

## **Supplemental Listing Document**

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

**8,000,000 European Style Cash Settled Long Certificates relating to  
the ordinary shares of Sunny Optical Technology (Group) Company Limited  
with a Daily Leverage of 5x**

**UBS AG**

**(Incorporated with limited liability in Switzerland)**

**acting through its London Branch**

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**Issue Price: S\$0.55 per Certificate**

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This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by UBS AG (the “**Issuer**”) acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2021 (the “**Base Listing Document**”), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer and/or any of

its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 15 June 2022.

As at the date hereof, the Issuer's long term credit rating by Standard & Poor's Credit Market Services Europe Limited is A+, by Moody's Deutschland GmbH is Aa3 and by Fitch Ratings Limited is AA-.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

14 June 2022

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<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

**Table of Contents**

	<i>Page</i>
<b>Risk Factors</b>	<b>5</b>
<b>Terms and Conditions of the Certificates</b>	<b>11</b>
<b>Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities</b>	<b>21</b>
<b>Summary of the Issue</b>	<b>32</b>
<b>Information relating to the European Style Cash Settled Long Certificates on Single Equities</b>	<b>34</b>
<b>Information relating to the Company</b>	<b>49</b>
<b>Information relating to the Designated Market Maker</b>	<b>50</b>
<b>Placing and Sale</b>	<b>52</b>
<b>Supplemental Information relating to the Issuer</b>	<b>57</b>
<b>Supplemental General Information</b>	<b>58</b>
<b>Appendix I</b>	
<b>Appendix II</b>	
<b>Appendix III</b>	

## RISK FACTORS

The following risk factors are relevant to the Certificates:-

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;
- (e) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;
- (f) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

- (g) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (h) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;
- (i) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (j) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;
- (k) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);
- (n) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;
- (o) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (p) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

- (q) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (r) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (s) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 42 to 43 of this document for more information;
- (t) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 29 to 30 of this document for more information;
- (u) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;
- (v) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (w) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not

possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;

- (x) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;
- (y) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (z) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;



- (aa) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;
- (bb) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences;
- (cc) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-
- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
  - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
  - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
  - (iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (dd) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally
- Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) ("**IBOR**") and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark; and
- (ee) Specifically, the reform of HIBOR may adversely affect the value of the Certificates
- The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.*

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	8,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sunny Optical Technology (Group) Company Limited (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”)
ISIN:	CH1169124018
Company:	Sunny Optical Technology (Group) Company Limited (RIC: 2382.HK)
Underlying Price <sup>3</sup> and Source:	HK\$114.70 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.55
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	6.90%, is a hedging cost against extreme market movements overnight.
Funding Cost <sup>6</sup> :	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	7 June 2022
Closing Date:	14 June 2022

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 14 June 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 14 June 2022.

<sup>4</sup> Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

<sup>5</sup> Please note that the Gap Premium is calculated on a 360-day basis.

<sup>6</sup> These costs are embedded within the Leverage Strategy.

Expected Listing Date:	15 June 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 April 2025
Expiry Date:	30 April 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 April 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of <math>(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))</math>, where:</p> <p>“t” refers to “<b>Observation Date</b>” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and</p>

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and  
 ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 34 to 48 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 15 to 20 below.

Initial Exchange Rate<sup>3</sup>: 0.1770393442

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying

Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Air Bag Mechanism" section on pages 19 to 20 below and the "Description of Air Bag Mechanism" section on pages 40 to 41 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar (" <b>HKD</b> ")
Settlement Currency:	Singapore Dollar (" <b>SGD</b> ")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (" <b>SGX-ST</b> ")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	A " <b>Business Day</b> " is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.  An " <b>Exchange Business Day</b> " is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited (" <b>CDP</b> ")

Clearing System: CDP

Fees and Charges: Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information: Please refer to the website at <http://dlc.ubs.com> for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

In addition, the Conditions have been modified as follows:

1. Condition 1(a)(i) is deleted and replaced with the following:
  - “(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 7 January 2022, made by UBS AG (the "**Issuer**") acting through its London Branch; and”
2. All references to “Instrument” appearing therein are deleted and substituted with the word “Master Instrument”.

### **Specific Definitions relating to the Leverage Strategy**

#### **Description of the Leverage Strategy**

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

**Leverage Strategy Formula**

**LSL<sub>t</sub>** means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time (1):

$$LSL_1 = 1000$$

On each subsequent Leverage Reset Time (t):

$$LSL_t = \text{Max}\left[LSL_{r(t)} \times \left(1 + LR_{r(t),t} - FC_{r(t),t} - RC_{r(t),t}\right), 0\right]$$

**Leverage Reset Time (t)**

means

- 1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and
- 2) end of any Intraday Restrike Event Observation Period.

Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.

**Leverage Reset Time r(t)**

means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).

**LR<sub>r(t),t</sub>**

means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right)$$

**FC<sub>r(t),t</sub>**

means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$FC_{r(t),t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{r(t)} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$$

Otherwise,  $FC_{r(t),t} = 0$

**RC<sub>r(t),t</sub>**

means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

$$RC_{r(t),t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left| \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right| \right) \times \text{TC}$$



**TC** means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to :

0.13%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

**Leverage** 5

**S<sub>t</sub>** means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:

If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

S<sub>t</sub> is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

S<sub>t</sub> is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.

**Rfactor<sub>t</sub>** means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:

If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\text{Rfactor}_t = 1 - \frac{\text{Div}_t}{S_{r(t)}}$$

Otherwise,

$$\text{Rfactor}_t = 1$$

Where

Div<sub>t</sub> is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.

**Rate<sub>t</sub>** means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula:

$$\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$$

**CashRate<sub>t</sub>** means, in respect of the Observation Date of the Leverage Reset Time (t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

**%SpreadLevel<sub>t</sub>** means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel<sub>t</sub>** should be 0%.

**Benchmark Event** means:

- (a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or
- (c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to

restrictions or adverse consequences, either generally or in respect of the Certificates; or

- (e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

**ACT(r(t),t)**

ACT(r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

**DayCountBasisRate** 365

**Air Bag Mechanism**

**Intraday Restrike Event** means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of  $S_{r(t)} \times R_{factor_t}$  where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

**Calculation Time**

means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

**TimeReferenceOpening**

means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**TimeReferenceClosing**

means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**Intraday Restrike Event  
Observation Period**

means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2)

the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

**Intraday Restrike Event Time** means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

## TERMS AND CONDITIONS OF

### THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

#### 1. Form, Status, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) an instrument by way of deed poll (the "**Instrument**") dated the Closing Date, made by UBS AG (the "**Issuer**") acting through its London Branch; and
  - (ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status.* The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.
- (c) *Transfer.* The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

## 2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.
- (c) *No Rights.* The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

### 3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

### 4. **Exercise of Certificates**

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "*Potential Adjustment Event*" means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the



Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

- (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger

Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.
- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without

considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Certificate Holders; Modification**

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## 9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## 10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

## 12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

## 13. Early Termination

- (a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct

or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

**"Change in Law"** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).
- (c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

#### **14. Governing Law**

The Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

#### **15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

**16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore**

Unless otherwise expressly provided in the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## SUMMARY OF THE ISSUE

*The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

Issuer:	UBS AG acting through its London Branch
Company:	Sunny Optical Technology (Group) Company Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	8,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 7 January 2022 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the “ <b>Master Warrant Agent Agreement</b> ”) and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:  Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates



- Transfers of Certificates:** Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing:** Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 15 June 2022.
- Governing Law:** The laws of Singapore
- Warrant Agent:** The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues:** Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

**INFORMATION RELATING TO  
THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES**

**What are European Style Cash Settled Long Certificates on Single Equities?**

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

**A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry**

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

**B) Trading the Certificates before Expiry**

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost.

**Illustration of the Calculation of Hedging Fee Factor**

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><b>Daily Management Fee Adjustment</b></td> </tr> <tr> <td style="text-align: center;">1 – Management Fee x ACT (t-1;t) / 360</td> </tr> </table>	<b>Daily Management Fee Adjustment</b>	1 – Management Fee x ACT (t-1;t) / 360
		<b>Daily Management Fee Adjustment</b>		
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<b>Daily Gap Premium Adjustment</b>				
1 – Gap Premium (t-1) x ACT (t-1;t) / 360				

**Illustration of the Calculation of Cash Settlement Amount**

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">t<sup>7</sup>=0</td> </tr> <tr> <td style="text-align: center;">Notional Amount</td> </tr> </table>	t <sup>7</sup> =0	Notional Amount	x	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">t=1</td> </tr> <tr> <td style="text-align: center;">Leverage Strategy daily performance<sup>8</sup> x Daily Fees</td> </tr> </table>	t=1	Leverage Strategy daily performance <sup>8</sup> x Daily Fees	x	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">t=2</td> </tr> <tr> <td style="text-align: center;">Leverage Strategy daily performance x Daily Fees</td> </tr> </table>	t=2	Leverage Strategy daily performance x Daily Fees	x ...	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">t=i</td> </tr> <tr> <td style="text-align: center;">Leverage Strategy Daily performance x Daily Fees</td> </tr> </table>	t=i	Leverage Strategy Daily performance x Daily Fees
t <sup>7</sup> =0																
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t=0												
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Leverage Strategy daily performance x Leverage Strategy daily performance												
<b>Product of the Daily Fees (Hedging Fee Factor)</b>												
Daily Fees x Daily Fees												

Final Value of Certificates	=	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">t=0</td> </tr> <tr> <td style="text-align: center;">Notional Amount</td> </tr> </table>	t=0	Notional Amount	x	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Final Reference Level x Final Exchange Rate</td> </tr> <tr> <td style="text-align: center;">÷</td> </tr> <tr> <td style="text-align: center;">Initial Reference Level x Initial Exchange Rate</td> </tr> </table>	Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate	x	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Hedging Fee Factor</td> </tr> </table>	Hedging Fee Factor
t=0												
Notional Amount												
Final Reference Level x Final Exchange Rate												
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Initial Reference Level x Initial Exchange Rate												
Hedging Fee Factor												

**Illustration of the applicable fees and charges for an intraday trading scenario**

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

<sup>7</sup> "t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

### Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

*The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.*

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	<b>Ordinary shares of Sunny Optical Technology (Group) Company Limited</b>
Expected Listing Date:	<b>01/02/2021</b>
Expiry Date:	<b>16/02/2021</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>0.55 SGD</b>
Notional Amount per Certificate:	<b>0.55 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>6.90%</b>
Strike Level:	<b>Zero</b>

### Hedging Fee Factor

Hedging Fee Factor on the  $n^{\text{th}}$  Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.90\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9808\% \approx 99.9797\%$$

Assuming 2<sup>nd</sup> Underlying Stock Business Day falls 3 Calendar Days after 1<sup>st</sup> Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.90\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9797\% \times 99.9967\% \times 99.9425\% \approx 99.9189\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n-1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6962% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9797%
2/3/2021	99.9594%
2/4/2021	99.9392%
2/5/2021	99.9189%
2/8/2021	99.8581%
2/9/2021	99.8379%
2/10/2021	99.8176%
2/11/2021	99.7974%
2/12/2021	99.7772%
2/15/2021	99.7165%
2/16/2021	99.6962%

### Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6962\%$$

$$= 119.64\%$$

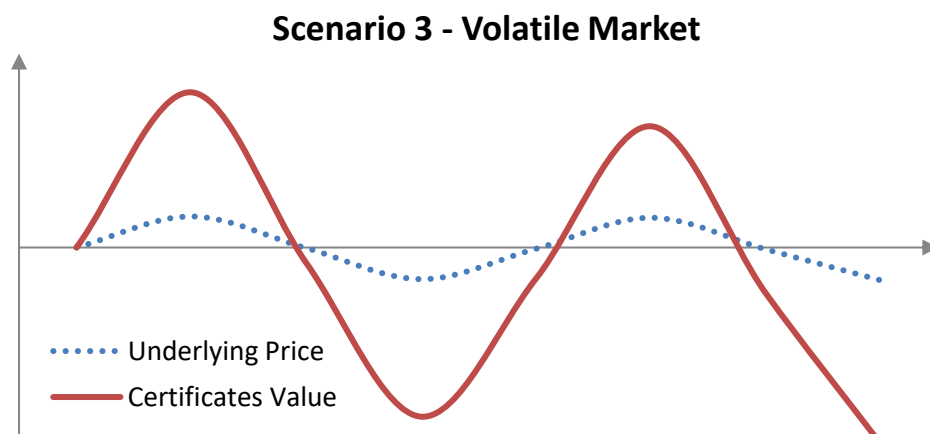
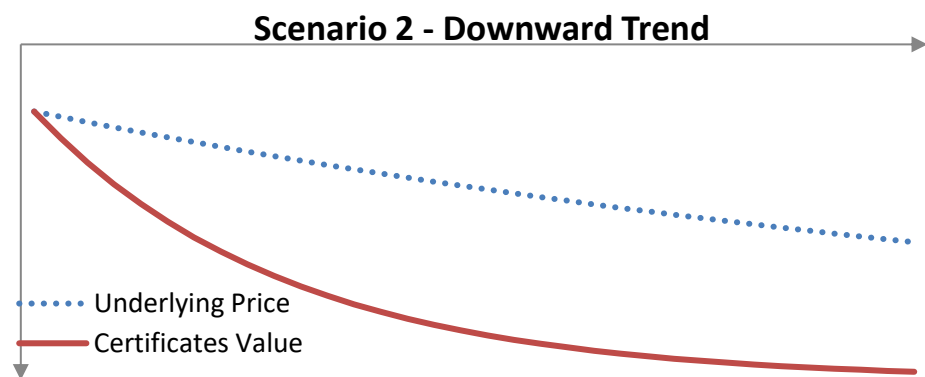
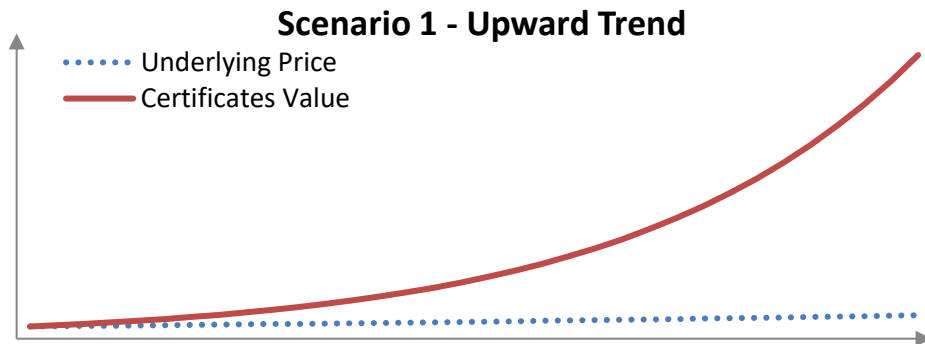
Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.64\% \times 0.55 \text{ SGD}$$

$$= 0.658 \text{ SGD}$$

**Illustration on how returns and losses can occur under different scenarios**

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

## 2. Numerical Examples

**Scenario 1 – Upward Trend**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.55	0.61	0.67	0.73	0.81	0.89
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

**Scenario 2 – Downward Trend**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.55	0.50	0.45	0.40	0.36	0.32
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

**Scenario 3 – Volatile Market**

<b>Underlying</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

<b>Value of the Certificates</b>						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	-10.00%	-10.00%	10.00%	10.00%
Price at end of day	0.55	0.61	0.54	0.49	0.54	0.59
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

### Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and
- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for **at least** 30 minutes of continuous trading after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period. The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST’s requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

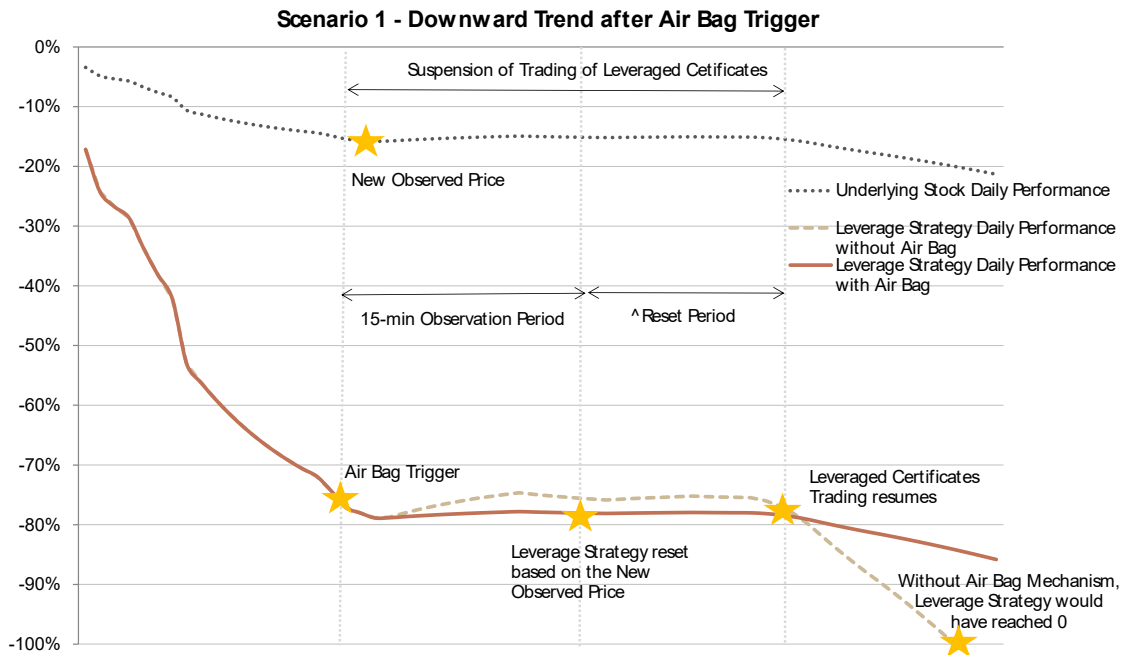
For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST’s approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

With **Market Close** defined as:

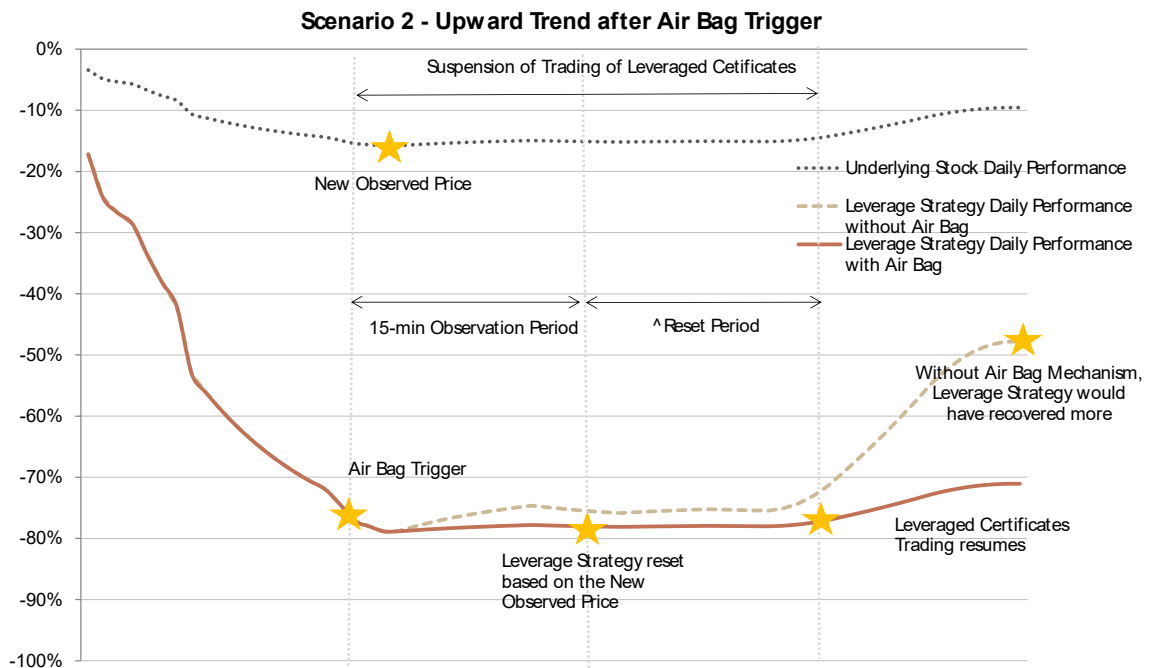
- Underlying Stock closing time with respect to the Observation Period including the closing auction session
- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading



Illustrative examples of the Air Bag Mechanism<sup>9</sup>



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

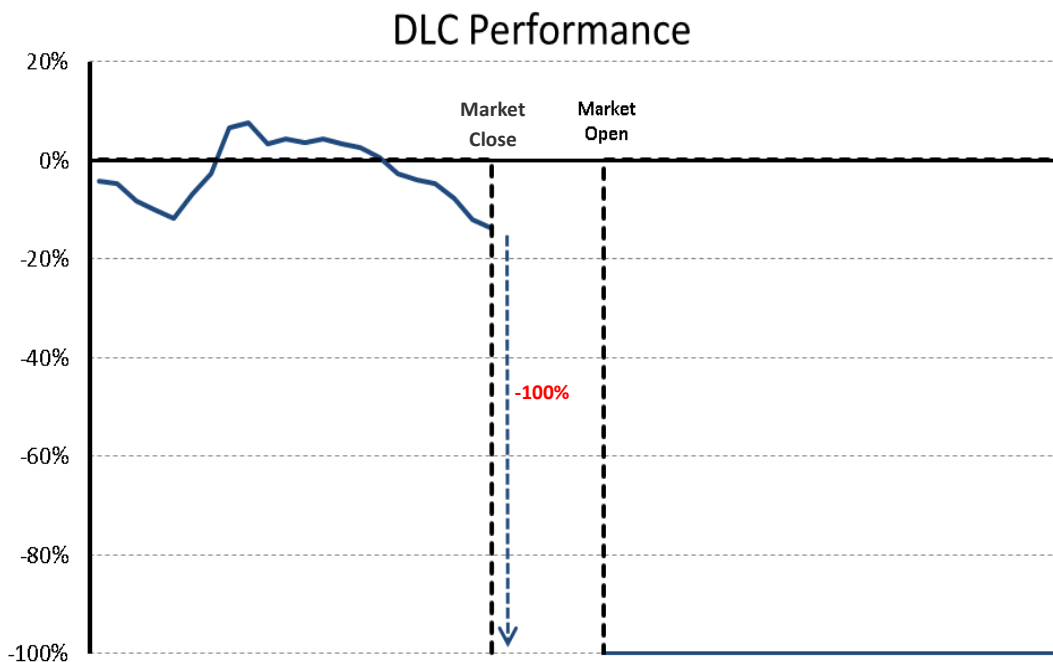
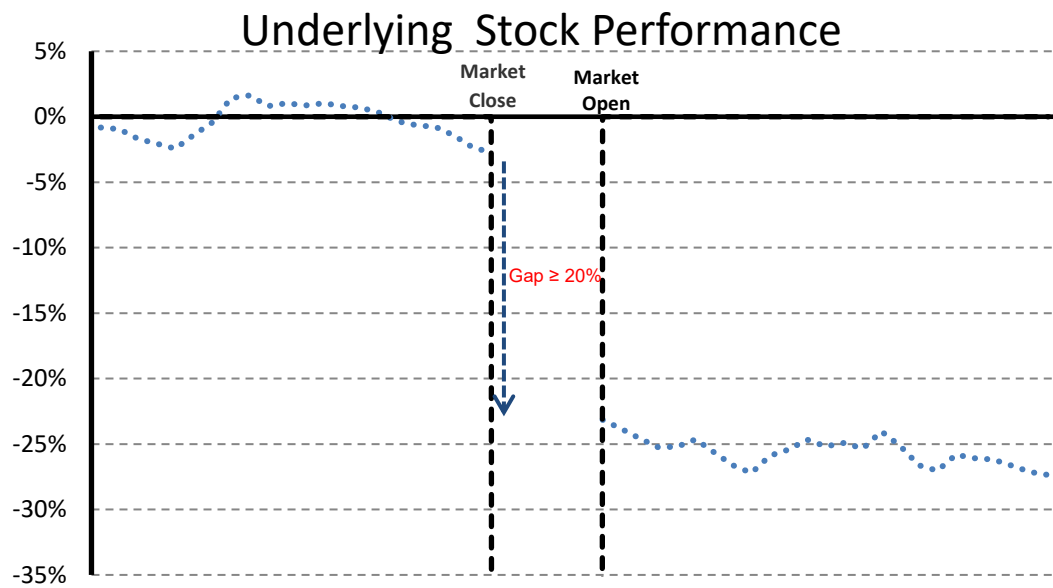
<sup>9</sup> The illustrative examples are not exhaustive.

### Scenarios where the investor may lose the entire value of the investment

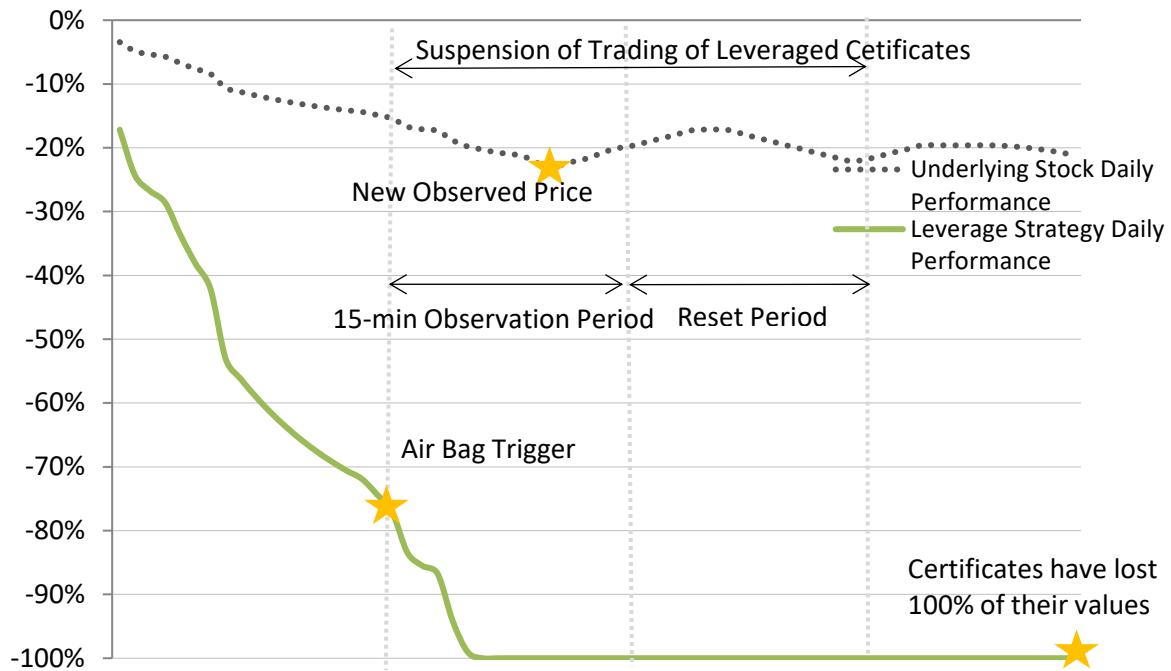
The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

#### Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.



Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



## Examples and illustrations of adjustments due to certain corporate actions

*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.*

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time (t), is an ex-date with respect to a corporate action related to the Underlying Stock and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the  $Rfactor_t$  with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[ 1 - \frac{Div_t + DivExc_t - M \times R}{S_{r(t)}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of  $Rfactor_t$  would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$  is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

**M** is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

**R** is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

### 1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{r(t)} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$\text{DivExc}_t = \$0$$

$M = 1$  (i.e. 1 new Shares for 1 existing Share)

$R = \$0$  (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.55	0.605	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

## 2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{r(t)} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$M = -0.5$  (i.e. 0.5 Shares canceled for each 1 existing Share)

$R = \$0$  (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.55	0.5775	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

### 3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.55	0.6875	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

#### 4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{r(t)} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

$S_{r(t)}$	$S_{t(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.55	0.605	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

#### 5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{r(t)} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[ 1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{r(t)}$	$S_{r(t)} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.55	0.6875	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.



## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <http://www.sunnyoptical.com/en/default.html>. The Issuer has not independently verified any of such information.*

Sunny Optical Technology (Group) Company Limited (the “**Company**”) (SEHK stock code: 2382) is a leading company in integrated optical device manufacturers and an optical imaging system solution provider. The Company went public in 2007 and is listed on the Main Board of the Hong Kong Stock Exchange.

The Company has strong capabilities in R&D and manufacturing. With great reputation among its customers worldwide, the company has extended its market in forty countries and regions and has become the most important supplier to many Tier 1 customers domestically and internationally. The company has also gained significant global market share in compact module camera, lens sets for mobile devices and automotive lenses.

The Company has five production sites in Yangtze River Delta, Pearl River Delta, Bohai Bay and Central Plain Areas, respectively. There are also R&D center and local customer support offices in North America, Japan, South Korea, Singapore, and Taiwan.

The Company is one of a few enterprises inside China that have first-class design capability and mass production capacity for integrated products combining optics, mechanics electronics and software technology. Therefore, it has established its leadership in special coating technology in lens production, aspherical optics auto-focus and zooming, development in chalcogenide glass material, embedded software, 3D scanning and imaging, 3D ultra-precision vibration measuring, trace element analysis, ultra-high pixel camera modules design and manufacturing.

Supported by its high ranking in optoelectronic industry, the Company also promotes its “Famous Co-Star” strategy with commitment to achieve high tech, high value and high efficiency. Now it is focus on transformation and upgrading production, profit and operation models in order to advance its production base with advantages in value, system integration and brand name.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 22 April 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker (“DMM”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and  
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (x) if the stock market experiences exceptional price movement and volatility;

- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX is not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

## PLACING AND SALE

### General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

### United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

## United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

## Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

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

## PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each member state of the European Economic

Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

### **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

### **Hong Kong**

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the

purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.



**SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER**

The information set out in Appendix II of this document relates to the recent developments in the Issuer's business.

The information set out in Appendix III of this document is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the first quarter ended 31 March 2022.

For more information on the Issuer, please see <http://www.ubs.com/>.

Queries regarding the Certificates may be directed to +852 2971 6668 or [OL-HKWarrants@ubs.com](mailto:OL-HKWarrants@ubs.com).

**SUPPLEMENTAL GENERAL INFORMATION**

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 281 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.
2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.
3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2022.
6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:
  - (a) the Master Instrument; and
  - (b) the Master Warrant Agent Agreement.

None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:
  - (a) the articles of association of the Issuer;

- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the Base Listing Document; and
- (d) this document.

**APPENDIX I**

**REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 OF  
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED AND ITS SUBSIDIARIES**

**Deloitte.**

**德勤**

TO THE SHAREHOLDERS OF  
**SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

致  
舜宇光學科技(集團)有限公司全體股東  
*(於開曼群島註冊成立的有限公司)*

## Opinion

We have audited the consolidated financial statements of Sunny Optical Technology (Group) Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 135 to 306, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for Opinion

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

## Key Audit Matters

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

## 意見

我們已審核載於第135至306頁舜宇光學科技(集團)有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)的綜合財務報表，包括於二零二一年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「**香港會計師公會**」)頒佈的《香港財務報告準則》(「**香港財務報告準則**」)真實公允地反映 貴集團於二零二一年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露要求妥為編製。

## 意見的基礎

我們根據香港會計師公會頒佈的香港核數準則(「**香港核數準則**」)進行審核工作。根據該等準則，我們的責任於本報告「核數師就審核綜合財務報表的責任」一節中進一步詳述。根據香港會計師公會頒佈的《專業會計師道德守則》(「**守則**」)，我們獨立於 貴集團，並已遵循該《守則》履行其他道德責任。我們認為，我們所獲得的審核憑證屬充分及恰當，可為我們的意見提供基準。

## 關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核本期綜合財務報表中最重要的事項。我們在審核綜合財務報表及就此形成意見時處理該等事項，而不會就該等事項單獨發表意見。

# Independent Auditor's Report

## 獨立核數師報告

### Key audit matter 關鍵審核事項

### How our audit addressed the key audit matter 核數師如何處理關鍵審核事項

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

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit loss ("ECL") of the Group's trade receivables at the end of the reporting period.

基於貿易應收款項對 貴集團合併財務狀況的重要性，以及在報告期末評估 貴集團貿易應收款項的預期信貸虧損（「預期信貸虧損」）時涉及主觀判斷和管理層估計的緣故，我們將貿易應收款項的減值評估確定為一項關鍵審計事項。

As at 31 December 2021, the Group's net trade receivables amounted to RMB5,634,652,000, which represented approximately 14.5% of total assets of the Group. Details of trade receivables are set out in Note 25 to the consolidated financial statements.

於二零二一年十二月三十一日，貴集團的貿易應收款項淨額為人民幣5,634,652,000元，約佔 貴集團總資產的約14.5%。貿易應收款項的詳情載於綜合財務報表附註25。

As disclosed in Note 36(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. In addition, trade receivables that are credit impaired are assessed for ECL individually.

