OPERATING RESPONSIBLY *(continued)*

5.3 Product and Service Responsibility *(continued)*

Quality Assurance

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

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

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

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

Table 5-2: Product Recalls and Complaints

	FY2023
Percentage of complaints received about the products related to health and safety issues	N/A
Percentage of sold/shipped products recalled due to safety and health reasons	N/A

5. OPERATING RESPONSIBLY *(continued)*

5.4 Privacy Protection

The Group emphasises the importance of protecting our clients' personal data against unauthorised access, use or loss and we adhere to the "Personal Data (Privacy) Ordinance" of Hong Kong, "Personal Information Protection Law of the PRC", "Act on the Protection of Personal Information" of Japan and "Data Protection Directive" of Germany when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. The Group respects the privacy rights of its stakeholders with utmost importance.

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

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

5.5 Anti-Corruption

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

During the Reporting Period, the Group complied with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering in the region where we operate, including but not limited to the "Prevention of Bribery Ordinance" of Hong Kong, "Anti-Money Laundering Law of the PRC", "Anti-Unfair Competition Law of the PRC", "Penal Code" of Japan, "Unfair Competition Prevention Act" of Japan and "German Criminal Code".

5.6 Whistle-Blowing

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. OPERATING RESPONSIBLY *(continued)*

5.6 Whistle-Blowing *(continued)*

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

5.7 Protection of Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("**IP rights**") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals, including but not limited to the "Trademarks Ordinance and Copyright Ordinance" in Hong Kong, and "Trademark Law" and "Patent Law" in the PRC. In order to prevent infringement and enhance copyright protection, a copyright compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information.

5.8 Customer Satisfaction

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

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

6. CONTRIBUTING TO OUR COMMUNITY

We believe the Group benefits from overall social development and should give back to the society in return. We are actively committed to making a better society through our active involvement in the community and taking concrete actions, putting the best effort in helping the community and people in needs through community services and charitable donation programs. The contribution made by the Group mainly focused on community engagement and sponsorship programs.

During the Reporting Period, the Group actively supported the "Kyoto Food Delivery Project for Children". The objective of this project is to deliver food and essential daily necessities directly to families with primary school children who are facing difficulties in meeting a normal standard of living in Japan. The Group aims to make a positive contribution to the local community. By providing substantial resources and actively participating in the charity and voluntary activities, the Group strives to support and uplift the affected families. Through its involvement in this project, the Group demonstrates its dedication to social welfare and community development. By providing resources and actively engaging in such initiatives, the Group seeks to strengthen its relationship with the local community while making a meaningful impact on the lives of those in need.

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

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
A. ENVIRONMENTAL			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Protecting the Environment	
KPI A1.1	Types of emissions and respective emissions data	Protecting the Environment	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Protecting the Environment	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	The Group has not identified any hazardous waste was produced in our core business
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Protecting the Environment	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Protecting the Environment	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Protecting the Environment	

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Protecting the Environment	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	Protecting the Environment	
KPI A2.2	Water consumption in total and intensity	Protecting the Environment	Defined to be not material to the Group's operation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Protecting the Environment	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	N/A	Defined to be not material to the Group's operation
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	N/A	Defined to be not material to the Group's operation
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Protecting the Environment	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Protecting the Environment	
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Protecting the Environment	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Protecting the Environment	

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

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

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People	
KPI B3.1	The percentage of employees trained by gender and employee category	People	
KPI B3.2	The average training hours completed per employee by gender and employee category	People	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	People	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	People	
KPI B4.2	Description of steps taken to eliminate such practices when discovered	People	No such incidents were reported during the Reporting Period

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Responsibly	
KPI B5.1	Number of suppliers by geographical region	Operating Responsibly	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Responsibly	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Operating Responsibly	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Operating Responsibly	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Responsibly	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Operating Responsibly	Not applicable to the Group's core operation
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Operating Responsibly	No products and service-related complaints received during the Reporting Period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operating Responsibly	
KPI B6.4	Description of quality assurance process and recall procedures	Operating Responsibly	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Operating Responsibly	

7. THE STOCK EXCHANGE ESG GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Responsibly	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Operating Responsibly	No concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Operating Responsibly	
KPI B7.3	Description of anti-corruption training provided to directors and staff	Operating Responsibly	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Contributing to our Community	
KPI B8.1	Focus areas of contribution	Contributing to our Community	
KPI B8.2	Resources contributed to the focus areas	Contributing to our Community	

INDEPENDENT AUDITOR'S REPORT

EY 安永

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

OPINION

We have audited the consolidated financial statements of Apollo Future Mobility Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 97 to 217, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible assets with indefinite useful lives	
As at 31 December 2023, the Group had goodwill and other intangible assets with indefinite useful lives, representing trademarks (the "Intangible Assets"), acquired through business combinations allocated to mobility technology solutions cash-generating units ("CGUs") of the Group with net carrying amounts of approximately HK$1,253,509,000 and HK$162,603,000, respectively. Goodwill and the Intangible Assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. Impairment is determined by assessing the recoverable amounts of the respective CGUs to which the goodwill and the Intangible Assets relate and whether the recoverable amounts of the respective CGUs are less than their carrying amounts. For the year under review, the recoverable amounts of the respective CGUs have been determined based on the respective CGUs' fair value less costs of disposal using cash flow projections specific to each CGU and applying a discount rate which reflects specific risks relating to the CGU, with the assistance from certain independent professionally qualified valuers (the "external valuers"). The impairment testing of goodwill and the Intangible Assets required management to make certain estimates and assumptions that would affect the reported amounts of goodwill and the Intangible Assets and related disclosures in the consolidated financial statements. We focused on this area due to the magnitude of the balances involved and the significant judgements and estimates required in determining the recoverable amounts of the relevant CGUs. The related disclosures are included in notes 2.4, 3, 18 and 19 to the consolidated financial statements.	We evaluated management's impairment assessment of goodwill and the Intangible Assets. The key audit procedures we performed on evaluating the methodologies, assumptions and estimates used in the impairment assessment included, inter alia, (i) assessing the historical accuracy of the prior year's assumptions and estimates made by management, as appropriate; (ii) obtaining an understanding of the current and expected future developments of the CGUs and factors that might affect key assumptions and estimates of the fair values or cash flow projections and discount rates applicable to the CGUs; (iii) evaluating the objectivity, capabilities and competence of the external valuers engaged by the Group; (iv) involving our internal valuation specialists to assist us in evaluating the methodologies used and certain key assumptions and estimates made by management and/or the external valuers, including, inter alia, the specific discount rate and long term growth rate of each relevant CGU, with reference to relevant historical/market information, and other information, assumptions and estimates for the assessment of fair value less costs of disposal; (v) evaluating management's assessment about reasonable possible changes in relevant key assumptions and estimates, as appropriate; and (vi) reviewing the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through profit or loss As at 31 December 2023, the Group's financial assets at fair value through profit or loss (before share of loss of an associate) of approximately HK$1,492,588,000 were categorised as Level 3 within the fair value hierarchy. For Level 3 valuation, the Group engaged certain independent professionally qualified valuers (the "external valuers") to apply valuation techniques to determine the fair values of the financial assets at fair value through profit or loss that are not quoted in active markets. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements, estimations and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial assets. We focused on this area due to the magnitude of the balance involved and the significant accounting judgements and estimates required in determining the fair values of these financial assets. The related disclosures are included in notes 2.4, 3, 22 and 43 to the consolidated financial statements.	With the assistance from our internal valuation specialists, we evaluated the valuation methodologies and assumptions adopted in the valuation of the financial assets at fair value through profit or loss that were categorised as Level 3 within the fair value hierarchy by (i) examining the terms of the financial instruments and the relevant agreements; and (ii) assessing the key parameters used, such as volatility, risk-free rate and discount rate, against available market information. We evaluated the objectivity, capabilities and competence of the external valuers engaged by the Group. We also reviewed the related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of loans receivable and promissory note receivable

As at 31 December 2023, the Group had outstanding loans receivable and promissory note receivable with net carrying amounts of approximately HK$209,543,000 and HK$137,742,000, respectively. Impairment losses recognised in the consolidated statement of profit or loss for the year in respect of the Group's loans receivable and promissory note receivable amounted to approximately HK$97,195,000 and HK$170,258,000, respectively.

The Group assessed the expected credit loss for each loan receivable and promissory note receivable by applying the probability of default approach under Hong Kong Financial Reporting Standard 9 *Financial Instruments* ("HKFRS 9"), with the assistance of certain independent professionally qualified valuers (the "external valuers"). Significant accounting judgements, estimates and assumptions are required in determining the expected credit losses of loans receivable and promissory note receivable.

We focused on this area due to the magnitude of the balance involved and the significant accounting judgments and estimates required in assessing the loss allowance for impairment of loans receivable and promissory note receivable.

The related disclosures are included in notes 2.4, 3, 23 and 24 to the consolidated financial statements.

With the assistance of our internal specialists, we evaluated the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used in the Group's impairment assessment of loans receivable and promissory note receivable. Our key audit procedures performed included, inter alia, (i) examining background information and repayment capability of the debtors, such as available credit assessments and information regarding the creditability/financial strengths of the debtors; (ii) assessing the reasonableness and appropriateness of management's judgement on determining if a significant increase in credit risk has occurred or a loan receivable or promissory note receivable is credit-impaired and the basis for classification of exposures into the 3 stages as required by HKFRS 9 and examining supporting information to assess the appropriateness of the classification of exposures as at the end of the reporting period; (iii) testing the accuracy of key data sources and parameters applied in the expected credit loss computations by checking to appropriate supporting information and the relevant agreements; and (iv) assessing the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used by checking to applicable external data sources and other available information, taking into consideration the fair value of any collaterals and other relevant information, and the impact of forward looking factors.

We evaluated the objectivity, capabilities and competence of the external valuers engaged by the Group.

We also reviewed the related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
REVENUE	5	**279,213**	774,888
Cost of sales		**(216,066)**	(615,179)
Gross profit		**63,147**	159,709
Other income	6	**2,079**	25,042
Other gains/(losses), net	7	**(597,242)**	523,779
Selling and distribution expenses		**(10,959)**	(19,490)
General and administrative expenses		**(161,022)**	(275,340)
Research and development costs		**(24,773)**	(55,478)
Finance costs	9	**(22,187)**	(21,450)
Share of losses of:			
Joint venture		**(96,784)**	(25,209)
Associate		**(20,164)**	(43,828)
PROFIT/(LOSS) BEFORE TAX	8	**(867,905)**	267,735
Income tax expense	12	**(1,071)**	(1,376)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**(868,976)**	266,359
Attributable to:			
Owners of the Company		**(860,535)**	263,459
Non-controlling interests		**(8,441)**	2,900
		(868,976)	266,359
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14		
			(Restated)
Basic		**HK(179.0) cents**	HK61.9 cents
Diluted		**HK(182.9) cents**	HK36.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD		**(868,976)**	266,359
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(49,805)**	(207,739)
Reclassification adjustments for a foreign operation disposed of during the year/period	36	**792**	457
		(49,013)	(207,282)
Share of other comprehensive income/(loss) of a joint venture and an associate		**(1,591)**	7,052
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(50,604)**	(200,230)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**(919,580)**	66,129
Attributable to:			
Owners of the Company		**(912,234)**	63,181
Non-controlling interests		**(7,346)**	2,948
		(919,580)	66,129

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**70,110**	79,237
Investment properties	16	**12,321**	12,387
Right-of-use assets	17(a)	**51,480**	56,893
Goodwill	18	**1,253,509**	1,740,594
Other intangible assets	19	**260,829**	251,959
Interest in a joint venture	20	**–**	6,808
Interest in an associate	21	**–**	–
Financial assets at fair value through profit or loss	22	**1,466,135**	1,415,199
Loans receivable	23	**83,983**	27,388
Deposits	24	**155**	2,544
Deferred tax assets	32	**1,807**	306
Total non-current assets		**3,200,329**	3,593,315
CURRENT ASSETS			
Inventories	25	**75,871**	90,605
Accounts receivable	26	**1,844**	39,443
Loans receivable	23	**125,560**	174,649
Prepayments, deposits and other receivables	24	**451,678**	312,914
Tax recoverable		**98**	203
Cash and cash equivalents	27	**64,289**	52,528
		719,340	670,342
Assets of disposal groups classified as held for sale	37	**–**	670,172
Total current assets		**719,340**	1,340,514
CURRENT LIABILITIES			
Accounts payable	28	**101,379**	107,718
Other payables and accruals	29	**263,718**	172,357
Interest-bearing bank borrowings	30	**19,586**	74,113
Lease liabilities	17(b)	**2,743**	1,347
Convertible bonds	31	**121,182**	176,218
Tax payable		**16,145**	17,062
		524,753	548,815
Liabilities directly associated with the assets classified as held for sale	37	**–**	70,075
Total current liabilities		**524,753**	618,890
NET CURRENT ASSETS		**194,587**	721,624
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,394,916**	4,314,939

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	30	**18,179**	14,063
Lease liabilities	17(b)	**77**	4,942
Deferred tax liabilities	32	**35,203**	35,148
Total non-current liabilities		**53,459**	54,153
Net assets		**3,341,457**	4,260,786
EQUITY			
Equity attributable to owners of the Company			
Issued capital	33	**4,807**	961,310
Reserves	35	**3,358,406**	3,314,137
		3,363,213	4,275,447
Non-controlling interests		**(21,756)**	(14,661)
Total equity		**3,341,457**	4,260,786