如綜合財務報表附註36(b)所披露，貴集團管理層通過對具有類似損失模式的各種債務人進行分組，利用減值矩陣模型估計貿易應收款項整個存續期的預期信貸虧損。預估的損失率乃基於 貴集團歷史觀察到債務人於預期壽命間的違約率及前瞻性資訊。另外，對於信貸減值的貿易應收款項個別評估其預期信貸虧損。

Our procedures in relation to impairment assessment of trade receivables included:

我們對貿易應收款項的減值評估的相關程式如下：

- Understanding the internal controls related to providing allowance under ECL model;
- 瞭解與預期信貸虧損模式下的撥備相關的內部監控；
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2021, on a sample basis, by comparing individual items in the analysis with supporting documents;
- 測試管理層用於建立減值矩陣模型所使用到的資訊的完整性，包括通過分析比較單個項目相關的支持文件，對二零二一年十二月三十一日的貿易應收款項進行賬齡分析抽樣測試；
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2021, including their identification of credit impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); and
- 質疑管理層在確定二零二一年十二月三十一日的貿易應收款項信貸虧損撥備的依據和判斷，包括管理層對信用減值的貿易應收款項的識別，對其他貿易應收款項在減值矩陣模型中分出不同組別的合理性，以及矩陣中各組適用的預計損失率的依據（參考歷史違約率 and 前瞻性資訊）；及
- Evaluating the disclosures regarding the impairment assessment of trade receivables in Notes 25 and 36(b) to the consolidated financial statements.
- 評估綜合財務報表附註25和36(b)中有關貿易應收款項減值評估的披露。

# Independent Auditor's Report

## 獨立核數師報告

### Other Information

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

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

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

### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### 其他資料

貴公司董事負責其他資料。其他資料包括年報中載列的資料，但不包括綜合財務報表及核數師報告。

我們就綜合財務報表的意見並未包含其他資料且我們並不就其他資料表達任何形式的確定性結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他資料，並在閱讀過程中考慮其他資料是否與綜合財務報表或我們於審計中得知的情況存在重大不符，或者似乎有重大錯誤陳述。倘基於我們所作工作，我們斷定倘其他資料存在重大錯誤陳述，則我們須匯報該事實。就此而言，我們並無須匯報的內容。

### 董事責任及綜合財務報表負責管治人員的責任

貴公司董事負責遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製呈列真實及公允意見的綜合財務報表，以及董事認為為必要的內部監控，使綜合財務報表的編製並無由於欺詐或錯誤導致的重大錯誤陳述。

於編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，披露有關持續經營事項（如適用）及採用持續經營會計基準，除非董事擬對 貴集團進行清算或終止經營，或別無他法而只能如此。

負責管治的人士負責監督 貴集團財務報告程序。

# Independent Auditor's Report

## 獨立核數師報告

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

### 核數師審計綜合財務報表的責任

我們的目的為就綜合財務報表總體上是否不存在重大錯誤陳述（不論其由欺詐或錯誤引起）提供合理保證，並按照我們協定的委聘條款向閣下（作為一個團體）發出一份包括我們的意見在內的核數師報告，除此之外，並無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。儘管合理保證為高層次保證，但並不能保證根據香港會計準則實施的審計總能檢查出實際存在的重大錯誤陳述。重大錯誤陳述可由欺詐或錯誤引起，且倘合理預期該錯誤陳述（個別或整體）影響綜合財務報表使用者的經濟決策，則被視為重大錯誤陳述。

作為根據香港會計準則進行審計的一部分，我們於整個審計過程中作出專業判斷並保持專業的懷疑態度。我們亦：

- 識別及評估綜合財務報表的重大錯誤陳述的風險（不論其由欺詐或錯誤引起），設計及實施審計程序以應對該等風險，並取得充分及恰當的審計憑證作為我們意見的依據。未能發現欺詐所導致的重大錯誤陳述的風險大於由於錯誤引起重大錯誤陳述的風險，原因是欺詐可能會涉及勾結、偽造、故意遺漏、不實陳述或凌駕於內部控制之上。
- 了解與審計相關的內部控制以設計恰當的審計程序，但並非為了就貴集團內部控制的有效性表達意見。
- 評估董事所用會計政策的恰當性及所作會計估計及有關披露的合理性。



# Independent Auditor's Report

## 獨立核數師報告

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 就董事使用持續經營會計基準的恰當性進行斷定，並依據所取得的審計憑證，斷定是否存在與可能會對貴集團持續經營的能力產生重大疑問的事件或狀況有關的重大不確定因素。倘我們斷定存在重大不確定因素，則我們須於核數師報告內就綜合財務報表的相關披露提請注意，或倘該等披露不充分，則修訂我們的意見。我們的結論乃基於直至我們的核數師報告日期所取得的審計憑證。然而，未來事件或狀況可能使得貴集團終止持續經營。
- 就綜合財務報表的整體呈列、架構及內容（包括披露）及綜合財務報表是否公平反映有關交易及事項進行評估。
- 就貴集團實體或業務活動的財務資料取得充分恰當的審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們對我們的審計意見負有完全責任。

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

我們與負責管治的人員就（其中包括）審計的計劃範圍及時間以及重大審計發現進行溝通，包括於審計期間我們所發現的內部控制中的任何重大缺陷。

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

我們亦向負責管治的人員提供表明我們已遵守有關獨立性的道德規定的聲明，並與彼等溝通所有被合理認為可能影響獨立性的關係及其他事項，以及在適用之情況下，採取消除威脅之行動或所應用之防範措施。

## Independent Auditor's Report

### 獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Jacky Wong Suk Hung.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

22 March 2022

根據與負責管治的人員進行溝通的事項，我們對當期綜合財務報表審計中屬重大而因此屬關鍵審計事項作出判定。我們於我們的核數師報告內對該等事項進行陳述，除非法律或法規不允許向公眾披露該等事項，或在極其罕有的情況下，我們認為在合理的預期內披露該等事項的負面後果大於對公眾利益帶來的好處，因而決定在我們的報告內不予披露該等事項。

獨立核數師報告的審計委聘合夥人為黃淑雄先生。

**德勤•關黃陳方會計師行**  
*執業會計師*  
香港

二零二二年三月二十二日

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## 綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	NOTES 附註	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Revenue 收入	5, 6	37,496,852	38,001,765
Cost of sales 銷售成本		(28,760,659)	(29,303,890)
Gross profit 毛利		8,736,193	8,697,875
Other income 其他收益	7(a)	689,949	510,390
Other gains and losses 其他收益及虧損	7(b)	99,065	187,257
Impairment losses under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回		(5,182)	12,218
Selling and distribution expenses 銷售及分銷開支		(274,105)	(313,478)
Research and development expenditure 研發開支		(2,642,196)	(2,499,090)
Administrative expenses 行政開支		(757,592)	(718,568)
Share of results of associates 分佔聯營公司業績	18	19,007	20
Finance costs 融資成本	8	(230,252)	(233,740)
Profit before tax 除稅前溢利		5,634,887	5,642,884
Income tax expense 所得稅開支	9	(578,972)	(702,630)
<b>Profit for the year 年內溢利</b>	10	<b>5,055,915</b>	4,940,254
<b>Other comprehensive income (expense) 其他全面收益 (開支)</b>			
<i>Item that will not be reclassified to profit or loss:</i> 不會重新分類至損益的項目：			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax 按公允值計入其他全面收益 (「按公允值計入其他全面收益」) 的 權益工具投資的公允值收益，扣除所得稅		2,808	18,977
<i>Item that may be reclassified subsequently to profit or loss:</i> 其後可重新分類至損益的項目：			
Exchange differences arising on translation of foreign operations 換算海外業務所產生的匯兌差額		(4,271)	(41,606)
<b>Other comprehensive expense for the year 年內其他全面開支</b>		<b>(1,463)</b>	(22,629)
<b>Total comprehensive income for the year 年內全面收益總額</b>		<b>5,054,452</b>	4,917,625
Profit for the year attributable to: 應佔年內溢利：			
Owners of the Company 本公司股東		4,988,007	4,871,793
Non-controlling interests 非控股權益		67,908	68,461
		5,055,915	4,940,254
Total comprehensive income for the year attributable to: 應佔年內全面收益總額：			
Owners of the Company 本公司股東		4,987,488	4,849,009
Non-controlling interests 非控股權益		66,964	68,616
		5,054,452	4,917,625
Earnings per share – Basic (RMB cents) 每股盈利 – 基本 (人民幣分)	12	456.52	445.78
– Diluted (RMB cents) – 攤薄 (人民幣分)	12	455.93	445.14

# Consolidated Statement of Financial Position

## 綜合財務狀況表

AT 31 DECEMBER 2021 於二零二一年十二月三十一日

	NOTES 附註	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>			
Property, plant and equipment 物業、機器及設備	14	8,303,229	7,513,193
Right-of-use assets 使用權資產	15	504,684	480,005
Investment properties 投資物業	16	40,380	40,907
Intangible assets 無形資產	17	306,926	363,137
Interests in associates 於聯營公司的權益	18	201,641	1,953
Deferred tax assets 遞延稅項資產	19	255,651	207,332
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	20	471,595	359,086
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	21	178,762	134,609
Financial assets at fair value through profit or loss ("FVTPL") 按公允值計入損益(「按公允值計入損益」)的金融資產	23	19,518	206,236
Time deposits 定期存款	26	500,000	500,000
Goodwill 商譽		2,119	2,119
		<b>10,784,505</b>	9,808,577
<b>CURRENT ASSETS 流動資產</b>			
Inventories 存貨	24	5,481,858	5,783,071
Trade and other receivables and prepayment 貿易及其他應收款項及預付款項	25	7,448,385	8,212,025
Derivative financial assets 衍生金融資產	27	27,237	21,307
Financial assets at FVTPL 按公允值計入損益的金融資產	23	8,314,143	8,480,186
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	–	52,823
Amount due from a related party 應收一名關連人士款項	41(c)	327	–
Pledged bank deposits 已抵押銀行存款	26	18,292	3,438
Short term fixed deposits 短期定期存款	26	1,093,914	234,917
Bank balances and cash 銀行結餘及現金	26	5,605,179	2,841,771
		<b>27,989,335</b>	25,629,538

# Consolidated Statement of Financial Position

## 綜合財務狀況表

AT 31 DECEMBER 2021 於二零二一年十二月三十一日

	NOTES 附註	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>CURRENT LIABILITIES 流動負債</b>			
Trade and other payables 貿易及其他應付款項	28	9,868,687	10,733,364
Amounts due to related parties 應付關連人士款項	41(c)	6,934	6,996
Derivative financial liabilities 衍生金融負債	27	40,446	101,888
Contract liabilities 合約負債	29	178,101	131,191
Tax payable 應付稅項		188,022	314,804
Bank borrowings – current portion 銀行借貸 – 即期部分	30	1,538,897	2,070,611
Lease liabilities – current portion 租賃負債 – 即期部分	31	46,271	43,580
Deferred income – current portion 遞延收入 – 即期部分	32	6,099	8,695
		<b>11,873,457</b>	13,411,129
<b>NET CURRENT ASSETS 流動資產淨值</b>			
		<b>16,115,878</b>	12,218,409
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>			
		<b>26,900,383</b>	22,026,986
<b>NON-CURRENT LIABILITIES 非流動負債</b>			
Deferred tax liabilities 遞延稅項負債	19	1,015,890	888,809
Derivative financial liabilities 衍生金融負債	27	5,057	4,782
Long term payables 長期應付款項	28	172,044	245,636
Bank borrowings – non-current portion 銀行借貸 – 非即期部分	30	700,000	–
Lease liabilities – non-current portion 租賃負債 – 非即期部分	31	107,999	96,899
Deferred income – non-current portion 遞延收入 – 非即期部分	32	188,504	68,855
Bonds payable 應付債券	33	3,815,623	3,895,888
		<b>6,005,117</b>	5,200,869
<b>NET ASSETS 資產淨值</b>			
		<b>20,895,266</b>	16,826,117
<b>CAPITAL AND RESERVES 股本及儲備</b>			
Share capital 股本	34	105,163	105,163
Reserves 儲備		20,482,909	16,492,061
Equity attributable to owners of the Company 本公司股東應佔權益		<b>20,588,072</b>	16,597,224
Non-controlling interests 非控股權益		307,194	228,893
<b>TOTAL EQUITY 權益總額</b>			
		<b>20,895,266</b>	16,826,117

The consolidated financial statements on pages 135 to 306 were approved and authorised for issue by the Board of Directors on 22 March 2022 and are signed on its behalf by:

載於第135至306頁之綜合財務報表經董事會於二零二二年三月二十二日批准及授權刊發，並由下列董事代表簽署：

**Mr. YE Liaoning**  
葉遼寧先生  
CHAIRMAN  
主席

**Mr. SUN Yang**  
孫泐先生  
DIRECTOR  
董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	Attributable to owners of the Company 本公司股東應佔												Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Statutory surplus reserve	Discretionary surplus reserve	Other reserves	Shares held under share award scheme	Share award scheme reserve	FVTOCI reserve	Translation reserve	Retained profits	Sub-Total		
	股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	特別儲備 RMB'000 人民幣千元	法定盈餘儲備 RMB'000 人民幣千元 (附註a) (附註a)	酌情盈餘儲備 RMB'000 人民幣千元 (附註a) (附註a)	其他儲備 RMB'000 人民幣千元 (附註b) (附註b)	根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	股份獎勵計劃儲備 RMB'000 人民幣千元	按公允價值計入其他全面收益列賬的儲備 RMB'000 人民幣千元 (附註c) (附註c)	換算儲備 RMB'000 人民幣千元	保留盈利 RMB'000 人民幣千元	小計 RMB'000 人民幣千元	非控股權益 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	105,163	1,846	149,800	31,003	916	427,412	(217,607)	82,237	(18,847)	3,430	11,987,534	12,552,887	173,290	12,726,177
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	4,871,793	4,871,793	68,461	4,940,254
Other comprehensive income (expense) for the year 年內其他全面收益(開支)	-	-	-	-	-	-	-	-	18,977	(41,761)	-	(22,784)	155	(22,629)
Total comprehensive income (expense) for the year 年內全面收益(開支)總額	-	-	-	-	-	-	-	-	18,977	(41,761)	4,871,793	4,849,009	68,616	4,917,625
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	-	(151,397)	-	-	-	-	(151,397)	-	(151,397)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	-	-	-	-	151,811	-	-	-	151,811	-	151,811
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	-	-	-	-	111,380	(137,417)	-	-	26,037	-	-	-
Acquisition of additional interest of a subsidiary from non-controlling interests ("NCI") 自非控股權益(「非控股權益」)收購一家附屬公司的額外權益	-	-	(8,628)	-	-	-	-	-	-	-	-	(8,628)	(13,013)	(21,641)
Dividends paid (Note 11) 已付股息(附註11)	-	(1,846)	-	-	-	-	-	-	-	-	(796,661)	(798,507)	-	(798,507)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	-	2,049	2,049	-	2,049
Appropriation 轉撥	-	-	-	-	-	14,607	-	-	-	-	(14,607)	-	-	-
At 31 December 2020 於二零二零年十二月三十一日	105,163	-	141,172	31,003	916	442,019	(257,624)	96,631	130	(38,331)	16,076,145	16,597,224	228,893	16,826,117
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	-	4,988,007	4,988,007	67,908	5,055,915
Other comprehensive income (expense) for the year 年內其他全面收益(開支)	-	-	-	-	-	-	-	-	2,808	(3,327)	-	(519)	(944)	(1,463)
Total comprehensive income (expense) for the year 年內全面收益(開支)總額	-	-	-	-	-	-	-	-	2,808	(3,327)	4,988,007	4,987,488	66,964	5,054,452
Purchase of shares under share award scheme (Note 42) 根據股份獎勵計劃購買股份(附註42)	-	-	-	-	-	-	(212,183)	-	-	-	-	(212,183)	-	(212,183)
Recognition of equity-settled share-based payments (Note 42) 確認以權益結算股份支付的款項(附註42)	-	-	-	-	-	-	-	188,278	-	-	-	188,278	-	188,278
Shares vested under share award scheme (Note 42) 根據股份獎勵計劃歸屬的股份(附註42)	-	-	-	-	-	-	145,308	(165,425)	-	-	20,117	-	-	-
Capital contribution from NCI 非控股權益注資	-	-	-	-	-	-	-	-	-	-	-	-	27,110	27,110
Acquisition of additional interest of a subsidiary from NCI 自非控股權益收購一家附屬公司的額外權益	-	-	(994)	-	-	-	-	-	-	-	-	(994)	(476)	(1,470)
Dividends paid (Note 11) 已付股息(附註11)	-	-	-	-	-	-	-	-	-	-	(974,003)	(974,003)	-	(974,003)
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	-	-	-	-	-	-	2,262	2,262	-	2,262
Dividends paid to NCI 支付予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	-	-	(15,297)	(15,297)
Appropriation 轉撥	-	-	-	-	-	6,113	-	-	-	-	(6,113)	-	-	-
At 31 December 2021 於二零二一年十二月三十一日	105,163	-	140,178	31,003	916	448,132	(324,499)	119,484	2,938	(41,658)	20,106,415	20,588,072	307,194	20,895,266

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

Notes:

- (a) The statutory surplus reserve and discretionary surplus reserve are non-distributable and the transfer to these reserves is determined by the Board of Directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.
- (b) Other reserves represent enterprise expansion fund and reserve fund. These reserves are non-distributable and the transfer to these reserves are determined by the Board of Directors of the PRC subsidiaries in accordance with the Articles of Association. Other reserves can be used to make up for previous year's losses or convert into additional capital of the Company's PRC subsidiaries.
- (c) The Group irrevocably elected to designate certain investments in equity instruments as at FVTOCI and the FVTOCI reserve is related to the gains or losses arising from the changes in fair value of the designated equity investments recognised in other comprehensive income.

附註：

- (a) 法定盈餘儲備及酌情盈餘儲備不可用作分派，轉撥至該等儲備的款項須由於中華人民共和國（「中國」）成立的附屬公司的董事會根據附屬公司的章程細則釐定。法定盈餘儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。酌情盈餘儲備可用作擴展本公司中國附屬公司的現有業務。
- (b) 其他儲備指企業擴展基金及儲備金。該等儲備不可用作分派，而轉撥至該等儲備的款項須由中國附屬公司的董事會根據章程細則釐定。其他儲備可用於彌償上年度虧損或轉撥為本公司中國附屬公司的額外資本。
- (c) 本集團不可撤銷地選擇指定按公允值計入其他全面收益的權益工具的若干投資，而按公允值計入其他全面收益的儲備與於其他全面收益內確認的指定股權投資的公允值變動所產生的收益或虧損有關。

# Consolidated Statement of Cash Flows

## 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
<b>OPERATING ACTIVITIES 經營活動</b>		
Profit before tax 除稅前溢利	<b>5,634,887</b>	5,642,884
Adjustments for: 調整：		
Share of results of associates 分佔聯營公司業績	<b>(19,007)</b>	(20)
Depreciation of property, plant and equipment 物業、機器及設備折舊	<b>1,638,067</b>	1,513,407
Depreciation of right-of-use assets 使用權資產折舊	<b>60,845</b>	54,285
Depreciation of investment properties 投資物業折舊	<b>4,633</b>	4,391
Amortisation of intangible assets 無形資產攤銷	<b>56,211</b>	56,202
Allowance for inventories 存貨撥備	<b>132,374</b>	245,674
Impairment loss under expected credit loss model, net of reversal 按預期信貸虧損模式計量的減值虧損，扣除撥回	<b>5,182</b>	(12,218)
(Gain) loss on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動的(收益)虧損淨額	<b>(67,097)</b>	111,002
Loss (gain) on fair value changes of financial assets at FVTPL 按公允價值計入損益的金融資產公允價值變動的虧損(收益)	<b>1,769</b>	(86,243)
Loss on disposal of property, plant and equipment 出售物業、機器及設備虧損	<b>1,350</b>	11,156
Loss on disposal of a subsidiary 出售一家附屬公司的虧損	-	1,673
Expense recognised in respect of share award scheme 就股份獎勵計劃而確認的支出	<b>188,278</b>	151,811
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收入	<b>(97,112)</b>	(47,230)
Interest income from debt instruments 債務工具利息收入	<b>(4,400)</b>	(9,335)
Investment income from unlisted financial products at FVTPL 來自按公允價值計入損益的非上市金融產品的投資收入	<b>(302,638)</b>	(215,042)
Finance costs 融資成本	<b>230,252</b>	233,740
Net foreign exchange gain 外匯收益淨額	<b>(81,518)</b>	(297,945)
Loss (gain) on lease termination 租賃終止虧損(收益)	<b>935</b>	(54)



# Consolidated Statement of Cash Flows

## 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量	7,383,011	7,358,138
Decrease (increase) in inventories 存貨減少(增加)	168,839	(882,783)
Decrease in trade and other receivables and prepayment 貿易及其他應收款項及預付款項減少	833,615	1,453,392
Increase in amount due from a related party 應收一名關連人士款項增加	(327)	-
Decrease in trade and other payables 貿易及其他應付款項減少	(942,589)	(496,536)
Increase in contract liabilities 合約負債增加	46,910	47,989
Increase (decrease) in deferred income 遞延收入增加(減少)	117,053	(6,450)
Decrease in amounts due to related parties 應付關連人士款項減少	(62)	(502)
Cash generated from operations 經營活動所得現金	7,606,450	7,473,248
Income taxes paid 已付所得稅款項	(627,488)	(313,237)
<b>NET CASH FROM OPERATING ACTIVITIES 經營活動所得現金淨額</b>	<b>6,978,962</b>	7,160,011
<b>INVESTING ACTIVITIES 投資活動</b>		
Placement of short term fixed deposits 存放短期定期存款	(1,540,339)	(958,277)
Placement of time deposits 存放定期存款	-	(500,000)
Withdrawal of short term fixed deposits 提取短期定期存款	681,342	738,360
Purchases of property, plant and equipment 購置物業、機器及設備	(2,082,924)	(2,332,864)
Payments for leasehold lands 租賃土地付款	(22,705)	(81,655)
Payment for intangible assets 無形資產付款	(40,252)	(39,738)
Placement of pledged bank deposits 存放已抵押銀行存款	(16,508)	(3,375)
Release of pledged bank deposits 解除已抵押銀行存款	1,654	6,050
Purchases of unlisted financial products 收購非上市金融產品	(46,718,495)	(59,212,284)
Release of unlisted financial products 解除非上市金融產品	46,923,800	56,303,979
Deposits paid for acquisition of property, plant and equipment 就收購物業、機器及設備已支付的按金	(443,056)	(344,093)
Purchase of debt instruments at FVTPL 收購按公允值計入損益的債務工具	-	(77,617)
Purchase of fund instruments at FVTPL 收購按公允值計入損益的基金工具	-	(619,227)
Purchase of debt instruments at amortised cost 收購按攤銷成本計量的債務工具	-	(29,262)
Purchase of equity investments at FVTPL 收購按公允值計入損益的股權投資	(20)	-
Purchase of equity instruments at FVTOCI 收購按公允值計入其他全面收益的權益工具	(40,849)	(100)
Interest and investment income received 已收利息及投資收入	329,143	247,968
Proceeds from disposal of property, plant and equipment 出售物業、機器及設備所得款項	58,568	62,108
Proceeds from disposal of equity instruments at FVTPL 出售按公允值計入損益的權益工具所得款項	31,062	-
Proceeds from disposal of a debt instrument at FVTPL 出售一項按公允值計入損益的債務工具所得款項	32,427	81,668
Proceeds from disposal of fund instruments at FVTPL 出售按公允值計入損益的基金工具所得款項	-	729,226
Repayment from debt instruments at amortised cost 按攤銷成本計量的債務工具的償還款項	51,691	54,200
Investment in an associate 於一間聯營公司之投資	(106,040)	(1,250)
<b>NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額</b>	<b>(2,901,501)</b>	(5,976,183)

# Consolidated Statement of Cash Flows

## 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
<b>FINANCING ACTIVITIES 融資活動</b>		
Interest paid 已付利息	(222,125)	(224,439)
Dividends paid 已付股息	(987,038)	(796,458)
New bank borrowings raised 新增銀行借貸	5,557,947	3,810,422
Repayment of bank borrowings 償還銀行借貸	(5,354,662)	(2,793,677)
Repayments of lease liabilities 償還租賃負債	(48,981)	(45,065)
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	(212,183)	(151,397)
Acquisition of additional interest of a subsidiary from NCI 自非控股權益收購一家附屬公司的額外權益	(1,470)	(21,641)
Capital contribution from NCI 於非控股權益獲得的注資	27,110	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b> 融資活動所用現金淨額	<b>(1,241,402)</b>	(222,255)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b> 現金及現金等值項目增加淨額	<b>2,836,059</b>	961,573
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b> 於一月一日的現金及現金等值項目	<b>2,841,771</b>	1,917,239
<b>Effect of foreign exchange rate changes 匯率變動的影響</b>	<b>(72,651)</b>	(37,041)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER,</b> 於十二月三十一日的現金及現金等值項目， represented by bank balances and cash 以銀行結餘及現金呈列	<b>5,605,179</b>	2,841,771

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 1. GENERAL INFORMATION

Sunny Optical Technology (Group) Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 21 September 2006 as an exempted company under the Companies Act Chapter 22 (Law 3 of 1961 as consolidated and revised, formerly known as Companies Law) of the Cayman Islands and its shares have been listed on the Stock Exchange of Hong Kong Limited with effect from 15 June 2007. Its ultimate holding and parent company is Sun Xu Limited, a private limited company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Wang Wenjian, also a director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in the business of designing, researching and developing, manufacturing and selling of optical and optical related products and scientific instruments.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

### 1. 概況資料

舜宇光學科技(集團)有限公司(「**本公司**」)於二零零六年九月二十一日在開曼群島根據開曼群島公司法第22章(一九六一年第三條法例，經綜合及修訂，以前稱為公司法)註冊成立為獲豁免公司，其股份自二零零七年六月十五日起在香港聯合交易所有限公司上市，最終控股及母公司為舜旭有限公司，一間於英屬處女群島註冊成立的私人有限公司，而最終控股人士為王文鑒先生，亦為本公司董事。本公司註冊辦事處及主要營業地點的地址乃於年報公司資料一節披露。

本公司為一間投資控股公司。本公司及其附屬公司(統稱「**本集團**」)主要從事設計、研究與開發、生產及銷售光學及光學相關產品與科學儀器業務。

綜合財務報表以人民幣(「**人民幣**」)呈列，人民幣亦為本公司的功能貨幣。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 2. 應用經修訂香港財務報告準則（「香港財務報告準則」）

#### 於本年度強制生效的經修訂香港財務報告準則

於本年度，本集團已首次應用下列由香港會計師公會（「香港會計師公會」）頒佈的經修訂香港財務報告準則，其於二零二一年一月一日或之後開始年度期間強制生效，以編製綜合財務報表：

香港財務報告準則第16號（修訂本）	2019冠狀病毒病相關之租金寬減
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號（修訂本）	利率基準改革 – 第2階段

此外，本集團應用國際會計準則理事會轄下國際財務報告準則詮釋委員會（「委員會」）於二零二一年六月作出的議程決定，該決定釐清實體於釐定存貨可變現淨值時應將成本計為「銷售所需估計成本」。

於本年度應用經修訂香港財務報告準則對本集團於目前及以往年度的財務狀況及表現及／或該等綜合財務報表所載之披露並無重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	<i>Insurance Contracts and the related Amendments</i> <sup>3</sup>	香港財務報告準則第17號	保險合同及相關修訂本 <sup>3</sup>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>	香港財務報告準則第3號(修訂本)	概念框架之提述 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>	香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者及其聯營公司或合資企業出售或注入資產 <sup>4</sup>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> <sup>1</sup>	香港財務報告準則第16號(修訂本)	二零二一年六月三十日後的2019冠狀病毒病相關之租金寬減 <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i> <sup>3</sup>	香港會計準則第1號(修訂本)	負債分類為流動或非流動及香港詮釋第5號(二零二零年)之相關修訂本 <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>3</sup>	香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本)	會計政策之披露 <sup>3</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>3</sup>	香港會計準則第8號(修訂本)	會計估計之定義 <sup>3</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>3</sup>	香港會計準則第12號(修訂本)	與單一交易產生之資產及負債有關之遞延稅項 <sup>3</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> <sup>2</sup>	香港會計準則第16號(修訂本)	物業、機器及設備 – 擬定用途前之所得款項 <sup>2</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>	香港會計準則第37號(修訂本)	虧損性合約 – 履行合約之成本 <sup>2</sup>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i> <sup>2</sup>	香港財務報告準則(修訂本)	香港財務報告準則二零一八年至二零二零年之年度改進 <sup>2</sup>

### 2. 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

#### 已發行但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### New and amendments to HKFRSs in issue but not yet effective (Continued)

- 1 Effective for annual periods beginning on or after 1 April 2021.
- 2 Effective for annual periods beginning on or after 1 January 2022.
- 3 Effective for annual periods beginning on or after 1 January 2023.
- 4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

### 2. 應用經修訂香港財務報告準則（「香港財務報告準則」）（續）

#### 已發行但尚未生效之新訂及經修訂香港財務報告準則（續）

- 1 於二零二一年四月一日或之後開始之年度期間生效。
- 2 於二零二二年一月一日或之後開始之年度期間生效。
- 3 於二零二三年一月一日或之後開始之年度期間生效。
- 4 於一個待定日期或之後開始之年度期間生效。

本公司董事預期應用所有新訂及經修訂香港財務報告準則於可預見的未來將不會對綜合財務報表產生重大影響。

### 3. 綜合財務報表之編製基準及重要會計政策

#### 3.1 綜合財務報表之編製基準

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則（「**上市規則**」）及香港公司條例規定之適用披露資料。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.1 Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.1 綜合財務報表之編製基準 (續)

綜合財務報表乃按歷史成本基準編製，惟下文會計政策所解釋在各報告期末按公允值計量的若干金融工具除外。

歷史成本一般按交換商品及服務之代價之公允值計算。

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察到或採用其他估值技巧估計。於估計資產或負債的公允值時，倘市場參與者可能考慮資產或負債的特色，則本集團將於計量日期為資產或負債定價時考慮有關特色。於綜合財務報表內計量及／或披露的公允值按此基準釐定，惟香港財務報告準則第2號以股份為基礎之付款範圍內之以股份支付的交易、根據香港財務報告準則第16號列作租賃交易以及與公允值相似但並非公允值之計量（如香港會計準則第2號存貨之可變現淨值或香港會計準則第36號資產減值之使用價值）除外。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.1 Basis of preparation of consolidated financial statements (Continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.1 綜合財務報表之編製基準 (續)

按公允值交易之金融工具，凡於其後期間應用以不可觀察輸入數據計量公允值之估值方法，估值方法應予校正，以致於首次確認時估值方法之結果相等於交易價格。

此外，就財務報告目的而言，根據可觀察公允值計量的輸入數據及公允值計量的輸入數據對其整體的重要性程度，公允值計量分為第一級、第二級或第三級，於下文有所說明：

- 第一級輸入數據乃實體於計量日期可得出之自相同資產或負債於活躍市場中所報的未調整價格；
- 第二級輸入數據乃資產或負債的直接或間接可觀察輸入數據，惟第一級所含報價除外；及
- 第三級輸入數據乃自資產或負債的不可觀察輸入數據。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies

##### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策

##### *綜合基準*

綜合財務報表包括本公司、本公司所控制實體及其附屬公司的財務報表。當本公司擁有以下權力時，則視為獲得控制權：

- 於投資對象擁有權力；
- 因參與投資對象業務而可能或有權獲得可變回報；及
- 有能力行使其權力影響該等回報。

倘有事實及情況顯示上述三個控制因素中之一項或多項出現變化，本集團將重新評估其是否對投資對象擁有控制權。

本集團獲得附屬公司控制權時即對其綜合入賬，而當本集團失去附屬公司控制權時，即不再對其綜合入賬。具體而言，自本集團獲得附屬公司控制權之日計起，直至本集團不再擁有附屬公司控制權之日止，本年度收購或出售附屬公司之收入及開支將列入綜合損益及其他全面收益表內。

溢利或虧損及其他全面收益各項均歸屬於本公司股東及非控股權益。附屬公司的全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益產生赤字差額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Basis of consolidation (Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

##### **Changes in the Group's interests in existing subsidiaries**

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *綜合基準 (續)*

附屬公司之財務報表會於需要的情況下作出調整，以使其會計政策與本集團的會計政策一致。

本集團內公司間之所有資產及負債、權益、收入、開支及有關本集團成員公司間交易之現金流量均於綜合賬目時全面抵銷。

附屬公司非控股權益與本集團於其中的權益分開呈列，其代表現時所有權權益且於清盤時賦予其持有人按比例分佔相關附屬公司資產淨值之非控股權益。

##### **本集團於現有附屬公司權益之變動**

本集團於附屬公司的權益之變動並不導致本集團失去對附屬公司的控制權，並以權益交易入賬。本集團之權益及非控股權益相關組成部分之賬面值均予以調整，以反映彼等於附屬公司相關權益之變動，包括根據本集團與非控股權益的權益比例重新歸屬本集團與非控股權益間的有關儲備。