Mr. Hui Chun Ying
Director

Ms. Chen Yi Zi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to owners of the Company										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Treasury shares HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 October 2021		798,279	6,188,695	–	841	392	181,533	11	(3,511,054)	3,658,697	(19,115)	3,639,582
Profit for the period		–	–	–	–	–	–	–	263,459	263,459	2,900	266,359
Other comprehensive income/(loss) for the period:												
Exchange differences on translation of foreign operations		–	–	–	(207,787)	–	–	–	–	(207,787)	48	(207,739)
Reclassification adjustment for a foreign operation disposed of during the period	36	–	–	–	457	–	–	–	–	457	–	457
Share of other comprehensive income of a joint venture and an associate		–	–	–	7,052	–	–	–	–	7,052	–	7,052
Total comprehensive income for the period		–	–	–	(200,278)	–	–	–	263,459	63,181	2,948	66,129
Deregistration of a subsidiary		–	–	–	–	–	–	–	(1,506)	(1,506)	1,506	–
Issue of shares	33	165,524	355,875	–	–	–	–	–	–	521,399	–	521,399
Shares repurchased	33	–	–	(8,002)	–	–	–	–	–	(8,002)	–	(8,002)
Cancellation of repurchased shares	33	(2,493)	(5,509)	8,002	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	34	–	–	–	–	–	41,678	–	–	41,678	–	41,678
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	(51,817)	–	51,817	–	–	–
At 31 December 2022		961,310	6,539,061	–	(199,437)	392	171,394	11	(3,197,284)	4,275,447	(14,661)	4,260,786

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the year ended 31 December 2023

		Attributable to owners of the Company										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Reverse funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023		961,310	6,539,061	–	(199,437)	392	171,394	11	(3,197,284)	4,275,447	(14,661)	4,260,786
Loss for the year		–	–	–	–	–	–	–	(860,535)	(860,535)	(8,441)	(868,976)
Other comprehensive income/(loss) for the year:												
Exchange differences on translation of foreign operations		–	–	–	(50,900)	–	–	–	–	(50,900)	1,095	(49,805)
Reclassification adjustment for a foreign operation disposed of during the year	36	–	–	–	792	–	–	–	–	792	–	792
Share of other comprehensive loss of an associate		–	–	–	(1,591)	–	–	–	–	(1,591)	–	(1,591)
Total comprehensive loss for the year		–	–	–	(51,699)	–	–	–	(860,535)	(912,234)	(7,346)	(919,580)
Disposal of subsidiaries	36	–	–	–	–	–	–	–	–	–	251	251
Cancellation of share premium account		–	(6,539,061)	6,539,061	–	–	–	–	–	–	–	–
Capital reduction	33	(956,503)	–	956,503	–	–	–	–	–	–	–	–
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	(1,729)	–	1,729	–	–	–
At 31 December 2023		4,807	–*	7,495,564*	(251,136)*	392*	169,665*	11*	(4,056,090)*	3,363,213	(21,756)	3,341,457

* These reserve accounts comprise the consolidated reserves of HK$3,358,406,000 (2022: HK$3,314,137,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 HK$'000**	Fifteen months ended 31 December 2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(867,905)**	267,735
Adjustments for:			
Finance costs	9	**22,187**	21,450
Share of loss of a joint venture		**96,784**	25,209
Share of loss of an associate		**20,164**	43,828
Bank interest income	6	**(988)**	(357)
Fair value gains on investment properties	7	**(287)**	(385)
Fair value gains on financial assets at fair value through profit or loss, net	7	**(72,691)**	(439,252)
Fair value gains on contingent consideration payables	7	**–**	(274,943)
Fair value losses/(gains) on convertible bonds	7	**(10,617)**	12,418
Loss on deregistration of a subsidiary	7	**–**	9
Loss/(gain) on disposal of subsidiaries	7	**(24,122)**	4,249
Gain on termination of a lease	7	**–**	(6)
Impairment of goodwill	7	**410,210**	107,824
Impairment/(reversal of impairment) of accounts receivable, net	7	**362**	(1,001)
Impairment of loans receivable, net	7	**97,195**	38,848
Impairment of other receivables, net	7	**179,138**	4,229
Loss on assignment of a loan receivable	7	**12,170**	–
Loss on disposal of items of property, plant and equipment, net	7	**–**	1,441
Write-off of items of property, plant and equipment	7	**1,649**	–
Depreciation of property, plant and equipment	8	**6,116**	13,742
Depreciation of right-of-use assets	8	**4,174**	17,415
Amortisation of other intangible assets	8	**17,633**	24,671
Write-down of inventories to net realisable value	8	**16,980**	24,249
Equity-settled share option expense	34	**–**	41,678
		(91,848)	(66,949)
Increase in inventories		**(8,471)**	(20,548)
Decrease in accounts receivable		**35,993**	3,455
Increase in loans receivable		**(18,936)**	(9,583)
Decrease/(increase) in prepayments, deposits and other receivables		**12,693**	(11,193)
Increase/(decrease) in accounts payable		**(3,274)**	144,850
Increase/(decrease) in other payables and accruals		**45,564**	(107,397)
Cash used in operations		**(28,279)**	(67,365)
Hong Kong profits tax refunded/(paid)		**(660)**	694
Overseas taxes refunded/(paid)		**(22)**	1,667
Net cash flows used in operating activities		**(28,961)**	(65,004)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**988**	357
Purchases of/deposits paid for purchases of items of property, plant and equipment		**(2,042)**	(943)
Proceeds from disposal of items of property, plant and equipment		**–**	648
Additions to other intangible assets		**(19,508)**	(4,091)
Deposit paid for acquisition of a subsidiary		**–**	(130,000)
Disposal of subsidiaries	36	**193,362**	(3,871)
Settlement of consideration receivable for disposal of subsidiaries		**–**	80,000
Investment in a joint venture		**(39,290)**	(33,464)
Net cash flows from/(used in) investing activities		**133,510**	(91,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares repurchased	33	**–**	(8,002)
Proceeds from issue of convertible bonds	38(b)	**–**	163,800
Repayment of convertible bonds	38(b)	**(46,800)**	–
New bank borrowings	38(b)	**16,550**	93,818
Repayment of bank borrowings	38(b)	**(63,662)**	(118,978)
Principal portion of lease payments		**(7,308)**	(15,807)
Interest paid		**(19,806)**	(21,450)
Net cash flows from/(used in) financing activities		**(121,026)**	93,381
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(16,477)**	(62,987)
Cash and cash equivalents at beginning of year/period		**81,316**	150,053
Effect of foreign exchange rate changes, net		**(550)**	(5,750)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**64,289**	81,316
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**61,002**	37,863
Non-pledged time deposits with original maturity of less than three months when acquired	27	**3,287**	14,665
Cash and cash equivalents as stated in the statement of financial position		**64,289**	52,528
Cash and cash equivalents included in disposal groups classified as held for sale	37	**–**	28,788
Cash and cash equivalents as stated in the statement of cash flows		**64,289**	81,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

Apollo Future Mobility Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability. During the year ended 31 December 2023, the Company redomiciled from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile"). With effect from the Change of Domicile becoming effective on 12 December 2023, the address of the registered office of the Company has been changed to Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business in Hong Kong remains at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.

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

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

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Ming Fung Investment Holdings Limited ("Ming Fung Investment")	British Virgin Islands ("BVI")	US$1,000	**100**	100	Investment holding
GLM Co., Ltd. ("GLM")	Japan	Japanese Yen ("JPY")100,000,000	**88.56**	88.56	Provision of mobility technology solutions
Sino Partner Global Limited ("Sino Partner")	BVI	US$23,299	**86.06**	86.06	Investment holding
Apollo Automobile Limited	England and Wales	£100	**86.06**	86.06	Holder of trademark
Apollo Automobil Limited	Hong Kong	HK$10,000	**86.06**	86.06	Sales of high performance hypercars
Apollo Automobil GmbH	Germany	Euro ("EUR")25,000	**86.06**	86.06	Design, development and manufacturing of high performance hypercars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2023	2022	Principal activities
Apollo Automobil Group Limited ("Apollo Automobile Group UK") (note (g))	England and Wales	£1	–	100	Provision of mobility technology solutions
Ideenion Automobil AG ("Ideenion") (note (e))	Germany	EUR50,000	–	100	Provision of mobility technology solutions
Ideenion Design AG	Germany	EUR50,000	–	75	Provision of mobility technology solutions
Ideenion Electronic AG	Germany	EUR50,000	–	100	Provision of mobility technology solutions
Grand Destiny Venture Ltd. ("Grand Destiny")	BVI	US$1	**100**	100	Investment holding
Global 3D Printing Ltd. ("Global 3D Printing")	Cayman Islands	US$1	**100**	100	Investment holding
Shenzhen Qijingda Trading Company Limited (深圳市琪晶達貿易有限公司) (notes (b), (c) and (d))	People's Republic of China (the "PRC")/ Chinese Mainland	Renminbi ("RMB")100,000,000	**100**	100	Retail and wholesale of jewellery products, watches and other commodities
Chance Achieve Limited ("Chance Achieve") (note (f))	Hong Kong	HK$1	–	100	Money lending
Raise Success Limited ("Raise Success")	Hong Kong	HK$2	**100**	100	Money lending

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Notes:

(a) Except for Ming Fung Investment, Sino Partner, Ideenion, Grand Destiny, Global 3D Printing, Raise Success and the 85.52% (2022: 85.52%) equity interest in GLM which are directly held by the Company, all the above subsidiaries and the remaining 3.04% (2022: 3.04%) equity interest in GLM are indirectly held by the Company.

(b) Limited liability companies established in the PRC

(c) English names for identification only

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

(e) On 22 February 2023, the Group disposed of its equity interest in Ideenion. Further details of this disposal are included in note 36(a) to the financial statements.

(f) On 31 July 2023, the Group disposed of its equity interest in Chance Achieve. Further details of this disposal are included in note 36(b) to the financial statements.

(g) On 1 December 2023, the Group disposed of its equity interest in Apollo Automobile Group UK. Further details of this disposal are included in note 36(c) to the financial statements.

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Pursuant to a resolution of the board of directors of the Company passed on 22 August 2022, the Company's financial year end date was changed from 30 September to 31 December with effect from 22 August 2022. Accordingly, the financial statements of the Group for the prior period covered a period of fifteen months from 1 October 2021 to 31 December 2022. The comparative amounts presented for the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes, which covered a period of fifteen months from 1 October 2021 to 31 December 2022, are therefore not comparable with those of the current year.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and convertible bonds which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2023. As there were no business combinations during the year, the amendments did not have any impact on the financial position or performance of the Group.

(b) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(c) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

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

(d) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 32 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(e) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

(f) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 October 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(g) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2023 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

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

- HKFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2023. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1, 4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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

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

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 October 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

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

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in an associate and a joint venture

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments in an associate and a joint venture *(continued)*

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and disposal groups classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, as further explained in the accounting policy for "Disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

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

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

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

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

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

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

Research and development costs

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

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

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

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

(b) Lease liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(b) Lease liabilities *(continued)*

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

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

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

Group as a lessor

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

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

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

Financial assets

Initial recognition and measurement

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised in the statement of profit or loss when the right of payment has been established.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost (accounts and other payables, and borrowings)

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

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

Financial guarantee contracts

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

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

Income tax

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

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

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

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

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

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

Government grants

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

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

Volume rebates

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

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

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

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

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

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

(d) Licencing income

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

Revenue from other sources

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

Other income

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

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

Consultancy income is recognised over time as consultancy services are rendered.

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to accounts receivable when the right to the consideration becomes unconditional.

Contract liabilities

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

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2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity-settled transactions with parties other than employees is measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value is measured indirectly by reference to the fair value of the equity instruments granted. The fair value of the share options granted is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

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

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

Foreign currencies

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*
The functional currencies of certain overseas subsidiaries, joint venture and associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

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

Judgements *(continued)*

Rebuttable presumption on fair value of investment properties recovered through sale

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

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

Estimation uncertainty

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

Inventory provision

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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

Estimation uncertainty *(continued)*

Impairment of non-financial assets (other than goodwill)

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

Impairment of goodwill

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

The net carrying amount of goodwill at 31 December 2023 of approximately HK$1,253,509,000 (2022: HK$1,740,594,000) was allocated to the mobility technology solutions cash-generating units. Further details of the methodologies, assumptions and estimates adopted to arrive at the recoverable amounts of the respective cash-generating units to which the goodwill is allocated are set out in note 18 to the financial statements. Attributable to the nature and the underlying stage of development of the cash-generating units, the related industries and relevant markets, as well as other forward-looking factors, and the valuation methodologies adopted, the recoverable amounts of the respective cash-generating units are sensitive to the assumptions and estimates, in particular the respective estimated long-term growth rates and discount rates adopted, underlying their calculations. Any significant unexpected changes/variations of underlying assumptions and estimates might have material impact on the recoverable amounts of the respective cash-generating units and, consequently, the net carrying amounts of the goodwill allocated to the respective cash-generating units within the next financial year.

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

Estimation uncertainty *(continued)*

Leases — Estimating the incremental borrowing rate

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

Useful lives of intangible assets with finite useful lives

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

Estimation of fair value of investment properties

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Estimation uncertainty *(continued)*

Provision for expected credit losses on accounts receivable

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

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

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

Provision for expected credit losses on loans receivable and other receivables

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

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes qualitative and quantitative information and also forward-looking analysis. The information about the ECLs on the Group's loans receivable and other receivables is disclosed in notes 23 and 24 to the financial statements, respectively.

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

Estimation uncertainty *(continued)*

Fair value measurement of financial instruments

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

Fair value of share options

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

4. OPERATING SEGMENT INFORMATION

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

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

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

(c) Money lending segment — provision of loan finance.

4. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

Year ended 31 December 2023/at 31 December 2023

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Total HK$'000
Segment revenue:				
Revenue from external customers	14,223	237,378	27,612	279,213
Segment results	(553,210)	18,082	(93,347)	(628,475)
Reconciliation				
Bank interest income				988
Fair value gains on convertible bonds				10,617
Gain on disposal of subsidiaries				24,122
Corporate and other unallocated income and expenses, net				(253,612)
Finance costs (other than interest on lease liabilities)				(21,545)
Loss before tax				(867,905)

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023/at 31 December 2023 *(continued)*

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Total HK$'000
Segment assets	3,079,891	167,237	185,752	3,432,880
Reconciliation				
Corporate and other unallocated assets				486,789
Total assets				3,919,669
Segment liabilities	140,196	200,748	–	340,944
Reconciliation				
Corporate and other unallocated liabilities				237,268
Total liabilities				578,212
Other segment information:				
Capital expenditure*	20,911	605	–	21,516
Interest in a joint venture	–	–	–	–
Interest in an associate	–	–	–	–
Share of loss of a joint venture	96,784	–	–	96,784
Share of loss of an associate	20,164	–	–	20,164
Fair value gains on financial assets at fair value through profit or loss	(72,691)	–	–	(72,691)
Impairment of goodwill	410,210	–	–	410,210
Impairment of accounts receivable, net	346	16	–	362
Impairment of loans receivable, net	–	–	97,195	97,195
Depreciation of property, plant and equipment**	3,820	162	–	3,982
Depreciation of right-of-use assets***	47	575	–	622
Amortisation of other intangible assets	17,633	–	–	17,633
Write-down/(reversal of write-down) of inventories to net realisable value	(707)	17,687	–	16,980

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets. Capital expenditure for additions to property, plant and equipment amounting to HK$34,000 is included in corporate and other unallocated assets above.

** Depreciation of property, plant and equipment amounting to HK$2,134,000 is included in corporate and other unallocated income and expenses, net above.

*** Depreciation of right-of-use assets amounting to HK$3,552,000 is included in corporate and other unallocated income and expenses, net above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

4. OPERATING SEGMENT INFORMATION *(continued)*

Fifteen months ended 31 December 2022/at 31 December 2022

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Total HK$'000
Segment revenue:				
Revenue from external customers	218,819	507,760	48,309	774,888
Segment results	530,545	(25,784)	(23,124)	481,637
Reconciliation				
Bank interest income				357
Fair value gains on listed equity investments, net				15,503
Fair value losses on convertible bonds				(12,418)
Loss on disposal of subsidiaries				(4,249)
Corporate and other unallocated income and expenses, net				(193,366)
Finance costs (other than interest on lease liabilities)				(19,729)
Profit before tax				267,735
Segment assets	3,690,172	206,152	684,467	4,580,791
Reconciliation				
Corporate and other unallocated assets				353,038
Total assets				4,933,829
Segment liabilities	135,054	184,425	13,733	333,212
Reconciliation				
Corporate and other unallocated liabilities				339,831
Total liabilities				673,043

4. OPERATING SEGMENT INFORMATION *(continued)*

Fifteen months ended 31 December 2022/at 31 December 2022 *(continued)*

	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Money lending HK$'000	Total HK$'000
Other segment information:				
Capital expenditure*	6,426	19	260	6,705
Interest in a joint venture	6,808	–	–	6,808
Interest in an associate	–	–	–	–
Share of loss of a joint venture	25,209	–	–	25,209
Share of loss of an associate	43,828	–	–	43,828
Fair value gains on financial assets at fair value through profit or loss, net	(423,749)	–	–	(423,749)
Fair value gains on contingent consideration payables	(274,943)	–	–	(274,943)
Impairment of goodwill	107,824	–	–	107,824
Reversal of impairment of accounts receivable, net	(315)	(686)	–	(1,001)
Impairment of loans receivable, net	–	–	38,848	38,848
Depreciation of property, plant and equipment**	8,252	690	1,894	10,836
Depreciation of right-of-use assets***	6,905	2,461	3,448	12,814
Amortisation of other intangible assets	24,671	–	–	24,671
Write-down/(reversal of write-down) of inventories to net realisable value	(661)	24,910	–	24,249

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets. Capital expenditure for additions to property, plant and equipment amounting to HK$2,170,000 is included in corporate and other unallocated assets above.

** Depreciation of property, plant and equipment amounting to HK$2,906,000 is included in corporate and other unallocated income and expenses, net above.

*** Depreciation of right-of-use assets amounting to HK$4,601,000 is included in corporate and other unallocated income and expenses, net above.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

(a) Revenue from external customers

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Chinese Mainland	**237,378**	471,487
Hong Kong	**28,987**	160,871
Other countries/regions	**12,848**	142,530
Total revenue	**279,213**	774,888

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

(b) Non-current assets

	2023 HK$'000	2022 HK$'000
Chinese Mainland	**150,835**	72,869
Hong Kong	**819,465**	913,880
Japan	**559,859**	1,137,706
Europe	**118,090**	23,370
Other countries/regions	**–**	53
Total non-current assets	**1,648,249**	2,147,878

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

Information about major customers

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

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Customer A	**–**	110,739
Customer B	**76,061**	N/A*
Customer C	**40,353**	N/A*

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

* Less than 10% of the total revenue of the Group in the respective year.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	**14,223**	218,819
Sales of jewellery products, watches and other commodities	**237,378**	507,760
Subtotal	**251,601**	726,579
Revenue from other sources		
Interest income from loan financing	**27,612**	48,309
Total	**279,213**	774,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

5. REVENUE *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Total HK$'000
Types of goods or services			
Sales and distribution of vehicles and related components, provision of engineering services, and provision of design, development and prototyping of vehicle components	14,223	–	14,223
Sales of jewellery products, watches and other commodities	–	237,378	237,378
Total	14,223	237,378	251,601
Geographical markets			
Mainland China	–	237,378	237,378
Hong Kong	1,375	–	1,375
Germany	11,672	–	11,672
Japan	1,176	–	1,176
Total	14,223	237,378	251,601
Timing of revenue recognition			
At a point in time	6,964	237,378	244,342
Over time	7,259	–	7,259
Total	14,223	237,378	251,601

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

For the fifteen months ended 31 December 2022

Segments	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Total HK$'000
Types of goods or services			
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	218,819	–	218,819
Sales of jewellery products, watches and other commodities	–	507,760	507,760
Total	218,819	507,760	726,579
Geographical markets			
Chinese Mainland	15,907	455,580	471,487
Hong Kong	80,502	32,060	112,562
Germany	67,250	–	67,250
Taiwan	–	20,120	20,120
Japan	415	–	415
Other countries/regions	54,745	–	54,745
Total	218,819	507,760	726,579
Timing of revenue recognition			
At a point in time	137,235	507,760	644,995
Over time	81,584	–	81,584
Total	218,819	507,760	726,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

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

For the year 31 December 2023

Segments	**Mobility technology solutions HK$'000**	**Jewellery products, watches and other commodities HK$'000**	**Total HK$'000**
Revenue from contracts with customers			
External customers	**14,223**	**237,378**	**251,601**

For the fifteen months 31 December 2022

Segments	Mobility technology solutions HK$'000	Jewellery products, watches and other commodities HK$'000	Total HK$'000
Revenue from contracts with customers			
External customers	218,819	507,760	726,579

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

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of jewellery products, watches and other commodities	**2,398**	51,097
Sales and distribution of vehicles and related components and provision of engineering services	**–**	67,245
Total	**2,398**	118,342

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

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

Sales of jewellery products, watches and other commodities

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

Sales and distribution of vehicles and related components and provision of engineering services

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

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

Provision of design, development and prototyping of vehicle components

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of invoice.

Licencing income

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

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

	2023 **HK$'000**	2022 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**83,692**	92,724

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

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6. OTHER INCOME

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

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Bank interest income	**988**	357
Rental income	**163**	369
Consultancy income	**–**	8,793
Government subsidies (note)	**–**	24
Others	**928**	15,499
Total	**2,079**	25,042

Note:

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

7. OTHER GAINS/(LOSSES), NET

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

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Fair value gains on investment properties	**287**	385
Fair value gains on financial assets at fair value through profit or loss, net — mandatorily classified as such, including those held for trading	**72,691**	439,252
Fair value gains on contingent consideration payables	**–**	274,943
Fair value gains/(losses) on convertible bonds	**10,617**	(12,418)
Loss on deregistration of a subsidiary	**–**	(9)
Gain/(loss) on disposal of subsidiaries	**24,122**	(4,249)
Gain on termination of a lease	**–**	6
Foreign exchange differences, net	**(4,209)**	(22,790)
Impairment of goodwill	**(410,210)**	(107,824)
Reversal of impairment/(impairment) of accounts receivable, net	**(362)**	1,001
Impairment of loans receivable, net	**(97,195)**	(38,848)
Impairment of other receivables, net	**(179,138)**	(4,229)
Loss on assignment of a loan receivable	**(12,170)**	–
Loss on disposal of items of property, plant and equipment, net	**–**	(1,441)
Write-off of items of property, plant and equipment	**(1,649)**	–
Others	**(26)**	–
Total	**(597,242)**	523,779

8. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**Year ended 31 December 2023 HK$'000**	Fifteen months ended 31 December 2022 HK$'000
Cost of inventories sold		**193,996**	523,986
Depreciation of property, plant and equipment	15	**6,116**	13,742
Depreciation of right-of-use assets	17(a)	**4,174**	17,415
Amortisation of other intangible assets	19	**17,633**	24,671
Lease payments not included in the measurement of lease liabilities	17(c)	**2,561**	5,768
Auditor's remuneration		**7,800**	7,600
Employee benefit expense (including directors' and chief executive's remuneration (note 10)):			
Salaries, allowances, bonuses and other benefits		**61,652**	121,962
Equity-settled share option expense		**–**	41,678
Pension scheme contributions (defined contribution schemes) (note)		**4,972**	13,712
Total		**66,624**	177,352
Write-down of inventories to net realisable value		**16,980**	24,249

Note:

At 31 December 2023, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: Nil).

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Interest on interest-bearing bank borrowings	**4,422**	4,987
Interest on lease liabilities	**642**	1,721
Interest on convertible bonds	**17,123**	14,742
Total	**22,187**	21,450

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10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Fees	**2,522**	2,720
Other emoluments:		
Salaries, allowances and other benefits	**12,298**	20,480
Equity-settled share option expense	**–**	25,964
Pension scheme contributions	**82**	194
Subtotal	**12,380**	46,638
Total	**14,902**	49,358

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
Year ended 31 December 2023			
Mr. Teoh Chun Ming	**250**	**–**	**250**
Mr. Peter Edward Jackson	**250**	**–**	**250**
Mr. Charles Matthew Pecot III	**250**	**–**	**250**
Ms. Hau Yan Hannah Lee	**250**	**–**	**250**
Total	**1,000**	**–**	**1,000**
Fifteen months ended 31 December 2022			
Mr. Tam Ping Kuen, Daniel (note (i))	125	521	646
Mr. Teoh Chun Ming	313	521	834
Mr. Peter Edward Jackson	313	521	834
Mr. Charles Matthew Pecot III	313	521	834
Ms. Hau Yan Hannah Lee	188	–	188
Total	1,252	2,084	3,336

Note:

(i) Mr. Tam Ping Kuen, Daniel resigned as an independent non-executive director of the Company with effect from 31 March 2022.

There were no other emoluments payable to the independent non-executive directors during the year (fifteen months ended 31 December 2022: Nil).

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10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive directors

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
Year ended 31 December 2023					
Executive directors/chief executive					
Mr. Hui Chun Ying (note (i))	**–**	**505**	**3**	**–**	**508**
Mr. Ho King Fung, Eric (note (ii))	**–**	**3,800**	**13**	**–**	**3,813**
Ms. Chen Yi Zi (note (iii))	**–**	**300**	**–**	**–**	**300**
Mr. Joseph Lee (note (iv))	**–**	**3,840**	**15**	**–**	**3,855**
Mr. Qi Zhenggang (note (v))	**–**	**3,853**	**51**	**–**	**3,904**
Subtotal	**–**	**12,298**	**82**	**–**	**12,380**
Non-executive directors					
Mr. Freeman Hui Shen (note (vi))	**–**	**–**	**–**	**–**	**–**
Mr. Wilfried Porth (note (vii))	**1,522**	**–**	**–**	**–**	**1,522**
Subtotal	**1,522**	**–**	**–**	**–**	**1,522**
Total	**1,522**	**12,298**	**82**	**–**	**13,902**
Fifteen months ended 31 December 2022					
Executive directors/chief executive					
Mr. Ho King Fung, Eric	–	7,200	22	7,819	15,041
Mr. Sung Kin Man (note (viii))	–	5,451	9	5,212	10,672
Mr. Joseph Lee (note (iv))	–	2,322	18	10,328	12,668
Mr. Qi Zhenggang (note (v))	–	2,520	116	–	2,636
Mr. Mirko Konta (note (ix))	309	2,987	29	521	3,846
Subtotal	309	20,480	194	23,880	44,863
Non-executive directors					
Mr. Freeman Hui Shen (note (vi))	–	–	–	–	–
Mr. Wilfried Porth (note (vii))	1,159	–	–	–	1,159
Subtotal	1,159	–	–	–	1,159
Total	**1,468**	**20,480**	**194**	**23,880**	**46,022**

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive directors *(continued)*

Notes:

(i) Mr. Hui Chun Ying was appointed as an executive director of the Company with effect from 20 September 2023.

(ii) Mr. Ho King Fung, Eric resigned as an executive director of the Company with effect from 20 September 2023.

(iii) Ms. Chen Yi Zi was appointed as an executive director of the Company with effect from 1 November 2023.

(iv) Mr. Joseph Lee was appointed as an executive director of the Company with effect from 13 January 2022 and resigned as an executive director of the Company with effect from 31 October 2023.

(v) Mr. Qi Zhenggang was appointed as an executive director of the Company with effect from 1 April 2022 and resigned as an executive director of the Company with effect from 18 September 2023.

(vi) Mr. Freeman Hui Shen was appointed as a non-executive director of the Company with effect from 13 January 2022 and resigned as a non-executive director of the Company with effect from 1 December 2023.

(vii) Mr. Wilfried Porth was appointed as a non-executive director of the Company with effect from 1 May 2022 and resigned as a non-executive director of the Company with effect from 31 October 2023.

(viii) Mr. Sung Kin Man resigned as an executive director and chief executive officer of the Company with effect from 14 March 2022.

(ix) Mr. Mirko Konta resigned as an executive director of the Company with effect from 23 December 2022.

During the year, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (fifteen months ended 31 December 2022: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (fifteen months ended 31 December 2022: Nil).