經調整之非控股權益金額與已支付或已收取代價之公允值間之任何差額乃直接於權益確認，並歸屬於本公司股東。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Basis of consolidation (Continued)*

##### **Changes in the Group's interests in existing subsidiaries (Continued)**

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *綜合基準 (續)*

##### **本集團於現有附屬公司權益之變動 (續)**

倘本集團失去對一家附屬公司之控制權，即終止確認該附屬公司的資產與負債及非控股權益（如有）。收益或虧損於損益內確認，並計量：(i)所收取代價之公允值及任何保留權益的公允值總和與(ii)資產（包括商譽）之賬面值及歸屬於本公司股東的附屬公司之負債之間的差額。早前於其他全面收益確認之有關附屬公司的全部金額將會以猶如本集團已直接出售附屬公司相關資產或負債之方式入賬（即如適用香港財務報告準則所指定／許可，重新分類至損益或轉撥至另一類別權益）。於失去控制權當日仍保留於前附屬公司之任何投資公允值，則根據香港財務報告準則第9號或被視為其後入賬時初步確認之公允值或（如適用）於聯營公司或合資企業投資的初步確認成本。

##### *業務合併*

收購業務採用收購法入賬。業務合併之轉撥代價按公允值計量，而計算方法為本集團所轉讓之資產、本集團對所收購方原擁有人產生之負債及本集團於交換所收購方之控制權發行之股權於收購日期之公允值總額。有關收購之成本一般於產生時於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Business combinations (Continued)*

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *業務合併 (續)*

除若干確認豁免外，所收購之可識別資產及所承擔之負債必須符合編製及呈列財務報表之框架（於二零一零年十月被財務報告概念框架所取代）下資產及負債之定義。

於收購日期，所收購之可識別資產及承擔之負債乃按彼等之公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關資產或負債分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與所收購方以股份為基礎付款安排有關或與本集團訂立之以股份為基礎付款安排以取代所收購方以股份為基礎付款安排有關之負債或權益工具，乃於收購日期按香港財務報告準則第2號*以股份為基礎之付款*計量（見下文會計政策）；
- 根據香港財務報告準則第5號*待售非流動資產及已終止業務*分類為待售資產（或出售組別）按該準則計量；及

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Business combinations (Continued)*

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *業務合併 (續)*

- 租賃負債按剩餘租賃付款 (定義見香港財務報告準則第16號) 的現值確認及計量，猶如收購的租賃於收購日期為新租賃，惟(a)租賃期限於收購日期12個月內結束；或(b)相關資產為低價值的租賃除外。使用權資產按與相關租賃負債相同的金額確認及計量，並進行調整以反映與市場條件相比租賃的有利或不利條款。

商譽是以所轉讓之代價、於所收購方中任何非控股權益所佔金額及收購方以往持有之收購方股權之公允值 (如有) 之總和，扣除於收購日期收購的可供識別資產及承擔的負債之淨值後，所超出之差額計量。倘重新評估後，所收購之可識別資產與所承擔的負債之淨額高於轉讓之代價、於所收購方中任何非控股權益所佔金額以及收購方以往持有之收購方股權之公允值 (如有) 之總和，則差額即時於損益內確認為議價購買收益。

屬現時擁有之權益且於清盤時讓持有人有權按比例分佔相關附屬公司淨資產之非控股權益，可初步按非控股權益應佔被收購方可識別資產淨值的已確認金額比例或公允值計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Business combinations (Continued)*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

##### *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *業務合併 (續)*

倘業務合併分階段完成，本集團先前於被收購方持有之股權重新計量至收購日期（即本集團獲得控制權當日）之公允值，而所產生之收益或虧損（如有）於損益或其他全面收益（倘適用）中確認。過往於收購日期前於其他全面收益確認並根據香港財務報告準則第9號計量之被收購方權益所產生數額將按與本集團直接處置過往所持股權所需的相同基準入賬。

##### *商譽*

收購業務產生之商譽按於收購業務當日確定之成本（見上文會計政策）減任何累計減值虧損（如有）列賬。

為進行減值測試，商譽乃分配至預期將從合併所帶來的協同效益中受惠的本集團各個現金產生單位（或現金產生單位組合），而該單位或單位組合指就內部管理目的監控商譽的最低水平且不過經營分類。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Goodwill (Continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *商譽 (續)*

獲得商譽分配的現金產生單位 (或現金產生單位組合) 每年進行減值測試及每當有跡象顯示該單位可能出現減值時更為頻繁地進行減值測試。就於某一報告期間收購產生的商譽而言，獲得商譽分配的現金產生單位 (或現金產生單位組合) 於該報告期間結束前進行減值測試。倘可收回金額低於該單位的賬面值，則首先分配減值虧損以減低任何商譽的賬面值，然後按該單位 (或現金產生單位組合) 內各項資產的賬面值所佔比例分配至其他資產。

於出售相關現金產生單位或一組現金產生單位內的任何現金產生單位，商譽的應佔金額計入釐定出售損益之金額。當本集團出售現金產生單位 (或一組現金產生單位中的現金產生單位) 內的業務時，所出售商譽金額按所出售業務 (或現金產生單位) 與所保留現金產生單位 (或一組現金產生單位) 部分的相對價值計量。

本集團就收購一間聯營公司產生之商譽政策載於下文。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *於聯營公司之投資*

聯營公司乃本集團對其具有重大影響力之實體。重大影響力指參與投資對象財務及營運決策之權力，而並非對該等政策之控制權或共同控制權。

聯營公司之業績、資產及負債使用權益會計法計入本綜合財務報表。以權益會計法處理之聯營公司財務報表乃按與本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。根據權益法，於聯營公司之投資最初乃按成本值於綜合財務狀況表確認，並於隨後就確認本集團應佔該聯營公司之損益及其他全面收益而作出調整。損益及其他全面收益外的聯營公司資產淨值的變動將不會入賬，除非有關變動導致本集團持有的所有權益發生變更。如本集團應佔聯營公司之虧損超過本集團於聯營公司之權益（包括實質上構成本集團於聯營公司淨投資之任何長期權益），則本集團會終止確認其應佔之進一步虧損。如本集團已產生法定或推定責任或代表聯營公司支付款項，則就額外虧損作出確認。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates (Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *於聯營公司之投資 (續)*

於聯營公司的投資乃自投資對象成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔被投資方可識別資產及負債之公允值淨額之差額會確認為商譽，計入投資之賬面值內。倘於重新評估後本集團應佔可識別資產及負債公允值淨額超逾投資成本，則即時於收購投資期間在損益中確認。

本集團評估有否客觀證據顯示聯營公司權益可能減值。如客觀證據存在，則將投資的全部賬面值（包括商譽）作為單一資產根據香港會計準則第36號透過比較其可收回金額（使用價值與公允值減出售成本之較高者）與賬面值測試有否減值。任何確認之減值虧損不會分配至任何資產（包括商譽），其屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據香港會計準則第36號確認該減值虧損的撥回。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates (Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *於聯營公司之投資 (續)*

倘本集團對聯營公司失去重大影響力，其入賬列作出售被投資方的全部權益，所產生的損益於損益確認。當本集團保留於前聯營公司之權益，且保留權益為香港財務報告準則第9號所界定的金融資產時，本集團於當日按公允值計量保留權益，而公允值則被視為首次確認時之公允值。聯營公司賬面值與任何保留權益之公允值及出售聯營公司相關權益所得任何所得款項之間的差額，乃計入釐定出售聯營公司之損益。此外，本集團將先前在其他全面收益就該聯營公司確認之所有金額入賬，基準與倘該聯營公司直接出售相關資產或負債的基準相同。因此，倘該聯營公司先前已確認其他全面收益之損益，則會於出售相關資產或負債時重新分類至損益，當有關聯營公司出售／部分出售后，本集團將收益或虧損由權益重新分類至損益（作為重新分類調整）。

當於聯營公司的投資變成於合資企業的投資時，本集團繼續使用權益法。在該等所有權權益變動後，並無對公允值的重新計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Investments in associates (Continued)*

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

##### *Revenue from contracts with customers*

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

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *於聯營公司之投資 (續)*

當本集團削減於聯營公司之所有權權益但繼續使用權益法時，倘以往於其他全面收益確認有關削減所有權權益之盈虧部分將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

倘一間集團實體與本集團聯營公司交易，與該聯營公司交易所產生之損益僅在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

##### *客戶合約收入*

當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關商品或服務的「控制權」轉讓予客戶時確認。

履約義務指不同的商品或服務(或一組商品或服務)或一系列不同的商品或大致相同的服務。

控制權隨時間轉移，而倘滿足以下其中一項標準，則收入乃參照完全滿足相關履約義務的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Revenue from contracts with customers (Continued)*

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

##### *Contract costs*

#### **Incremental costs of obtaining a contract**

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *客戶合約收入 (續)*

- 本集團之履約創建或強化資產，該資產於本集團履約時即由客戶控制；或
- 本集團之履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得不同商品或服務控制權的時間點確認。

合約負債指本集團因已自客戶收取對價（或已可自客戶收取對價），而須轉讓商品或服務予客戶之義務。

##### *合約成本*

#### **獲取合約的增量成本**

獲取合約的增量成本是本集團為獲取客戶合約而產生的成本，即如果沒有獲得合約，將不會產生有關成本。

倘本集團預期收回該等成本（銷售佣金），則將有關成本確認為資產。由此確認的資產隨後按轉讓與資產相關的商品或服務予客戶一致的系統性基準於損益攤銷。

倘該等成本原本將在一年內悉數於損益攤銷，則本集團會應用可行權宜方法支付所有取得合約的增量成本。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases*

##### **Definition of a lease**

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

### 3. 綜合財務報表之編製基準及重要會計政策(續)

#### 3.2 重要會計政策(續)

##### *租賃*

##### **租賃的定義**

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。

就於首次應用日期或之後訂立或修改或由業務合併所引致的合約而言，本集團根據香港財務報告準則第16號的定義於初始、修改或收購日期(倘適用)評估該合約是否為租賃或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessee**

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of some temporary staff dormitories that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為承租人**

##### *短期租賃及低價值資產租賃*

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的部分臨時員工宿舍租賃，本集團應用短期租賃確認豁免。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線基準或另一系統化基準於租期內確認為開支。

##### *使用權資產*

使用權資產的成本包括：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；及
- 本集團產生的任何初始直接成本。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessee (Continued)**

##### *Right-of-use assets (Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### *Refundable rental deposits*

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

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為承租人 (續)**

##### *使用權資產 (續)*

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債之任何重新計量作出調整。

就本集團於租期結束時合理確定獲取相關租賃資產所有權的使用權資產而言，有關使用權資產自開始日期起至使用年期結束期間計提折舊。在其他情況下，使用權資產按直線基準於其估計使用年期及租期（以較短者為準）內計提折舊。

本集團於綜合財務狀況表中將使用權資產呈列為單獨項目。

##### *可退回租賃按金*

已支付的可退回租賃按金根據香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為額外的租賃付款，並包括在使用權資產成本中。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessee (Continued)**

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為承租人 (續)**

##### *租賃負債*

於租賃開始日，本集團按當日尚未支付的租賃付款的現值確認並計量租賃負債。在計算租賃付款的現值時，如果租賃中隱含的利率難以確定，則本集團在租賃開始日使用增量借款利率。

租賃付款包括固定付款（包括實質性的固定付款）減任何應收租賃優惠。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessee (Continued)**

##### *Lease liabilities (Continued)*

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為承租人 (續)**

##### *租賃負債 (續)*

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

當租賃條款發生變動時，本集團重新計量租賃負債（及對相關使用權資產作出相應調整），在此情況下，於重新評估日期透過貼現經修訂租賃款項使用經修訂貼現率重新計量相關租賃負債。

本集團於綜合財務狀況表中將租賃負債單獨呈列。

##### *租賃修改*

倘出現以下情況，本集團將租賃修改作為一項單獨的租賃入賬：

- 該項修改通過增加使用一項或多項相關資產的權利擴大了租賃範圍；及
- 調增租賃的代價，增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessee (Continued)**

##### *Lease modifications (Continued)*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### **The Group as a lessor**

##### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為承租人 (續)**

##### *租賃修改 (續)*

就未作為一項單獨租賃入賬的租賃修改而言，本集團基於透過使用修改生效日期的經修訂貼現率貼現經修訂租賃付款的經修改租賃的租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，以對租約負債進行重新計量。當經修改合約包含租約成份以及一個或多個額外租約或非租約成份時，本集團根據租約成份的相對獨立價格及非租約成份的總獨立價格，將經修改合約中的代價分配至每個租約成份。

##### **本集團作為出租人**

##### *租賃的分類及計量*

本集團作為出租人的租賃分類為融資租賃或經營租賃。當租賃的條款實質上將與相關資產所有權相關的所有風險及回報轉讓予承租人時，該項合同被分類為融資租賃。所有其他租賃應分類為經營租賃。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Leases (Continued)*

##### **The Group as a lessor (Continued)**

##### *Classification and measurement of leases (Continued)*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

##### *Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *租賃 (續)*

##### **本集團作為出租人 (續)**

##### *租賃的分類及計量 (續)*

經營租賃之租金收入於相關租期內以直線法在損益中確認。於協商及安排經營租賃時引致之初步直接成本乃加至租賃資產之賬面值，有關成本於租賃期內按直線法確認為開支。

##### *可退回租賃按金*

已收可退回租賃按金按香港財務報告準則第9號入賬，並初步按公允值計量。初始確認時對公允值的調整被視為承租人的額外租賃付款。

##### *租賃修改*

不屬於原始條款和條件部分的租賃合約的變更將作為租賃修改入賬，包括透過諒解或減租提供租賃優惠。

本集團自修改生效之日起將經營租賃的變更作為新租賃入賬，並將與原始租賃有關的任何預付款或應計租賃付款作為新租賃的租賃付款的一部分。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *外幣*

編製各集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易乃按該交易日期之匯率確認。於報告期末，以外幣計值之貨幣項目以當日之匯率重新換算。按公允值列賬且按外幣列值之非貨幣項目乃按釐定公允值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不予重新換算。

貨幣項目結算以及貨幣項目重新換算所產生的匯兌差額於產生期間的損益確認。

為呈列綜合財務報表，本集團海外業務的資產及負債用本集團採用的呈列貨幣(即人民幣)按各報告期末的即期匯率進行折算，除非匯率於該期間波動較大，在此情況下，將使用交易日期的匯率。收入和費用按期內的平均匯率折算。若有任何匯兌差額產生，將於其他全面收益中確認及於權益(換算儲備)(歸屬於非控股權益(如適用))內累計。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *借貸成本*

因收購、興建或生產合資格資產(即需相當長時間方可作擬定用途或出售的資產)而直接產生的借貸成本歸入該等資產的成本，直至資產基本上可作擬定用途或出售為止。

所有其他借貸成本均於產生期間於損益中確認。

##### *政府補助*

政府補助於出現合理保證本集團將會遵守附帶的條件及收取補助前，均不會確認。

政府補助於本集團確認該等補助擬作補償之有關成本為開支之期間內按系統基準在損益中確認。尤其是，以本集團應收購、建造或以其他方式取得非流動資產為主要條件的政府補助，乃於綜合財務狀況表中確認為遞延收入，並按系統及合理基準於有關資產的可用年期內轉至損益。

作為已產生開支或虧損之補償或向本集團提供即時財務支持而無日後相關成本而應收與收入有關之政府補助，於其應收取期間在損益中確認。此補助呈列於「其他收益」項下。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Retirement benefit costs*

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *退休福利成本*

界定供款的退休福利計劃供款於僱員提供服務而有權獲得供款時確認為開支。

##### *短期僱員福利*

短期僱員福利於僱員提供服務時於預期支付的未折現福利金額中確認。除非有另一香港財務報告準則規定或准許短期僱員福利包含於資產成本福利內，否則所有短期僱員福利均確認為開支。

僱員應計福利(例如工資和薪金以及年假)於扣減任何已付金額後確認為負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Share-based payments*

##### **Equity-settled share-based payment transactions**

##### *Shares granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For shares of the Company granted under The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (“**Restricted Shares**”), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share award scheme reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share award scheme reserve.

When the Restricted Shares are vested, the difference of the amount previously recognised in the share award scheme reserve and the cost of the related Restricted Shares previously acquired by the Group will be transferred to retained profits. When the Restricted Shares are lapsed before the vesting date or are still not vested at the expiry date, the amount of previously recognised in the share award scheme reserve will continue to be held in the share award scheme reserve.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *以股份為基礎之付款*

##### 以權益結算股份支付的交易

##### *授予僱員的股份*

向僱員及其他提供類似服務的人士作出的以權益結算股份為基礎之付款乃按權益工具於授予日期的公允值計量。

有關舜宇光學科技(集團)有限公司限制性股份獎勵計劃項下授出的本公司股份(「**限制性股份**」)，釐定來自僱員服務的公允值乃參照所授出限制性股份於授出日期的公允值。該公允值以直線法於歸屬期支銷，並相應增加權益(股份獎勵計劃儲備)。於各報告期末，本集團根據對所有有關非市場歸屬狀況的評估重訂對限制性股份於歸屬時的預期股數所作的估計。重訂估計的任何影響(如有)乃於損益中確認，故此，累計開支反映重訂估計，並相應調整股份獎勵計劃儲備。

當限制性股份歸屬時，先前於股份獎勵計劃儲備確認的金額與本集團先前所收購限制性股份成本之間的差額將轉撥至保留盈利。當限制性股份於歸屬日期前失效或於到期日仍未歸屬，則先前於股份獎勵計劃儲備中確認的金額將繼續在股份獎勵計劃儲備內持有。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *稅項*

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項根據本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報告的除稅前溢利不同，此乃因其他年度的應課稅或可扣稅收支項目，以及毋須課稅或不可扣稅項目所致。本集團的即期稅項負債根據截至報告期末已頒佈或實質頒佈的稅率計算。

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所採用相應稅基之暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額確認入賬。遞延稅項資產一般就所有暫時差額確認入賬，惟可能有應課稅溢利用於對銷可扣稅暫時差額。若於一項交易中，因初次確認資產及負債（業務合併除外）而引致之暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。此外，倘初步確認商譽產生暫時差額，遞延稅項負債不會確認。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Taxation (Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *稅項 (續)*

遞延稅項負債乃就於附屬公司及聯營公司之投資所產生應課稅暫時差額進行確認，惟倘本集團能控制暫時差額之撥回，且暫時差額可能不會於可見將來撥回之情況則除外。因有關該等投資的可扣減暫時差額而產生的遞延稅項資產僅在可能產生足夠應課稅溢利以使用暫時差額利益並預期能夠在可見將來撥回時確認。

遞延稅項資產的賬面值於各報告期末進行審閱，並會削減至不再可能有足夠應課稅溢利用於收回全部或部分相關資產為止。

遞延稅項資產及負債按償還負債或變現資產的期間內預期適用之稅率，根據報告期末已頒佈或實質頒佈的稅率（及稅法）計算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Taxation (Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax of leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirement to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revision to carrying amounts of right-of-use assets and lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *稅項 (續)*

遞延稅項負債及資產之計量反映按照本集團所預期方式於報告期末可收回或結算其資產及負債賬面值將出現之稅務後果。

就計量本集團確認使用權資產及相關租賃負債的租賃交易中的遞延稅項而言，本集團首次釐定稅項扣減歸因於使用權或租賃負債。

就當中具有租賃負債所產生之稅項扣減的租賃交易而言，本集團對使用權資產及租賃負債個別應用香港會計準則第12號*所得稅*之規定。由於應用初始確認豁免，故並無確認相關使用權資產及租賃負債於初始確認時的暫時差額。其後對使用權資產及租賃負債之賬面值作出修訂及租賃修訂所產生之暫時差額（不獲初始確認豁免）於重新計量或修訂日期確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Taxation (Continued)*

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### *Property, plant and equipment*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *稅項 (續)*

當有合法可強制執行權利將與同一稅務機關向同一納稅實體徵收之所得稅有關的即期稅項資產與即期稅項負債抵銷，則遞延稅項資產及負債可互相對銷。

即期及遞延稅項於損益確認，惟當其與在其他全面收益中確認或直接於權益中確認之項目相關，則即期及遞延稅項亦分別於其他全面收益或直接於權益中確認。倘因業務合併之初步會計方法而產生即期或遞延稅項，有關稅務影響會計入業務合併之會計方法內。

##### *物業、機器及設備*

物業、機器及設備指持作生產或供應貨品或服務或作行政用途（在建工程除外）的有形資產，乃按成本減其後累計折舊及後續累計減值虧損（倘有）於綜合財務狀況表中列賬。

用於生產、供應或作行政用途的在建物業以成本減任何已確認的減值虧損列賬。成本包括導致資產處於對於以管理層擬定之方式營運屬必要的情形及條件而直接產生的任何成本及（對合資格資產而言）根據本集團會計政策資本化的借款成本。該等物業於完成且可作擬定用途時，會列作物業、機器及設備之適當類別。該等資產按與其他物業資產相同之方式，於資產可作擬定用途時開始折舊。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Property, plant and equipment (Continued)*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *物業、機器及設備 (續)*

當本集團就包括租賃土地及樓宇部分之物業的所有權作出付款時，租賃土地及樓宇部分的全部代價將以初步確認時的相對公允值的比例分配。倘可合理作出相關款項分配，列賬為經營租賃的租賃土地權益於綜合財務狀況表中呈列作「使用權資產」。倘非租賃樓宇部分與相關租賃土地的未拆分利息間的代價無法合理分配，全部物業均被分類為物業、機器及設備。

物業、機器及設備項目（在建工程除外）以直線法於其估計可使用年內經扣除剩餘價值後確認折舊以撇銷成本。估計可使用年期、剩餘價值和折舊方法會在各報告期末覆核，而估計的任何變動影響按預期基準列賬。

物業、機器及設備項目於出售後或預計持續使用該資產不會於日後產生經濟利益時取消確認。因出售或報廢物業、機器及設備項目所產生的任何收益或虧損乃釐定為出售所得款項與資產賬面值之間的差額，並於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

##### *Intangible assets*

#### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *投資物業*

投資物業乃持作賺取租金及／或資本增值之物業。

投資物業初步按成本(包括任何直接應佔開支)計量。於初始確認後，投資物業按成本減其後累計折舊及任何累計減值虧損列賬。按直線法在投資物業的估計使用年期內且經計及預計殘值後確認折舊，以抵銷投資物業的成本。

投資物業在處置或永久不再使用後且預期處置不會產生未來經濟利益時終止確認。終止確認物業所產生的任何收益或損失(按照資產處置所得款項淨額與賬面值之間的差額計算)在該物業終止確認期間計入損益。

##### *無形資產*

#### **分開收購的無形資產**

單獨收購的可使用年期有限的無形資產，按成本減累計攤銷及任何累計減值虧損入賬。可使用年期有限的無形資產攤銷於估計可使用年期按直線法確認。估計可使用年期及攤銷方法於各報告期末予以審核，任何估計變動的影響按預期基準入賬。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Intangible assets (Continued)*

##### **Internally-generated intangible assets – research and development expenditures**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *無形資產 (續)*

##### **內部產生無形資產 – 研發開支**

研究活動開支於所產生期間確認為開支。

當且僅當出現所有下列情況時，開發活動（或內部項目的開發期）所產生的內部無形資產方予以確認：

- 完成無形資產以使該無形資產可供使用或出售的技術可行性；
- 完成無形資產及使用或出售該無形資產的意向；
- 使用或出售無形資產的能力；
- 無形資產如何產生可能的未來經濟利益；
- 有足夠的技術、財務及其他資源可用於完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間應佔開支的能力。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Intangible assets (Continued)*

##### **Internally-generated intangible assets – research and development expenditures (Continued)**

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

##### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *無形資產 (續)*

##### **內部產生無形資產 – 研發開支 (續)**

就內部產生的無形資產所初步確認的金額為該無形資產自首度符合上述確認標準之日起已產生的開支總額。倘無內部產生的無形資產可予確認，則開發費用在其產生期間於損益確認。

於首次確認後，內部產生的無形資產按成本減累計攤銷及累計減值虧損（如有）呈報，與單獨收購的無形資產列賬方式相同。

##### **於業務合併中購入的無形資產**

業務合併中所購無形資產與商譽分開確認並於收購日期按公允值初步確認（被視為其成本）。

初步確認後，業務合併中具有有限使用年期的所購無形資產按成本減累計攤銷及任何累計減值虧損呈列，該基準與單獨購入的無形資產一致。

無形資產於出售時或當動用或出售預期不會帶來未來經濟利益時終止確認。無形資產終止確認（按出售所得款項淨額與資產賬面值間的差額計量）產生的收益及虧損於資產終止確認時於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Impairment on tangible, right-of-use assets and intangible assets other than goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*有形資產、使用權資產及無形資產 (商譽除外) 減值*

於各報告期末，本集團檢討其具有有限可使用年期的有形資產、使用權資產及無形資產的賬面值，以釐定是否有任何跡象顯示該等資產已蒙受減值虧損。倘存在任何該等跡象，則估計該等資產的可收回金額以釐定減值虧損程度 (如有)。

有形資產、使用權資產及無形資產之可收回款項乃獨立作出評估。倘無法單獨估計可收回金額，本集團將估計該資產所屬現金產生單位之可收回金額。

於測試現金產生單位的減值時，倘可設立合理及一致的分配基準，則企業資產分配至相關現金產生單位，否則分配至可設立合理及一致分配基準的最小現金產生單位組別。可收回金額按企業資產所屬現金產生單位或現金產生單位組別釐定，並與相關現金產生單位或現金產生單位組別的賬面值相比較。

可收回金額為公允值減出售成本與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產 (或現金產生單位) 於估計未來現金流量調整前之獨有風險之稅前折算率折算估計未來現金流量至其現值。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Impairment on tangible, right-of-use assets and intangible assets other than goodwill (Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*有形資產、使用權資產及無形資產 (商譽除外) 減值 (續)*

倘若資產 (或現金產生單位) 的估計可收回金額低於其賬面值，則資產 (或現金產生單位) 的賬面值將調低至其可收回金額。對於企業資產或無法按合理一致基準分配至現金產生單位的部分企業資產，本集團將現金產生單位組別的賬面值 (包括企業資產或已分配至該現金產生單位組别的部分企業資產之賬面值) 與現金產生單位組别的可收回金額進行比較。於分配減值虧損時，減值虧損首先分配以減少商譽的賬面值 (倘適用)，然後根據單位中或現金產生單位組别中每項資產的賬面值按比例分配至其他資產。資產的賬面值不會減少至低於其公允值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零 (以較高值為準)。分配至資產的減值虧損款額按比例分配至單位中或現金產生單位組别中的其他資產。減值虧損即時於損益中確認。

倘減值虧損於其後撥回，則該項資產 (或現金產生單位或現金產生單位組别) 之賬面值會增加至其經修訂之估計可收回金額，惟增加後之賬面值不得超出假設過往年度並無就該項資產 (或現金產生單位或現金產生單位組别) 確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *存貨*

存貨按成本及可變現淨值的較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減直至完工的全部估計成本及銷售活動所需成本。銷售活動所需成本包括銷售活動直接產生的增量成本及集團銷售活動必須產生的非增量成本。

##### *金融工具*

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債方獲確認。所有以正規途徑買賣之金融資產乃按交易日期基準確認及取消確認。正規途徑買賣乃要求於市場法規或慣例所確定之時間框架內交付資產之金融資產買賣。

金融資產及金融負債初步按公允值計量，惟根據香港財務報告準則第15號初步計量的與客戶合約產生的貿易應收款項除外。交易成本直接歸屬於收購或發行金融資產及金融負債（按公允值計入損益的金融資產或金融負債除外），在初始確認時適當地計入或自金融資產或金融負債的公允值中扣除。直接歸屬於收購按公允值計入損益的金融資產或金融負債的交易成本，即時於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 Significant accounting policies (Continued)

#### 3.2 重要會計政策 (續)

##### *Financial instruments (Continued)*

##### *金融工具 (續)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

實際利率法為計算金融資產或金融負債的攤銷成本以及於相關期間內分配利息收入及利息支出的方法。實際利率指在金融資產或金融負債的預計年期內或(如適用)較短期間內準確折算估計未來現金收入及支出(包括構成實際利率整體部分的所有已付或已收的費用及點數、交易成本及其他溢價或折扣)至初步確認時的賬面淨值的利率。

##### **Financial assets**

##### **金融資產**

##### *Classification and subsequent measurement of financial assets*

##### *金融資產的分類和其後計量*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

滿足以下條件其後按攤銷成本計量的金融資產：

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- 以收取合約現金流量為目的之經營模式下持有之金融資產；及

- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

滿足以下條件其後按公允值計入其他全面收益的金融資產：

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- 以出售及收取合約現金流量為目的之經營模式下持有之金融資產；及

- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Classification and subsequent measurement of financial assets (Continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產的分類和其後計量 (續)*

所有其他金融資產其後按公允值計入損益計量，惟在初步確認金融資產當日，倘該股權投資並非持作買賣，亦非收購方於香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇於其他全面收益中呈列股權投資之公允值之其後變動。

倘若出現下列情況，則金融資產將持作買賣：

- 產生之主要目的為於不久將來出售而購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為不指定及有效作為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或按公允值計入其他全面收益計量的金融資產按以公允值計入損益計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Classification and subsequent measurement of financial assets (Continued)*

*(i) Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產的分類和其後計量 (續)*

*(i) 攤銷成本及利息收入*

其後按攤銷成本計量的金融資產的利息收入採用實際利率法確認。利息收入按對金融資產的總賬面值應用實際利率的方式計算，惟其後出現信貸減值的金融資產除外。有關其後出現信貸減值的金融資產，利息收入按照應用於該金融資產下一報告期的攤銷成本採用實際利率進行確認。倘信貸減值金融工具的信貸風險得以改善，使金融資產不再出現信貸減值，則利息收入將透過於確定資產不再出現信貸減值後的報告期間開始起對金融資產賬面總值應用實際利率確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Classification and subsequent measurement of financial assets (Continued)*

##### (ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產的分類和其後計量 (續)*

##### (ii) 指定按公允值計入其他全面收益的權益工具

按公允值計入其他全面收益之權益工具的投資其後按公允值計量，其公允值變動產生的收益及虧損於其他全面收益確認及於按公允值計入其他全面收益列賬的儲備累計；無須作減值評估。累計損益將不重新分類至出售股權投資之損益，並將轉移至保留盈利。

當本集團有權收取股息時，該等來自於權益工具投資的股息於損益中確認，除非確定該等股息為收回部分投資成本。股息於損益中計入「其他收益」項目中。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Classification and subsequent measurement of financial assets (Continued)*

##### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss exclude any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

##### *Impairment of financial assets*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including debt instruments at amortised cost, trade and other receivables, amount due from a related party, pledged bank deposits, times deposits, short term fixed deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產的分類和其後計量 (續)*

##### (iii) 按公允值計入損益的金融資產

金融資產如不符合按攤銷成本計量或按公允值計入其他全面收益計量或指定為按公允值計入其他全面收益的條件，則按公允值計入損益的方式計量。

在各報告期末，按公允值計入損益的金融資產按公允值計量，而任何公允值收益或虧損則於損益中確認。於損益確認的收益或虧損淨額不包括金融資產賺取的任何股息或利息及計入「其他收益及虧損」項目下。

##### *金融資產減值*

本集團根據預期信貸虧損（「**預期信貸虧損**」）模型對金融資產（包括按攤銷成本計量的債務工具、貿易及其他應收款項、應收一名關連人士款項、已抵押銀行存款、定期存款、短期定期存款及銀行結餘）進行減值評估，其須根據香港財務報告準則第9號進行減值評估。預期信貸虧損金額於各報告日期更新，以反映自初始確認起的信貸風險變動。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

全期預期信貸虧損指於相關工具預期壽命內發生所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損（「**12個月預期信貸虧損**」）則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並根據債務人的特定因素、一般經濟狀況及於報告日期對當前狀況及未來狀況預測的評估而作出調整。

本集團始終就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損乃對已發生信貸減值的債務人個別計提及／或採用撥備矩陣對合適組別進行整體評估。

對於所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初步確認以來信貸風險已大幅上升，在該情況下，本集團確認全期預期信貸虧損。有關應否確認全期預期信貸虧損的評估乃基於自初步確認以來違約的可能性或風險大幅上升。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

*(i) Significant increase in credit risk*

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

*(i) 信貸風險大幅上升*

於評估信貸風險自初步確認以來有否大幅上升時，本集團比較於報告日期的金融工具違約風險及初步確認日期的金融工具違約風險。作出評估時，本集團考慮合理且有可靠資料證明的定量和定性資料，包括過往經驗及無需付出過多成本或工作下可獲取的前瞻性資料。

尤其，於評估信貸風險有否大幅上升時，將考慮以下資料：

- 金融工具的實際或預期外部（如有）或內部信貸評級大幅下降；
- 外部市場信貸風險指標大幅下降（例如信貸息差（即債務人信貸違約掉期價格）大幅上升）；
- 預期現行或預測業務、金融或經濟狀況的不利變化導致債務人履行債務責任的能力大幅下降；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