The above directors' and chief executive's remuneration only included remuneration during the tenure of each director and the chief executive of the Company.

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11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (fifteen months ended 31 December 2022: three) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining two (fifteen months ended 31 December 2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Salaries, allowances and other benefits	**6,972**	9,000
Equity-settled share option expense	**–**	8,461
Pension scheme contributions	**18**	45
Total	**6,990**	17,506

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Year ended 31 December 2023	Fifteen months ended 31 December 2022
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$8,000,001 to HK$8,500,000	**–**	1
HK$9,000,001 to HK$9,500,000	**–**	1
Total	**2**	2

In the prior period, share options were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the prior period was included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (fifteen months ended 31 December 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (fifteen months ended 31 December 2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (fifteen months ended 31 December 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (fifteen months ended 31 December 2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Current:		
Hong Kong		
Charge for the year/period	**1,997**	10,468
Overprovision in prior years/periods	**(165)**	(3,232)
Elsewhere		
Charge for the year/period	**653**	3,754
Overprovision in prior years/periods	**–**	(8,076)
Deferred	**(1,414)**	(1,538)
Total tax charge for the year/period	**1,071**	1,376

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the Hong Kong statutory rate, for the jurisdiction in which the Company's and certain of its subsidiaries' principal place of operations is located, to the tax charge at the Group's effective tax rate is as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Profit/(loss) before tax	**(867,905)**	267,735
Tax charge/(credit) at the Hong Kong statutory tax rate of 16.5% (fifteen months ended 31 December 2022: 16.5%)	**(143,204)**	44,176
Effect of different tax rates for or enacted by other jurisdictions/local authority	**326**	(22,963)
Adjustments in respect of current tax of previous periods	**(165)**	(11,308)
Losses attributable to a joint venture and an associate	**19,297**	11,391
Income not subject to tax	**(331)**	(122,287)
Expenses not deductible for tax	**106,926**	59,864
Tax losses utilised from previous periods	**–**	(1,292)
Tax losses not recognised	**19,738**	44,760
Others	**(1,516)**	(965)
Tax charge at the Group's effective tax rate	**1,071**	1,376

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13. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 December 2023 (fifteen months ended 31 December 2022: Nil).

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year/period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 480,654,928 (fifteen months ended 31 December 2022: 425,792,270 (restated)) in issue during the year/period, as adjusted for the consolidation of ordinary shares of the Company on the basis of every twenty ordinary shares into one consolidated share with effect from 14 December 2023 and adjusted to exclude the shares repurchased during the fifteen months ended 31 December 2022.

The calculation of the diluted loss per share amount for the year ended 31 December 2023 is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the year ended 31 December 2023 is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation. No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2023 in respect of a dilution arising from share options and convertible bonds as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the diluted earnings per share amount for the fifteen months ended 31 December 2022 is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted earnings per share amount for the fifteen months ended 31 December 2022 is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive share options into ordinary shares. No adjustment has been made to the basic earnings per share amount presented for the fifteen months ended 31 December 2022 in respect of a dilution arising from convertible bonds as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings/(loss) per share are based on:

Earnings/(loss)

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	**(860,535)**	263,459
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(18,640)**	(108,127)
Profit/(loss) attributable to ordinary equity holders of the Company, used in the diluted earnings/(loss) per share calculation	**(879,175)**	155,332

Shares

	Number of shares	
	Year ended 31 December 2023	Fifteen months ended 31 December 2022 (Restated)
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings/(loss) per share calculation	**480,654,928**	425,792,270
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	6,300
Weighted average number of ordinary shares in issue during the year/period used in the diluted earnings/(loss) per share calculation	**480,654,928**	425,798,570

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15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2023							
At 31 December 2022 and at 1 January 2023:							
Cost	16,921	46,856	13,200	8,758	18,024	4,606	108,365
Accumulated depreciation	–	(5,622)	(6,286)	(4,189)	(10,263)	(2,768)	(29,128)
Net carrying amount	16,921	41,234	6,914	4,569	7,761	1,838	79,237
As 1 January 2023, net of accumulated depreciation	16,921	41,234	6,914	4,569	7,761	1,838	79,237
Additions	–	–	1,132	23	833	54	2,042
Disposal of a subsidiary (note 36)	–	–	–	–	(55)	–	(55)
Write-off	–	–	(1,647)	–	(2)	–	(1,649)
Depreciation provided during the year	–	(1,276)	(1,077)	(1,469)	(1,912)	(382)	(6,116)
Exchange realignment	(788)	(2,165)	(283)	118	(219)	(12)	(3,349)
At 31 December 2023, net of accumulated depreciation	16,133	37,793	5,039	3,241	6,406	1,498	70,110
At 31 December 2023:							
Cost	16,133	44,513	11,975	9,057	17,838	4,665	104,181
Accumulated depreciation	–	(6,720)	(6,936)	(5,816)	(11,432)	(3,167)	(34,071)
Net carrying amount	16,133	37,793	5,039	3,241	6,406	1,498	70,110

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2022							
At 1 October 2021:							
Cost	18,788	52,506	31,435	9,907	25,113	5,802	143,551
Accumulated depreciation	–	(4,746)	(18,898)	(2,477)	(12,332)	(1,775)	(40,228)
Net carrying amount	18,788	47,760	12,537	7,430	12,781	4,027	103,323
At 1 October 2021, net of accumulated depreciation	18,788	47,760	12,537	7,430	12,781	4,027	103,323
Additions	–	–	2,077	1,333	1,157	217	4,784
Disposals	–	–	(1,462)	–	(16)	(611)	(2,089)
Disposal of subsidiaries (note 36)	–	–	(4)	–	(74)	–	(78)
Assets included in disposal groups classified as held for sale (note 37)	–	–	(1,767)	(1,176)	(962)	(169)	(4,074)
Depreciation provided during the period	–	(1,634)	(3,552)	(2,461)	(4,665)	(1,430)	(13,742)
Exchange realignment	(1,867)	(4,892)	(915)	(557)	(460)	(196)	(8,887)
At 31 December 2022, net of accumulated depreciation	16,921	41,234	6,914	4,569	7,761	1,838	79,237
At 31 December 2022:							
Cost	16,921	46,856	13,200	8,758	18,024	4,606	108,365
Accumulated depreciation	–	(5,622)	(6,286)	(4,189)	(10,263)	(2,768)	(29,128)
Net carrying amount	16,921	41,234	6,914	4,569	7,761	1,838	79,237

At the end of the reporting period, the Group's freehold land with carrying amounts of HK$5,725,000 (2022: HK$5,725,000) and HK$10,408,000 (2022: HK$11,196,000) are situated in Germany and Japan, respectively.

As at 31 December 2023, the Group's freehold land and buildings in Japan and certain leasehold land included in right-of-use assets (note 17) and buildings in Chinese Mainland with net carrying amounts of HK$35,229,000 (2022: HK$38,887,000) and HK$50,892,000 (2022: HK$53,114,000), respectively, were pledged to secure certain bank loans granted to the Group (note 30).

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16. INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
Carrying amount at beginning of year/period	**12,387**	12,825
Gain from a fair value adjustment	**287**	385
Exchange realignment	**(353)**	(823)
Carrying amount at end of year/period	**12,321**	12,387

The Group's investment properties consist of three properties in Chinese Mainland. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2023 based on valuations performed by Graval Consulting Limited, independent professionally qualified valuers, at approximately HK$12,321,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17 to the financial statements.

Further particulars of the Group's investment properties are included on page 218.

16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for commercial properties	**–**	**–**	**12,321**	**12,321**

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for commercial properties	–	–	12,387	12,387

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (fifteen months ended 31 December 2022: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 October 2021	12,825
Gain from a fair value adjustment recognised in profit or loss	385
Exchange realignment	(823)
Carrying amount at 31 December 2022 and at 1 January 2023	**12,387**
Gain from a fair value adjustment recognised in profit or loss	**287**
Exchange realignment	**(353)**
Carrying amount at 31 December 2023	**12,321**

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16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range 2023	2022
Commercial properties	Income approach	Estimated rental value (per square metre and per month)	**RMB131 – RMB178**	RMB146 – RMB182
		Capitalisation rate	**4.0%**	4.0%
		Discount rate	**3.5%**	3.5%

Under the income approach, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

A significant increase/(decrease) in the estimated rental value in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate and the discount rate in isolation would result in a significant (decrease)/increase in the fair value of the investment properties. The valuations take into account the characteristics of the properties which included the location, size and other factors collectively.

17. LEASES

The Group as a lessee

The Group has lease contracts for office premises, directors' quarters and motor vehicles. Lump sum payments were made up-front to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of leased properties generally have lease terms between 2 and 11 years, while motor vehicles have lease terms of 3 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year/period are as follows:

	Leasehold land HK$'000	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 October 2021	55,874	44,741	81	100,696
Additions	–	22,903	257	23,160
Remeasurement of variable lease payments that depend on an index	–	7,665	–	7,665
Termination of a lease	–	(601)	–	(601)
Disposal of subsidiaries (note 36)	–	(455)	–	(455)
Assets included in disposal groups classified as held for sale (note 37)	–	(50,802)	(146)	(50,948)
Depreciation charge during the period	(1,316)	(15,914)	(185)	(17,415)
Exchange realignment	(3,499)	(1,703)	(7)	(5,209)
At 31 December 2022 and at 1 January 2023	**51,059**	**5,834**	**–**	**56,893**
Additions	**–**	**202**	**–**	**202**
Depreciation charge during the year	**(575)**	**(3,599)**	**–**	**(4,174)**
Exchange realignment	**(1,441)**	**–**	**–**	**(1,441)**
At 31 December 2023	**49,043**	**2,437**	**–**	**51,480**

Further details of the leasehold land pledged to secure certain bank loans of the Group are disclosed in note 15 to the financial statements.

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17. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year/period are as follows:

	2023 **HK$'000**	2022 HK$'000
At beginning of year/period	**6,289**	47,770
New leases	**202**	23,160
Remeasurement of variable lease payments that depend on an index	**–**	7,665
Termination of a lease	**–**	(607)
Disposal of subsidiaries (note 36)	**–**	(569)
Liabilities included in disposal groups classified as held for sale (note 37)	**–**	(53,611)
Accretion of interest recognised during the year/period	**246**	1,721
Payments during the year/period	**(3,917)**	(17,528)
Exchange realignment	**–**	(1,712)
At end of year/period	**2,820**	6,289
Analysed into:		
Due within one year	**2,743**	1,347
Due in the second year	**77**	4,942
Total	**2,820**	6,289

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

17. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Interest on lease liabilities	**642**	1,721
Depreciation charge of right-of-use assets	**4,174**	17,415
Expense relating to short-term leases (note)	**2,561**	5,681
Expense relating to leases of low-value assets (note)	**–**	87
Gain on termination of a lease	**–**	(6)
Total amount recognised in profit or loss	**7,377**	24,898

Note:

Expense relating to short-term leases of HK$162,000 (fifteen months ended 31 December 2022: HK$413,000) and HK$2,399,000 (fifteen months ended 31 December 2022: HK$5,268,000) has been included in selling and distribution expenses and general and administrative expenses, respectively.

Expense relating to leases of low-value assets of HK$87,000 had been included in general and administrative expenses in the prior period.

(d) The total cash outflow for leases is disclosed in note 38(c) to the financial statements.

(e) **Variable lease payments**

During the year, the Group has lease contracts for leased properties that contain variable payments based on the consumer price index determined by Federal Statistical Office of Germany ("CPI"). A 10% (fifteen months ended 31 December 2022: 10%) increase in CPI would increase the total remaining undiscounted lease payments by 10% (fifteen months ended 31 December 2022: 10%).

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17. LEASES *(continued)*

The Group as a lessor

The Group leases its investment properties under operating lease arrangements. Rental income recognised by the Group during the year was HK$163,000 (fifteen months ended 31 December 2022: HK$369,000), details of which are included in note 6 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 **HK$'000**	2022 HK$'000
Within one year	**503**	494
After one year but within two years	**352**	518
After two years but within three years	**–**	363
Total	**855**	1,375

18. GOODWILL

	HK$'000
At 1 October 2021:	
Cost	3,032,494
Accumulated impairment	(885,968)
Net carrying amount	2,146,526
Cost at 1 October 2021, net of accumulated impairment	2,146,526
Assets included in a disposal group classified as held for sale (note 37)	(90,273)
Impairment during the period	(107,824)
Exchange realignment	(207,835)
At 31 December 2022	1,740,594
At 31 December 2022 and at 1 January 2023:	
Cost	2,398,254
Accumulated impairment	(657,660)
Net carrying amount	1,740,594
Cost at 1 January 2023, net of accumulated impairment	**1,740,594**
Impairment during the year	**(410,210)**
Exchange realignment	**(76,875)**
At 31 December 2023	**1,253,509**
At 31 December 2023:	
Cost	**2,309,679**
Accumulated impairment	**(1,056,170)**
Net carrying amount	**1,253,509**

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18. GOODWILL *(continued)*

Impairment testing of goodwill and trademarks with indefinite useful lives

Goodwill and trademarks with indefinite useful lives acquired through business combinations are allocated to individual mobility technology solutions cash-generating units ("Mobility Technology Solutions CGUs"), which are separate business operations, for annual impairment testing.

At the end of the reporting period, the Group had goodwill and trademarks with indefinite useful lives acquired through business combinations allocated to the mobility technology solutions units and hypercars unit in the Mobility Technology Solutions CGUs of the Group.

For the purpose of the annual impairment test, the recoverable amounts of the Mobility Technology Solutions CGUs have been determined based on fair value less costs of disposal calculations using discounted cash flow projections. The discounted cash flow projections are based on financial estimates approved by management covering a five-year period and discount rates which reflect specific risks relating to the Mobility Technology Solutions CGUs. Cash flows beyond the five-year period are extrapolated using estimated long term growth rates of 2% (2022: 2%), with reference to certain external data.