*(i) Significant increase in credit risk (Continued)*

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

*(i) 信貸風險大幅上升 (續)*

- 債務人的實際或預期營運業績大幅下降；
- 債務人法規上、經濟上或技術環境上的實際或預期重大不利變化導致債務人履行債務責任的能力大幅下降。

不論上述評估結果如何，當合約款項逾期超30天時，本集團假設信貸風險自初步確認以來大幅上升，除非本集團有合理及有可靠資料證明情況並非如此。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

##### (i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

##### (i) 信貸風險大幅上升 (續)

儘管有上述規定，倘債務工具於報告日期釐定為低信貸風險，本集團假定該債務工具信貸風險自初步確認以來並無大幅上升。一項債務工具倘i) 其違約風險低；ii) 借款人有很強的能力在近期內履行其合約現金流量責任；及iii) 經濟及業務狀況在較長時間內發生不利變化，（但非必然會）減低借款人履行其合約現金流量責任的能力，則將被釐定為低信貸風險。倘一項債務工具的內部或外部信貸評級為「投資評級」（根據全球理解的定義），本集團認為其信貸風險為低。

本集團定期監察用以識別信貸風險有否大幅上升的標準的成效，並且適時作出修訂，以確保該標準能夠於有關款額逾期前識別信貸風險大幅上升。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

##### (ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

##### (ii) 違約的定義

就內部信貸風險管理而言，本集團認為違約乃於內部建立或外部來源獲取的資料顯示債務人不大可能向債權人（包括本集團）全額結清欠款時發生（並無考慮任何本集團持有的抵押品）。

不論上述情況如何，當金融資產逾期超過90天時，本集團即認為已發生違約，除非本集團有合理及可靠資料證明應採用更寬鬆的違約標準。

##### (iii) 信貸減值的金融資產

當一件或多件對一項金融資產估計未來現金流量產生不利影響的事件發生時，該金融資產則出現信貸減值。金融資產出現信貸減值的證據包括有關以下事項的可觀察數據：

- (a) 發行人或借款人出現重大財政困難；
- (b) 不履行債務或逾期支付等違約行為；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

(iii) Credit-impaired financial assets (Continued)

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

(iii) 信貸減值的金融資產 (續)

- (c) 借款人的貸款人因有關借款人財務困難的經濟或合約原因，給予借款人在一般情況下不會考慮的優惠安排；
- (d) 借款人可能破產或面臨財務重組；或
- (e) 該金融資產的活躍市場因財務困難而消失。

(iv) 撇銷政策

倘有資料顯示交易對手處於嚴重財務困難及無實際期望可收回欠款，本集團則撇銷該金融資產（例如於交易對手被清盤或進入破產程序時）。金融資產撇銷仍受限於本集團收回欠款程序下的執行活動，且在適當情況下將參考法律意見。撇銷構成一項終止確認事項，任何其後收回的欠款於損益內確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

##### (v) 預期信貸虧損的計量及確認

預期信貸虧損計量是違約可能性、違約損失率(即發生違約時的損失程度)及違約風險的函數。違約可能性及違約損失率的評定乃基於經調整歷史數據及前瞻性資料。預期信貸虧損的估算乃無偏頗及概率加權的數額，其按相應違約風險的權重釐定。本集團經考慮過往信貸虧損經驗後使用撥備矩陣並採用實際權益法估計貿易應收款項的預期信貸虧損，並按無需花費不必要成本或精力可取得的前瞻性資料調整。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期將收取的現金流量之間的差額，並按初步確認時釐定的實際利率貼現。

若干貿易應收款項的全期預期信貸虧損經考慮過往逾期資料及前瞻性宏觀經濟資料等相關信貸資料按集體基準考慮。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Impairment of financial assets (Continued)*

*(v) Measurement and recognition of ECL (Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*金融資產減值 (續)*

*(v) 預期信貸虧損的計量及確認 (續)*

就集體評估而言，本集團訂立組別時考慮以下特徵：

- 逾期情況；
- 債務人的性質、規模和行業；及
- 外部信貸評級 (如有)。

管理層定期檢討分組方法，以確保每個分組的組成部分繼續具有類似的信貸風險特徵。

利息收入基於金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團透過調整所有金融工具的賬面值於損益確認該等金融工具的減值收益或虧損，惟透過虧損撥備賬確認相關調整的貿易及其他應收款項例外。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial assets (Continued)**

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

##### **Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融資產 (續)**

*終止確認金融資產*

本集團僅於資產產生的現金流量的合約權利到期時，或於其轉移金融資產並同時轉移持有該等資產絕大部分的風險及回報於另一實體時終止確認金融資產。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價總額間的差額於損益中確認。

於終止確認本集團選擇於初步確認時按公允值計入其他全面收益計量的權益工具投資時，先前於按公允值計入其他全面收益儲備累計的累計收益或虧損不會重新分類至損益，但會轉移至保留盈利。

##### **金融負債及權益**

*分類為負債或權益*

債務及權益工具按合約安排的內容以及金融負債及權益工具的定義而分類為金融負債或權益。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

##### *Financial instruments (Continued)*

##### **Financial liabilities and equity (Continued)**

##### *Equity instrument*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issued costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

##### *金融工具 (續)*

##### **金融負債及權益 (續)**

##### *權益工具*

權益工具乃證明於扣減所有負債後於實體的資產中擁有剩餘權益的任何合同。本公司所發行的權益工具乃按所收取的款項扣減直接發行成本確認。

購回本公司本身的權益工具會直接於權益中確認及扣減。購入、出售、發行或註銷本公司本身的權益工具概不會於損益中確認收益或虧損。

##### *金融負債*

所有金融負債其後採用實際利率法按攤銷成本或按公允值計入損益計量。

##### *按公允值計入損益的金融負債*

當金融負債為(i)於香港財務報告準則第3號適用的業務合併中收購方支付的或然代價；(ii)持作買賣；或(iii)指定為按公允值計入損益時，會分類為按公允值計入損益的金融負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Financial liabilities and equity (Continued)**

*Financial liabilities at FVTPL (Continued)*

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost, including trade and other payables, amounts due to related parties, bank borrowings, long term payables and bonds payable, are subsequently measured at amortised cost, using the effective interest method.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **金融負債及權益 (續)**

*按公允值計入損益的金融負債 (續)*

倘若出現下列情況，則金融負債將分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為衍生工具（作為金融擔保合約或指定及實際對沖工具之衍生工具除外）。

*按攤銷成本計量的金融負債*

按攤銷成本計量的金融負債（包括貿易及其他應付款項、應付關連人士款項、銀行借貸、長期應付款項及應付債券）其後採用實際利率法按攤銷成本計量。

*終止確認金融負債*

本集團於（及僅於）本集團的責任獲解除、註銷或已屆滿時終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價之差額於損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Significant accounting policies (Continued)

*Financial instruments (Continued)*

##### **Derivative financial instruments**

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

### 3. 綜合財務報表之編製基準及重要會計政策 (續)

#### 3.2 重要會計政策 (續)

*金融工具 (續)*

##### **衍生金融工具**

衍生工具於衍生合約訂立日期初步按公允值確認，並於其後於報告期末重新計量至其公允值。所產生的收益或虧損即時於損益中確認。

### 4. 估計不確定因素的主要來源

於應用附註3所述本集團之會計政策時，本公司董事須就未能於其他來源取得之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及被視為相關之其他因素而作出。實際結果或有別於該等估計。

估計及相關假設將受到持續檢討。倘會計估計修訂只影響該期間，則有關會計估計的修訂會在修訂估計期間確認，或倘有關修訂同時影響當前及未來期間，則有關修訂會在修訂期間及未來期間確認。

以下為於報告期末很可能導致下一個財政年度資產及負債賬面值出現重大調整的有關將來之主要假設及其他估計不確定因素的主要來源。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Assessment of the finite useful lives of intangible assets

The Group estimates the useful lives of intangible assets based on the expected lifespan of those patents. The intangible assets are amortised on a straight-line basis over the estimated useful lives after taking into account the estimated residual value, if any. The Group determines the estimated useful lives of intangible assets on initial recognition in order to determine the amount of amortisation expense to be recorded during any reporting period. The useful lives are determined taking into the factors including the prevailing industry condition and the practice of intangible assets. The amortisation expense for future periods is adjusted if there are significant changes from previous estimates. As at 31 December 2021, the carrying amount of intangible assets with finite useful lives is RMB306,926,000 (31 December 2020: RMB363,137,000) as disclosed in Note 17.

#### Fair value measurement of financial instruments

As at 31 December 2021, certain of the Group's financial instruments, including unlisted equity instruments amounting to RMB198,280,000 (2020: unlisted equity instruments of RMB267,961,000 and derivative financial assets of RMB3,650,000) and derivatives financial liabilities amounting to RMB4,087,000 (2020: RMB96,805,000) are measured at fair values. In estimating the fair value, the Group uses market-observable data to the extent it is available. When market observable data are not available, the Group uses valuation techniques that include inputs that are not based on market-observable data to estimate the fair value of certain types of financial instruments. Note 36(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial assets and financial liabilities.

### 4. 估計不確定因素的主要來源 (續)

#### 無形資產之有限可使用年期的評估

本集團根據有關專利的預期使用年限來估計無形資產的可使用年期。無形資產乃經計及預計殘值(如有)後,於其估計可使用年期內按直線法攤銷。本集團會於初步確認時釐定無形資產的估計可使用年期,以釐定於任何報告期內所須記錄的攤銷開支金額。可使用年期乃經計及無形資產的當前行業狀況及慣例等因素後釐定。倘以往估計出現重大變動,則將對未來期間的攤銷開支作出調整。如附註17所披露,於二零二一年十二月三十一日,具有有限可使用年期之無形資產的賬面值為人民幣306,926,000元(二零二零年十二月三十一日:人民幣363,137,000元)。

#### 金融工具公允值計量

於二零二一年十二月三十一日,若干本集團的金融工具,包括非上市權益工具人民幣198,280,000元(二零二零年:非上市權益工具人民幣267,961,000元及衍生金融資產人民幣3,650,000元)及衍生金融負債人民幣4,087,000元(二零二零年:人民幣96,805,000元)乃按公允值計量。估算公允值時,本集團在可用範圍內採用市場可觀察數據。倘市場可觀察數據無法獲得,本集團使用估值技術(包括並非根據市場可觀察數據的輸入數據)估計若干類型金融工具之公允值。附註36(c)載有有關釐定各項金融資產及金融負債公允值所使用的估值技術、輸入數據及主要假設之詳情。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables which are not credit-impaired. The provision matrix are based on debtor's aging as groupings of various debtors that have similar loss patterns. The provision rate is based on the Group's historical observed default rates taking into consideration the forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36(b) and Note 25 respectively.

### 4. 估計不確定因素的主要來源 (續)

#### 貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣以計算並無出現信貸減值的貿易應收款項的預期信貸虧損。撥備矩陣乃基於債務人按各債務人類似虧損模式將其分組的賬齡。撥備率乃基於本集團過往觀察的逾期率，並考慮無需付出過多成本或工作即可取的合理及可支持的前瞻性資料。於每個報告日期，過往觀察的違約率會重新評估，並會考慮前瞻性資料的變動。此外，出現信貸減值的貿易應收款項的預期信貸虧損將獨立地評估。

預期信貸虧損撥備對估算變動敏感。有關預期信貸虧損及本集團貿易應收款項的資料分別於附註36(b)及附註25披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 5. REVENUE

### 5. 收入

#### (i) Disaggregation of revenue from contracts with customers

#### (i) 客戶合約收入的細分

	For the year ended 31 December 2021 截至二零二一年十二月三十一日止年度		
	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元
<b>Types of goods 貨品種類</b>			
Sales of optical and related components 光學及相關零件銷售	8,776,030	28,333,519	387,303
<b>Total 總額</b>	<b>8,776,030</b>	<b>28,333,519</b>	<b>387,303</b>
<b>Geographical markets 地區市場</b>			
China 中國	4,944,126	23,666,093	270,171
Asia (except China) 亞洲(中國除外)	2,078,974	4,495,319	38,204
Europe 歐洲	1,046,409	3,459	29,099
North America 北美洲	678,102	113,843	47,742
Others 其他	28,419	54,805	2,087
<b>Total 總額</b>	<b>8,776,030</b>	<b>28,333,519</b>	<b>387,303</b>
<b>Timing of revenue recognition 確認收入的時間</b>			
At a point in time 時點確認	8,776,030	28,333,519	387,303

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 5. REVENUE (Continued)

#### (i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度		
	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元
<b>Types of goods 貨品種類</b>			
Sales of optical and related components 光學及相關零件銷售	9,181,097	28,494,260	326,408
<b>Total 總額</b>	<b>9,181,097</b>	<b>28,494,260</b>	<b>326,408</b>
<b>Geographical markets 地區市場</b>			
China 中國	5,441,334	25,899,773	237,073
Asia (except China) 亞洲(中國除外)	2,177,165	2,492,908	25,418
Europe 歐洲	939,207	12,873	14,014
North America 北美洲	603,906	60,718	48,518
Others 其他	19,485	27,988	1,385
<b>Total 總額</b>	<b>9,181,097</b>	<b>28,494,260</b>	<b>326,408</b>
<b>Timing of revenue recognition 確認收入的時間</b>			
At a point in time 時點確認	9,181,097	28,494,260	326,408

#### (ii) Performance obligations for contracts with customers

The Group sells optical and optical-related products directly to customers. For sales of optical components, optoelectronic products and optical instruments, revenue is recognised when control of the goods has transferred, being when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of these products and obtain substantially all of the remaining benefits of these products. The credit term granted to customers is average 90 days. The transaction price received by the Group is recognised as a contract liability for sales in which revenue has yet been recognised.

### 5. 收入(續)

#### (i) 客戶合約收入的細分(續)

#### (ii) 客戶合約的履約責任

本集團直接向客戶銷售光學及光學相關產品。就光學零件、光電產品和光學儀器的銷售而言，收入於貨品的控制權轉移時，即取得客戶接受時確認，即客戶能夠控制貨品的使用及實質取得此等貨品的所有剩餘利益的時間點。授予客戶的信貸期平均為90天。本集團收取的尚未確認收入的銷售的交易價款，乃確認為合約負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 5. REVENUE (Continued)

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group's contracts have an original expected duration of one year or less, as permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations is not disclosed.

### 6. OPERATING SEGMENTS

Information reported to the Board of Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods delivered because the Board of Directors has chosen to organise the Group among different major products. No operating segments identified by chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Optical Components
2. Optoelectronic Products
3. Optical Instruments

### 5. 收入 (續)

#### (iii) 分配至客戶合約剩餘履約責任的交易價格

本集團合約的初始預期期限為一年或更短，如香港財務報告準則第15號所允許，不披露分配予剩餘履約責任的交易價格。

### 6. 營運分部

就資源分配及分部表現評估向董事會（即主要營運決策者）所呈報的資料側重於交付產品之類型，因為董事會已選擇按不同主要產品組織本集團。於達致本集團的可報告分部時，主要營運決策者所得出的營運分部概無經合計。

具體而言，根據香港財務報告準則第8號營運分部，本集團營運分部如下所示：

1. 光學零件
2. 光電產品
3. 光學儀器



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

### 6. 營運分部 (續)

#### Segment revenues and results

#### 分部收入及業績

The following is an analysis of the Group's revenue and results by operating and reportable segments.

本集團按營運及可報告分部劃分的收入及業績分析如下。

For the year ended 31 December 2021

截至二零二一年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	8,776,030	28,333,519	387,303	37,496,852	-	37,496,852
Inter-segment sales 分部間銷售	2,927,700	12,519	90,889	3,031,108	(3,031,108)	-
Total 總額	11,703,730	28,346,038	478,192	40,527,960	(3,031,108)	37,496,852
Segment profit 分部溢利	2,674,903	3,027,049	99,604	5,801,556	-	5,801,556
Share of results of associates 分佔聯營公司業績						19,007
Unallocated income 未分配收入						74,959
Unallocated expenses 未分配開支						(260,635)
Profit before tax 除稅前溢利						5,634,887

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Segment Total 分部總額 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
REVENUE 收入						
External sales 外部銷售	9,181,097	28,494,260	326,408	38,001,765	-	38,001,765
Inter-segment sales 分部間銷售	2,324,546	23,202	115,272	2,463,020	(2,463,020)	-
Total 總額	11,505,643	28,517,462	441,680	40,464,785	(2,463,020)	38,001,765
Segment profit 分部溢利	3,086,783	2,598,882	65,856	5,751,521	-	5,751,521
Share of results of associates 分佔聯營公司業績						20
Unallocated income 未分配收入						29,772
Unallocated expenses 未分配開支						(138,429)
Profit before tax 除稅前溢利						5,642,884

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

#### Segment revenues and results (Continued)

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of income and expenses of unallocated subsidiaries and central administration costs including directors' emoluments, share of results of associates and finance costs. There were asymmetrical allocations to operating segments because the Group allocates interest income, government grants, depreciation and amortisation and gain or loss on disposal of property, plant and equipment to each segment without allocating the related bank balances, deferred income, property, plant and equipment and intangible assets to those segments. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

### 6. 營運分部 (續)

#### 分部收入及業績 (續)

分部間銷售按現行市價入賬。

營運分部的會計政策與附註3所述的本集團會計政策相同。分部溢利指由各分部所賺取的溢利，但並無攤分未分配附屬公司的收入和開支以及中央行政成本(包括董事酬金、分佔聯營公司業績及融資成本)。營運分部間存在不對稱分配，這是由於本集團在分配利息收入、政府補助金、折舊及攤銷以及出售物業、機器及設備收益或虧損至各分部時，並未向各分部分配相關銀行結餘、遞延收入、物業、機器及設備以及無形資產。此乃向董事會報告以作資源分配及表現評估的基準。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

As at 31 December 2021

### 6. 營運分部 (續)

#### 分部資產及負債

本集團按營運及可報告分部劃分的資產及負債分析如下：

於二零二一年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
<b>Assets 資產</b>				
Trade receivables 貿易應收款項	1,878,514	3,690,969	65,169	5,634,652
Bill receivables 應收票據	616,115	387,528	5,993	1,009,636
Inventories 存貨	1,854,941	3,532,694	94,223	5,481,858
Total segment assets 分部資產總額	4,349,570	7,611,191	165,385	12,126,146
Unallocated assets 未分配資產				26,647,694
Consolidated assets 總資產				38,773,840
<b>Liabilities 負債</b>				
Trade payables 貿易應付款項	2,085,218	3,741,727	104,278	5,931,223
Note payables 應付票據	530,292	1,267,054	23,938	1,821,284
Total segment liabilities 分部負債總額	2,615,510	5,008,781	128,216	7,752,507
Unallocated liabilities 未分配負債				10,126,067
Consolidated liabilities 總負債				17,878,574

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

### 6. 營運分部 (續)

#### Segment assets and liabilities (Continued)

#### 分部資產及負債 (續)

As at 31 December 2020

於二零二零年十二月三十一日

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
<b>Assets 資產</b>				
Trade receivables 貿易應收款項	2,367,013	4,368,886	56,344	6,792,243
Bill receivables 應收票據	658,226	88,041	10,263	756,530
Inventories 存貨	1,559,605	4,155,765	67,701	5,783,071
Total segment assets 分部資產總額	4,584,844	8,612,692	134,308	13,331,844
Unallocated assets 未分配資產				22,106,271
Consolidated assets 總資產				35,438,115
<b>Liabilities 負債</b>				
Trade payables 貿易應付款項	2,318,329	4,752,353	88,693	7,159,375
Note payables 應付票據	135,048	1,177,220	23,708	1,335,976
Total segment liabilities 分部負債總額	2,453,377	5,929,573	112,401	8,495,351
Unallocated liabilities 未分配負債				10,116,647
Consolidated liabilities 總負債				18,611,998

For the purposes of monitoring segment performance and allocating resources between segments:

為監察分部表現及在分部間分配資源：

- Trade receivables, bill receivables and inventories are allocated to the respective operating and reportable segments. All other assets are unallocated assets, which are not regularly reported to the Board of Directors.
- Trade payables and note payables are allocated to the respective operating and reportable segments. All other liabilities are unallocated liabilities, which are not regularly reported to the Board of Directors.
- 貿易應收款項、應收票據及存貨均分配至相應的營運及可報告分部。所有其他資產都是指不定期向董事會報告的未分配資產。
- 貿易應付款項及應付票據分配至相應的營運及可報告分部。所有其他負債都是指不定期向董事會報告的未分配負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

### 6. 營運分部 (續)

#### Other segment information

#### 其他分部資料

For the year ended 31 December 2021

截至二零二一年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
<b>Amounts included in the measure of segment profit or loss: 計量分部損益時計入的款額：</b>					
Depreciation and amortisation 折舊及攤銷	957,606	781,873	18,283	1,994	1,759,756
Impairment losses on trade receivables recognised (reversed) in profit or loss 於損益中確認(撥回)的貿易應收款項減值虧損	1,778	(2,881)	6,285	-	5,182
(Gain) loss on disposal of property, plant and equipment 出售物業、機器及設備(收益)虧損	(6,822)	8,178	(6)	-	1,350
Share award scheme expense 股份獎勵計劃支出	94,336	73,018	15,450	5,474	188,278
Interest income from bank and financial instruments 銀行及金融工具利息收入	(24,096)	(365,327)	(7,596)	(7,131)	(404,150)
Allowance (reversed) for inventories 存貨撥備(撥回)	(27,710)	163,887	(3,803)	-	132,374
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:</b>					
已定期向主要營運決策者提供但未計入 分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,596,179	896,012	6,099	162	2,498,452

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

### 6. 營運分部 (續)

#### Other segment information (Continued)

#### 其他分部資料 (續)

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Optical Components 光學零件 RMB'000 人民幣千元	Optoelectronic Products 光電產品 RMB'000 人民幣千元	Optical Instruments 光學儀器 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated total 綜合總額 RMB'000 人民幣千元
<b>Amounts included in the measure of segment profit or loss: 計量分部損益時計入的款額：</b>					
Depreciation and amortisation 折舊及攤銷	792,709	812,377	20,682	2,517	1,628,285
Impairment losses on trade receivables reversed in profit or loss 於損益中撥回的貿易應收款項減值虧損	(6,320)	(4,658)	(1,240)	-	(12,218)
Loss (gain) on disposal of property, plant and equipment 出售物業、機器及設備虧損(收益)	2,408	8,755	(7)	-	11,156
Share award scheme expense 股份獎勵計劃支出	77,369	54,874	14,747	4,821	151,811
Interest income from bank and financial instruments 銀行及金融工具利息收入	(19,672)	(233,447)	(5,876)	(12,612)	(271,607)
Allowance for inventories 存貨撥備	22,657	218,367	4,650	-	245,674
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment assets:</b>					
已定期向主要營運決策者提供但未計入分部資產計量的款額：					
Addition to property, plant and equipment 物業、機器及設備增加	1,597,434	930,988	9,229	64	2,537,715

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

#### Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Handset related products 手機相關產品	29,597,845	32,119,027
Vehicle related products 車載相關產品	2,960,628	2,511,766
AR/VR related products AR/VR相關產品	1,344,637	596,237
Digital camera related products 數碼相機相關產品	1,004,258	592,186
Other lens sets 其他鏡頭	490,446	473,348
Optical instruments 光學儀器	273,734	204,974
Other spherical lens and plane products 其他球面鏡片及平面產品	142,255	164,946
Digital video lens 數碼視頻鏡頭	15,593	29,423
Other products 其他產品	1,667,456	1,309,858
	<b>37,496,852</b>	38,001,765

#### Geographical information

The Group's operations are mainly located in China, Vietnam, Korea, Japan, India and the United States.

The Group's revenue from continuing operations from external customers is presented based on the locations of goods physically delivered and information about the Group's non-current assets by the geographical location of the assets are detailed below:

### 6. 營運分部 (續)

#### 主要產品收入

以下為本集團來自主要產品的收入分析：

#### 地區資料

本集團的業務主要位於中國、越南、韓國、日本、印度及美國。

按實際交付貨物地點所示的來自外部客戶的本集團之持續營運收入及按資產地理位置劃分的本集團非流動資產的資料詳述如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 6. OPERATING SEGMENTS (Continued)

### 6. 營運分部 (續)

#### Geographical information (Continued)

#### 地區資料 (續)

	Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
China 中國	28,880,390	31,578,180	8,969,717	8,516,376
Asia (except China) 亞洲 (中國除外)	6,612,497	4,695,491	656,476	238,324
Europe 歐洲	1,078,967	966,094	128	179
North America 北美洲	839,687	713,142	493	1,449
Others 其他	85,311	48,858	–	–
	<b>37,496,852</b>	38,001,765	<b>9,626,814</b>	8,756,328

Note: Non-current assets excluded interests in associates, deferred tax assets, financial assets at FVTPL, equity instruments at FVTOCI, time deposits and goodwill.

附註：非流動資產不包括於聯營公司的權益、遞延稅項資產、按公允值計入損益的金融資產、按公允值計入其他全面收益的權益工具、定期存款及商譽。

#### Information about major customers

Revenues from the following customers contributed over 10% of the total sales of the Group:

#### 主要客戶資料

來自以下客戶的收入佔本集團銷售總額之比重超過10%：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Customer A, revenue mainly from Optoelectronic and related Products A客戶，主要來自光電及相關產品的收入	7,664,838	8,881,539
Customer B, revenue mainly from Optoelectronic and related Products B客戶，主要來自光電及相關產品的收入	5,811,013	N/A*
Customer C, revenue mainly from Optoelectronic and related Products C客戶，主要來自光電及相關產品的收入	4,946,670	N/A*
Customer D, revenue mainly from Optoelectronic and related Products D客戶，主要來自光電及相關產品的收入	N/A*	10,064,270

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

\* 相應的收入佔本集團總收入之比重並未超過10%。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 7(a). OTHER INCOME

### 7(a). 其他收益

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Government grants (Note 32) 政府補助金 (附註32)	<b>212,314</b>	141,810
Interest income from time deposits, short term fixed deposits, pledged bank deposits and bank balances 定期存款、短期定期存款、已抵押銀行存款及銀行結餘利息收益	<b>97,112</b>	47,230
Interest income from debt instruments 債務工具利息收益	<b>4,400</b>	9,335
Investment income from unlisted financial products at FVTPL 按公允值計入損益的非上市金融產品投資收益	<b>302,638</b>	215,042
Interest income from small loan services 小額貸款服務利息收益	<b>7,833</b>	7,049
Income from sales of moulds 銷售模具收益	<b>16,467</b>	24,148
Income from sales of scrap materials 銷售廢料收益	<b>30,753</b>	24,344
Others 其他	<b>18,432</b>	41,432
<b>Total 總額</b>	<b>689,949</b>	510,390

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 7(b). OTHER GAINS AND LOSSES

### 7(b). 其他收益及虧損

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Loss on disposal of property, plant and equipment 出售物業、機器及設備的虧損	(1,350)	(11,156)
Loss on disposal of a subsidiary 出售一間附屬公司的虧損	-	(1,673)
Net foreign exchange gain 外匯收益淨額	33,950	225,506
Gain (loss) on changes in fair value of derivative financial instruments, net 衍生金融工具公允價值變動產生的收益(虧損)淨額	67,097	(111,002)
(Loss) gain on changes in fair value of equity investments at FVTPL 按公允價值計入損益的股權投資公允價值變動產生的(虧損)收益	(8,151)	32,773
Gain on changes in fair value of debt instruments and fund investments at FVTPL 按公允價值計入損益的債務工具及基金投資公允價值變動產生的收益	6,382	53,470
Others 其他	1,137	(661)
<b>Total 總額</b>	<b>99,065</b>	187,257

### 8. FINANCE COSTS

### 8. 融資成本

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Interests on bank borrowings 銀行借貸利息	62,490	54,737
Interests on bonds payable 應付債券利息	153,970	164,282
Interests on long term payables related to intangible assets 與無形資產有關的長期應付款項利息	6,203	7,158
Interests on lease liabilities 租賃負債利息	7,589	7,563
<b>Total 總額</b>	<b>230,252</b>	233,740

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 9. INCOME TAX EXPENSE

### 9. 所得稅開支

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Current tax: 即期稅項：		
PRC Enterprise Income Tax 中國企業所得稅	447,809	540,600
Withholding tax expense 預繳稅開支	46,792	24,000
Other jurisdictions 其他管轄區	9,717	18,075
	<b>504,318</b>	582,675
Over provision in prior years: 過往年度超額撥備：		
PRC Enterprises Income Tax 中國企業所得稅	<b>(3,612)</b>	(4,515)
Deferred tax (Note 19): 遞延稅項(附註19)：		
Current year 本年度	<b>78,266</b>	124,470
	<b>578,972</b>	702,630

Under the Law of the PRC Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards, except as described below:

- (i) Ningbo Sunny Infrared Technologies Co., Ltd. (“**Sunny Infrared Optics**”) and Yuyao Sunny Optical Intelligence Technology Co., Ltd. (“**Sunny Optical Intelligence (Yuyao)**”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2021.
- (ii) Ningbo Sunny Opotech Co., Ltd. (“**Sunny Opotech**”), Ningbo Sunny Automotive Optech Co., Ltd. (“**Sunny Automotive Optech**”), Sunny Optics (Zhongshan) Co., Ltd. (“**Sunny Zhongshan Optics**”), Ningbo Sunny Instruments Co., Ltd. (“**Sunny Instruments**”), Sunny Optical (Zhejiang) Research Institute Co., Ltd. (“**Sunny Research Institute**”) and Zhejiang Sunny SmartLead Technologies Co., Ltd. (“**Sunny SmartLead**”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2022.

根據中國企業所得稅法(「**企業所得稅法**」)及企業所得稅法實施條例，中國附屬公司適用的稅率自二零零八年一月一日起為25%，惟下述者除外：

- (i) 寧波舜宇紅外技術有限公司(「**舜宇紅外光學**」)及餘姚舜宇智能光學技術有限公司(「**舜宇智能光學(餘姚)**」)均為內資有限責任公司，並獲認可為高新技術企業，有權享受15%的優惠稅率，於二零二一年十二月三十一日屆滿。
- (ii) 寧波舜宇光電信息有限公司(「**舜宇光電**」)、寧波舜宇車載光學技術有限公司(「**舜宇車載光學**」)、舜宇光學(中山)有限公司(「**舜宇中山光學**」)、寧波舜宇儀器有限公司(「**舜宇儀器**」)、舜宇光學(浙江)研究院有限公司(「**舜宇研究院**」)及浙江舜宇智領技術有限公司(「**舜宇智領技術**」)均為內資有限責任公司，並獲認可為高新技術企業，有權享受15%的優惠稅率，於二零二二年十二月三十一日屆滿。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 9. INCOME TAX EXPENSE (Continued)

- (iii) Zhejiang Sunny Optics Co., Ltd. (“**Sunny Zhejiang Optics**”), Xinyang Sunny Optics Co., Ltd. (“**Sunny Xinyang Optics**”) and Ningbo Sunny Intelligent Technology Co., Ltd. (“**Sunny Intelligent Technology**”), domestic limited liability companies, were approved as Hi-Tech Enterprises and entitled to a preferential tax rate of 15% with the expiry date on 31 December 2023.
- (iv) Zhejiang Sunny Optical Intelligence Technology Co., Ltd. (“**Sunny Optical Intelligence**”), a domestic limited liability company, was recognised as Software Enterprise and entitled preferential policies of full exemption from enterprise income taxation for the first two years till 31 December 2018 and reduction half for the subsequent three years till 31 December 2021.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

### 9. 所得稅開支(續)

- (iii) 浙江舜宇光學有限公司(「舜宇浙江光學」)、信陽舜宇光學有限公司(「舜宇信陽光學」)及寧波舜宇智能科技有限公司(「舜宇智能科技」)均為內資有限責任公司，並獲認可為高新技術企業，有權享受15%的優惠稅率，於二零二三年十二月三十一日屆滿。
- (iv) 浙江舜宇智能光學技術有限公司(「舜宇智能光學」)為內資有限責任公司，並獲認可為軟件企業，可於首兩年直至二零一八年十二月三十一日享受全額豁免企業所得稅的優惠政策，以及於其後三年直至二零二一年十二月三十一日享受半額稅項優惠。

其他管轄區的稅項按相關管轄區的現行適用稅率計算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 9. INCOME TAX EXPENSE (Continued)

The income tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Profit before tax 除稅前溢利	5,634,887	5,642,884
Tax at the PRC EIT tax rate of 25% 按中國企業所得稅稅率25%徵稅	1,408,722	1,410,721
Tax effect of share of results of associates 分佔聯營公司業績之稅務影響	(4,752)	(5)
Tax effect of expenses not deductible for tax purpose 不可扣稅開支之稅務影響	8,949	5,793
Tax effect of allowance granted under share award scheme in the PRC 根據股份獎勵計劃在中國授出股份的稅務影響	(21,859)	(14,437)
Tax effect of preferential tax rates for certain subsidiaries (Note a) 若干附屬公司稅率優惠之稅務影響(附註a)	(337,501)	(372,942)
Tax effect of additional tax deduction of research and development expenses (Note b) 研發開支額外稅項扣減之稅務影響(附註b)	(573,148)	(385,378)
Tax effect of tax losses not recognised 未確認稅項虧損之稅務影響	64,542	28,315
Tax effect of deductible temporary differences not recognised 未確認可抵扣暫時差額之稅務影響	(3,745)	-
Utilisation of tax losses not previously recognised 動用先前未確認稅項虧損	(13,431)	(8,991)
Deferred tax provided for withholding tax on income derived in the PRC 就來自中國收入預繳稅而撥備的遞延稅項	65,436	49,205
Tax effect of different tax rates of subsidiaries operating in other jurisdictions 於其他管轄區經營的附屬公司的不同稅率之稅務影響	(10,629)	(5,136)
Over provision in prior years 過往年度超額撥備	(3,612)	(4,515)
Income tax expense for the year 年內所得稅開支	578,972	702,630

Details of deferred taxation and unrecognised temporary difference are disclosed in Note 19.