The Group has engaged an independent professionally qualified valuer to assist in the determination of the fair value less costs of disposal of the respective Mobility Technology Solutions CGUs based on the cash flow projections using discount rates of 20% to 25% (2022: 24% to 25%) determined by reference to weighted average cost of capital reflecting the specific risks of the Mobility Technology Solutions CGUs (including, inter alia, its stage of development and other relevant factors), with reference to certain external data.

The Group considers the discounted cash flow method as a generally acceptable valuation technique that incorporates more information about the future prospects of the Mobility Technology Solutions CGUs for the determination of their recoverable amounts.

Assumptions were used in the fair value less costs of disposal calculations of the respective Mobility Technology Solutions CGUs. The following describes key assumptions on which management has based its discounted cash flow projections to undertake impairment testing of goodwill and trademarks with indefinite useful lives.

Estimated revenue/margins — The basis used to determine the value assigned to the estimated revenue/margins reflects the latest strategy and forecast taking into account expected economic, industry and market developments for the relevant markets.

Discount rates — The discount rates used are after tax and reflect specific risks relating to the Mobility Technology Solutions CGUs.

18. GOODWILL *(continued)*

Impairment testing of goodwill and trademarks with indefinite useful lives *(continued)*

The fair value measurements of the Mobility Technology Solutions CGUs as at 31 December 2023 and 31 December 2022 fall within Level 3 of the fair value measurement hierarchy. During the year ended 31 December 2023 and the fifteen months ended 31 December 2022, there were no transfers into or out of Level 3 for such fair value measurement.

Management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amounts of the Mobility Technology Solutions CGUs to materially exceed their respective recoverable amounts.

31 December 2023

As at 31 December 2023, the aggregate carrying amounts of goodwill and trademarks with indefinite useful lives allocated to the mobility technology solutions units and hypercars unit within the Mobility Technology Solutions CGUs amounted to HK$605,492,000 and HK$810,620,000 (including the carrying amount of trademarks of HK$162,603,000), respectively.

The challenging external environment and the changes in market conditions resulted in an impairment of goodwill for the year of approximately HK$410,210,000 based on the recoverable amount of GLM in the Mobility Technology Solutions CGUs as at 31 December 2023 of HK$719,680,000. The impairment loss is included in other gains/(losses), net in the consolidated statement of profit or loss.

31 December 2022

As at 31 December 2022, the aggregate carrying amounts of goodwill and trademarks with indefinite useful lives allocated to the mobility technology solutions units and hypercars unit within the Mobility Technology Solutions CGUs amounted to HK$1,182,850,000 (including the carrying amount of goodwill of HK$90,273,000 included in a disposal group classified as held for sale) and HK$805,649,000 (including the carrying amount of trademarks of HK$157,632,000), respectively.

The challenging external environment and the changes in market conditions, together with the plan to dispose of the Group's equity interest in the Ideenion Group, resulted in an impairment of goodwill for the period of approximately HK$107,824,000 based on the recoverable amount of the Ideenion Group in the Mobility Technology Solutions CGUs as at 31 December 2022 of HK$122,139,000. The impairment loss is included in other gains/(losses), net in the consolidated statement of profit or loss.

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19. OTHER INTANGIBLE ASSETS

	Deferred development costs HK$'000 (note (iii))	Trademarks HK$'000 (note (iv))	Total HK$'000
31 December 2023			
At 31 December 2022 and at 1 January 2023:			
Cost	142,765	157,632	300,397
Accumulated amortisation and impairment	(48,438)	–	(48,438)
Net carrying amount	94,327	157,632	251,959
Cost at 1 January 2023, net of accumulated amortisation and impairment	94,327	157,632	251,959
Additions	19,508	–	19,508
Amortisation provided during the year	(17,633)	–	(17,633)
Exchange realignment	2,024	4,971	6,995
At 31 December 2023	98,226	162,603	260,829
At 31 December 2023:			
Cost	166,119	162,603	328,722
Accumulated amortisation and impairment	(67,893)	–	(67,893)
Net carrying amount	98,226	162,603	260,829

19. OTHER INTANGIBLE ASSETS *(continued)*

	Distribution rights HK$'000 (note (i))	Customer relationships HK$'000 (note (ii))	Deferred development costs HK$'000 (note (iii))	Trademarks HK$'000 (note (iv))	Total HK$'000
31 December 2022					
At 1 October 2021:					
Cost	72,787	5,672	150,590	170,293	399,342
Accumulated amortisation and impairment	(72,787)	(1,324)	(28,672)	–	(102,783)
Net carrying amount	–	4,348	121,918	170,293	296,559
Cost at 1 October 2021, net of accumulated amortisation and impairment	–	4,348	121,918	170,293	296,559
Additions	–	–	4,091	–	4,091
Assets included in a disposal group classified as held for sale (note 37)	–	(1,400)	–	–	(1,400)
Amortisation provided during the period	–	(2,629)	(22,042)	–	(24,671)
Exchange realignment	–	(319)	(9,640)	(12,661)	(22,620)
At 31 December 2022	–	–	94,327	157,632	251,959
At 31 December 2022:					
Cost	–	–	142,765	157,632	300,397
Accumulated amortisation and impairment	–	–	(48,438)	–	(48,438)
Net carrying amount	–	–	94,327	157,632	251,959

Notes:

(i) The distribution rights were acquired as part of the business combinations in prior years relating to certain exclusive rights in connection with certain luxury brand products in accordance with distribution agreements and are stated at cost less any impairment losses and are amortised on the straight-line basis over the period of the rights granted under the relevant distribution agreements.

(ii) Customer relationships were acquired as part of the acquisition of the Ideenion Group (as defined in note 36 to the financial statements) in prior years relating to the provision of design, development and prototyping of vehicle components and are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful economic lives of 3 years.

(iii) Deferred development costs were acquired as part of the business combination in prior years relating to the development of hypercars and are stated at cost less any impairment losses and are amortised on the straight-line basis over the commercial lives of the underlying products.

(iv) The trademarks are allocated to the Mobility Technology Solutions CGUs. Trademarks are regarded as having indefinite useful lives because the trademarked products are expected to generate net cash inflows indefinitely. Details of impairment testing are set out in note 18 to the financial statements.

20. INTEREST IN A JOINT VENTURE

	2023 HK$'000	2022 HK$'000
Share of net assets	–	6,808

Particulars of the Group's joint venture are as follows:

Name	Place of registration and business	Registered capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
WESail New Energy Automotive Co. Ltd# (上海聯和力世紀新能源汽車有限公司)	PRC/ Mainland China	US$80,000,000 (2022: US$80,000,000)	60 (2022: 60)	50	60 (2022: 60)	Provision of electric vehicle engineering platform services

The above investment is indirectly held by the Company.

English name for identification purposes only.

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2023 HK$'000	2022 HK$'000
Share of the joint venture's loss	**(96,784)**	(25,209)
Share of the joint venture's other comprehensive loss	–	(1,826)
Share of the joint venture's total comprehensive loss	**(96,784)**	(27,035)
Carrying amount of the Group's investment in the joint venture	–	6,808

The Group has an obligation to continue to share 60% loss of the joint venture after the interest in the joint venture is reduced to zero. The Group therefore recognised a payable of HK$50,687,000 (2022: Nil) included in "Other payables and accruals" as at 31 December 2023.

21. INTEREST IN AN ASSOCIATE

	2023 HK$'000	2022 HK$'000
Share of net liabilities	**(90,947)**	(68,098)
Goodwill on acquisition	**90,947**	68,098
Total	**–**	–

As at the end of the reporting period, the Group held 10.48% (2022: 10.48%) of the issued ordinary shares of EV Power Holding Limited ("EV Power") (the "EV Power Ordinary Share Investment"). Based on the proportion of voting rights held by the Group as further detailed below, the Group considers it is in a position to exercise significant influence over EV Power and, accordingly, has accounted for the EV Power Ordinary Share Investment as an investment in an associate.

Particulars of the associate are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of Ownership interest 31 December 2023 Indirect	Percentage of Ownership interest 31 December 2022 Indirect	Percentage of Voting power 31 December 2023	Percentage of Voting power 31 December 2022	Principal activities
EV Power	BVI/ Hong Kong	Ordinary shares	**10.48***	10.48*	**28.44**	28.44	Provision of electric vehicle charging solutions

* This reflects only the ownership interest based on the EV Power Ordinary Share Investment.

** The Group also held certain preferred shares of EV Power, which have been accounted for as financial assets at fair value through profit or loss (note 22). The percentage of voting power as shown above has reflected the total voting rights currently held by the Group attributable to its investments in ordinary shares and preferred shares of EV Power.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2023 HK$'000	2022 HK$'000
Share of the associate's loss	**(20,164)**	(43,828)
Share of the associate's other comprehensive income/(loss)	**(1,591)**	8,878
Share of the associate's total comprehensive loss	**(21,755)**	(34,950)
Carrying amount of the Group's interest in an associate	**–**	–

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22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **HK$'000**	2022 HK$'000
Unlisted investments	**1,492,588**	1,419,897
Share of loss of an associate	**(68,859)**	(47,104)
Subtotal	**1,423,729**	1,372,793
Listed equity investment	**42,406**	42,406
Total	**1,466,135**	1,415,199

The above unlisted investments mainly comprised of (i) preferred shares of Divergent Technologies Inc. of HK$899,013,000 (2022: HK$849,171,000); and (ii) preferred shares of EV Power of HK$593,575,000 (2022: HK$570,726,000).

The above unlisted investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The above listed equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

23. LOANS RECEIVABLE

	2023 HK$'000	2022 HK$'000
Loans receivable	**217,565**	212,695
Impairment	**(8,022)**	(10,658)
Net carrying amount	**209,543**	202,037
Portion classified as non-current assets	**(83,983)**	(27,388)
Portion classified as current assets	**125,560**	174,649

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by management, whilst overdue balances are reviewed regularly for recoverability.

Loans receivable of the Group bear interest at rates ranging from 4.9% to 7.2% (2022: 4.75% to 12%) per annum. As at 31 December 2023, certain loans receivable with aggregate carrying amounts of HK$73,598,000 (2022: HK$82,529,000) and HK$92,653,000 (2022: HK$88,064,000) were secured by the pledge of certain equity interest and property, and personal guarantees provided by certain independent third parties, respectively.

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23. LOANS RECEIVABLE *(continued)*

The table below shows the credit quality and maximum exposure to credit risk as at 31 December 2023 and 2022 based on the Group's internal credit rating system and year–end staging classification. The amounts presented are gross carrying amounts.

As at 31 December 2023

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Loans receivable				
— Performing	**217,565**	**–**	**–**	**217,565**

As at 31 December 2022

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Loans receivable				
— Performing	207,054	–	–	207,054
— Individually impaired (note)	–	–	5,641	5,641
Total	207,054	–	5,641	212,695

Note:

Impaired loans receivable include those with objective evidence of impairment.

23. LOANS RECEIVABLE *(continued)*

An analysis of the gross carrying amount and the corresponding loss allowance is as follows:

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs not credit-impaired Stage 2 HK$'000	Lifetime ECLs credit-impaired Stage 3 HK$'000	Total HK$'000
Gross carrying amount at 1 October 2021	725,001	–	40,685	765,686
New loans drawdown and accretion of interest	215,450	–	–	215,450
Repayment during the period	(205,867)	–	–	(205,867)
Transfer from Stage 1 to Stage 2	(227,794)	227,794	–	–
Included in a disposal group classified as held for sale	(299,015)	(227,794)	(34,665)	(561,474)
Exchange realignment	(721)	–	(379)	(1,100)
Gross carrying amount at 31 December 2022 and at 1 January 2023	**207,054**	**–**	**5,641**	**212,695**
New loans drawdown and accretion of interest	**24,310**	**–**	**–**	**24,310**
Repayment during the year	**(1,239)**	**–**	**(5,516)**	**(6,755)**
Loss on assignment	**(12,170)**	**–**	**–**	**(12,170)**
Exchange realignment	**(390)**	**–**	**(125)**	**(515)**
Gross carrying amount at 31 December 2023	**217,565**	**–**	**–**	**217,565**
ECL allowance at 1 October 2021	(20,497)	–	(40,685)	(61,182)
Impairment losses, net	(6,028)	(32,820)	–	(38,848)
Transfer from Stage 1 to Stage 2	15,381	(15,381)	–	–
Included in a disposal group classified as held for sale	6,117	48,201	34,665	88,983
Exchange realignment	10	–	379	389
ECL allowance at 31 December 2022 and at 1 January 2023	**(5,017)**	**–**	**(5,641)**	**(10,658)**
Reversal of impairment losses/(impairment losses), net	**(3,007)**	**–**	**5,516**	**2,509**
Exchange realignment	**2**	**–**	**125**	**127**
ECL allowance at 31 December 2023	**(8,022)**	**–**	**–**	**(8,022)**

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2023 HK$'000	2022 HK$'000
Deposits		**3,644**	2,642
Deposits paid for acquisition of a subsidiary		**130,000**	130,000
Prepayments and other receivables		**82,663**	76,152
Promissory note receivable	(a)	**308,000**	–
Consideration receivables		**107,368**	107,368
Due from an associate	(b)	**1,455**	1,455
		633,130	317,617
Impairment		**(181,297)**	(2,159)
		451,833	315,458
Portion classified as non-current assets		**(155)**	(2,544)
Portion classified as current assets		**451,678**	312,914

(a) A promissory note was issued by Innosophi (as defined in note 36(b) to the financial statements) as part of the consideration for the disposal of Chance Achieve. Further details are set out in note 36(b) to the financial statements. The promissory note receivable is unsecured, guaranteed by a company wholly-owned by Mr. Freeman Hui Shen who is a former non-executive director of the Company, bears interest at 6.2% per annum and is repayable on 31 July 2024. Innosophi has an option to extend the maturity date of the promissory note for one year to 31 July 2025.

(b) The amount due from an associate is unsecured, interest-free and repayable on demand.