Notes:

- (a) For the PRC subsidiaries which were approved as Hi-Tech Enterprises or Software Enterprise, they are entitled to a preferential tax rate of 15% or preferential policies of full exemption from or half reduction of enterprise income tax.

### 9. 所得稅開支(續)

年內的所得稅項支出與綜合損益及其他全面收益表所列除稅前溢利對賬如下：

遞延稅項及未確認暫時差額的詳情於附註19披露。

附註：

- (a) 就獲認為高新技術企業或軟件企業的中國附屬公司而言，其有權享受15%的優惠稅率或全額豁免或減半企業所得稅的優惠政策。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 9. INCOME TAX EXPENSE (Continued)

- (b) In August 2018, Caishui [2018] No. 99 “Notice on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses” was released, according to which certain PRC subsidiaries are entitled to an additional 75% tax deduction on eligible research and development expenses incurred by them for the both years ended 31 December 2021 and 2020.

In March 2021, the Ministry of Finance and the State Administration of Taxation released No. 13 announcement of 2021 named “Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses”, according to which certain PRC subsidiaries engaged in manufacturing industry are entitled to an additional 100% tax deduction on eligible research and development expenses incurred by them for the year ended 31 December 2021.

### 10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Directors' emoluments (Note 13) 董事酬金 (附註13)	16,159	16,169
Other staff's salaries and allowances 其他員工的薪金及津貼	2,518,548	1,963,313
Other staff's discretionary bonuses 其他員工的酌情花紅	217,220	474,763
Other staff's contribution to retirement benefit scheme 其他員工的退休福利計劃供款	319,894	219,448
Other staff's share award scheme expense 其他員工的股份獎勵計劃支出	178,746	142,279
	<b>3,250,567</b>	2,815,972
Cost of inventories recognised as an expense 確認為開支的存貨成本	<b>23,807,323</b>	24,741,675
Auditor's remuneration 核數師酬金	4,666	4,209
Depreciation of property, plant and equipment 物業、機器及設備折舊	1,638,067	1,513,407
Depreciation of investment properties 投資物業折舊	4,633	4,391
Depreciation of right-of-use assets 使用權資產折舊	60,845	54,285
Amortisation of intangible assets 無形資產攤銷	56,211	56,202
Allowance for inventories (included in cost of sales) 存貨撥備 (計入銷售成本)	<b>132,374</b>	245,674

### 9. 所得稅開支 (續)

- (b) 於二零一八年八月，財稅[2018]99號文《關於提高研發費用稅前加計扣除比例的通知》發佈，根據此通知，若干中國附屬公司就截至二零二一年及二零二零年十二月三十一日止兩個年度產生的符合條件的研發費用享有額外75%的稅費減免。

於二零二一年三月，財政部、稅務總局頒佈二零二一年第13號公告《關於進一步完善研發費用稅前加計扣除政策的公告》，根據此公告，若干從事製造業的中國附屬公司有權就其截至二零二一年十二月三十一日止年度產生的符合條件的研發費用享有額外100%的稅費減免。

### 10. 年內溢利

年內溢利已扣除以下各項：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 11. DIVIDENDS

### 11. 股息

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Dividends for ordinary shareholders of the Company recognised as distribution during the year: 年內確認為分派的本公司普通股股東的股息：		
2020 final dividends – RMB88.80 cents (2020: 2019 final dividends – RMB72.80 cents) per share 二零二零年末期股息 – 每股人民幣88.80分 (二零二零年：二零一九年末期股息 – 每股人民幣72.80分)	<b>974,003</b>	798,507

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of approximately RMB91.00 cents per share, equivalent to Hong Kong Dollar (“HKD”) 111.80 cents per share, amounting to a total of approximately RMB998,133,000 (2020: approximately RMB88.80 cents per share, equivalent to HKD105.70 cents per share, amounting to a total of approximately RMB974,003,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. The final dividends proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

於報告期末後，本公司董事建議派付每股約人民幣91.00分（相等於每股111.80港仙（「港仙」）），合共約人民幣998,133,000元（二零二零年：每股約人民幣88.80分（相等於每股105.70港仙），合共約人民幣974,003,000元）的截至二零二一年十二月三十一日止年度末期股息，惟須獲股東於應屆股東週年大會上批准。建議於報告期末後派付的末期股息並未於報告期末確認為負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
<b>Earnings 盈利</b>		
Earnings for the purpose of basic and diluted earnings per share 計算每股基本及攤薄盈利的盈利	<b>4,988,007</b>	4,871,793

	2021 二零二一年 '000 千股	2020 二零二零年 '000 千股
<b>Number of shares 股份數目</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note) 計算每股基本盈利的普通股加權平均數 (附註)	<b>1,092,612</b>	1,092,870
Effect of dilutive potential ordinary shares: 潛在攤薄普通股的影響： Restricted shares 限制性股份	<b>1,416</b>	1,578
Weighted average number of ordinary shares for the purpose of diluted earnings per share 計算每股攤薄盈利的普通股加權平均數	<b>1,094,028</b>	1,094,448

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under share award scheme.

### 12. 每股盈利

本公司股東應佔每股基本及攤薄盈利乃根據以下數據計算：

附註：加權平均普通股份數目計算已考慮股份獎勵計劃下本集團持有的股份。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Directors' and executives' remuneration, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2021

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2021 二零二一年總額 RMB'000 人民幣千元
<b>A) EXECUTIVE DIRECTORS</b> 執行董事						
Ye Liaoning 葉遼寧	-	1,274	373	89	2,383	4,119
Sun Yang 孫泱	-	1,120	420	46	2,383	3,969
Wang Wenjie 王文杰	-	942	411	59	2,383	3,795
Sub-total 小計	-	3,336	1,204	194	7,149	11,883

### 13. 董事、主要行政人員及五名最高薪酬僱員酬金

董事及行政人員酬金按適用上市規則及公司條例披露如下：

截至二零二一年十二月三十一日止年度

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2021 二零二一年總額 RMB'000 人民幣千元
<b>B) NON-EXECUTIVE DIRECTOR</b> 非執行董事						
Wang Wenjian 王文鑒	1,274	-	373	-	2,383	4,030

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

#### 13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

#### 13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2021 二零二一年總額 RMB'000 人民幣千元
<b>C) INDEPENDENT NON-EXECUTIVE DIRECTORS</b> 獨立非執行董事						
Zhang Yuqing 張余慶	82	-	-	-	-	82
Feng Hua Jun 馮華君	82	-	-	-	-	82
Shao Yang Dong 邵仰東	82	-	-	-	-	82
Sub-total 小計	246	-	-	-	-	246
Total 總額						16,159

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

### 13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

For the year ended 31 December 2020

截至二零二零年十二月三十一日止年度

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2020 二零二零年總額 RMB'000 人民幣千元
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#### A) EXECUTIVE DIRECTORS

##### 執行董事

Ye Liaoning 葉遼寧	-	1,120	547	73	2,383	4,123
Sun Yang 孫泱	-	942	596	43	2,383	3,964
Wang Wenjie 王文杰	-	793	547	57	2,383	3,780
Sub-total 小計	-	2,855	1,690	173	7,149	11,867

	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元 (Note) (附註)	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Share award 股份獎勵 RMB'000 人民幣千元	Total 2020 二零二零年總額 RMB'000 人民幣千元
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#### B) NON-EXECUTIVE DIRECTOR

##### 非執行董事

Wang Wenjian 王文鑒	1,120	-	547	-	2,383	4,050
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# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

### 13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

	Fees	Salaries and other benefits	Bonus	Retirement benefit scheme contributions	Share award	Total 2020
	袍金	薪金及其他福利	花紅	退休福利計劃供款	股份獎勵	二零二零年總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元

#### C) INDEPENDENT

#### NON-EXECUTIVE

#### DIRECTORS

#### 獨立非執行董事

Zhang Yuqing 張余慶	84	-	-	-	-	84
Feng Hua Jun 馮華君	84	-	-	-	-	84
Shao Yang Dong 邵仰東	84	-	-	-	-	84
Sub-total 小計	252	-	-	-	-	252
Total 總額						16,169

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

上列執行董事酬金為彼等有關管理本公司及本集團事務的服務報酬。

The non-executive director's emoluments shown above were for the services as a director of the Company.

上列非執行董事的酬金為擔任本公司董事的服務報酬。

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

上列獨立非執行董事的酬金為彼等擔任本公司董事的服務報酬。

Mr. Ye Liaoning, Mr. Sun Yang and Mr. Wang Wenjie are also the executive directors of the Company and their emoluments disclosed above include those for services rendered by them as the Chief Executives.

葉遼寧先生、孫泱先生及王文杰先生亦為本公司的執行董事，且上文所披露之彼等的酬金包括就彼等擔任主要行政人員所提供服務的酬金。

During both years, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. In the year ended 31 December 2021 (2020: Nil), no director waived emoluments.

於兩年內，本集團並無向本公司董事支付酬金，作為邀請其加入或加入本集團後的獎金或作為離職補償。截至二零二一年十二月三十一日止年度，並無董事放棄酬金(二零二零年：無)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 13. DIRECTORS', CHIEF EXECUTIVES' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

The five highest paid individuals of the Group included 4 (2020: 4) directors for the year. Details of their emoluments are set out above. The emoluments of the remaining 1 (2020: 1) highest paid individual were as follows:

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Salaries and other benefits 薪金及其他福利	832	541
Bonuses (Note) 花紅(附註)	375	1,336
Retirement benefit scheme contributions 退休福利計劃供款	65	61
Share award 股份獎勵	2,317	1,508
	<b>3,589</b>	<b>3,446</b>

Their emolument was within the following band:

	2021 二零二一年 No. of employee 員工人數	2020 二零二零年 No. of employee 員工人數
HKD4,000,001 to HKD4,500,000 4,000,001港元至4,500,000港元	1	1

Note: The bonus is determined by remuneration committees based on the Group's performance for each financial year and subject to a maximum of 5% of consolidated profit attributable to owners of the Company.

During both years, certain directors, non-director and non-chief executive highest paid employees were granted restricted shares, in respect of their services to the Group under the share awards scheme of the Group. Details of the share awards scheme are set out in Note 42 to the consolidated financial statements.

### 13. 董事、主要行政人員及五名最高薪酬僱員酬金(續)

本集團於本年度的五名最高薪酬人士包括四名(二零二零年: 四名)董事, 其酬金詳情載於上文。其餘一名(二零二零年: 一名)最高薪酬人士的酬金如下:

彼的酬金範圍如下:

附註: 花紅乃由薪酬委員會根據本集團於各財政年度的表現釐定, 惟不可高於本公司股東應佔綜合溢利的5%。

於兩年內, 根據本集團的股份獎勵計劃, 若干董事、非董事及非主要行政人員最高薪酬僱員就彼等為本集團提供的服務而獲授限制性股份。股份獎勵計劃的詳情載於綜合財務報表附註42。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 14. PROPERTY, PLANT AND EQUIPMENT 14. 物業、機器及設備

	Owned properties 自有物業 RMB'000 人民幣千元	Machinery and production equipment 機器及生產設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Fixtures and office equipment 傢俬及辦公設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
<b>COST 成本</b>						
At 1 January 2020 二零二零年一月一日	913,898	7,434,775	19,251	1,021,050	714,219	10,103,193
Additions 添置	52,042	1,562,262	394	199,759	723,258	2,537,715
Transfer 轉撥	345,576	204,541	-	34,353	(584,470)	-
Disposals 出售	(11,056)	(249,505)	-	(10,309)	-	(270,870)
Derecognised on disposal of a subsidiary 出售一家附屬公司時終止確認	-	(849)	-	(303)	-	(1,152)
Exchange realignment 外匯調整	-	(2,786)	(110)	(1,892)	-	(4,788)
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	1,300,460	8,948,438	19,535	1,242,658	853,007	12,364,098
Additions 添置	28,860	991,314	801	503,859	973,618	2,498,452
Transfer 轉撥	405,942	391,986	-	101,482	(899,410)	-
Transferred to investment properties 轉撥至投資物業	(8,418)	-	-	-	-	(8,418)
Disposals 出售	(1,635)	(284,543)	(1,816)	(23,353)	-	(311,347)
Exchange realignment 外匯調整	(1,166)	(8,250)	(20)	(2,607)	-	(12,043)
At 31 December 2021 於二零二一年十二月三十一日	1,724,043	10,038,945	18,500	1,822,039	927,215	14,530,742
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>						
<b>累計折舊及減值</b>						
At 1 January 2020 於二零二零年一月一日	156,696	3,012,338	14,345	353,069	-	3,536,448
Charge for the year 年內支出	45,504	1,287,297	1,810	178,796	-	1,513,407
Eliminated on disposals 出售時對銷	(9,504)	(179,036)	-	(9,066)	-	(197,606)
Derecognised on disposal of a subsidiary 出售一家附屬公司時終止確認	-	(835)	-	(286)	-	(1,121)
Exchange realignment 外匯調整	-	(63)	(105)	(55)	-	(223)
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	192,696	4,119,701	16,050	522,458	-	4,850,905
Charge for the year 年內支出	67,508	1,289,851	1,474	279,234	-	1,638,067
Transferred to investment properties 轉撥至投資物業	(4,312)	-	-	-	-	(4,312)
Eliminated on disposals 出售時對銷	(1,573)	(227,849)	(1,641)	(20,366)	-	(251,429)
Exchange realignment 外匯調整	(15)	(3,780)	(18)	(1,905)	-	(5,718)
At 31 December 2021 於二零二一年十二月三十一日	254,304	5,177,923	15,865	779,421	-	6,227,513
<b>CARRYING VALUES 賬面值</b>						
At 31 December 2021 於二零二一年十二月三十一日	1,469,739	4,861,022	2,635	1,042,618	927,215	8,303,229
At 31 December 2020 於二零二零年十二月三十一日	1,107,764	4,828,737	3,485	720,200	853,007	7,513,193

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis over their estimated useful lives as follows:

Owned properties	20 years
Machinery and production equipment	3 to 10 years
Motor vehicles	4 to 5 years
Fixtures and office equipment	3 to 10 years

As at 31 December 2021, the Group has obtained the ownership certificates for all buildings and no buildings of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on property, plant and equipment for the both years ended 31 December 2021 and 2020.

### 14. 物業、機器及設備(續)

上述物業、機器及設備項目(在建工程除外)按照直線法於其下列估計可用年期內進行折舊:

自有物業	20年
機器及生產設備	3至10年
汽車	4至5年
傢俬及辦公設備	3至10年

於二零二一年十二月三十一日,本集團已取得所有樓宇的權屬證書,且本集團並未抵押樓宇作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度,本公司董事認為物業、機器及設備並無減值虧損。

### 15. RIGHT-OF-USE ASSETS

### 15. 使用權資產

	Leasehold lands 租賃土地 RMB'000 人民幣千元	Leased properties 租賃物業 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
As at 31 December 2021 於二零二一年十二月三十一日 Carrying amount 賬面值	356,268	148,416	504,684
As at 31 December 2020 於二零二零年十二月三十一日 Carrying amount 賬面值	342,552	137,453	480,005
For the year ended 31 December 2021 截至二零二一年十二月三十一日止年度 Depreciation charge 折舊費用	8,989	51,856	60,845
For the year ended 31 December 2020 截至二零二零年十二月三十一日止年度 Depreciation charge 折舊費用	7,908	46,377	54,285

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 15. RIGHT-OF-USE ASSETS (Continued)

As at 31 December 2021, the Group has obtained the land use right certificates for all leasehold lands and no leasehold lands of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on right-of-use assets for the both years ended 31 December 2021 and 2020.

### 15. 使用權資產 (續)

於二零二一年十二月三十一日，本集團已取得所有租賃土地的土地使用權權屬證書，且本集團並未抵押租賃土地作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度，本公司董事認為使用權資產並無減值虧損。

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Expense relating to short-term leases 短期租賃相關開支	28,671	8,218
Expense relating to leases of low-value assets, excluding short-term leases of low value assets 低價值資產租賃相關開支 (不包括短期低價值資產租賃)	48	235
Total cash outflow for leases 租賃現金流出總值	107,994	167,567
Additions to right-of-use assets 使用權資產添置	91,711	134,287

For both years, the Group leases various offices, warehouses, staff dormitory and machines for its operations. Lease contracts are entered into for fixed term of 1 month to 10 years (2020: 1 month to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of each contract and determines the period for which the contract is enforceable.

於兩年內，本集團租賃多間辦公室、倉庫、員工宿舍及機器用於其營運。所訂立租賃合約的固定期限為1個月至10年(二零二零年：1個月至10年)。租期乃按個別基準磋商且包含各項不同的條款及條件。於釐定租期及評估不可撤銷期限長度時，本集團採用各合約的定義及釐定合約可執行的期限。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 15. RIGHT-OF-USE ASSETS (Continued)

In addition, the Group owns several office buildings and industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for machines. As at 31 December 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases entered during the year.

#### Restrictions or covenants on leases

In addition, lease liabilities of RMB154,270,000 are recognised with related right-of-use assets of RMB148,416,000 as at 31 December 2021 (2020: lease liabilities of RMB140,479,000 and related right-of-use assets of RMB137,453,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### 15. 使用權資產 (續)

此外，本集團擁有數棟辦公樓及工業樓宇（主要安置其生產設施）。本集團為該等物業權益（包括相關租賃土地）的登記擁有人。已提前一次性支付全部款項以收購該等物業權益。僅於能可靠分配付款時，方可將該等所擁有物業的租賃土地成份單獨呈列。

本集團定期就機器訂立短期租賃。於二零二一年十二月三十一日，短期租賃組合與年內訂立的短期租賃組合類似。

#### 租賃限制或契約

此外，截至二零二一年十二月三十一日，租賃負債人民幣154,270,000元及相關的使用權資產人民幣148,416,000元獲確認（二零二零年：租賃負債為人民幣140,479,000元及相關的使用權資產為人民幣137,453,000元）。除出租人持有的租賃資產中的擔保權益外，租賃協議不施加任何其他契約。租賃資產不得用於借款擔保。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 16. INVESTMENT PROPERTIES

The Group leases out several offices under operating leases with rental receivables quarterly or semi-annually. The leases typically run for fixed period of 1 to 10 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the group entities. The lease contracts do not contain residual value guarantee and lessee's option to purchase the property at the end of lease term.

### 16. 投資物業

本集團以每季度或半年度的應收租金出租數間經營租賃下的辦公室。固定租期為期1至10年。

由於所有租賃均以集團實體的相關功能貨幣計值，故本集團不會面臨租賃安排引致的外匯風險。租賃合約不包括剩餘擔保價值及承租人於租期末購買物業的選擇權。

	RMB'000 人民幣千元
<b>COST 成本</b>	
At 1 January 2020 and 31 December 2020 於二零二零年一月一日及二零二零年十二月三十一日	<b>67,601</b>
Transferred from properties 轉撥自物業	<b>8,418</b>
At 31 December 2021 於二零二一年十二月三十一日	<b>76,019</b>
<b>DEPRECIATION 折舊</b>	
At 1 January 2020 於二零二零年一月一日	22,303
Charge for the year 年內支出	4,391
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	26,694
Transferred from properties 轉撥自物業	4,312
Charge for the year 年內支出	4,633
At 31 December 2021 於二零二一年十二月三十一日	<b>35,639</b>
<b>CARRYING VALUES 賬面值</b>	
At 31 December 2021 於二零二一年十二月三十一日	<b>40,380</b>
At 31 December 2020 於二零二零年十二月三十一日	40,907

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 16. INVESTMENT PROPERTIES (Continued)

All of the investment properties are measured using the cost model. The fair value of the Group's investment properties at 31 December 2021 was RM108,385,000 (31 December 2020: RMB93,348,000). The fair value has been determined by the management of the Company reference to recent market evidence of transaction prices for similar properties in the same locations and conditions.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2021 二零二一年	
	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value at Level 3 hierarchy 第三級的公允值 RMB'000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	40,380	108,385

	2020 二零二零年	
	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value at Level 3 hierarchy 第三級的公允值 RMB'000 人民幣千元
Commercial property units located in the PRC 位於中國的商業物業單位	40,907	93,348

The above investment properties are depreciated on a straight-line basis from 13 to 20 years.

As at 31 December 2021, no investment properties of the Group were pledged to secure bank borrowings granted.

The Directors of the Company considered no impairment loss on investment properties for the both years ended 31 December 2021 and 2020.

### 16. 投資物業 (續)

所有投資物業以成本模式計量。於二零二一年十二月三十一日，本集團投資物業的公允值為人民幣108,385,000元(二零二零年十二月三十一日：人民幣93,348,000元)。該公允值經本公司管理層參考同區條件相同的同類物業的近期市場成交價後釐定。

本集團投資物業的詳情及於報告期末有關公允值等級的資料如下：

上列投資物業於13至20年內按照直線法折舊。

於二零二一年十二月三十一日，本集團並未抵押投資物業作為擔保以獲授銀行借貸。

截至二零二一年及二零二零年十二月三十一日止兩個年度，本公司董事認為投資物業並無減值虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 17. INTANGIBLE ASSETS

### 17. 無形資產

	Patents 專利權 RMB'000 人民幣千元
<b>COST 成本</b>	
At 1 January 2020 於二零二零年一月一日	570,833
Additions 添置	176
At 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日	<b>571,009</b>
<b>AMORTISATION AND IMPAIRMENT 攤銷及減值</b>	
At 1 January 2020 於二零二零年一月一日	151,670
Charge for the year 年內支出	56,202
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及於二零二一年一月一日	<b>207,872</b>
Charge for the year 年內支出	56,211
At 31 December 2021 於二零二一年十二月三十一日	<b>264,083</b>
<b>CARRYING VALUES 賬面值</b>	
At 31 December 2021 於二零二一年十二月三十一日	<b>306,926</b>
At 31 December 2020 於二零二零年十二月三十一日	363,137

As at 31 December 2021, the Group held (i) licensing patent acquired from Konica Minolta, Inc. ("KMI"), an independent third party of the Group, which allows the Group to develop, produce and sell licensed products, (ii) patent and other intangible assets acquired from the acquisition of Sunny Mobility Technologies (Ningbo) Co., Ltd. to develop the advanced driving assistant system in automobile industry.

於二零二一年十二月三十一日，本集團於本年度持有(i)自本集團的一名獨立第三方柯尼卡美能達公司(「KMI」)購買的專利授權，允許本集團開發、生產及銷售授權產品，(ii)收購寧波舜宇智行傳感技術有限公司取得的專利及其他無形資產，於汽車行業開發高級駕駛輔助系統。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 17. INTANGIBLE ASSETS (Continued)

These intangible assets have finite useful lives and are amortised on a straight-line basis over 10 years.

The Directors of the Company considered no impairment loss on intangible assets for the both years ended 31 December 2021 and 2020.

### 17. 無形資產 (續)

該等無形資產具有有限可使用年期，並以直線法按十年期攤銷。

截至二零二一年及二零二零年十二月三十一日止年度，本公司董事認為無形資產並無減值虧損。

### 18. INTERESTS IN ASSOCIATES

### 18. 於聯營公司的權益

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Cost of investment in unlisted associates 非上市聯營公司投資成本	251,115	93,569
Share of post-acquisition profit or loss and other comprehensive income or expenses, net of dividends received 分佔收購後損益及其他全面收益或開支，扣減已收股息	13,392	(18,753)
Impairment loss recognised 已確認減值虧損	(62,866)	(72,863)
	<b>201,641</b>	1,953

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 18. INTERESTS IN ASSOCIATES (Continued)

Details of each of the Group's associates at the end of the reporting period are as follow:

### 18. 於聯營公司的權益 (續)

於報告期末，本集團各聯營公司的詳情如下：

Name of associate 聯營公司名稱	Places of registration/ operation 註冊地點/ 營業地點	Proportion of ownership interests held by the Group 本集團持有的 所有權權益比例		Principal activity 主要業務
		2021 二零二一年	2020 二零二零年	
Visiondigi (Shanghai) Technology Co., Ltd. ("Visiondigi Shanghai")* 上海威乾視頻技術有限公司(「上海威乾」)	The PRC 中國	N/A 不適用	30.85%	Manufacture and sale of closed circuit television 生產及銷售閉路電視
Jiangsu Sunny Medical Equipments Co., Ltd.* 江蘇舜宇醫療器械有限公司	The PRC 中國	31.00%	31.00%	Manufacture and sale of medical instrument business 生產及銷售醫療儀器業務
SCIVAX Co., Ltd. ("SCIVAX")* SCIVAX 株式會社(「SCIVAX」)	Japan 日本	14.26%	18.30%	Research and development of advanced nanotechnology 研究及開發先進納米技術
浙江生一光學感知科技有限公司 浙江生一光學感知科技有限公司	The PRC 中國	25.00%	25.00%	Research and development of optical products 研究及開發光學產品
餘姚市陽明智行投資中心(有限合夥) ("V Fund") 餘姚市陽明智行投資中心(有限合夥)(「V基金」)	The PRC 中國	16.41%	16.41%	Equity Investment 股權投資
杭州九州舜創股權投資合夥企業(有限合夥)# 杭州九州舜創股權投資合夥企業(有限合夥)#	The PRC 中國	15.63%	N/A 不適用	Equity Investment 股權投資
杭州舜富股權投資合夥企業(有限合夥)# 杭州舜富股權投資合夥企業(有限合夥)#	The PRC 中國	52.00%	N/A 不適用	Equity Investment 股權投資

\* The English names of the above entities established in the PRC and Japan are translated for identification purpose only.

\* 於中國及日本成立的上述實體的英文名稱為翻譯名稱，僅供識別。

# These associates were established during the current year, which are mainly engaged in equity investment in the optoelectronic and relevant industries.

# 該等聯營公司於本年度期間成立，主要從事光電及相關產業股權投資。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 18. INTERESTS IN ASSOCIATES (Continued)

During the current period, the dormant and fully impaired associate named Visiondigi Shanghai has been deregistered. The cost of the investment RMB23,135,000, net off the share of results of RMB13,138,000 and the impairment loss of RMB9,997,000 in the previous years resulted in insignificant gain recognised in this reporting period.

V Fund has been reclassified from financial assets at FVTPL to an associate since 1 September 2021, when the Group is able to exercise significant influence over V Fund. The carrying amount of investment in V Fund reclassified from financial assets at FVTPL is RMB74,641,000.

On 10 May 2021, the Group entered into a Limited Partnership Agreement with several third party independent investors to establish 杭州九州舜創股權投資合夥企業(有限合夥) with the total subscription amount RMB960,000,000 and the Group will subscribe 15.63% of the total interests in the amount of RMB150,000,000, in order to invest into companies from optoelectronics and other relevant industries. As at 31 December 2021, RMB106,040,000 has been subscribed by the Group. As the Group has significant influence over the management and the operation of the fund, the investment is classified and accounted for as an associate accordingly.

### 18. 於聯營公司的權益 (續)

於本期間，已停業且已完全減值的聯營公司上海威乾已註銷。投資成本人民幣23,135,000元扣除過往年度分佔業績人民幣13,138,000元及減值虧損人民幣9,997,000元導致於本報告期間確認的收益並不重大。

自二零二一年九月一日以來，V基金已從按公允值計入損益的金融資產重新分類為聯營公司，屆時本集團能夠對V基金產生重大影響力。從按公允值計入損益的金融資產重新分類的V基金投資賬面值為人民幣74,641,000元。

於二零二一年五月十日，本集團與若干第三方獨立投資者訂立有限合夥協議，成立杭州九州舜創股權投資合夥企業(有限合夥)，總認購金額為人民幣960,000,000元，本集團將以金額人民幣150,000,000元認購15.63%的總權益，旨在投資光電等其他相關行業的公司。於二零二一年十二月三十一日，本集團認繳人民幣106,040,000元。由於本集團對該基金的管理及運營有重大影響，該投資相應被分類並入賬為一家聯營公司。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Deferred tax assets 遞延稅項資產	(255,651)	(207,332)
Deferred tax liabilities 遞延稅項負債	1,015,890	888,809
	<b>760,239</b>	681,477

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

### 19. 遞延稅項

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已經抵銷。用作財務報告目的的遞延稅項結餘分析如下：

已確認的主要遞延稅項負債（資產）及於本年度和過往年度變動如下：

	Withholding tax on undistributed profit from the PRC 中國未分配利潤預繳稅 RMB'000 人民幣千元	Allowance for inventories and ECL provision 存貨撥備及預期信貸虧損撥備 RMB'000 人民幣千元	Deferred subsidy income 遞延補貼收入 RMB'000 人民幣千元	Accelerated depreciation 加速折舊 RMB'000 人民幣千元	Accrued bonus 應計獎金 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	120,532	(57,385)	(9,865)	541,622	(56,112)	14,866	553,658
Charge (Credit) to profit or loss (Note 9) 於損益中計入(扣除)(附註9)	25,205	(33,971)	1,544	170,504	(41,407)	2,595	124,470
Charge to other comprehensive income 計入其他全面收益	-	-	-	-	-	3,349	3,349
At 31 December 2020 於二零二零年十二月三十一日	145,737	(91,356)	(8,321)	712,126	(97,519)	20,810	681,477
Charge (Credit) to profit or loss (Note 9) 於損益中計入(扣除)(附註9)	11,634	(20,576)	(18,358)	97,876	1,778	5,912	78,266
Charge to other comprehensive income 計入其他全面收益	-	-	-	-	-	496	496
At 31 December 2021 於二零二一年十二月三十一日	<b>157,371</b>	<b>(111,932)</b>	<b>(26,679)</b>	<b>810,002</b>	<b>(95,741)</b>	<b>27,218</b>	<b>760,239</b>



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 19. DEFERRED TAXATION (Continued)

As at 31 December 2021, the deferred tax liability amounting to RMB157,371,000 (31 December 2020: RMB145,737,000) was provided in respect of the temporary differences attributed to the PRC undistributed profits to the extent exceeding the investment plan which the Directors of the Company decided to distribute. The Group has determined that the remaining portion of the profits derived from those PRC operating subsidiaries will be retained by those subsidiaries and not distributed in the foreseeable future, since the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse nor be subject to withholding tax in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of approximately RMB682,828,000 (2020: RMB494,138,000) available for offset against future profits. The tax losses arising from the PRC non high-tech subsidiaries of RMB144,435,000 (2020: RMB70,813,000) can be carried forward for maximum of five years and will expire during 2022 to 2026 (2020: 2021 to 2025) while the tax losses arising from the PRC high-tech subsidiaries of RMB473,504,000 (2020: RMB381,594,000) can be carried forward for maximum of ten years and will expire during 2022 to 2031 (2020: 2021 to 2030) according to Caishui [2018] No. 76. which has extended the expiration period from five years to ten years. Other tax losses may be carried forward indefinitely.

### 20. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The deposits are paid for construction of factory buildings, acquisition of plants and equipment located in the PRC and other regions for the expansion of the Group's production plants.

### 19. 遞延稅項 (續)

於二零二一年十二月三十一日，本集團就有關中國未分配利潤的暫時差額作出遞延稅項負債撥備人民幣157,371,000元(二零二零年十二月三十一日：人民幣145,737,000元)，該金額已超過本公司董事決定分配之投資計劃的金額。本集團已決定來自該等中國營運附屬公司的利潤之餘下部分將由該等附屬公司保留，且不會於可預見的將來分配，因為本集團已就控制撥回暫時差額的時間作好準備，且該等差額將不大可能於可預見的將來撥回或須預繳稅項。

於報告期末，本集團有未使用稅項虧損約人民幣682,828,000元(二零二零年：人民幣494,138,000元)可供用於抵銷未來溢利。中國非高新技術附屬公司產生的稅項虧損為人民幣144,435,000元(二零二零年：人民幣70,813,000元)可於最多五年內結轉，並將於二零二二年至二零二六年(二零二零年：二零二一年至二零二五年)到期。而中國高新技術附屬公司產生的稅項虧損為人民幣473,504,000元(二零二零年：人民幣381,594,000元)，可於最多十年內結轉，到期期限根據財稅[2018]76號文由五年增至十年，將於二零二二年至二零三一年(二零二零年：二零二一年至二零三零年)到期。其他稅項虧損可無限期結轉。

### 20. 就收購物業、機器及設備已支付的按金

本集團就興建廠房樓宇以及收購位於中國及其他地區的機器及設備以供其生產機器擴張而支付按金。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### 21. 按公允價值計入其他全面收益的權益工具

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Unlisted equity investments 非上市股權投資	178,762	134,609

The unlisted equity investments represent the Group's equity interests in private entities. The Directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance in the long run.