The movements in the loss allowance for impairment of other receivables are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000
At beginning of year/period	**2,159**	–
Impairment losses, net (note 7)	**179,138**	4,229
Amount written off as uncollectible	**–**	(2,070)
At end of year/period	**181,297**	2,159

Deposits and other receivables mainly represented rental deposits, deposits with suppliers, refundable deposits paid for acquisition of a subsidiary, consideration receivables and promissory note receivable. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2023, the probability of default applied ranged from 32.6% to 100% (2022: 0.1% to 7.1%) and the loss given default was estimated to be from 0.1% to 61.5% (2022: 0.1% to 61.5%).

25. INVENTORIES

	2023 HK$'000	2022 HK$'000
Vehicles and related components (note)	**64,986**	51,488
Jewellery products, watches and other commodities	**10,885**	39,117
Total	**75,871**	90,605

Note: Included in the balance are work-in-progress of HK$25,114,000 (2022: HK$18,707,000) and finished goods of HK$35,473,000 (2022: HK$25,521,000).

26. ACCOUNTS RECEIVABLE

	2023 HK$'000	2022 HK$'000
Accounts receivable	**3,020**	40,265
Impairment	**(1,176)**	(822)
Net carrying amount	**1,844**	39,443

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

As at 31 December 2022, accounts receivable with a net carrying amount of HK$28,071,000 were pledged to secure a bank loan granted to the Group (note 30).

26. ACCOUNTS RECEIVABLE *(continued)*

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023 HK$'000	2022 HK$'000
Within 30 days	218	28,725
31 to 60 days	1	589
61 to 90 days	1	8,095
Over 90 days	1,624	2,034
Total	1,844	39,443

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2023 HK$'000	2022 HK$'000
At beginning of year/period	822	2,074
Impairment losses/(reversal of impairment losses), net (note 7)	362	(1,001)
Disposal of subsidiaries	–	(116)
Included in a disposal group classified as held for sale	–	(85)
Exchange realignment	(8)	(50)
At end of year/period	1,176	822

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

26. ACCOUNTS RECEIVABLE *(continued)*

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 31 December 2023

		Past due				
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Credit-impairment receivables**	**Total**
Expected credit loss rate	**0.45%**	**–***	**–***	**34.32%**	**100%**	**38.94%**
Gross carrying amount (HK$'000)	**220**	**1**	**1**	**2,471**	**327**	**3,020**
Expected credit losses (HK$'000)	**1**	**–**	**–**	**848**	**327**	**1,176**

As at 31 December 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.02%	4.23%	0.23%	27.40%	2.04%
Gross carrying amount (HK$'000)	28,731	615	8,109	2,810	40,265
Expected credit losses (HK$'000)	7	26	19	770	822

* The expected credit loss rates were less than 0.01%.

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27. CASH AND CASH EQUIVALENTS

	2023 **HK$'000**	2022 HK$'000
Cash and bank balances	**61,002**	37,863
Time deposits	**3,287**	14,665
Cash and cash equivalents	**64,289**	52,528

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$52,311,000 (2022: HK$26,133,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

28. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2023 **HK$'000**	2022 HK$'000
Within 30 days	**721**	18,000
61 to 90 days	**–**	223
Over 90 days	**100,658**	89,495
Total	**101,379**	107,718

29. OTHER PAYABLES AND ACCRUALS

	2023 **HK$'000**	2022 HK$'000
Other payables and accruals (note (a))	**177,637**	95,010
Contract liabilities (note (b))	**86,081**	77,347
Total	**263,718**	172,357

Notes:

(a) Other payables are non-interest-bearing and generally have an average term of 30 days.

(b) Details of contract liabilities are as follows:

	31 December 2023 HK$'000	31 December 2022 HK$'000	1 October 2021 HK$'000
Consideration received from customers in advance:			
Sales of jewellery products, watches and other commodities	**53,162**	57,161	93,744
Sales and distribution of vehicles and provision of design, development and prototyping of vehicle components	**32,919**	20,186	85,739
Total	**86,081**	77,347	179,483

Contract liabilities relate to consideration received from customers in advance. The increase in contract liabilities in 2023 was mainly due to the increase in consideration received from customers. The decrease in contract liabilities in 2022 was mainly due to the decrease in consideration received from customers, the inclusion of contract liabilities in a disposal group classified as held for sale (note 37) and the disposal of Sinoforce Group (note 36), respectively.

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30. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Contractual interest rate (%)	Maturity	HK$'000	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans — unsecured	0.4% to 3.83%	2024	18,602	0.4% to 5.65%	2023	27,938
Bank loans — secured	PRIME[1]-2.1%	2024	984	PRIME[1]-2.1% or 4.75%	2023	46,175
Total — current			19,586			74,113
Non-current						
Bank loans — secured	PRIME[1]-2.1% or 0.4% to 5.65%	2036	18,179	PRIME[1]-2.1%	2036	14,063
Total — non-current			18,179			14,063
Total			37,765			88,176

Analysed into:	2023 HK$'000	2022 HK$'000
Bank borrowings repayable:		
Within one year	19,586	74,113
In the second year	7,073	1,056
In the third to fifth years, inclusive	2,975	3,188
Beyond five years	8,131	9,819
	37,765	88,176

[1] Japan prime lending rate ("PRIME")

Notes:

(a) Certain of the Group's bank loans are secured by (i) the pledge of certain land and buildings and right-of-use assets with an aggregate carrying amount of HK$86,121,000 (2022: HK$92,001,000) (note 15); and (ii) the pledge of certain accounts receivable with a net carrying amount of Nil (2022: HK$28,071,000) (note 26).

(b) The Group's bank borrowings as at 31 December 2023 of HK$16,443,000 (2022: HK$62,045,000) and HK$21,322,000 (2022: HK$26,131,000) are denominated in RMB and JPY, respectively.

31. CONVERTIBLE BONDS

On 5 October 2021, Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd subscribed for the convertible bonds of the Company in the principal amount of HK$85,800,000 (the "13 September Convertible Bonds"). The 13 September Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 5 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK$0.55 (before share consolidation as set out in note 33(a) to the financial statements) per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

On 18 October 2021, Walong Holdings Limited subscribed for the convertible bonds of the Company in the principal amount of HK$78,000,000 (the "Walong Convertible Bonds"). The Walong Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 18 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK$0.55 (before share consolidation as set out in note 33(a) to the financial statements) per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

Any convertible bonds not converted will be redeemed at maturity at 100% of the outstanding principal amount.

During the year ended 31 December 2023 and fifteen months ended 31 December 2022, the change in fair value of the convertible bonds that were attributable to changes in the credit risk of the convertible bonds were minimal.

The following is an analysis of the difference between the carrying amount and the amount the Company would be contractually required to pay at maturity to the holders of the convertible bonds designated as financial liabilities at fair value through profit or loss:

	2023 **HK$'000**	2022 HK$'000
Contractual payments at maturity	**117,000**	163,800
Carrying amounts	**121,182**	176,218
	4,182	12,418

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32. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year/period are as follows:

	Right-of use assets HK$'000	Lease liabilities HK$'000	Property, plant and equipment HK$'000	Other intangible assets HK$'000	Impairment of financial assets HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities/(assets) at 1 October 2021	–	–	1,996	39,265	(8,276)	(5,187)	27,798
Effect of adoption of amendments to HKAS 12 (note 2.2(d))	5,849	(6,024)	–	–	–	175	–
At 1 January 2023 (restated)	5,849	(6,024)	1,996	39,265	(8,276)	(5,012)	27,798
Deferred tax charged/(credited) to the statement of profit or loss during the period (restated) (note 12)	6,035	(6,079)	(82)	(3,388)	(686)	2,662	(1,538)
Reclassification to disposal group (restated)	(11,867)	12,074	–	(393)	8,962	1,677	10,453
Exchange realignment (restated)	(17)	29	(295)	(1,954)	–	366	(1,871)
Gross deferred tax liabilities/(assets) at 31 December 2022 and 1 January 2023	**–**	**–**	**1,619**	**33,530**	**–**	**(307)**	**34,842**
Deferred tax charged/(credited) to the statement of profit or loss during the year	**–**	**–**	**(59)**	**(2,548)**	**(1,311)**	**1,780**	**(2,138)**
Exchange realignment	**–**	**–**	**(114)**	**820**	**–**	**(14)**	**692**
Gross deferred tax liabilities/(assets) at 31 December 2023	**–**	**–**	**1,446**	**31,802**	**(1,311)**	**1,459**	**33,396**

32. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 **HK$'000**	2022 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**1,807**	306
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(35,203)**	(35,148)
Net deferred tax liabilities	**(33,396)**	(34,842)

At 31 December 2023, the Group had tax losses arising in Hong Kong of HK$151,065,000 (2022: HK$108,593,000), Japan of HK$382,677,000 (2022: HK$383,540,000), Germany of HK$5,138,000 (31 December 2022: HK$2,014,000) and Mainland China of HK$170,246,000 (2022: HK$148,603,000) that may be carried forward indefinitely for Hong Kong and Germany, nine years for Japan and five years for Mainland China, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and/or it is currently not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$3,468,000 (2022: HK$2,458,000) at 31 December 2023.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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33. ISSUED CAPITAL

	2023 HK$'000	2022 HK$'000
Authorised:		
200,000,000,000 (2022: 20,000,000,000) ordinary shares of HK$0.01 (2022: HK$0.1) each	**2,000,000**	2,000,000
Issued and fully paid:		
480,654,928 (2022: 9,613,098,562) ordinary shares of HK$0.01 (2022: HK$0.1) each	**4,807**	961,310

A summary of movements in the Company's authorised and issued share capital is as follows:

	Number of ordinary shares '000	Nominal value of ordinary shares HK$'000
Authorised:		
At 1 October 2021	10,000,000	1,000,000
Increase in authorised share capital (note (a))	10,000,000	1,000,000
At 31 December 2022 and at 1 January 2023	**20,000,000**	**2,000,000**
Consolidation of shares (note (d))	**(19,000,000)**	**–**
Sub-division of shares (note (f))	**199,000,000**	**–**
At 31 December 2023	**200,000,000**	**2,000,000**

33. ISSUED CAPITAL *(continued)*

	Number of ordinary shares '000	Issued capital HK$'000
Issued and fully paid:		
At 1 October 2021	7,982,795	798,279
Issue of new shares (note (b))	1,655,232	165,524
Shares repurchased and cancelled (note (c))	(24,928)	(2,493)
At 31 December 2022 and at 1 January 2023	**9,613,099**	**961,310**
Consolidation of shares (note (d))	**(9,132,444)**	**–**
Capital reduction (note (e))	**–**	**(956,503)**
At 31 December 2023	**480,655**	**4,807**

Notes:

(a) On 10 March 2022, an ordinary resolution was passed at the annual general meeting of the Company to approve the increase of the authorised share capital of the Company from HK$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK$0.1 each to HK$2,000,000,000 divided into 20,000,000,000 ordinary shares of HK$0.1 each by the creation of additional 10,000,000,000 ordinary shares.

(b) On 4 August 2022, consideration shares of 1,655,232,000 ordinary shares of HK$0.1 each were allotted and issued to Ideal Team Ventures Limited in respect of the acquisition of 86.06% of the total issued share capital of Sino Partner in March 2020. The fair value of the consideration shares as at the date of allotment amounted to HK$521,399,000.

(c) In the prior period, the Company purchased a total of 24,928,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at a total consideration, before expenses of HK$94,000, of approximately HK$7,908,000. The purchased shares were cancelled in the prior period.

(d) Pursuant to a special resolution passed in the extraordinary general meeting of the Company on 20 November 2023, every twenty ordinary shares of HK$0.1 each were consolidated into one consolidated share of HK$2.0 each with effect from 14 December 2023 (the "Share Consolidation").

(e) On 14 December 2023, the issued share capital of the Company was reduced by (i) eliminating any fraction of a consolidated share in the issued capital of the Company arising from the Share Consolidation; and (ii) cancelling the paid-up share capital of the Company to the extent of HK$1.99 per issued consolidated share such that the nominal value of each issued consolidated share was reduced from HK$2.00 to HK$0.01 (the "Capital Reduction"). The credit arising from the Capital Reduction of approximately HK$956,503,000 was transferred to the contributed surplus of the Company within the meaning of the Bermuda Companies Act.

(f) On 14 December 2023, each of the authorised but unissued consolidated share of HK$2.00 each was sub-divided into two hundred new shares of HK$0.01 each.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants (including, inter alia, employees, directors, advisors and consultants) who contribute to the success of the Group's operations. The Share Option Scheme became effective on 1 March 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Certain details of the Share Option Scheme are as follows:

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

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

(c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee; and

(d) The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

The following share options were outstanding under the Share Option Scheme during the year/period:

	31 December 2023		31 December 2022	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
			(Restated)	(Restated)
At beginning of year/period	**15.2**	**24,349,400**	16.6	26,298,800
Granted during the year/period	**–**	**–**	8.8	8,250,000
Forfeited during the year/period	**8.9**	**(350,000)**	13.8	(10,199,400)
At end of year/period	**15.4**	**23,999,400**	15.2	24,349,400

34. SHARE OPTION SCHEME *(continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

31 December 2023

Number of options	Exercise price* HK$ per share	Exercise period
480	13.00	19 July 2017 to 18 July 2026
480	13.00	19 July 2018 to 18 July 2026
24,480	13.00	19 July 2019 to 18 July 2026
24,480	13.00	19 July 2020 to 18 July 2026
24,480	13.00	19 July 2021 to 18 July 2026
1,000,000	17.00	6 April 2017 to 5 April 2027
2,500,000	35.64	13 March 2018 to 12 March 2028
2,100,000	9.50	30 May 2019 to 29 May 2029
11,775,000	15.60	4 January 2021 to 3 January 2031
4,550,000	8.90	4 January 2022 to 3 January 2032
2,000,000	8.80	13 January 2022 to 12 January 2032
23,999,400		

31 December 2022

Number of options	Exercise price* HK$ per share	Exercise period
(Restated)	(Restated)	
480	13.00	19 July 2017 to 18 July 2026
480	13.00	19 July 2018 to 18 July 2026
24,480	13.00	19 July 2019 to 18 July 2026
24,480	13.00	19 July 2020 to 18 July 2026
24,480	13.00	19 July 2021 to 18 July 2026
1,000,000	17.00	6 April 2017 to 5 April 2027
2,500,000	35.64	13 March 2018 to 12 March 2028
2,100,000	9.50	30 May 2019 to 29 May 2029
11,775,000	15.60	4 January 2021 to 3 January 2031
4,900,000	8.90	4 January 2022 to 3 January 2032
2,000,000	8.80	13 January 2022 to 12 January 2032
24,349,400		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value and exercise price at the grant date and the number of Share Options were adjusted for the Share Consolidation (note 33(a)).