During the current year, the Group made a new equity investment measured as equity instruments at FVTOCI amounting to RMB40,849,000 (2020: RMB100,000) and the fair value gain in the amount of RMB2,808,000 (2020: RMB18,977,000), net off with the recognition of related deferred tax liabilities of RMB496,000 (2020: RMB3,349,000) was recognised in FVTOCI reserve.

非上市股權投資代表本集團於私人實體的股本權益。本公司董事已選擇將該等投資指定為按公允價值計入其他全面收益的權益工具，此乃由於彼等相信於損益確認該等投資公允價值的短期波動不符合本集團就長期目的持有該等投資以及就長期而言實現該等投資效益的策略。

於本年度期間，本集團作出一項新的股權投資，以按公允價值計入其他全面收益的權益工具計量為人民幣40,849,000元（二零二零年：人民幣100,000元），而公允價值收益（扣除確認有關遞延稅項負債人民幣496,000元（二零二零年：人民幣3,349,000元））人民幣2,808,000元（二零二零年：人民幣18,977,000元）已於按公允價值計入其他全面收益的儲備中確認。

### 22. DEBT INSTRUMENTS AT AMORTISED COST

### 22. 按攤銷成本計量的債務工具

During the current year, all debt instruments reached maturity and were redeemed accordingly.

As at 31 December 2021, the total carrying amount of the debt instruments is nil (31 December 2020: RMB52,823,000).

於本年度期間，所有的債務工具已到期並已相應贖回。

於二零二一年十二月三十一日，債務工具總賬面值為零（二零二零年十二月三十一日：人民幣52,823,000元）。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### 23. 按公允值計入損益的金融資產

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current assets 流動資產		
Fund investments (Note a) 基金投資 (附註a)	283,132	282,711
Unlisted financial products (Note b) 非上市金融產品 (附註b)	7,992,170	8,197,475
Debt instruments (Note c) 債務工具 (附註c)	38,841	–
	<b>8,314,143</b>	8,480,186
Non-current assets 非流動資產		
Debt instruments (Note c) 債務工具 (附註c)	–	72,884
Equity investments (Note d) 股權投資 (附註d)	19,518	133,352
	<b>19,518</b>	206,236

Notes:

附註：

#### (a) Fund investments

The Group entered into several contracts to purchase fund units (the “Fund”) with a financial institution, which were accounted for as financial assets as FVTPL on initial recognition. As at 31 December 2021, the fair value of the Fund is United State Dollar (“USD”) 44,408,000 (31 December 2020: USD43,328,000) per the investment statement of the financial institution, equivalent to RMB283,132,000 (31 December 2020: RMB282,711,000). The fair value gain in the amount of USD1,080,000, equivalent to RMB6,886,000 (2020: RMB22,199,000) was recognised in profit or loss in the current year.

#### (a) 基金投資

本集團與一家金融機構簽訂若干合約以購買基金單位(「基金」)，於初步確認時已列作按公允值計入損益的金融資產。於二零二一年十二月三十一日，根據金融機構的投資報表，基金的公允值為44,408,000美元(「美元」)(二零二零年十二月三十一日：43,328,000美元)，相等於人民幣283,132,000元(二零二零年十二月三十一日：人民幣282,711,000元)。本年度於損益中確認公允值收益金額為1,080,000美元(相等於人民幣6,886,000元)(二零二零年：人民幣22,199,000元)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

#### (b) Unlisted financial products

During the current year, the Group entered into several contracts of unlisted financial products with banks. The unlisted financial products are managed by related banks in the PRC to invest principally in certain financial assets including bonds, trusts and cash funds, etc. The unlisted financial products have been accounted for financial assets at FVTPL on initial recognition of which the return of the unlisted financial products was determined by reference to the performance of the underlying government debt instruments and treasury notes and as at 31 December 2021, the expected return rate stated in the contracts ranges from 1.78% to 4.60% (31 December 2020: 2.15% to 3.95%) per annum.

In the opinion of the Directors of the Company, the fair value change of the unlisted financial products is insignificant in the current year.

#### (c) Debt instruments

During the current year, the Group disposed a debt instrument at the proceed of RMB32,427,000 (2020: RMB81,668,000). The remaining debt instruments will be redeemed in the coming year.

The loss on the fair value change of the remaining debt instruments amounting to RMB193,000 (2020: gain of RMB47,000) was recognised in the profit or loss in the current year.

#### (d) Equity investments

The Group's equity investments in several partnership enterprises amounting to RMB19,518,000 (31 December 2020: RMB133,352,000) were classified as financial assets at FVTPL. Since 1 September 2021, the investment in V Fund with the carrying amount of RMB74,641,000 was reclassified as interests in an associate. During the current year, a fair value loss of RMB8,151,000 (2020: gain of RMB32,773,000) was recognised in the profit or loss.

### 23. 按公允值計入損益的金融資產 (續)

附註：(續)

#### (b) 非上市金融產品

於本年度期間，本集團與銀行簽訂若干非上市金融產品合約。該等非上市金融產品由中國的相關銀行管理，主要投資於債券、信託及現金基金等若干金融資產。非上市金融產品在初步確認時已列作按公允值計入損益的金融資產，該部分非上市金融產品的回報根據相關政府債務工具及國庫債券的表現釐定，於二零二一年十二月三十一日，合約中所載的預期年回報率介乎1.78%至4.60%之間（二零二零年十二月三十一日：2.15%至3.95%之間）。

本公司董事認為，非上市金融產品的公允值變動於本年度並不重大。

#### (c) 債務工具

於本年度期間，本集團出售一項債務工具，所得款項為人民幣32,427,000元（二零二零年：人民幣81,668,000元）。餘下的債務工具將在下一年度贖回。

餘下債務工具的公允值變動虧損為人民幣193,000元（二零二零年：收益人民幣47,000元），於本年度在損益內確認。

#### (d) 股權投資

本集團於多家合夥企業金額為人民幣19,518,000元（二零二零年十二月三十一日：人民幣133,352,000元）的股權投資被分類為按公允值計入損益的金融資產。自二零二一年九月一日起，V基金賬面價值為人民幣74,641,000元的投資被重新分類為於一家聯營公司的權益。本年度期間於損益中確認公允值損失人民幣8,151,000元（二零二零年：收益人民幣32,773,000元）。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 24. INVENTORIES

### 24. 存貨

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Raw materials 原材料	1,510,395	1,126,857
Work in progress 半製成品	202,365	193,666
Finished goods 製成品	3,769,098	4,462,548
	<b>5,481,858</b>	5,783,071

### 25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

### 25. 貿易及其他應收款項及預付款項

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>Current assets 流動資產</b>		
Trade receivables 貿易應收款項	5,730,277	6,888,146
Less: allowance for expected credit losses 減：預期信貸虧損撥備	(95,625)	(95,903)
	<b>5,634,652</b>	6,792,243
Bill receivables 應收票據	1,009,636	756,530
Loan receivables (Note) 應收貸款(附註)	142,829	164,998
Other receivables and prepayment 其他應收款項及預付款項		
Value added tax and other tax receivables 應收增值稅及其他應收稅項	119,284	92,948
Advance to suppliers 墊付供應商款項	110,068	77,578
Interest receivables 應收利息	130,416	54,277
Prepaid expenses 預付開支	145,316	119,584
Utilities deposits and prepayment 公用事業按金及預付款項	41,429	75,561
Advances to employees 墊付僱員款項	88,915	68,701
Others 其他	25,840	9,605
	<b>661,268</b>	498,254
Total trade and other receivables and prepayment 貿易及其他應收款項及預付款項總額	<b>7,448,385</b>	8,212,025

Note: The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals.

附註：本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

#### 25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

The Group allows a credit period of average 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for credit loss presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	5,540,795	6,599,719
91 to 180 days 91至180天	92,903	191,585
Over 180 days 180天以上	954	939
	<b>5,634,652</b>	6,792,243

The credit period of bill receivables is 90 to 180 days. Aging of bill receivables based on the issue date at the end of the reporting period is as follows:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within 90 days 90天以內	927,195	647,049
91 to 180 days 91至180天	82,441	109,481
	<b>1,009,636</b>	756,530

All bills received by the Group are with a maturity period of less than one year.

#### 25. 貿易及其他應收款項及預付款項 (續)

本集團給予其貿易客戶平均90天的信貸期。以下為於報告期末基於發票日(與各自的收益確認日期相若)呈列的貿易應收款項(扣除信貸虧損撥備)的賬齡分析。

應收票據的信貸期為90至180天。於報告期末基於發行日的應收票據賬齡如下：

本集團已收取的所有票據的到期期限均少於一年。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 25. TRADE AND OTHER RECEIVABLES AND PREPAYMENT (Continued)

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB50,024,000 (31 December 2020: RMB31,818,000) which are past due as at the reporting date. Out of the past due balances, nil (31 December 2020: nil) has been past due 90 days or more.

Details of impairment assessment of trade and other receivables and bill receivables for the years ended 31 December 2021 and 2020 are set out in Note 36(b).

### 26. TIME DEPOSITS/PLEDGED BANK DEPOSITS/SHORT TERM FIXED DEPOSITS/BANK BALANCES AND CASH

During the year ended 31 December 2021, the Group deposited RMB500,000,000 time deposits with several banks in the PRC. These time deposits carry fixed interest rates ranging from 3.85% to 4.18% (31 December 2020: 3.85% to 4.18%) per annum. The remaining maturity period of these time deposits is more than one year and are therefore classified as non-current assets.

The Group pledged certain of its bank deposits to banks as security for letters of guarantee and the pledged bank deposits carry fixed interests rates ranging from 1.80% to 3.50% (31 December 2020: at 1.35%) per annum.

Short term fixed deposits carry fixed interest rates ranging from 1.20% to 1.90% (31 December 2020: 1.92% to 3.15%) per annum. Short term fixed deposits have original maturity dates less than one year and therefore classified as current assets.

Bank balances, which represent saving accounts and deposits, carry interest at market saving rates ranging from 0.30% to 1.70% (31 December 2020: at 0.30%) per annum.

### 25. 貿易及其他應收款項及預付款項 (續)

於二零二一年十二月三十一日，本集團貿易應收款項結餘包括於報告日期已逾期的總賬面值為人民幣50,024,000元（二零二零年十二月三十一日：人民幣31,818,000元）的債務人。於逾期結餘中，並無（二零二零年十二月三十一日：無）逾期款項逾期90天或以上。

貿易及其他應收款項及應收票據截至二零二一年及二零二零年十二月三十一日止年度的減值評估詳情載於附註36(b)。

### 26. 定期存款／已抵押銀行存款／短期定期存款／銀行結餘及現金

截至二零二一年十二月三十一日止年度，本集團存入數家中國的銀行的定期存款為人民幣500,000,000元。該等定期存款固定年利率介乎3.85%至4.18%之間（二零二零年十二月三十一日：3.85%至4.18%）。該等定期存款的餘下到期期限超過一年，因而被分類為非流動資產。

本集團已向銀行抵押其若干銀行存款作擔保函的抵押品，已抵押銀行存款固定年利率為介乎1.80%至3.50%之間（二零二零年十二月三十一日：1.35%）。

短期定期存款按介乎1.20%至1.90%之間（二零二零年十二月三十一日：1.92%至3.15%）的固定年利率計息。短期定期存款原到期日少於一年，因而被分類為流動資產。

銀行結餘指儲蓄賬戶及存款，按介乎0.30%至1.70%之間（二零二零年十二月三十一日：0.30%）的市場儲蓄存款年利率計息。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

### 27. 衍生金融資產及負債

At the end of the reporting period, the Group held certain derivatives classified as held for trading and not under hedge accounting as follows:

於報告期末，本集團持有若干分類為持作買賣及未按對沖會計法處理的衍生工具如下：

	Assets 資產		Liabilities 負債	
	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Foreign currency forward contracts 遠期外匯合約	27,120	17,657	41,321	9,865
Foreign currency options contracts 外匯期權合約	-	3,650	4,087	96,805
Foreign exchange swap contracts 外匯掉期合約	117	-	95	-
<b>Total 總額</b>	<b>27,237</b>	<b>21,307</b>	<b>45,503</b>	<b>106,670</b>
<b>Less: current portion 減：即期部分</b>				
Foreign currency forward contracts 遠期外匯合約	27,120	17,657	36,264	5,083
Foreign currency options contracts 外匯期權合約	-	3,650	4,087	96,805
Foreign exchange swap contracts 外匯掉期合約	117	-	95	-
	<b>27,237</b>	<b>21,307</b>	<b>40,446</b>	<b>101,888</b>
<b>Non-current portion 非即期部分</b>	<b>-</b>	<b>-</b>	<b>5,057</b>	<b>4,782</b>



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

As at 31 December 2021, the Group had entered into the following foreign currency forward contracts, foreign currency options contracts and foreign exchange swap contracts:

#### Foreign currency forward contracts

The Group entered into several USD/RMB foreign currency forward contracts with banks in the PRC in order to manage the Group's foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Weighted average forward exchange rate 加權平均遠期匯率
Contract Series W	USD33,750,000	RMB233,051,625	Semi-annually till 18 January 2023	USD:RMB from 6.82 to 6.99
合約系列W	33,750,000美元	人民幣233,051,625元	半年期至 二零二三年一月十八日	美元兌人民幣6.82至6.99
Contract 5	USD90,000,000	RMB594,738,000	15 June 2022	USD:RMB:6.61
合約5	90,000,000美元	人民幣594,738,000元	二零二二年六月十五日	美元兌人民幣：6.61
Contract 6	USD60,000,000	RMB396,540,000	15 June 2022	USD:RMB:6.61
合約6	60,000,000美元	人民幣396,540,000元	二零二二年六月十五日	美元兌人民幣：6.61
Contract 7	USD26,400,000	RMB173,313,360	22 February 2022	USD:RMB:6.56
合約7	26,400,000美元	人民幣173,313,360元	二零二二年二月二十二日	美元兌人民幣：6.56
Contract 8	USD50,000,000	RMB322,940,000	29 June 2022	USD:RMB:6.46
合約8	50,000,000美元	人民幣322,940,000元	二零二二年六月二十九日	美元兌人民幣：6.46
Contract 9	USD9,000,000	RMB58,478,400	11 January 2022	USD:RMB:6.50
合約9	9,000,000美元	人民幣58,478,400元	二零二二年一月十一日	美元兌人民幣：6.50
Contract 10	USD7,600,000	RMB49,231,280	13 January 2022	USD:RMB:6.48
合約10	7,600,000美元	人民幣49,231,280元	二零二二年一月十三日	美元兌人民幣：6.48
Contract 11	USD29,000,000	RMB186,719,400	25 January 2022	USD:RMB:6.44
合約11	29,000,000美元	人民幣186,719,400元	二零二二年一月二十五日	美元兌人民幣：6.44
Contract Series 12	USD115,000,000	RMB745,561,400	Monthly till 27 June 2022	USD:RMB from 6.46 to 6.55
合約系列12	115,000,000美元	人民幣745,561,400元	按月至二零二二年 六月二十七日	美元兌人民幣6.46至6.55
Contract Series 13	USD50,000,000	RMB327,996,000	Monthly till 25 March 2022	USD:RMB from 6.55 to 6.57
合約系列13	50,000,000美元	人民幣327,996,000元	按月至二零二二年 三月二十五日	美元兌人民幣6.55至6.57
Contract 14	USD20,800,000	RMB134,266,080	9 February 2022	USD:RMB:6.46
合約14	20,800,000美元	人民幣134,266,080元	二零二二年二月九日	美元兌人民幣：6.46

#### Foreign currency options contracts

The Group entered into several USD/RMB foreign currency options contracts with banks in the PRC in order to manage the Group's foreign currency risk.

### 27. 衍生金融資產及負債 (續)

於二零二一年十二月三十一日，本集團已訂立以下遠期外匯合約、外匯期權合約及外匯掉期合約：

#### 遠期外匯合約

本集團已與中國的銀行訂立若干美元兌人民幣的遠期外匯合約，以管理本集團的外匯風險。

#### 外匯期權合約

本集團已與中國的銀行訂立若干美元兌人民幣的外匯期權合約，以管理本集團的外匯風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

#### Foreign currency options contracts (Continued)

The Group is required to transact with the banks for designated notional amount on each of the valuation dates specified within the respective contracts (“**Valuation Date**”).

At each Valuation Date, the reference rate which represents the spot rate as specified within the respective contracts shall be compared against the strike rates (upper and lower)/barrier rate as specified within the respective contracts, and the Group may receive from/pay to the bank an amount as specified in the contracts if certain conditions specified within the respective contracts are met.

Extracts of details of foreign currency options contracts from the respective contracts outstanding as at 31 December 2021 are as follows:

### 27. 衍生金融資產及負債 (續)

#### 外匯期權合約 (續)

本集團須於各合約所指定的估值日期(「**估值日期**」)就指定名義金額與該等銀行進行交易。

於各估值日期，參考匯率(指各合約所指定的現貨匯率)須與各合約所指定的行使匯率(上限及下限)/門檻匯率作比較，且在達致各合約所指定若干條件的情況下，本集團可向相關銀行收取/支付該等合約所指定的金額。

於二零二一年十二月三十一日，各項未平倉合約的外匯期權合約的詳情摘要如下：

	Notional amount 名義金額 USD'000 美元千元	Strike/barrier rates 行使/門檻匯率	Ending settlement date 結束結算日期
Contract G 合約G	24,000	USD:RMB at 1:6.4630 美元兌人民幣1:6.4630	24 January 2022 二零二二年一月二十四日
Contract H 合約H	40,000	USD:RMB at 1:6.3893 美元兌人民幣1:6.3893	25 January 2022 二零二二年一月二十五日
Contract I 合約I	30,000	USD:RMB at 1:6.5041 美元兌人民幣1:6.5041	26 January 2022 二零二二年一月二十六日
Contract J 合約J	30,000	USD:RMB at 1:6.4964 美元兌人民幣1:6.4964	26 January 2022 二零二二年一月二十六日
Contract K 合約K	44,710	USD:RMB at 1:6.3925 美元兌人民幣1:6.3925	23 February 2022 二零二二年二月二十三日
Contract L 合約L	35,000	USD:RMB at 1:6.4785 美元兌人民幣1:6.4785	23 February 2022 二零二二年二月二十三日
Contract M 合約M	30,000	USD:RMB at 1:6.4025 美元兌人民幣1:6.4025	24 March 2022 二零二二年三月二十四日
Contract N 合約N	59,000	USD:RMB at 1:6.4424 美元兌人民幣1:6.4424	28 March 2022 二零二二年三月二十八日

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 27. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

#### Foreign exchange swap contracts

The Group entered into several Euro (“EUR”)/USD and HKD/USD foreign exchange swap contracts with banks in the PRC in order to manage the Group’s foreign currency risk.

	Receiving currency 收取貨幣	Selling currency 賣出貨幣	Maturity date 到期日	Strike Rate 行使匯率
Contract A 合約A	USD30,038,473 30,038,473美元	EUR26,442,039 26,442,039歐元	7 January 2022 二零二二年一月七日	EUR:USD: 1.14 歐元兌美元：1.14
Contract B 合約B	USD30,000,000 30,000,000美元	HKD233,928,000 233,928,000港元	1 June 2022 二零二二年六月一日	USD:HKD: 7.80 美元兌港元：7.80
Contract C 合約C	USD30,000,000 30,000,000美元	HKD233,967,000 233,967,000港元	28 June 2022 二零二二年六月二十八日	USD:HKD: 7.80 美元兌港元：7.80

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

### 27. 衍生金融資產及負債 (續)

#### 外匯掉期合約

本集團已與中國的銀行訂立若干歐元(「歐元」)兌美元及港元兌美元的外匯掉期合約，以管理本集團的外匯風險。

本集團已訂立若干衍生工具交易，與銀行簽訂的國際掉期及衍生工具協會總協議(「國際掉期及衍生工具協會總協議」)涉及該等交易。由於國際掉期及衍生工具協會總協議規定，僅可於出現拖欠款項、無力償債或破產的情況下行使抵銷權，故本集團目前並無可抵銷已確認款項的依法可強制執行權利，因此，該等衍生工具並未於綜合財務狀況表內抵銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 28. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date and note payables presented based on the issue date at the end of reporting period.

### 28. 貿易及其他應付款項

以下為於報告期末基於發票日的貿易應付款項及基於發行日的應付票據的賬齡分析。

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>Current liabilities 流動負債</b>		
Trade payables 貿易應付款項		
Within 90 days 90天以內	4,262,386	5,525,012
91 to 180 days 91至180天	742,744	829,036
Over 180 days 180天以上	355	495
Accrued purchases 應計採購額	925,738	804,832
<b>Total trade payables and accrued purchases 貿易應付款項及應計採購額總額</b>	<b>5,931,223</b>	7,159,375
Note payables 應付票據		
Within 90 days 90天以內	1,336,260	1,022,991
91 to 180 days 91至180天	385,024	312,985
Over 180 days 180天以上	100,000	-
	<b>1,821,284</b>	1,335,976
Payables for purchase of property, plant and equipment 購置物業、機器及設備應付款項	267,891	182,910
Staff salaries and welfare payables 員工薪金及福利應付款項	1,311,836	1,222,684
Labor outsourcing payables 勞務外包應付款項	139,747	168,504
Payables for acquisition of patents 收購專利應付款項	40,913	45,651
Value added tax payables and other tax payables 應付增值稅及其他應付稅項	113,297	341,112
Commission payables 應付佣金	19,493	32,471
Interest payables 應付利息	64,473	65,878
Rental and utilities payables 應付租金及公用事業費用	58,346	50,808
Others 其他	100,184	127,995
	<b>2,116,180</b>	2,238,013
	<b>9,868,687</b>	10,733,364
<b>Non-current liabilities 非流動負債</b>		
Long term payables 長期應付款項		
Payables for acquisition of patents 收購專利應付款項	172,044	245,636

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 28. TRADE AND OTHER PAYABLES (Continued)

The credit period on purchases of goods is up to 180 days (2020: 180 days) and the credit period for note payables is 90 days to 365 days (2020: 90 days to 180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

### 29. CONTRACT LIABILITIES

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Advance from customers 客戶墊付款項	178,101	131,191

As at 1 January 2020, contract liabilities amounted to RMB83,202,000.

The contract liability is the consideration received from the customers which represents the Group's remaining obligation to transfer goods to customers. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations satisfied in previous periods.

### 30. BANK BORROWINGS

Unsecured 無抵押	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Guaranteed 有擔保	1,601,327	1,381,243
Unguaranteed 無擔保	637,570	689,368
	<b>2,238,897</b>	2,070,611

### 28. 貿易及其他應付款項 (續)

貨品採購的信貸期最多為180天(二零二零年：180天)及應付票據的信貸期為90天至365天(二零二零年：90天至180天)。本集團已實施財務風險管理政策，以確保所有應付款項於信貸期內支付。

### 29. 合約負債

於二零二零年一月一日，合約負債為人民幣83,202,000元。

合約負債指本集團已從客戶收取有關尚未履行向客戶轉移貨品義務的代價。期初的所有合約負債對應的履約義務均於報告期內完成，收入得以確認，且本報告期確認的收入中不包含任何往期已經實現的履約義務。

### 30. 銀行借貸

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 30. BANK BORROWINGS (Continued)

### 30. 銀行借貸 (續)

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
The carrying amounts of the above borrowings are repayable*: 上述銀行借貸的賬面值須於下列時間內償還*：		
Within one year 一年內	1,538,897	2,070,611
Within a period of more than one year but not exceeding two years 於一年以上但不超過兩年的期間內	700,000	-
	<b>2,238,897</b>	2,070,611

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

\* 應付款項乃根據貸款協議所載計劃還款日期釐定。

The exposure of the Group's bank borrowings are as follows:

本集團的銀行借貸風險如下：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Fixed-rate borrowings 固定利率借貸	900,000	1,124,500
Variable-rate borrowings 可變利率借貸	1,338,897	946,111
	<b>2,238,897</b>	2,070,611

The range of effective interest rates per annum (which are equal to contractual interest rates) on the Group's bank borrowings are as follows:

本集團銀行借貸的實際年利率(相等於合約利率)範圍如下：

	31/12/2021 二零二一年 十二月三十一日	31/12/2020 二零二零年 十二月三十一日
Fixed-rate borrowings 固定利率借貸	3.10%	2.96%
Variable-rate borrowings 可變利率借貸	0.60%-0.87%	0.85%-1.14%

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 30. BANK BORROWINGS (Continued)

The variable-rate borrowings as at 31 December 2021 and 31 December 2020 were denominated in USD which carried the floating-rates at London Inter-Bank Offer Rate (“LIBOR”) plus a premium.

The Group’s bank borrowings that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
USD 美元	1,338,897	946,111

### 30. 銀行借貸 (續)

於二零二一年十二月三十一日及二零二零年十二月三十一日的可變利率借貸以美元計值，其浮動利率按倫敦銀行同業拆息利率（「倫敦銀行同業拆息利率」）加溢價計算。

本集團以相關集團實體功能貨幣以外的貨幣計值的銀行借貸載列如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 31. LEASE LIABILITIES

### 31. 租賃負債

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Lease liabilities payable: 應付租賃負債：		
Within one year 一年內	46,271	43,580
Within a period of more than one year but not more than two years 超過一年但不超過兩年的期間內	28,531	37,551
Within a period of more than two years but not more than five years 超過兩年但不超過五年的期間內	46,583	37,699
Within a period of more than five years 超過五年的期間內	32,885	21,649
	<b>154,270</b>	140,479
Less: amount due for settlement with 12 months shown under current liabilities 減：流動負債下所列於12個月內結算的到期款項	<b>(46,271)</b>	(43,580)
Amount due for settlement after 12 months shown under non-current liabilities 非流動負債下所列於12個月後結算的到期款項	<b>107,999</b>	96,899

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 4.90% (2020: from 4.75% to 4.90%).

應用於租賃負債的加權平均增量借款利率介乎4.75%至4.90%之間(二零二零年：4.75%至4.90%)。

### 32. GOVERNMENT GRANTS/DEFERRED INCOME

### 32. 政府補助金／遞延收入

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Amounts credited to profit or loss during the year: 年內計入損益金額：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼(附註a)	72,996	59,954
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼(附註b)	10,434	16,037
Incentive subsidies (Note c) 獎勵補貼(附註c)	128,884	65,819
	<b>212,314</b>	141,810



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 32. GOVERNMENT GRANTS/DEFERRED INCOME (Continued)

### 32. 政府補助金／遞延收入 (續)

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Deferred income related to government grants: 政府補助金遞延收入：		
Subsidies related to technology enhancement of production lines (Note a) 生產線技術改進補貼 (附註a)	<b>90,573</b>	55,945
Subsidies related to research and development of technology projects (Note b) 技術項目研發補貼 (附註b)	<b>30,033</b>	21,605
Subsidies related to construction of staff living facilities (Note d) 興建員工生活配套設施補貼 (附註d)	<b>73,997</b>	-
<b>Total 總計</b>	<b>194,603</b>	77,550
Less: current portion 減：即期部分	<b>(6,099)</b>	(8,695)
<b>Non-current portion 非即期部分</b>	<b>188,504</b>	68,855

Notes:

- (a) The Group received grants from the local government for the purpose of increasing in production capacity for high-end handset lens sets by enhancement of production lines. The amounts are deferred and amortised over the useful lives of the relevant assets in the enhanced production lines.
- (b) The Group received grants for reimbursement towards the costs of research and development of certain technology projects with local government and various parties. The amounts are deferred and amortised over period of the respective research and development projects.
- (c) Incentive subsidies were received from the local government in recognition of the eminence of development of new products, achievement of certain revenue and export volume milestones of the Group. The subsidies were unconditional and granted on a discretionary basis to the Group and recognised in profit or loss when received.
- (d) The Group received grants from the local government to support the construction and improvement of staff living facilities. The amounts are deferred and amortised over the useful lives of the staff living facilities.

附註：

- (a) 本集團獲得地方政府的補貼，以通過改進生產線提高高端手機鏡頭產能。該等金額作遞延並於各已改進生產線的相關資產的可使用年期內攤銷。
- (b) 本集團獲得地方政府及有關各方的補貼，以補助部分技術項目研發成本。該等金額作遞延並於各研發項目期間攤銷。
- (c) 地方政府提供獎勵補貼以嘉許本集團開發新產品、達到收入指標及發展出口業務。該等補貼為無條件及酌情授予本集團及於收取時於損益中確認。
- (d) 本集團獲得地方政府補貼，以支持員工生活配套設施的興建及裝修。該等金額作遞延並於員工生活配套設施的可使用年期內攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 33. BONDS PAYABLE

On 16 January 2018, the Company issued unsecured bonds in the amount of USD600 million at the rate of 3.75% which will be due by 2023 to professional investors outside of the United States in accordance with Regulation S under the U.S. Securities Act. The issuance has been completed on 23 January 2018 and the listing of the bonds in the Hong Kong Stock Exchange became effective on 24 January 2018.

The Company had used all of the net proceeds from the bonds for funding capital expenditures, fulfilling working capital requirements, refinancing existing indebtedness and other general corporate purposes.

During the current year, interest expense of approximately RMB153,970,000 (2020: RMB164,282,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

### 34. SHARE CAPITAL

	Number of shares 股份數目	Amount 金額 HKD'000 港元千元	Equivalent to 相等於 RMB'000 人民幣千元
Authorised: 法定：			
Ordinary shares of HKD0.10 each at 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日 每股面值0.10港元的普通股	100,000,000,000	10,000,000	
Issued & fully paid: 已發行及繳足：			
Ordinary shares of HKD0.10 each at 31 December 2020 and 31 December 2021 於二零二零年十二月三十一日及二零二一年十二月三十一日 每股面值0.10港元的普通股	1,096,849,700	109,685	105,163

### 33. 應付債券

於二零一八年一月十六日，本公司根據美國《證券法》S規例向美國境外專業投資者發行於二零二三年到期之600,000,000美元3.75厘的無抵押債券，該發行已於二零一八年一月二十三日完成，且債券於二零一八年一月二十四日起於香港聯交所上市。

本公司已將債券所得款項之全部淨額作為資本開支資金、滿足營運資金需求、現有債務再融資及其他的一般公司用途。

於本年度期間，約人民幣153,970,000元（二零二零年：人民幣164,282,000元）的利息開支於綜合損益及其他全面收益表中確認。

### 34. 股本

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 30, lease liabilities disclosed in Note 31 and bonds payable disclosed in Note 33 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The Directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

### 35. 資本風險管理

本集團管理其資本，以確保本集團轄下實體能夠持續經營，同時通過優化債務及權益結構，實現股東回報最大化。本集團的整體策略與去年相同。

本集團的資本架構由負債淨額（包括於附註30中披露的銀行借貸、於附註31中披露的租賃負債及於附註33中披露的應付債券（扣除現金及現金等值項目））及本公司股東應佔權益（包括已發行股本、保留盈利及其他儲備）組成。

本公司董事每半年檢討一次資本架構。作為檢討的一部分，本公司董事考慮資本成本及各類資本相關風險。根據本公司董事的建議，本集團將透過支付股息、發行新股及股份回購以及發行新債或償還現有債務來平衡其整體資本架構。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS

### 36. 金融工具

#### a. Categories of financial instruments

#### a. 金融工具分類

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<i>Financial assets</i> 金融資產		
Financial assets at FVTPL 按公允值計入損益的金融資產	<b>8,333,661</b>	8,686,422
Derivative financial assets 衍生金融資產	<b>27,237</b>	21,307
Financial assets at amortised cost 按攤銷成本計量的金融資產	<b>14,202,514</b>	11,486,163
Equity instruments at FVTOCI 按公允值計入其他全面收益的權益工具	<b>178,762</b>	134,609
	<b>22,742,174</b>	20,328,501
<i>Financial liabilities</i> 金融負債		
Liabilities measured at amortised cost 按攤銷成本計量的負債	<b>13,751,314</b>	14,415,363
Derivative financial liabilities 衍生金融負債	<b>45,503</b>	106,670
	<b>13,796,817</b>	14,522,033

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies

The Group's financial instruments include derivative financial assets/liabilities, trade and other receivables, amounts due from/to related parties, financial assets at FVTPL, debt instruments at amortised cost, equity instruments at FVTOCI, time deposits, short term fixed deposits, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings, long term payables and bonds payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### Market risks

The Group's activities expose it primarily to the market risks of foreign currency risk, interest rate risk and other price risk. Market risk exposures are further measured by sensitivity analysis. Details of each type of market risks are described as follows:

##### (i) Foreign currency risk

The Group undertakes certain foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, trade and other receivables, trade and other payables, bonds payable and bank borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and utilising foreign currency forward contracts, foreign currency option contracts and foreign exchange swap contracts.

#### b. 財務風險管理目標及政策

本集團的金融工具包括衍生金融資產／負債、貿易及其他應收款項、應收／應付關連人士款項、按公允值計入損益的金融資產、按攤銷成本計量的債務工具、按公允值計入其他全面收益的權益工具、定期存款、短期定期存款、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、銀行借貸、長期應付款項及應付債券。金融工具的詳情載於相關附註。與此等金融工具相關的風險包括市場風險（外匯風險、利率風險及其他價格風險）、信貸風險及流動資金風險。減輕此等風險的政策載列於下文。管理層負責管理及監控此等風險，確保及時有效地採取適當措施。

##### 市場風險

本集團業務面臨的主要市場風險為外匯風險、利率風險及其他價格風險。市場風險進一步按敏感度分析界定。以下為各類市場風險的詳情：

##### (i) 外匯風險

本集團進行若干外幣買賣，因而面對外匯風險。本集團若干銀行結餘及現金、貿易及其他應收款項、貿易及其他應付款項、應付債券以及銀行借貸均以相關集團實體功能貨幣以外的貨幣計值且均面臨有關外匯風險。本集團密切監控匯率變動及使用遠期外匯合約、外匯期權合約及外匯掉期合約以管理外匯風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets 資產		Liabilities 負債	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
USD 美元	6,010,423	3,888,114	6,726,417	6,821,730
HKD 港元	389,279	59,963	8,207	1,150
Japanese Yen ("JPY") 日元 (「日元」)	79,228	39,923	334,365	394,580
Indian Rupee ("INR") 印度盧比 (「印度盧比」)	282,471	365,975	22,660	9,226
Vietnamese Dong ("VND") 越南盾 (「越南盾」)	42,744	5,247	11,311	7,766
Korean Won ("KRW") 韓元 (「韓元」)	9,549	5,803	106,251	8,052

#### Sensitivity analysis

The Group is mainly exposed to fluctuation in USD, HKD, JPY, INR, VND and KRW against RMB.

The following table details the Group's sensitivity to a 5% (2020: 5%) change in respective foreign currencies against RMB. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end date for a 5% change in foreign currency rates.

A positive (negative) number below indicates an increase (decrease) in post-tax profit where the respective functional currencies strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant currencies, there would be an equal and opposite impact on the post-tax profit.

#### b. 財務風險管理目標及政策 (續)

市場風險 (續)

(i) 外匯風險 (續)

以下為本集團於報告期末以外幣計值貨幣資產及貨幣負債的賬面值：

#### 敏感度分析

本集團的主要風險來自美元、港元、日元、印度盧比、越南盾及韓元兌人民幣的匯率波動。

下表詳述本集團於各外幣兌人民幣變動5% (二零二零年：5%) 時的敏感度。敏感度分析僅包括尚未結算的外幣計值貨幣項目，以及有關換算因年結日匯率變動5%而作出的調整。

下列正數 (負數) 代表各功能貨幣兌相關外幣升值5%而導致除稅後溢利增加 (減少) 情況。倘各功能貨幣兌相關貨幣貶值5%，則會對除稅後溢利有等額相反的影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Foreign currency risk (Continued)

Sensitivity analysis (Continued)

	Profit for the year	
	年內溢利	
	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
USD (Note) 美元 (附註)	30,430	124,679
HKD 港元	(16,196)	(2,500)
JPY 日元	10,843	15,073
INR 印度盧比	(11,042)	(15,162)
VND 越南盾	(1,336)	107
KRW 韓元	4,110	96

Note: This is mainly attributable to the exposure to bank balances, outstanding receivables, outstanding payables, bank borrowings and bonds payable denominated in foreign currency of USD at the year end date.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 30 for details of these bank borrowings), lease liabilities (see Note 31 for details of lease liabilities), time deposits, short term fixed deposits and pledged bank deposits (see Note 26 for details of these deposits), debt instruments (see Note 22 for details of these debt instruments) and bonds payable (see Note 33 for details of the bonds payable). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

#### b. 財務風險管理目標及政策 (續)

市場風險 (續)

(i) 外匯風險 (續)

敏感度分析 (續)

附註：主要是來自於年結日以外幣美元計值的銀行結餘、未結算應收款項、未結算應付款項、銀行借貸及應付債券的風險。

(ii) 利率風險

本集團因固定利率銀行借貸(該等銀行借貸詳情見附註30)、租賃負債(租賃負債詳情見附註31)、定期存款、短期定期存款及已抵押銀行存款(該等存款詳情見附註26)、債務工具(該等債務工具詳情見附註22)以及應付債券(應付債券詳情見附註33)而面臨公允價值利率風險。本集團目前沒有任何利率對沖政策。然而，本集團會監控利率風險並會在有需要時考慮對沖重大利率風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see Note 30 for details of these bank borrowings). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the LIBOR arising from the Group's bank borrowings. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The Group's exposures to interest rates on financial liabilities and lease liabilities are detailed in the liquidity risk management section of this note.

#### b. 財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

本集團亦因可變利率銀行結餘和銀行借貸 (該等銀行借貸詳情見附註 30) 而面臨現金流量利率風險。本集團的現金流量利率風險主要集中於銀行結餘及本集團的銀行借貸產生的倫敦銀行同業拆息利率波動。管理層將檢討固定及浮動利率的借貸比例並確保其處於合理範圍內。

本集團金融負債及租賃負債的利率風險已在本附註流動資金風險管理一節中作詳細說明。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2020: 50 basis points) increase or decrease in variable-rate bank borrowings and fixed-rate debt instruments at FVTPL are used represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2021 would have decreased/increased by RMB5,885,000 (2020: RMB4,331,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and fixed-rate debt instruments at FVTPL.

#### b. 財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

以下敏感度分析乃根據報告期末衍生工具及非衍生工具的利率風險釐定。該分析乃假設於報告期末未償還的金融工具在全年均未償還而編製。可變利率銀行借貸及按公允值計入損益的固定利率債務工具增加或減少50個基準點(二零二零年：50個基準點)用來代表管理層對利率的合理可能變化的評估。

倘利率增加／減少50個基準點(二零二零年：50個基準點)且其他所有變量保持不變，本集團於截至二零二一年十二月三十一日止年度的除稅後溢利將減少／增加人民幣5,885,000元(二零二零年：人民幣4,331,000元)，主要是因為本集團面臨可變利率銀行借貸及按公允值計入損益的固定利率債務工具的利率風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Other price risk

The Group is exposed to other price risk through its investments in unlisted financial products, fund investments, debt instruments and equity investments as financial assets at FVTPL, the foreign currency forward contracts, foreign currency option contracts, and foreign exchange swap contracts. The management considers alternative tools to mitigate other price risk and manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in several industry sectors for long term strategic purposes which had been designated as FVTOCI. The management closely monitors such exposure and considers hedging such exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to the price risk at the reporting date. For the sensitivity analysis of those financial assets at FVTPL, increase (decrease) in the prices of the respective financial assets would result in an increase (decrease) the post-tax profit for the year ended 31 December 2021. Sensitivity analyses for unquoted equity securities at FVTOCI with fair value measurement categorised within Level 3 were disclosed in Note 36(c).

If the prices of those financial assets at FVTPL had been 5% (2020: 5%) higher/lower, the Group's post-tax profit for the year ended 31 December 2021 would increase/decrease by RMB354,181,000 (2020: RMB369,173,000).

#### b. 財務風險管理目標及政策 (續)

市場風險 (續)

(iii) 其他價格風險

本集團因其按公允值計入損益的金融資產(非上市金融產品、基金投資、債務工具及股權投資)、遠期外匯合約、外匯期權合約及外匯掉期合約的投資，面臨其他價格風險。管理層考慮用替代工具降低其他價格風險，並且以維持具有各種風險的投資組合管理該等所面臨的風險。此外，本集團亦因長遠策略目的投資若干無報價股權證券，被投資者營運於數個行業，該等證券指定為按公允值計入其他全面收益。管理層密切監察該等風險，並在有需要時考慮對沖該等風險。

敏感度分析乃根據報告日期價格風險釐定。有關按公允值計入損益的金融資產的敏感度分析，倘相應金融資產的價格增加(減少)，截至二零二一年十二月三十一日止年度除稅後溢利將相應增加(減少)。公允值計量分類為第三級的按公允值計入其他全面收益的無報價股本證券敏感度分析於附註36(c)中披露。

倘按公允值計入損益的該等金融資產價格高出/低出5%(二零二零年:5%)，本集團截至二零二一年十二月三十一日止年度的除稅後溢利將增加/減少人民幣354,181,000元(二零二零年:人民幣369,173,000元)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risks on liquid funds and derivative financial assets are limited because the counterparties are banks with high credit ratings.

As at 31 December 2021 and 2020, the Group has concentration of credit risk on its unlisted financial products at FVTPL. The credit risk on unlisted financial products at FVTPL is limited by the underlying assets invested by the unlisted financial products being the PRC government related debt instruments and treasury notes and the counterparties who issued these unlisted financial products are banks with good reputations.

#### b. 財務風險管理目標及政策 (續)

##### 信貸風險及減值評估

於二零二一年十二月三十一日，本集團承受財務虧損的最大信貸風險來自綜合財務狀況表所列各項已確認金融資產的賬面值。

為盡量減低信貸風險，本集團管理層已委派專責隊伍，負責釐定信貸限額、審批信貸及其他監控程序，以確保採取跟進行動收回過期債務。此外，本集團按預期信貸虧損模式對貿易應收款項個別地或根據撥備矩陣進行減值評估。因此，本公司董事認為本集團的信貸風險已大大降低。

由於交易對手均為信貸評級良好的銀行，故有關流動資金及衍生金融資產的信貸風險有限。

於二零二一年及二零二零年十二月三十一日，本集團的信貸風險集中於按公允值計入損益的非上市金融產品。按公允值計入損益的非上市金融產品的信貸風險有限，此乃由於非上市金融產品投資的相關資產為中國政府有關債務工具及國庫券，且發行該等非上市金融產品的對手方為聲譽良好的銀行。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has concentration of credit risk as 23% (2020: 28%) and 47% (2020: 51%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively. Revenue from the top five trade debtors represent over 46% (2020: 56%) of the Group's revenue for the year ended 31 December 2021. The Directors of the Company, the associates and the shareholders have no interest in the customers mentioned above. The largest five customers' manufacturing facilities are located in the PRC, Vietnam and India, and their principal activities are manufacturing of smartphones and optical related products.

The Group also has concentration of credit risk on its deposits for acquisition of property, plant and equipment as 50% (2020: 61%) of the total deposits for acquisition of property, plant and equipment was paid to the Group's largest three suppliers of property, plant and equipment. The credit risk on the deposits paid is limited as these suppliers are large construction enterprises and equipment suppliers in the PRC, Hong Kong and Korea.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

除於若干信貸評級良好的銀行存放的流動資金存在信貸集中風險外，本集團另有信貸集中風險，皆因本集團總貿易應收款項中，最大客戶與前五大客戶分別佔23% (二零二零年：28%) 及47% (二零二零年：51%)。截至二零二一年十二月三十一日止年度，來自前五大貿易債務人的收入佔本集團收入逾46% (二零二零年：56%)。本公司董事、聯繫人及股東於上述客戶中並無任何權益。前五大客戶的生產設施位於中國、越南及印度，且其主要業務為製造智能手機及光學相關產品。

本集團因購置物業、機器及設備的按金而承受信貸集中風險，皆因本集團已向前三大物業、機器及設備供應商支付購置物業、機器及設備總按金的50% (二零二零年：61%)。已付按金的信貸風險有限，因為該等供應商為中國、香港及韓國的大型建築企業及設備供應商。

除上文所述者外，本集團並無其他重大信貸集中風險，皆因有關風險乃分散於多名對手方及客戶之中。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating 內部信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方的違約風險低，且無任何逾期款項	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	12m ECL 12個月預期信貸虧損
Watch list 觀察名單	Debtor frequently repays after due dates but usually settle in full 債務人經常於到期日後還款，但通常於到期日後結清	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	12m ECL 12個月預期信貸虧損
Doubtful 不確定的	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 自經內部或外部資源建立的資料初步確認以來，信貸風險大幅上升	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值	Lifetime ECL-not credit-impaired 全期預期信貸虧損 – 無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 證據顯示資產出現信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損 – 信貸減值	Lifetime ECL-credit-impaired 全期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 證據顯示債務人處於嚴重財務困難，本集團對收回欠款無實際期望	Amount is written off 款額已撇銷	Amount is written off 款額已撇銷

### 36. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團的內部信貸評級評估包括以下類別：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes 附註	External credit rating 外部 信貸評級	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 12個月或 全期預期信貸虧損	2021 Gross carrying amount 二零二一年 總賬面值		2020 Gross carrying amount 二零二零年 總賬面值	
					RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Financial assets at amortised cost</b> 按攤銷成本計量的金融資產								
Trade receivables 貿易應收款項	25	N/A 不適用	Note b 附註b	Lifetime ECL (provision matrix) 全期預期信貸虧損 (撥備矩陣)	5,649,488		6,798,858	
			Loss 虧損	Credit-impaired 出現信貸減值	80,789	5,730,277	89,288	6,888,146
Amount due from a related party 應收一名關連人士款項	41(c)	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	327	327	-	-
Loan receivables 應收貸款	25	N/A 不適用	Note c 附註c	12m ECL 12個月預期信貸虧損	142,829	142,829	164,998	164,998
Bill receivables 應收票據	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	1,009,636	1,009,636	756,530	756,530
Other receivables 其他應收款項	25	N/A 不適用	Note a 附註a	12m ECL 12個月預期信貸虧損	197,685	197,685	139,443	139,443
Debt instruments at amortised cost 按攤銷成本計量的債務工具	22	BB- BB-	N/A 不適用	12m ECL 12個月預期信貸虧損	-	-	52,823	52,823
Time deposits 定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	500,000	500,000	500,000	500,000
Short term fixed deposits 短期定期存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	1,093,914	1,093,914	234,917	234,917
Pledged bank deposits 已抵押銀行存款	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	18,292	18,292	3,438	3,438
Bank balances 銀行結餘	26	AA+ AA+	N/A 不適用	12m ECL 12個月預期信貸虧損	5,604,918	5,604,918	2,841,508	2,841,508

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表詳列本集團受限於預期信貸虧損評估的金融資產所面臨的信貸風險：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (a) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2021 二零二一年	Past due 逾期款項 RMB'000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Amount due from a related party 應收一名關連人士款項	-	327	327
Bill receivables 應收票據	-	1,009,636	1,009,636
Other receivables 其他應收款項	-	197,685	197,685
	-	1,207,648	1,207,648

2020 二零二零年	Past due 逾期款項 RMB'000 人民幣千元	Not past due/ No fixed repayment term 無逾期/ 無固定還款期 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Bill receivables 應收票據	-	756,530	756,530
Other receivables 其他應收款項	-	139,443	139,443
	-	895,973	895,973

- (b) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the expected credit loss on these items by using a provision matrix, grouped by debtor's aging.
- (c) The Group provides fixed-rate loans with a term from one month to one year to local individuals and small enterprises in the PRC. All loans are either backed by guarantees and/or secured by collaterals. The credit risk of loan receivables is low.

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：

- (a) 出於內部信貸風險管理的目的，本集團採用逾期資料評估信貸風險自初步確認以來有否大幅上升。

- (b) 就貿易應收款項而言，本集團應用了香港財務報告準則第9號的簡單方法以計量全期預期信貸虧損的虧損撥備。除出現信貸減值的債務人外，本集團使用撥備矩陣（按債務人賬齡分組）釐定該等項目的預期信貸虧損。

- (c) 本集團向中國當地個體及小型企業提供期限為一個月至一年的固定利率貸款。所有貸款均由擔保支持及／或由抵押擔保。應收貸款的信貸風險不高。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, except for the debtors with credit-impaired the Group uses debtors' aging to assess the impairment for its customers which are with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix with lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amount of RMB80,789,000 as at 31 December 2021 (2020: RMB89,288,000) were assessed individually.

2021 二零二一年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 – 90 days 1至90天	0.02%	5,541,737	942
91 – 120 days 91至120天	0.46%	80,209	368
121 – 180 days 121至180天	0.56%	13,136	74
More than 180 days 180天以上	93.38%	14,406	13,452
		5,649,488	14,836

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

作為本集團信貸風險管理的一部分，除出現信貸減值的應收款項外，本集團使用債務人的賬齡評估其客戶的減值，因該等客戶具有相同風險特徵（反映客戶根據合約條款支付所有到期款項的能力）。下表提供有關所面臨的信貸風險及基於撥備矩陣於全期預期信貸虧損（無信貸減值）內作出整體評估的貿易應收款項的預期信貸虧損的資料。於二零二一年十二月三十一日，總賬面值為人民幣80,789,000元（二零二零年：人民幣89,288,000元）的信貸減值債務人則作獨立評估。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

2020 二零二零年	Average loss rate 平均虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowance 減值虧損撥備 RMB'000 人民幣千元
1 – 90 days 1至90天	0.01%	6,600,315	596
91 – 120 days 91至120天	0.20%	177,932	363
121 – 180 days 121至180天	0.78%	14,126	110
More than 180 days 180天以上	85.52%	6,485	5,546
		6,798,858	6,615

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2021, the Group provided RMB8,221,000 (2020: reversal of RMB6,499,000) impairment allowance for trade receivables based on the provision matrix and reversed RMB3,039,000 (2020: RMB5,719,000) impairment allowance for credit impaired debtors, respectively.

估計虧損率乃基於債務人的預期壽命內的歷史觀察違約率及無需付出不必要的成本或努力而獲得的前瞻性資料進行評估。分類由管理層定期檢討，以確保有關特定債務人的相關資料是最新的。

截至二零二一年十二月三十一日止年度，本集團基於撥備矩陣對應收貿易款項計提人民幣8,221,000元（二零二零年：撥回人民幣6,499,000元）的減值撥備，並撥回人民幣3,039,000元（二零二零年：人民幣5,719,000元）的信貸減值債務人減值撥備。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

#### b. 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表載列已於簡單方法下確認的貿易應收款項全期預期信貸虧損變動。

	Lifetime ECL (not credit- impaired) 全期預期信貸虧損 (無信貸減值) RMB'000 人民幣千元	Lifetime ECL (credit- impaired) 全期預期信貸虧損 (出現信貸減值) RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
<b>As at 1 January 2020</b> 於二零二零年一月一日	17,478	95,007	112,485
Changes due to financial assets recognised at 1 January 2020: 因於二零二零年一月一日確認的金融資產的變動：			
– Transfer to credit-impaired – 轉撥至信貸減值	(4,364)	4,364	–
– Impairment losses reversed – 撥回減值虧損	(13,102)	(5,719)	(18,821)
– Write-offs – 撇銷	–	(4,364)	(4,364)
New financial assets originated 產生新金融資產	6,603	–	6,603
<b>As at 31 December 2020</b> 於二零二零年十二月三十一日	6,615	89,288	95,903
Changes due to financial assets recognised at 1 January 2021: 因於二零二一年一月一日確認的金融資產的變動：			
– Impairment losses reversed – 撥回減值虧損	(6,544)	(3,039)	(9,583)
– Write-offs – 撇銷	–	(5,460)	(5,460)
New financial assets originated 產生新金融資產	14,765	–	14,765
<b>As at 31 December 2021</b> 於二零二一年十二月三十一日	14,836	80,789	95,625

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

##### Credit risk and impairment assessment (Continued)

The Group writes off a trade receivable when there is information indicating that debtors is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors has been placed under liquidation or has entered into bankruptcy proceedings.

##### Liquidity risk

The Group has net current assets amounting to approximately RMB16,115,878,000 at 31 December 2021 (31 December 2020: RMB12,218,409,000) and has low exposure to liquidity risk of being unable to raise sufficient funds to meet its financial obligations when they fall due.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the year end date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the year end date.

#### b. 財務風險管理目標及政策 (續)

##### 信貸風險及減值評估 (續)

本集團於有資料顯示債務人處於嚴重財務困難及對收回欠款無實際期望時撤銷該項貿易應收款項(例如於債務人已被清盤或已進入破產程序時)。

##### 流動資金風險

本集團於二零二一年十二月三十一日的流動資產淨值約人民幣16,115,878,000元(二零二零年十二月三十一日:人民幣12,218,409,000元),故因未能籌募足夠資金清償到期金融負債的流動資金風險相當低。

為管理流動資金風險,本集團監控及維持管理層認為足夠的現金及現金等值項目,用作本集團的營運資金及減輕現金流量不穩定的影響。

下表載列基於年終日至到期日的剩餘期間按有關到期組別對本集團金融負債及以淨額結算的衍生金融負債的分析。表格所披露金額為基於年終日的浮動利率或匯率(如適用)的未貼現合約現金流量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

#### b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 5 years 一年至五年 RMB'000 人民幣千元	5 years to 10 years 五年至十年 RMB'000 人民幣千元	Total undiscounted amount 未貼現總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
<i>As at 31 December 2021 於二零二一年十二月三十一日</i>							
<b>Non-derivative financial liabilities 非衍生金融負債</b>							
Trade and other payables 貿易及其他應付款項		6,774,717	743,099	-	-	7,517,816	7,517,816
Amounts due to related parties 應付關連人士款項		4,481	2,453	-	-	6,934	6,934
Bank borrowings – fixed rate 銀行借貸 – 固定利率	3.10%	-	203,482	741,962	-	945,444	900,000
Bank borrowings – variable rate 銀行借貸 – 可變利率	0.77%	382,768	959,825	-	-	1,342,593	1,338,897
Bonds payable 應付債券	4.00%	71,727	71,727	3,897,147	-	4,040,601	3,815,623
Long term payables 長期應付款項	2.27%	-	-	196,918	-	196,918	172,044
		7,233,693	1,980,586	4,836,027	-	14,050,306	13,751,314
<b>Lease liabilities 租賃負債</b>	4.80%	15,259	37,188	99,322	23,485	175,254	154,270
<b>Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算</b>							
Foreign currency options contracts 外匯期權合約		4,087	-	-	-	4,087	4,087
Foreign currency forward contracts 遠期外匯合約		5,016	31,248	5,057	-	41,321	41,321
Foreign exchange swap contracts 外匯掉期合約		-	95	-	-	95	95
<b>Total 總額</b>		<b>7,258,055</b>	<b>2,049,117</b>	<b>4,940,406</b>	<b>23,485</b>	<b>14,271,063</b>	<b>13,951,087</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

#### b. 財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

	Weighted average effective interest rate 加權平均實際利率	On demand or less than 3 months 即期或三個月內 RMB'000 人民幣千元	3 months to 1 year 三個月至一年 RMB'000 人民幣千元	1 year to 5 years 一年至五年 RMB'000 人民幣千元	5 years to 10 years 五年至十年 RMB'000 人民幣千元	Total undiscounted amount 未貼現總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
<i>As at 31 December 2020 於二零二零年十二月三十一日</i>							
<b>Non-derivative financial liabilities 非衍生金融負債</b>							
Trade and other payables 貿易及其他應付款項		7,008,065	1,188,167	-	-	8,196,232	8,196,232
Amounts due to related parties 應付關連人士款項		5,560	1,436	-	-	6,996	6,996
Bank borrowings – fixed rate 銀行借貸 – 固定利率	2.96%	24,611	1,120,635	-	-	1,145,246	1,124,500
Bank borrowings – variable rate 銀行借貸 – 可變利率	0.95%	-	950,025	-	-	950,025	946,111
Bonds payable 應付債券	4.00%	73,405	73,405	4,135,155	-	4,281,965	3,895,888
Long term payables 長期應付款項	2.27%	-	-	257,117	-	257,117	245,636
		7,111,641	3,333,668	4,392,272	-	14,837,581	14,415,363
<b>Lease liabilities 租賃負債</b>	4.80%	12,329	36,758	83,745	23,119	155,951	140,479
<b>Derivative financial liabilities – net settled 衍生金融負債 – 淨額結算</b>							
Foreign currency options contracts 外匯期權合約		11,034	87,420	-	-	98,454	96,805
Foreign currency forward contracts 遠期外匯合約		3,562	1,569	5,136	-	10,267	9,865
<b>Total 總額</b>		7,138,566	3,459,415	4,481,153	23,119	15,102,253	14,662,512

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from the estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與在報告期末釐定的利率估計值不同，則上述非衍生金融負債的可變利率工具金額也隨之變動。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

##### Interest rate benchmark reform

As listed in Note 30, several of the Group's LIBOR bank borrowings will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators. The Group anticipates that the interest rate benchmark reform will have no material impact on the consolidated financial statements in the future.

##### LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.

##### Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

##### Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

#### b. 財務風險管理目標及政策 (續)

##### 利率基準改革

誠如附註30所列，本集團若干按倫敦銀行同業拆息利率計息的銀行借貸將受到利率基準改革的影響。本集團正在密切監察市場及設法向新基準利率（包括相關銀行同業拆息監管者公佈的利率）過渡。本集團預測未來利率基準改革將不會對綜合財務報表產生實質性的影響。

##### 倫敦銀行同業拆息利率

金融行為監管局已確認所有的倫敦銀行同業拆息利率設置將不再由任何執行機構提供報價或不再具代表性：

- 就所有英鎊、歐元、瑞士法郎和日元設置，以及1週與2個月美元設置，有關日期為緊隨二零二一年十二月三十一日之後；及
- 就其餘的美元設置，有關日期為緊隨二零二三年六月三十日之後。

##### 利率基準改革產生的風險

下列為本集團因過渡而產生的主要風險：

##### 利率相關風險

就尚未過渡至相關替代基準利率且無詳細後備條款的合約而言，倘與本集團交易對手的雙邊談判在倫敦銀行同業拆息利率停止使用前未成功達成協議，適用利率將具有重大不確定性，這將在訂立合約時導致其他未曾預料的利率風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued)

#### b. Financial risk management objectives and policies (Continued)

Interest rate benchmark reform (Continued)

*Risks arising from the interest rate benchmark reform (Continued)*

Interest rate related risks (Continued)

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

### 36. 金融工具 (續)

#### b. 財務風險管理目標及政策 (續)

利率基準改革 (續)

*利率基準改革產生的風險 (續)*

利率相關風險 (續)

銀行同業拆息利率與各種替代基準利率存在根本差異。銀行同業拆息利率指在該期間開始時公佈的一段期間(即3個月)的前瞻性定期利率，包括銀行間信貸息差，而替代基準利率通常為在隔夜期末公佈的無風險隔夜利率，並無嵌入信貸息差。該等差異將導致浮動利率付款的額外不確定性。

流動資金風險

通常隔夜公佈的各種替代利率的額外不確定性因素將需要額外的流動性管理。本集團的流動性風險管理政策已予以更新，以確保有足夠的流動性資源來應對隔夜利率的意外增長。

訴訟風險

倘未就尚未轉換為相關替代基準利率(如由於對現有備用條款的不同解釋而產生)的合約實施利率基準改革達成協議，與交易對手之間存在長期爭議的風險，這可能會導致額外的法律及其他成本。本集團正與所有交易對手密切合作，以避免此類情況發生。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### b. Financial risk management objectives and policies (Continued)

Interest rate benchmark reform (Continued)

*Risks arising from the interest rate benchmark reform (Continued)*

##### Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required. The Group anticipates it will have no material impact on the consolidated financial statements in the future.

#### c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

#### b. 財務風險管理目標及政策 (續)

利率基準改革 (續)

*利率基準改革產生的風險 (續)*

##### 利率基準風險

倘非衍生工具及為管理非衍生工具利率風險而持有的衍生工具在不同時間轉換為替代基準利率，則可能會產生利率基準風險。該風險亦可能在背對背衍生品在不同時間轉換的情況下出現。本集團將根據已更新風險管理政策監控該風險，以允許長達12個月的臨時錯配，並在需要時進行額外的基準利率掉期交易。本集團預測此舉未來將不會對綜合財務報表產生重大影響。

#### c. 金融工具的公允值計量

本附註提供有關本集團如何釐定不同金融資產及金融負債公允值的資料。

本公司董事認為，在綜合財務報表中按攤銷成本計量的金融資產及金融負債的賬面值與其公允值相若。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

#### c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Listed debt instruments: RMB38,841,000 上市債務工具： 人民幣38,841,000元	Listed debt instruments: RMB72,884,000 上市債務工具： 人民幣72,884,000元	Level 1 第一級	Quoted bid prices in an active market 活躍市場的報價
Financial assets at fair value through profit or loss 按公允值計入損益的金融資產	Funds investments: RMB283,132,000 基金投資： 人民幣283,132,000元	Funds investments: RMB282,711,000 基金投資： 人民幣282,711,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: Future cash flows are estimated based on expected return 主要輸入數據： 根據預期回報估計未來現金流量
Foreign currency forward contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的遠期外匯合約	Current derivative financial assets: RMB27,120,000 Current and non-current derivative financial liabilities: RMB41,321,000 流動衍生金融資產： 人民幣27,120,000元 流動及非流動衍生金融負債： 人民幣41,321,000元	Current derivative financial assets: RMB17,657,000 Current and non-current derivative financial liabilities: RMB9,865,000 流動衍生金融資產： 人民幣17,657,000元 流動及非流動衍生金融負債： 人民幣9,865,000元	Level 2 第二級	Discounted cash flows 貼現現金流量 Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate 主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 可觀察遠期匯率

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

#### c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產／負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Foreign exchange swap contracts classified as derivatives financial assets and liabilities	Current derivative financial assets: RMB117,000	N/A	Level 2	Discounted cash flows
	Current derivative financial liabilities: RMB95,000			Key inputs: (1) A discount rate that reflects the credit risk of the banks (2) Observable forward exchange rate
分類為衍生金融資產及負債的外匯掉期合約	流動衍生金融資產： 人民幣117,000元	不適用	第二級	貼現現金流量
	流動衍生金融負債： 人民幣95,000元			主要輸入數據： (1) 反映銀行信貸風險的貼現率 (2) 可觀察遠期匯率
Financial assets at fair value through profit or loss	Unlisted financial products: RMB7,992,170,000	Unlisted financial products: RMB8,197,475,000	Level 2	Discounted cash flows
				Key inputs are: (1) Expected yields of debt instruments invested by banks (2) A discount rate that reflects the credit risk of the banks
按公允值計入損益的金融資產	非上市金融產品： 人民幣7,992,170,000元	非上市金融產品： 人民幣8,197,475,000元	第二級	貼現現金流量
				主要輸入數據： (1) 銀行投資債務工具的預期收益 (2) 反映銀行信貸風險的貼現率

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

#### c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產/負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Foreign currency options contracts classified as derivatives financial assets and liabilities 分類為衍生金融資產及負債的外匯期權合約	Current derivative financial liabilities: RMB4,087,000 流動衍生金融負債： 人民幣4,087,000元	Current derivative financial assets: RMB3,650,000 Current derivative financial liabilities: RMB96,805,000 流動衍生金融資產： 人民幣3,650,000元 流動衍生金融負債： 人民幣96,805,000元	Level 3 第三級	Black-scholes model Key unobservable inputs: Volatility of the foreign exchange rate (Note a) 柏力克－舒爾斯模式 主要不可觀察輸入數據： 匯率波動(附註a)
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB53,520,000 Equity investments at FVTPL: RMB19,518,000 按公允值計入其他全面收益的權益工具： 人民幣53,520,000元 按公允值計入損益的股權投資： 人民幣19,518,000元	Equity instruments at FVTOCI: RMB12,671,000 Equity investments at FVTPL: RMB133,352,000 按公允值計入其他全面收益的權益工具： 人民幣12,671,000元 按公允值計入損益的股權投資： 人民幣133,352,000元	Level 3 第三級	Market approach Key unobservable inputs: (1) Revenue growth rate; (2) P/S multiples of selected comparable companies (Note b) 市場法 主要不可觀察輸入數據： (1) 收入增長率； (2) 選定可資比較公司的市銷率倍數(附註b)
Unlisted equity investments 非上市股權投資	Equity instruments at FVTOCI: RMB67,331,000 按公允值計入其他全面收益的權益工具： 人民幣67,331,000元	Equity instruments at FVTOCI: RMB44,926,000 按公允值計入其他全面收益的權益工具： 人民幣44,926,000元	Level 3 第三級	Backsolve from recent transaction price 從近期交易價的倒推

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### c. Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

#### c. 金融工具的公允值計量 (續)

按經常性基準以公允值計量的本集團金融資產及金融負債的公允值 (續)

Financial assets/liabilities 金融資產／負債	Fair value as at 於以下日期的公允值		Fair value hierarchy 公允值等級	Valuation technique and key inputs 估值法及主要輸入數據
	31 December 2021 二零二一年十二月三十一日	31 December 2020 二零二零年十二月三十一日		
Unlisted equity investments	Equity instruments at FVTOCI: RMB57,911,000	Equity instruments at FVTOCI: RMB77,012,000	Level 3	Income approach  Key unobservable inputs: (1) Long term revenue growth rates, taking into account of management's experience and knowledge of market conditions of the specific industry; (2) Weighted average cost of capital (Note c)
非上市股權投資	按公允值計入其他全面 收益的權益工具： 人民幣57,911,000元	按公允值計入其他全面 收益的權益工具： 人民幣77,012,000元	第三級	收入法  主要不可觀察輸入數據： (1) 長期收入增長率，經考慮管理層的經驗及對某行業市況的知識； (2) 加權平均資本成本(附註c)

Note a: The higher the volatility of the foreign exchange rate, the higher the fair value.