In the prior period, the fair value of the share options granted during the period was HK$41,678,000 (HK$1 each (restated)). The Group recognised a share option expense of HK$41,678,000 during the fifteen months ended 31 December 2022.

34. SHARE OPTION SCHEME *(continued)*

The fair value of equity-settled share options granted during the prior period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Fifteen months ended 31 December 2022
Dividend yield (%)	–
Expected volatility (%)	66.2–66.3
Risk-free interest rate (%)	1.64–1.79
Expected life of options (years)	10
Weighted average share price (HK$ per share)	0.44–0.445

The expected life of the options is based on the historical exercise patterns and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

No share options were exercised during the year ended 31 December 2023 and the fifteen months ended 31 December 2022.

At the end of the reporting period, the Company had 23,999,400 (2022: 24,349,400 (restated)) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,999,400 (2022: 24,349,400 (restated)) additional ordinary shares of the Company and additional share capital of HK$47,999,000 (2022: HK$48,699,000) and share premium of HK$320,803,000 (2022: HK$323,218,000).

At the date of approval of these financial statements, the Company had 23,999,400 share options outstanding under the Share Option Scheme, which represented approximately 5.1% of the Company's shares in issue as at that date.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior period are presented in the consolidated statement of changes in equity on pages 101 to 102 of the financial statements.

(a) Share premium account

The share premium account of the Group includes: (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to a group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from new share issues; (iii) the premium arising from a capitalisation issue; and (iv) the premium arising from issue of shares upon the exercise of share options.

(b) Reserve funds

The reserve funds represent PRC statutory reserve funds. Appropriations to such reserve funds are made out of profit after tax of the statutory financial statements of the relevant subsidiaries of the Group established in the PRC which are restricted as to use and the amount should not be less than 10% of the profit after tax unless the aggregate amount exceeded 50% of the registered capital of the relevant subsidiaries. The reserve funds can be used to make up prior years' losses of the relevant subsidiaries.

(c) Contributed surplus

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is subject to compliance with the bye-laws of the Company and the laws of Bermuda, is distributable to the Shareholders under certain circumstances.

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36. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2023

(a) **Disposal of Ideenion and its subsidiaries (collectively, the "Ideenion Group")**

On 23 December 2022, the Company (as seller) entered into an agreement with Mobility Technology Group Inc. ("MTG"), pursuant to which the Company had conditionally agreed to sell and MTG had conditionally agreed to acquire 100% equity interest in Ideenion for a total consideration EUR15,000,000 (equivalent to approximately HK$124,350,000 as at 23 December 2022) (the "Ideenion Disposal"). Ideenion and its subsidiaries were principally engaged in the design, development and prototyping of internal combustion engine vehicles and new energy vehicles. Accordingly, the assets and liabilities of the Ideenion Group as at 31 December 2022 were classified as a disposal group held for sale. The completion of the Ideenion Disposal took place on 22 February 2023 and gain on disposal of subsidiaries of HK$6,590,000 was recognised during the year ended 31 December 2023.

	HK$'000
Net Assets disposed of:	
Property, plant and equipment	3,562
Right-of-use assets	40,468
Goodwill	89,744
Other intangibles	1,396
Deferred tax assets	1,761
Inventories	6,082
Accounts receivable	2,121
Prepayments, deposits and other receivables	7,128
Contract assets	2,830
Tax recoverable	458
Cash and cash equivalents	19,688
Accounts payable	(480)
Other payables and accruals	(9,306)
Lease liabilities	(40,689)
Tax payable	(5,485)
Deferred tax liabilities	(392)
Non-controlling interests	251
	119,137
Exchange fluctuation reserve released	(792)
Gain on disposal of subsidiaries	6,590
Total consideration	124,935
Satisfied by:	
Cash	124,935

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Ideenion Group is as follows:

	HK$'000
Cash consideration	124,935
Cash and cash equivalents disposed of	(19,688)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	105,247

36. DISPOSAL OF SUBSIDIARIES *(continued)*

Year ended 31 December 2023 *(continued)*

(b) Disposal of Chance Achieve

On 30 December 2022, Ming Fung Investment Holdings Limited ("Ming Fung"), an indirect wholly-owned subsidiary of the Company, (as seller) entered into an agreement with Innosophi Company Limited ("Innosophi"), pursuant to which Ming Fung had conditionally agreed to sell and Innosophi had conditionally agreed to acquire the entire share capital of Chance Achieve for a total consideration of HK$408,000,000 (the "Chance Achieve Disposal"). Chance Achieve was principally engaged in money lending in Hong Kong. Innosophi is an investment holding company wholly-owned by Mr. Freeman Hui Shen, a former non-executive director of the Company and a substantial shareholder of the Company. Accordingly, the assets and liabilities of Chance Achieve as at 31 December 2022 were classified as a disposal group held for sale. The completion of the Chance Achieve Disposal took place on 31 July 2023 and gain on disposal of a subsidiary of HK$18,163,000 was recognised during the year ended 31 December 2023.

	HK$'000
Net assets disposal of:	
Property, plant and equipment	246
Right-of-use assets	6,729
Deferred tax assets	8,962
Prepayments, deposits and other receivables	1,676
Loans receivable	374,166
Cash and cash equivalents	11,480
Other payables and accruals	(195)
Tax payable	(4,173)
Lease liabilities	(9,054)
	389,837
Gain on disposal of a subsidiary	18,163
Total consideration	408,000
Satisfied by :	
Cash	100,000
Promissory note receivable (note 24)	308,000
	408,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Chance Achieve is as follows:

	HK$'000
Cash consideration	100,000
Cash and cash equivalents disposed of	(11,480)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	88,520

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36. DISPOSAL OF SUBSIDIARIES *(continued)*

Year ended 31 December 2023 *(continued)*

(c) Disposal of Apollo Automobile Group UK

On 1 December 2023, the Group disposed of its 100% equity interest in Apollo Automobile Group UK for a cash consideration of GBP 1 (equivalent to approximately HK$10).

	Note	HK$'000
Net assets disposal of:		
Property, plant and equipment	15	**55**
Prepayments, deposits and other receivables		**171**
Cash and cash equivalents		**405**
		631
Loss on disposal of a subsidiary		**(631)**
Total consideration		**–***
Satisfied by :		
Cash		**–***

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Apollo Automobile Group UK is as follows:

	HK$'000
Cash consideration	**–***
Cash and cash equivalents disposed of	**(405)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(405)**

* Amount less than HK$1,000

36. DISPOSAL OF SUBSIDIARIES *(continued)*

Fifteen months ended 31 December 2022

(d) Disposal of Sinoforce Group Limited and its subsidiaries (collectively, the "Sinoforce Group")

On 14 June 2022, the Group disposed of its 100% equity interest in Sinoforce Group for a cash consideration of HK$50,000,000.

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	15	**78**
Right-of-use assets	17(a)	**455**
Inventories		**72,585**
Accounts receivable		**8,967**
Prepayments, deposits and other receivables		**13,603**
Due from the Group		**12,085**
Financial assets at fair value through profit or loss		**856**
Tax recoverable		**803**
Cash and cash equivalents		**41,786**
Accounts payable		**(96,209)**
Other payables and accruals		**(648)**
Lease liabilities	17(b)	**(569)**
		53,792
Exchange fluctuation reserve released		**457**
		54,249
Loss on disposal of subsidiaries	7	**(4,249)**
		50,000
Satisfied by:		
Cash		**37,915**
Offsetting consideration receivable and amount due to the Sinoforce Group		**12,085**
		50,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the Sinoforce Group is as follows:

	HK$'000
Cash consideration	**37,915**
Cash and cash equivalents disposed of	**(41,786)**
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(3,871)**

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37. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities of the Ideenion Group and Chance Achieve classified as held for sale as at 31 December 2022 were as follows:

	Ideenion Group HK$'000	Chance Achieve HK$'000	Total HK$'000
Assets			
Property, plant and equipment	3,752	322	4,074
Right-of-use assets	42,354	8,594	50,948
Goodwill	90,273	–	90,273
Other intangible assets	1,400	–	1,400
Deferred tax assets	1,885	8,962	10,847
Inventories	432	–	432
Accounts receivable	1,554	–	1,554
Contract assets	1,739	–	1,739
Loans receivable	–	472,491	472,491
Prepayments, deposits and other receivables	5,670	1,550	7,220
Tax recoverable	406	–	406
Cash and cash equivalents	27,709	1,079	28,788
Assets classified as held for sale	177,174	492,998	670,172
Liabilities			
Accounts payable	562	–	562
Other payables and accruals	8,057	472	8,529
Tax payable	4,803	2,176	6,979
Lease liabilities	42,526	11,085	53,611
Deferred tax liabilities	394	–	394
Liabilities directly associated with the assets classified as held for sale	56,342	13,733	70,075
Net assets directly associated with the disposal groups	120,832	479,265	600,097

Details of disposal of Ideenion Group and Chance Achieve are set out in note 36 to the financial statements.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$$202,000 (fifteen months ended 31 December 2022: HK$23,160,000) and HK$202,000 (fifteen months ended 31 December 2022: HK$23,160,000), respectively, in respect of lease arrangements for leased properties.

(ii) During the fifteen months end 31 December 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$7,665,000 and HK$7,665,000, respectively, in respect of remeasurement of variable lease payments that depend on an index/on lease modifications for leased properties.

(iii) During the fifteen months end 31 December 2022, the Group exercised a call option to acquire additional 3,000,000 ordinary shares of EV Power at nil consideration. Accordingly, the call option with a fair value of HK$7,696,000 as at the date of exercise was reclassified from a financial asset at fair value through profit or loss to an investment in an associate in the carrying amount of investment in an associate.

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK$'000	Lease liabilities HK$'000	Convertible bonds HK$'000
At 1 October 2021			
Changes from financing cash flows	122,714	47,770	–
Interest paid classified as financing cash flows	(25,160)	(15,807)	163,800
Non-cash changes	–	(1,721)	(14,742)
New leases	–	23,160	–
Remeasurement of variable lease payments that depend on an index/ on lease modifications	–	7,665	–
Termination of a lease	–	(607)	–
Disposal of subsidiaries	–	(569)	–
Liabilities included in disposal groups classified as held for sale	–	(53,611)	–
Interest expense	–	1,721	14,742
Fair value losses	–	–	12,418
Foreign exchange movement	(9,378)	(1,712)	–
At 31 December 2022 and at 1 January 2023	**88,176**	**6,289**	**176,218**
Changes from financing cash flows	**(47,112)**	**(3,671)**	**(46,800)**
Interest paid classified as financing cash flows	**–**	**(246)**	**(14,742)**
Non-cash changes			
New leases	**–**	**202**	**–**
Interest expense	**–**	**246**	**17,123**
Fair value gains	**–**	**–**	**(10,617)**
Foreign exchange movement	**(3,299)**	**–**	**–**
At 31 December 2023	**37,765**	**2,820**	**121,182**

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December 2023 HK$'000	Fifteen months ended 31 December 2022 HK$'000
Within operating activities	**2,561**	5,768
Within financing activities	**7,950**	17,528
	10,511	23,296

39. CONTINGENT LIABILITIES

In September 2021, a borrower who entered into a loan agreement with the Group for a loan principal of HK$28,300,000 in prior years (the "Borrower") initiated a litigation claim against a subsidiary of the Group (the "Subsidiary") disputing over the validity and enforceability of the loan agreement. In December 2021, the Subsidiary filed a defence and counterclaim against the Borrower for the loan principal, interests and other costs. Based on the advice obtained from a legal counsel of the Group, the claim is at early stage and the Subsidiary is considered to have a good defence against the Borrower and a good cause of action against the Borrower in the counterclaim. Accordingly, the directors of the Company considered that it was appropriate to disclose such claim as contingent liabilities as at 31 December 2022 and no provision had been made in the consolidated financial statements. During the year, the Group disposed of its equity interest in the Subsidiary.

40. COMMITMENTS

The Group had the following commitments provided to a joint venture at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
Contracted, but not provided for:		
Capital contributions	**296,818**	335,744

41. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions, arrangements and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the current year and the prior period.

(i) During the year, the Group and Innosophi entered into a sale and purchase agreement for acquire the entire share capital of Chance Achieve for a total consideration of HK$408,000,000. Innosophi is an investment holding company wholly-owned by Mr. Freeman Hui Shen, a former non-executive director of the Company and a substantial shareholder of the Company.

(ii) In the prior period, lease payments for a property in the aggregate of approximately HK$1,745,000 were paid or payable by the Group to a company joint controlled by a director of the Company based on terms as agreed by the relevant parties as set out in a tenancy agreement.

The director resigned as an executive director of the Company on 23 December 2022.

(iii) In the prior period, the Group earned consultancy service income of approximately HK$8,748,000 from a joint venture of the Group.

(b) Compensation of key management personnel of the Group

The directors of the Company comprise the key management personnel of the Group. Details of the compensation of the directors of the Company are included in note 10 to the financial statements.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Loans receivable	–	209,543	209,543
Accounts receivable	–	1,844	1,844
Financial assets included in prepayments, deposits and other receivables	–	404,945	404,945
Financial assets at fair value through profit or loss	1,466,135	–	1,466,135
Cash and cash equivalents	–	64,289	64,289
Total	1,466,135	680,621	2,146,756

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts payable	–	101,379	101,379
Financial liabilities included in other payables and accruals	–	164,543	164,543
Interest-bearing bank borrowings	–	37,765	37,765
Lease liabilities	–	2,820	2,820
Convertible bonds	121,182	–	121,182
Total	121,182	306,507	427,689

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42. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

31 December 2022

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Loans receivable	–	202,037	202,037
Accounts receivable	–	40,997	40,997
Financial assets included in prepayments, deposits and other receivables	–	274,981	274,981
Financial assets at fair value through profit or loss	1,415,199	–	1,415,199
Cash and cash equivalents	–	81,316	81,316
Total	1,415,199	599,331	2,014,530

Financial liabilities

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Accounts payable	–	108,280	108,280
Financial liabilities included in other payables and accruals	–	92,409	92,409
Interest-bearing bank borrowings	–	88,176	88,176
Lease liabilities	–	59,900	59,900
Convertible bonds	176,218	–	176,218
Contingent consideration payable	–	–	–
Total	176,218	348,765	524,983

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, the current portion of loans receivable, financial assets included in prepayments, deposits and other receivables, accounts payable, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed equity investments are based on quoted market prices. The following methods and assumptions were used to estimate the fair values of the Group's other financial instruments.

The fair values of the non-current portions of loans receivable, financial assets included in deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of the reporting period were assessed to be insignificant. In the opinion of the directors, the fair values of these financial instruments reasonably approximate to their carrying amounts.

The fair values of the preferred shares included in unlisted investments have been determined by equity value allocation method with option pricing model or scenario analysis. The underlying equity values have been determined based on market-based approach, such as certain earnings multiples, or income approach, such as discounted cash flows.

The fair values of the convertible bonds have been determined using the Hull's binomial tree model, which incorporates the interest rate curves and the price evolution of the Company's shares over the validity period of the convertible bonds.

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Valuation techniques	Significant unobservable inputs	Percentage or ratio	Sensitivity of fair value to the input
Unlisted investments — Preferred shares	Equity value allocation method	Risk-free rate	4.92% (2022: 4.60% to 4.67%)	HK$1,158,000 (2022: 1 percentage point increase in risk-free rate would result in decrease in fair value by HK$651,000)
		Volatility	45.02% to 55.08% (2022: 61.78% to 65.87%)	HK$17,553,000 (2022: 10% increase in volatility would result in decrease in fair value by HK$10,118,000)
Convertible bonds	Hull's binomial tree model	Risk-free rate	0.18% to 1.03% (2022: 4.17% to 4.18%)	HK$269,000 (2022: 1 percentage point increase in risk-free rate would result in decrease in fair value by HK$2,418,000)
		Bond yield	10.08% to 10.92% (2022: 9.91% to 9.92%)	HK$269,000 (2022: 1 percentage point increase in bond yield would result in decrease in fair value by HK$2,495,000)
		Volatility	106.51% to 173.65% (2022: 72.13% to 72.90%)	HK$6,000 (2022: 10% increase in volatility would result in increase in fair value by HK$4,093,000)

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss (before share of loss of an associate)	**42,406**	**–**	**1,492,588**	**1,534,994**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss (before share of loss of an associate)	42,406	–	1,419,897	1,462,303

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (fifteen months ended 31 December 2022: Nil).

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Convertible bonds	**–**	**–**	**121,182**	**121,182**

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Convertible bonds	–	–	176,218	176,218
Contingent considerable payable	–	–	–	–
Total	–	–	176,218	176,218

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial liabilities (fifteen months ended 31 December 2022: Nil).

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The movements in fair value measurements within Level 3 during the year/period are as follows:

	Assets		Liabilities	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
At beginning of year/period	**1,419,897**	1,003,844	**(176,218)**	(796,342)
Net gain/(loss) recognised in the consolidated statement of profit or loss	**72,691**	423,749	**(6,506)**	247,783
Reclassification to interest in an associate upon exercise of a call option	**–**	(7,696)	**–**	–
Issue of convertible bonds	**–**	–	**–**	(163,800)
Payments	**–**	–	**61,542**	14,742
Issue of consideration shares	**–**	–	**–**	521,399
At end of year/period	**1,492,588**	1,419,897	**(121,182)**	(176,218)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, convertible bonds, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, which mainly arise directly from its operations or its investing activities.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

For RMB and JPY floating-rate bank borrowings, a 100 basis point increase/decrease in interest rates at 31 December 2023, with all other variables held constant, would have decreased/increased the Group's loss before tax for the year by approximately HK$164,000 (fifteen months ended 31 December 2022: increased/decreased the Group's profit before tax by HK$620,000) and HK$213,000 (fifteen months ended 31 December 2022: increased/decreased the Group's profit before tax by HK$261,000), respectively.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group currently does not have a foreign currency policy to hedge its currency exposure arising from the net assets of the Group's foreign operations.

The Group also has transactional currency exposures mainly arising from sales or purchases by operating units in currencies other than the units' functional currencies. The currency giving rise to this risk is primarily EUR. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (arising from EUR denominated financial instruments).

	Increase/ (decrease) in EUR rate %	**Decrease/ (increase) in loss before tax HK$'000**
31 December 2023		
If the Hong Kong dollar weakens against the EUR	**5**	**124**
If the Hong Kong dollar strengthens against the EUR	**(5)**	**(124)**

	Increase/ (decrease) in EUR rate %	Decrease/ (increase) in profit before tax HK$'000
31 December 2022		
If the Hong Kong dollar weakens against the EUR	5	524
If the Hong Kong dollar strengthens against the EUR	(5)	(524)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group mainly transacts on credit with creditworthy customers. Receivable balances are monitored on an on-going basis. In respect of loans receivable, individual credit evaluations are performed on borrowers. These evaluations take into account information specific to the borrowers such as the result of the borrowers' credit assessment performed by independent credit management service agents, their financial condition and the Group's past experience with the borrowers. Certain of these loans receivable are secured by certain assets of the respective borrowers or personal guarantees. The Group assesses the quality of collaterals by assessing the financial condition of the guarantors, the validity and value of the collaterals, if applicable.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Loans receivable					
— Normal**	217,565	–	–	–	217,565
Accounts receivable*	–	–	–	3,020	3,020
Financial assets included in prepayments, deposits and other receivables					
— Normal**	178,242	408,000	–	–	586,242
Cash and cash equivalents					
— Not yet past due	64,289	–	–	–	64,289
Total	460,096	408,000	–	3,020	871,116

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44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Loans receivable					
— Normal**	207,054	–	–	–	207,054
— Doubtful**	–	–	5,641	–	5,641
Accounts receivable*	–	–	–	41,904	41,904
Financial assets included in prepayments, deposits and other receivables					
— Normal**	274,981	–	–	–	274,981
Cash and cash equivalents					
— Not yet past due	81,316	–	–	–	81,316
Total	563,351	–	5,641	41,904	610,896

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 26 to the financial statements.

** The credit quality of loans receivable and the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in note 26 to the financial statements.

At the end of the reporting period, the Group had certain concentrations of credit risk in relation to accounts receivable as 82% (2022: 70%) and 99% (2022: 99%) of the Group's accounts receivable were due from its largest trade debtor and five largest trade debtors, respectively.

At the end of the reporting period, the Group had certain concentrations of credit risk in relation to loans receivable as 34% (2022: 40%) and 90% (2022: 99%) of the Group's loans receivable were due from its largest borrower and five largest borrowers, respectively.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of investment securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments and unlisted investments included in financial assets at fair value through profit or loss (note 22) as at 31 December 2023. The Group's listed equity investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a 10% change in the fair values of the investment securities, with all other variables held constant, of the Group's profit/loss before tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount HK$'000	Change in profit/loss before tax HK$'000
31 December 2023		
Equity investments listed in Hong Kong	**42,406**	**4,241**
Unlisted investments	**1,492,588**	**149,259**
31 December 2022		
Equity investments listed in Hong Kong	42,406	4,241
Unlisted investments	1,419,897	141,990

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to ensure there are adequate funds to meet its contractual payments for financial liabilities in the short and longer terms. In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2023			
	On demand/ less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Accounts payable	**101,379**	**–**	**–**	**101,379**
Financial liabilities included in other payables and accruals	**164,543**	**–**	**–**	**164,543**
Interest-bearing bank borrowings	**25,877**	**4,288**	**15,679**	**45,844**
Convertible bonds	**123,820**	**–**	**–**	**123,820**
Lease liabilities	**2,796**	**79**	**–**	**2,875**
Total	**418,415**	**4,367**	**15,679**	**438,461**

	31 December 2022			
	On demand/ less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts payable	108,280	–	–	108,280
Financial liabilities included in other payables and accruals	92,409	–	–	92,409
Interest-bearing bank borrowings	76,183	4,613	16,866	97,662
Convertible bonds	14,742	178,542	–	193,284
Lease liabilities	17,599	44,994	414	63,007
Total	309,213	228,149	17,280	554,642

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023 and the fifteen months ended 31 December 2022.

The Group monitors capital using a gearing ratio, which is calculated by dividing total debts, which comprise interest-bearing bank borrowings and convertible bonds, by total equity. As at 31 December 2023, the Group's gearing ratio was 4.8% (2022: 6.2%).

45. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 January 2024, the Company entered into a subscription agreement with Ruby Charm Investment Limited ("Ruby Charm"), pursuant to which Ruby Charm has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 96,130,985 Shares at the subscription price of HK$0.51 per Share (the "2024 January Subscription"). The completion of the 2024 January Subscription took place on 24 January 2024 and a total number of 96,130,985 Shares were allotted and issued to Ruby Charm. Further details of the 2024 January Subscription are set out in the announcements of the Company dated 15 January 2024 and 24 January 2024.

(b) On 15 March 2024, the Company entered into a subscription agreement with each of Ruby Charm, Atlantis Multi-Strategy Capital VCC (on behalf of MPW Index Supreme Investment Fund), Walong Holdings Limited, Talent Frontier Limited, Vivaldi International Limited, Ocean Dynasty Investments Limited, Goldrank Limited, Sino-Alliance International, Ltd. and Top Laurels Limited (collectively the "Subscribers") respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 445,652,177 Shares (the "Subscription Shares") at the subscription price of HK$0.46 per Share (the "2024 March Subscription").

As the ultimate beneficial owner of Ruby Charm, Mr. Ho King Man, Justin, is a substantial shareholder and hence a connected person of the Company, the subscription agreement entered into between the Company and Ruby Charm and the transactions contemplated thereunder constituted a connected transaction of the Company and shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The completion of the 2024 March Subscription is conditional upon, among others, the passing by the shareholders at the special general meeting (the "SGM") all resolutions as may be required under the Listing Rules, the Bye-laws of the Company and/or any other applicable laws and regulations including, without limitation, resolutions approving the issue and allotment by the Company of the Subscription Shares and the transactions thereby contemplated.

The Subscription Shares will be allotted and issued under the specific mandate which will be sought from the independent shareholders of the Company at the SGM. Further details of the 2024 March Subscription are set out in the announcements of the Company dated 15 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 **HK$'000**	2022 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,623**	4,447
Right-of-use assets	**2,282**	5,834
Investments in subsidiaries	**1,599,186**	2,331,746
Financial assets at fair value through profit or loss	**197,879**	197,335
Deposits	**–**	2,378
Deferred tax assets	**45**	–
Total non-current assets	**1,802,015**	2,541,740
CURRENT ASSETS		
Prepayments, deposits and other receivables	**134,430**	131,631
Due from subsidiaries	**1,506,521**	1,991,312
Cash and cash equivalents	**5,477**	12,685
	1,646,428	2,135,628
Investment in a subsidiary classified as held for sale	**–**	263,100
Total current assets	**1,646,428**	2,398,728
CURRENT LIABILITIES		
Due to a subsidiary	**189,429**	500,214
Other payables and accruals	**16,982**	7,600
Lease liabilities	**2,662**	1,347
Convertible bonds	**121,182**	176,218
Total current liabilities	**330,255**	685,379
NET CURRENT ASSETS	**1,316,173**	1,713,349
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,118,188**	4,255,089
NON-CURRENT LIABILITIES		
Lease liabilities	**–**	4,942
Total non-current liabilities	**–**	4,942
Net assets	**3,118,188**	4,250,147
EQUITY		
Issued capital	**4,807**	961,310
Reserves (note)	**3,113,381**	3,288,837
Total equity	**3,118,188**	4,250,147

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000 Note (i)	Treasury share HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 October 2021	6,266,272	–	–	181,533	(3,769,159)	2,678,646
Profit and total comprehensive income for the period	–	–	–	–	218,147	218,147
Issue of shares	355,875	–	–	–	–	355,875
Share repurchased	–	(8,002)	–	–	–	(8,002)
Cancellation of repurchased shares	(5,509)	8,002	–	–	–	2,493
Equity-settled share option arrangements	–	–	–	41,678	–	41,678
Transfer of share option reserve upon the forfeiture of share options	–	–	–	(51,817)	51,817	–
At 31 December 2022 and at 1 January 2023	**6,616,638**	**–**	**–**	**171,394**	**(3,499,195)**	**3,288,837**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(1,131,959)**	**(1,131,959)**
Capital reduction	**–**	**–**	**956,503**	**–**	**–**	**956,503**
Cancellation of share premium account	**(6,616,638)**	**–**	**6,616,638**	**–**	**–**	**–**
Transfer of share option reserve upon the forfeiture of share options	**–**	**–**	**–**	**(1,729)**	**1,729**	**–**
At 31 December 2023	**–**	**–**	**7,573,141**	**169,665**	**(4,629,425)**	**3,113,381**

Note:

(i) In accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

The share premium account of the Company includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from new share issues; (iii) the premium arising from a capitalisation issue; and (iv) the premium arising from issue of shares upon the exercise of share options.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

31 December 2023

INVESTMENT PROPERTIES

Properties	Attributable interest of the Group	Ownership	Tenure	Existing use
Shop No. 277–279, Block D of 3, Zone B, Phase 1 of Huaqiang City Garden, Fuyong Jiedao, Bao'an District, Shenzhen City, Guangdong Province, the PRC	100%	Leasehold	Long term lease	Leased