附註a：匯率愈波動，公允值愈高。

Note b: The higher the revenue growth rate, the higher the fair value. The higher the P/S multiples, the higher the fair value.

附註b：收入增長率愈高，公允值愈高。市銷率倍數愈高，公允值愈高。

Note c: The higher the long-term revenue growth rate, the higher the fair value; the higher the weighted average cost of capital, the lower the fair value.

附註c：長期收入增長率愈高，公允值愈高；加權平均資本成本愈高，公允值愈低。

There is no transfer among level 1, 2 and 3 during the year.

年內第一、二級與第三級之間並無轉移。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 36. FINANCIAL INSTRUMENTS (Continued) 36. 金融工具 (續)

#### c. Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial assets

#### c. 金融工具的公允值計量 (續)

金融資產的第三級公允值計量的對賬

	Foreign currency options contracts 外匯 期權合約 RMB'000 人民幣千元	FVTOCI 按公允值計入 其他全面收益 RMB'000 人民幣千元	FVTPL 按公允值 計入損益 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	3,177	112,183	100,579	215,939
Total (losses) gains (虧損) 收益總額	(93,155)	22,326	32,773	(38,056)
– in profit or loss – 於損益	(93,155)	–	32,773	(60,382)
– in other comprehensive expense – 於其他全面開支	–	22,326	–	22,326
Purchases 購買	–	100	–	100
Settlements 結算	(3,177)	–	–	(3,177)
At 31 December 2020 於二零二零年十二月三十一日	(93,155)	134,609	133,352	174,806
At 1 January 2021 於二零二一年一月一日	<b>(93,155)</b>	<b>134,609</b>	<b>133,352</b>	<b>174,806</b>
Total gains (losses) 收益 (虧損) 總額	<b>89,068</b>	<b>3,304</b>	<b>(8,151)</b>	<b>84,221</b>
– in profit or loss – 於損益	<b>89,068</b>	–	<b>(8,151)</b>	<b>80,917</b>
– in other comprehensive income – 於其他全面收益	–	<b>3,304</b>	–	<b>3,304</b>
Purchases 購買	–	<b>40,849</b>	<b>20</b>	<b>40,869</b>
Settlements 結算	–	–	<b>(31,062)</b>	<b>(31,062)</b>
Reclassification 重新分類	–	–	<b>(74,641)</b>	<b>(74,641)</b>
At 31 December 2021 於二零二一年十二月三十一日	<b>(4,087)</b>	<b>178,762</b>	<b>19,518</b>	<b>194,193</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 37. COMMITMENTS

### 37. 承擔

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements 已訂約但未於綜合財務報表提供的有關收購物業、機器及設備的資本開支	684,402	356,008

### 38. OPERATING LEASES

### 38. 經營租賃

#### *The Group as lessor*

#### 本集團作為出租人

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

於報告期末，本集團已就下列未來最低租賃付款與承租人訂約：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Within one year 一年內	1,942	1,942
In the second 第二年	1,611	1,186
In the third year 第三年	1,360	1,199
In the fourth year 第四年	1,357	1,225
In the fifth year 第五年	837	1,225
After five years 五年以後	-	2,239
	<b>7,107</b>	<b>9,016</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 39. RETIREMENT BENEFIT SCHEME

### 39. 退休福利計劃

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
Retirement benefit scheme contribution made during the year 年內退休福利計劃供款	<b>320,088</b>	219,621

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 for the Group's Hong Kong employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. For employees who are members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of approximately RMB1,226 (equivalent to HKD1,500) per employee per month, which contribution is matched by the employee.

本集團中國附屬公司的僱員已參加地方政府經營的國家管理退休福利計劃。該等附屬公司須自薪金成本撥出特定百分比的款項作為退休福利計劃的供款。本集團於該退休福利計劃的唯一責任為向該計劃作出定額供款。

本集團亦為香港僱員參加二零零零年十二月根據強制性公積金計劃條例設立的強制公積金計劃（「強積金計劃」）。強積金計劃的資產獨立於本集團資產，存放於由信託人管理的基金。本集團按身為強積金計劃成員的僱員之相關薪金成本5%向該計劃供款，上限為每月每名僱員約人民幣1,226元（相等於1,500港元），而僱員亦會作相應供款。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

### 40. 融資活動產生的負債對賬

下表為本集團融資活動產生的負債變動詳情，包括現金及非現金變動。融資活動產生的負債乃為現金流量或將來現金流量於本集團綜合現金流量報表分類為融資活動現金流量的負債。

	Bank borrowings (Note 30) 銀行借貸 (附註30) RMB'000 人民幣千元	Interest payable (Note 28) 應付利息 (附註28) RMB'000 人民幣千元	Bonds payable (Note 33) 應付債券 (附註33) RMB'000 人民幣千元	Dividend payables 應付股息 RMB'000 人民幣千元	Lease liabilities (Note 31) 租賃負債 (附註31) RMB'000 人民幣千元	Other payables 其他應付款項 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2020 於二零二零年一月一日	1,118,572	69,744	4,156,074	-	160,606	-	5,504,996
Financing cash flows 融資現金流量	1,016,745	(224,439)	-	(796,458)	(45,065)	(151,397)	(200,614)
New leases entered 訂立之新租賃	-	-	-	-	27,714	-	27,714
Termination of leases 終止租賃	-	-	-	-	(2,776)	-	(2,776)
Interests on lease liabilities 租賃負債利息	-	7,563	-	-	-	-	7,563
Interests on bank borrowings 銀行借貸利息	-	54,737	-	-	-	-	54,737
Interests on bonds payable 應付債券利息	-	155,115	9,167	-	-	-	164,282
Interests on long term payables 長期應付款項利息	-	7,158	-	-	-	-	7,158
Foreign exchange translation 外幣換算	(64,706)	(4,000)	(269,353)	-	-	-	(338,059)
Dividends recognised as distribution 確認為分派之股息	-	-	-	796,458	-	-	796,458
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	151,397	151,397
At 31 December 2020 於二零二零年十二月三十一日	2,070,611	65,878	3,895,888	-	140,479	-	6,172,856
At 1 January 2021 於二零二一年一月一日	2,070,611	65,878	3,895,888	-	140,479	-	6,172,856
Financing cash flows 融資現金流量	203,285	(222,125)	-	(987,038)	(48,981)	(212,183)	(1,267,042)
New leases entered 訂立之新租賃	-	-	-	-	67,909	-	67,909
Termination of leases 終止租賃	-	-	-	-	(5,137)	-	(5,137)
Interests on lease liabilities 租賃負債利息	-	7,589	-	-	-	-	7,589
Interests on bank borrowings 銀行借貸利息	-	62,490	-	-	-	-	62,490
Interests on bonds payable 應付債券利息	-	145,052	8,918	-	-	-	153,970
Interests on long term payables 長期應付款項利息	-	6,203	-	-	-	-	6,203
Foreign exchange translation 外幣換算	(34,999)	(614)	(89,183)	-	-	-	(124,796)
Dividends recognised as distribution 確認為分派之股息	-	-	-	987,038	-	-	987,038
Purchase of shares under share award scheme 根據股份獎勵計劃購買股份	-	-	-	-	-	212,183	212,183
At 31 December 2021 於二零二一年十二月三十一日	2,238,897	64,473	3,815,623	-	154,270	-	6,273,263



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 41. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties during the years are as follows:

Name 名稱	Principal activities 主要業務	Relationship 關係
餘姚市舜藝光學儀器有限公司 ("舜藝光學") 餘姚市舜藝光學儀器有限公司 ("舜藝光學")	Manufacture and sale of parts for optical instruments 生產及銷售光學儀器部件	Company controlled by a close family member of the Company's chairman, Mr. Ye Liaoning 本公司主席葉遼寧先生近親所控制的公司
寧波市益康國際貿易有限公司("益康") 寧波市益康國際貿易有限公司("益康")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市博科貿易有限公司("博科") 餘姚市博科貿易有限公司("博科")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司
餘姚市康優寶電器經營部("康優寶") 餘姚市康優寶電器經營部("康優寶")	Sale of electronic devices 銷售電子設備	Company controlled by a close family member of Company's senior management, Mr. Zhang Guoxian 本公司高級管理人員張國賢先生近親所控制的公司

### 41. 關連人士交易

(a) 年內關連人士名稱及與關連人士的關係如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 41. RELATED PARTY TRANSACTIONS (Continued)

### 41. 關連人士交易 (續)

#### (b) Transactions with related parties:

#### (b) 與關連人士交易：

	2021 二零二一年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元
<b>Sales of goods 銷售產品</b>		
舜藝光學 舜藝光學	3,977	4,038
<b>Purchase of raw materials 購買原材料</b>		
舜藝光學 舜藝光學	12,005	11,711
益康 益康	468	421
博科 博科	1,974	2,696
康優寶 康優寶	1,965	1,932
	<b>16,412</b>	16,760

#### (c) At the end of reporting period, the Group has the following significant balances with related parties:

#### (c) 於報告期末，本集團與關連人士的重大結餘如下：

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>Current asset: 流動資產：</b>		
Amount due from a related party 應收一名關連人士款項		
舜藝光學 舜藝光學	327	-
<b>Current liabilities: 流動負債：</b>		
Amounts due to related parties 應付關連人士款項		
舜藝光學 舜藝光學	4,848	5,354
博科 博科	1,069	722
康優寶 康優寶	843	744
益康 益康	174	176
	<b>6,934</b>	6,996

All of the above amounts are of trade nature, unsecured, interest free and repayable on demand.

所有以上數額均為貿易性質、無擔保、免利息且須於即期償還。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 41. RELATED PARTY TRANSACTIONS (Continued)

#### (c) At the end of reporting period, the Group has the following significant balances with related parties: (Continued)

The following is an aged analysis of related parties balance of trade nature at the end of reporting period.

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Current asset: 流動資產:		
Within 90 days 90天內	327	-
Current liabilities: 流動負債:		
Within 90 days 90天內	4,481	5,561
91-120 days 91至120天	2,453	1,435
	<b>6,934</b>	6,996

The Group allows a credit period of 90 days to related party trade receivables (2020: 90 days). The average credit period on purchases of goods from related parties is 90 days (2020: 90 days).

#### (d) Compensation of key management personnel

The remuneration of key management during the year is as follows:

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
Short-term employee benefits 短期僱員福利	23,480	21,665
Share award scheme 股份獎勵計劃	26,050	27,156
Post-employment benefits 離職後福利	912	795
	<b>50,442</b>	49,616

### 41. 關連人士交易 (續)

#### (c) 於報告期末，本集團與關連人士的重大結餘如下：(續)

於報告期末，有關貿易性質的關連人士結餘賬齡分析如下。

本集團給予關連人士貿易應收款項90天的信貸期(二零二零年：90天)。採購關連人士貨品的平均信貸期為90天(二零二零年：90天)。

#### (d) 主要管理人員薪酬

年內，主要管理人員薪酬如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 42. SHARE AWARD SCHEME

The Company adopted The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme (the “**Restricted Share Award Scheme**”) on 22 March 2010 (“**Adoption Date**”) with a duration of 10 years commencing from the Adoption Date. The objective of the Restricted Share Award Scheme is to provide the selected participants including directors of the Company, employees, agents or consultants of the Company and its subsidiaries (the “**Selected Participants**”) with an opportunity to acquire a proprietary interest in the Company; to encourage and retain such individuals to work with the Group; and to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to be the owners of the Company through ownership of shares. The Group has set up The Sunny Optical Technology (Group) Company Limited Restricted Share Award Scheme Trust (the “**Trust**”) to administrate and hold the Company’s shares before they are vested and transferred to Selected Participants. Upon granting of shares to Selected Participants, the Trust purchases the Company’s shares being awarded from the open market with funds provided by the Company by way of contributions. Restricted Shares granted under the Restricted Share Award Scheme are subject to a vesting scale in tranches of one-third to one-fifth each (as the case may be) on every anniversary date of the grant date starting from the first anniversary date until the third to the fifth anniversary (as the case may be). The vested shares are transferred to Selected Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Selected Participants.

### 42. 股份獎勵計劃

本公司已於二零一零年三月二十二日（「**採納日期**」）採納了舜宇光學科技（集團）有限公司限制性股份獎勵計劃（「**限制性股份獎勵計劃**」），該計劃自採納日期起持續十年有效。限制性股份獎勵計劃旨在為特選參與者提供（包括本公司董事、僱員、本公司及其附屬公司的代理或顧問）（「**特選參與者**」）一個購買本公司所有人權益的機會；鼓勵及挽留於本集團工作的個別人士；及額外推動彼等爭取達到業績目標，以實現提升本公司價值，並且透過擁有股份，使特選參與者的權益與本公司股東的權益直接掛鈎的目標。本集團已成立舜宇光學科技（集團）有限公司限制性股份獎勵計劃信託（「**信託**」）以管理及持有本公司股份直至股份歸屬及轉讓予特選參與者。在向特選參與者授出股份時，信託在公開市場上購買將予授出之本公司股份，並由本公司以供款方式提供資金。根據限制性股份獎勵計劃授出的限制性股份由授出日期第一週年當日起計至第三到第五（視情況而定）個週年日期間，每個週年日分批歸屬三分之一至五分之一（視情況而定）。已歸屬的股份無償轉讓予特選參與者，惟特選參與者須承擔轉讓本公司該等股份應佔或應付的開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 42. SHARE AWARD SCHEME (Continued)

The grant of Restricted Shares is subject to acceptance by the Selected Participants. The Restricted Shares granted to but not accepted by the Selected Participants shall become unaccepted shares. The Trustee may use any remainder of cash and non-cash income received by the Trust in respect of the shares held upon trust to purchase additional shares after defraying all expenses incurred by the Trust prior to the purchase of additional shares. The selected participants have no rights to receive dividend income and cannot exercise any voting rights in respect of the Restricted Shares granted to them during the vesting period. The Trust shall hold the additional shares, unaccepted shares and unvested shares upon trust and may make any grant to existing or new Selected Participants after receiving instructions from the Administration Committee of the Group. The fair value of the Restricted Shares awarded was determined based on the market value of the Company's shares at the grant date.

During the year ended 31 December 2015, pursuant to the original Restricted Share Award Scheme dated 22 March 2010, the directors of the Company resolved to change (i) the vesting period under the Restricted Share Award Scheme from three to five years to two to five years; and (ii) the circumstances when the Company's shares would lapse, with immediate effect. The details of the amendments have been disclosed in the announcement of the Company dated 26 May 2015. The directors of the Company considered that the above amendments have had no material impact on the recognition and measurement of those shares granted before 26 May 2015.

On 16 March 2020, the Board of Directors resolved to amend the existing Scheme Rules and adopted the further amended and restated Scheme Rules with effect from 22 March 2020 to extend the share award scheme period for ten years. Under the further amended and restated Scheme Rules, the Scheme shall (unless previously terminated by a resolution of the Board of Directors) terminate on the revised expiry date, being 21 March 2030.

### 42. 股份獎勵計劃(續)

授出限制性股份須待特選參與者接納方可作實。授予特選參與者但不獲接納的限制性股份為不獲接納股份。受託人可動用信託就以信託方式持有的股份所收取的任何現金及非現金收入餘額購買額外股份，惟在購買額外股份前須已支付信託的所有開支。特選參與者並無收取股息收入的權利，亦不能在歸屬期內就彼等獲授予的限制性股份行使任何投票權。信託須以信託方式持有額外股份、不獲接納股份及未歸屬股份，並在本集團管理委員會的指示下向現有或新的特選參與者授出該等股份。作為獎勵的限制性股份的公允值按本公司股份於授出日期的市價釐定。

截至二零一五年十二月三十一日止年度，根據日期為二零一零年三月二十二日的原定限制性股份獎勵計劃，本公司董事議決修訂(i)限制性股份獎勵計劃項下之歸屬期，由三至五年變更為二至五年；及(ii)本公司股份失效之情況，即時有效。有關修訂的詳情於本公司日期為二零一五年五月二十六日之公告內披露。本公司董事認為，上述修訂對該等於二零一五年五月二十六日前授出的股份的確認及計量並無重大影響。

於二零二零年三月十六日，董事會議決修訂現有計劃規則，並採納經進一步修訂及重列之計劃規則，自二零二零年三月二十二日起生效，以將股份獎勵計劃的期限延長十年。根據經進一步修訂及重列之計劃規則，計劃應在經修訂屆滿日期(即二零二零年三月三十一日)終止(除非經董事會決議案提前終止)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 42. SHARE AWARD SCHEME (Continued)

### 42. 股份獎勵計劃(續)

Movements in the number of Restricted Shares granted and related fair value are as follows:

已授出限制性股份的數目及其相關公允值的變動如下：

	Weighted average fair value (per share) (每股)加權平均公允值 HKD 港元	Number of Restricted Shares granted 已授出限制性股份數目 (’000) (千股)
At 1 January 2020 於二零二零年一月一日	124.122	2,925
Forfeited 已失效	123.296	(112)
Vested 已歸屬	108.560	(1,488)
Granted (Note a) 已授出(附註a)	130.711	1,458
At 31 December 2020 and 1 January 2021 於二零二零年十二月三十一日及二零二一年一月一日	135.931	2,783
Forfeited 已失效	149.642	(119)
Vested 已歸屬	115.035	(1,638)
Granted (Note b) 已授出(附註b)	200.720	1,460
At 31 December 2021 於二零二一年十二月三十一日	<b>187.090</b>	<b>2,486</b>

Notes:

附註：

(a) The Restricted Shares granted in 2020 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

(a) 於二零二零年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

Restricted Shares	Fair value (per share) HKD	Scales
845,947 shares	122.500	One-half
27,595 shares	126.800	One-half
233,868 shares	126.800	One-third
351,181 shares	153.400	One-half

限制性股份	(每股)公允值 港元	規模
845,947股	122.500	二分之一
27,595股	126.800	二分之一
233,868股	126.800	三分之一
351,181股	153.400	二分之一

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 42. SHARE AWARD SCHEME (Continued)

Notes: (Continued)

- (b) The Restricted Shares granted in 2021 vest on every anniversary date of the grant date of each batch of Restricted Shares in tranches on the following scales:

Restricted Shares	Fair value (per share) HKD	Scales
884,979 shares	180.30	One-half
28,900 shares	236.60	One-half
158,524 shares	236.60	One-third
387,525 shares	230.00	One-half

The fair value of Restricted Shares granted is measured on the basis of an observable market price.

The following table discloses details of the shares granted under Restricted Shares held by employees (including the Directors of the Company) of the Group and movements in such holdings during the year:

Type	Balance at 1.1.2021 於二零二一年 一月一日 的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2021 於二零二一年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,783	1,460	(119)	(1,638)	2,486

Type	Balance at 1.1.2020 於二零二零年 一月一日 的結餘 '000 千股	Granted during the year 於年內授出 '000 千股	Forfeited during the year 於年內失效 '000 千股	Vested during the year 於年內歸屬 '000 千股	Balance at 31.12.2020 於二零二零年 十二月三十一日 的結餘 '000 千股
Shares 股份	2,925	1,458	(112)	(1,488)	2,783

### 42. 股份獎勵計劃(續)

附註：(續)

- (b) 於二零二一年已授出限制性股份於各批限制性股份授出日期的每個週年日按以下規模分批歸屬：

限制性股份	(每股)公允值 港元	規模
884,979股	180.30	二分之一
28,900股	236.60	二分之一
158,524股	236.60	三分之一
387,525股	230.00	二分之一

已授出限制性股份的公允值乃基於可觀察的市場價格計量。

下表披露本集團僱員(包括本公司董事)所持有的根據限制性股份已授出股份的詳情及年內該等股份變動的詳情：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 42. SHARE AWARD SCHEME (Continued)

### 42. 股份獎勵計劃(續)

Details of the shares held by the Directors of the Company included in the above table are as follows:

上表所載本公司董事所持股份的詳情如下：

Type	Balance at 1.1.2021 於二零二一年一月一日的結餘	Granted during the year 於年內授出	Forfeited during the year 於年內失效	Vested during the year 於年內歸屬	Balance at 31.12.2021 於二零二一年十二月三十一日的結餘
類別	'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
Shares 股份	180	25	-	(101)	104

Type	Balance at 1.1.2020 於二零二零年一月一日的結餘	Granted during the year 於年內授出	Forfeited during the year 於年內失效	Vested during the year 於年內歸屬	Balance at 31.12.2020 於二零二零年十二月三十一日的結餘
類別	'000 千股	'000 千股	'000 千股	'000 千股	'000 千股
Shares 股份	253	35	-	(108)	180

The equity-settled share-based payments charged to the profit or loss was RMB188,278,000 for the year ended 31 December 2021 (2020: RMB151,811,000).

截至二零二一年十二月三十一日止年度，於損益扣除的以權益結算股份支付的款項為人民幣188,278,000元（二零二零年：人民幣151,811,000元）。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows:

### 43. 附屬公司詳情

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sun Yu Optical Technology Limited 舜宇光學科技有限公司	The British Virgin Islands ("The BVI") 英屬處女群島 (「處女群島」)	Ordinary shares USD100,000 普通股100,000美元	100% (directly held) (直接持有)	100%	Investment holding 投資控股
Sun Xiang Optical Overseas Limited 舜享光學海外有限公司	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Sun Li Instrument Overseas Limited 舜利儀器海外有限公司	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optics Technology Limited Summit Optics Technology Limited	The BVI 處女群島	Ordinary share USD1 普通股1美元	100%	100%	Investment holding 投資控股
Summit Optics Investment Limited Summit Optics Investment Limited	The BVI 處女群島	Ordinary share USD1 普通股1美元	100%	100%	Investment holding 投資控股
Sunny Optical Overseas Limited 舜宇光學海外有限公司	Hong Kong 香港	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Sunny Instruments Overseas Limited 舜宇儀器海外有限公司	Hong Kong 香港	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
Summit Optical Technology Limited Summit Optical Technology Limited	Hong Kong 香港	Ordinary share HKD1 普通股1港元	100%	100%	Investment holding 投資控股
Summit Optical Investment Limited Summit Optical Investment Limited	Hong Kong 香港	Ordinary share HKD1 普通股1港元	100%	100%	Investment holding 投資控股

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Zhejiang Sunny Optics Co., Ltd. * 浙江舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB430,000,000 註冊及實繳股本 人民幣430,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Instruments Co., Ltd. * 寧波舜宇儀器有限公司	The PRC 中國	Registered and contributed capital RMB82,500,000 註冊及實繳股本 人民幣82,500,000元	100%	100%	Manufacture and sale of optical instruments 生產及銷售光學儀器
* Sunny Optics (Zhongshan) Co., Ltd. * 舜宇光學(中山)有限公司	The PRC 中國	Registered and contributed capital USD14,990,000 註冊及實繳股本 14,990,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
* Ningbo Sunny Opotech Co., Ltd. * 寧波舜宇光電信息有限公司	The PRC 中國	Registered and contributed capital USD38,831,600 註冊及實繳股本 38,831,600美元	100%	100%	Manufacture and sale of optoelectronics products 生產及銷售光電產品

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Ningbo Sunny Automotive Optech Co., Ltd. # 寧波舜宇車載光學技術有限公司	The PRC 中國	Registered and contributed capital RMB5,000,000 註冊及實繳股本 人民幣5,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
# Xinyang Sunny Optics Co., Ltd. # 信陽舜宇光學有限公司	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
# Ningbo Sunny Infrared Technologies Co., Ltd. # 寧波舜宇紅外技術有限公司	The PRC 中國	Registered and contributed capital RMB11,481,481 註冊及實繳股本 人民幣11,481,481元	68.10%	68.10%	Research and development of infrared technologies 研發紅外技術
Sunny Opotech Korea Co., Ltd. 舜宇光電韓國有限公司	Korea 韓國	Ordinary shares KRW108,000,000 普通股108,000,000韓元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Korea Co., Ltd. 舜宇韓國有限公司	Korea 韓國	Ordinary shares KRW3,080,880,000 普通股3,080,880,000韓元	70.15%	70.15%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Japan Co., Ltd. 舜宇日本株式會社	Japan 日本	Registered and contributed capital JPY99,000,000 註冊及實繳股本 99,000,000日元	57.89%	57.89%	Trading of optical instruments and optoelectronics products 買賣光學儀器及光電產品
Sunny Opotech North America Inc 舜宇光電信息(北美)有限公司	The United States 美國	Common stock USD952,731 普通股952,731美元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
Sunny Optical Corean (BVI) Limited Sunny Optical Corean (BVI) Limited	The BVI 處女群島	Ordinary shares USD10 普通股10美元	100%	100%	Investment holding 投資控股
* Shanghai Sunny Yangming Precision Optics Co., Ltd. * 上海舜宇陽明精密光學有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Ningbo Sunny Intelligent Technology Co., Ltd. # 寧波舜宇智能科技有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Sales and development of optical instruments 銷售及開發光學儀器
# Sunny Group Co., Ltd. # 舜宇集團有限公司	The PRC 中國	Registered and contributed capital RMB115,782,000 註冊及實繳股本 人民幣115,782,000元	100%	100%	Investment holdings and property leasing 投資控股及物業租賃
# Zhejiang Sunny Optical Intelligence Technology Co., Ltd. # 浙江舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB25,000,000 註冊及實繳股本 人民幣25,000,000元	100%	100%	Sales and development of optoelectronics products 銷售及開發光電產品
# Ningbo Mei Shan Bao Shui Gang Qu Sunyi Investment Co., Ltd. (Note a) # 寧波梅山保税港區舜翌投資管理 有限公司(附註a)	The PRC 中國	Registered and contributed capital RMB2,000,000 註冊及實繳股本 人民幣2,000,000元	100%	51.00%	Investment holdings 投資控股

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Sunny Optical (Zhejiang) Research Institute Co., Ltd. 舜宇光學(浙江)研究院有限公司	The PRC 中國	Registered and contributed capital RMB50,000,000 註冊及實繳股本 人民幣50,000,000元	100%	100%	Provide development, service and consultation of technology 提供技術開發、服務及諮詢
# Ningbo Mei Shan Bao Shui Gang Qu Sunxin Investment Partnership (Limited Partnership) (Note a) 寧波梅山保税港區舜鑫投資管理合夥企業(有限合夥)(附註a)	The PRC 中國	Registered and contributed capital RMB3,000,000 註冊及實繳股本 人民幣3,000,000元	52.00%	51.02%	Investment holdings 投資控股
# Yuyao Sunny Optical Intelligence Technology Co., Ltd. 餘姚舜宇智能光學技術有限公司	The PRC 中國	Registered and contributed capital RMB20,000,000 註冊及實繳股本 人民幣20,000,000元	100%	100%	Provide optical technology service 提供光學技術服務
# Yuyao City Sunny Huitong Microcredit Co., Ltd. 餘姚市舜宇匯通小額貸款有限公司	The PRC 中國	Registered and contributed capital RMB200,000,000 註冊及實繳股本 人民幣200,000,000元	100%	100%	Provision of financing service 提供金融服務

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Optics Vina Co., Ltd. 舜宇越南光電有限公司	Vietnam 越南	Registered and contributed capital USD150,000 註冊及實繳股本 150,000美元	70.15%	70.15%	Sale of optoelectronics components 銷售光電零件
Sunny Optics Vina Hanoi Co., Ltd. 舜宇越南光學有限公司	Vietnam 越南	Registered and contributed capital USD100,000 註冊及實繳股本 100,000美元	70.15%	70.15%	Sale of optical components 銷售光學零件
Sunny Optics Europe GmbH 舜宇歐洲光學有限公司	German 德國	Registered and contributed capital EUR 500,000 註冊及實繳股本 500,000歐元	100%	100%	Sale of optical components 銷售光學零件
Sunny Automotive Vina Co., Ltd. 舜宇越南車載光學有限公司	Vietnam 越南	Registered and contributed capital USD3,000,000 註冊及實繳股本 3,000,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
Sunny Opotech Vietnam Co., Ltd. 舜宇光電越南有限公司	Vietnam 越南	Registered and contributed capital USD3,000,000 註冊及實繳股本 3,000,000美元	100%	100%	Manufacture and sale of optical components 生產及銷售光學零件
Sunny Opotech India Private Limited 舜宇光電信息印度有限公司	India 印度	Registered and contributed capital INR183,701,000 註冊及實繳股本 183,701,000印度盧比	100%	100%	Manufacture and sale of optoelectronics components 生產及銷售光電零件
* Sunny Mobility Technologies (Ningbo) Co., Ltd. * 寧波舜宇智行傳感技術有限公司	The PRC 中國	Registered and contributed capital RMB29,509,710 註冊及實繳股本 人民幣29,509,710元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品
* Zhejiang Sunny SmartLead Technologies Co., Ltd. * 浙江舜宇智領技術有限公司	The PRC 中國	Registered and contributed capital RMB73,514,500 註冊及實繳股本 人民幣73,514,500元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

### 43. 附屬公司詳情 (續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
# Shanghai Wissen Automotive Sensing Technology Co., Ltd. # 上海為森車載傳感技術有限公司	The PRC 中國	Registered and contributed capital RMB10,000,000 註冊及實繳股本 人民幣10,000,000元	68.67%	68.67%	Sales and development of optoelectronics products 銷售及開發光電產品
# Sunny OmniLight Technology Co., Ltd. # 寧波舜宇奧來技術有限公司	The PRC 中國	Registered and contributed capital RMB130,680,000 註冊及實繳股本 人民幣130,680,000元	93.39%	93.39%	Sales and development of optical products 銷售及開發光學產品
# Ningbo Yuanheng Supply Chain Management Co., Ltd. # 寧波元恒供應鏈管理有限公司	The PRC 中國	Registered and contributed capital RMB1,000,000 註冊及實繳股本 人民幣1,000,000元	100%	100%	Import and export agent 進出口代理
# Sunny OmniLight Technology (Shanghai) Co., Ltd. (Note b) # 舜宇奧來半導體光電(上海)有限公司(附註b)	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	93.39%	N/A 不適用	Research and development of semiconductor technologies 研發半導體技術

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 43. PARTICULARS OF SUBSIDIARIES (Continued)

Particulars of subsidiaries indirectly held, unless otherwise stated, by the Company at 31 December 2021 and 2020 are as follows (Continued):

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立地點/ 註冊地點/營運地點	Issued and fully paid up share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有的應佔權益		Principal activities 主要業務
			2021 二零二一年	2020 二零二零年	
* Zhejiang Sunnyverse Technology Co., Ltd. (Note b) * 浙江舜為科技有限公司(附註b)	The PRC 中國	Registered and contributed capital RMB100,000,000 註冊及實繳股本 人民幣100,000,000元	80%	N/A 不適用	Manufacture and sale of optical components 生產及銷售光學產品

\* companies are sino-foreign equity joint venture enterprises

# companies are domestic invested enterprises

None of the subsidiaries had issued any debt securities at the end of both years.

Notes:

(a) The Group has acquired additional equity interest from NCI shareholders to enhance the Group's control over the equity investments in optoelectronic industry.

(b) These subsidiaries were newly established in 2021 for further business development in the optical related industries.

### 43. 附屬公司詳情(續)

除另有說明外，本公司於二零二一年及二零二零年十二月三十一日間接持有的附屬公司詳情如下：(續)

\* 該等公司為中外合資企業

# 該等公司為內資企業

於該兩年末，附屬公司並無發行任何債務證券。

附註：

(a) 本集團已從NCI股東購入額外股權，以增強本集團對光電行業股權投資的控制。

(b) 該等附屬公司於二零二一年新成立，以進一步推動光學相關行業的業務發展。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 44. FINANCIAL INFORMATION OF THE COMPANY

### 44. 本公司財務資料

#### Assets and Liabilities

#### 資產及負債

	31/12/2021 二零二一年 十二月三十一日 RMB'000 人民幣千元	31/12/2020 二零二零年 十二月三十一日 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS 非流動資產</b>		
Financial assets at FVTPL 按公允值計入損益的金融資產	-	72,884
Financial assets at FVTOCI 按公允值計入其他全面收益的金融資產	32,348	-
Interests in subsidiaries, unlisted 非上市附屬公司權益	253,850	253,850
Amounts due from subsidiaries 應收附屬公司款項	2,175,029	1,797,607
Loans to subsidiaries 附屬公司貸款	2,716,811	2,837,773
	<b>5,178,038</b>	4,962,114
<b>CURRENT ASSETS 流動資產</b>		
Other receivables and prepayment 其他應收款項及預付款項	3,124	709
Amounts due from subsidiaries 應收附屬公司款項	820,591	560,018
Financial assets at FVTPL 按公允值計入損益的金融資產	321,973	282,711
Debt instruments at amortised cost 按攤銷成本計量的債務工具	-	52,823
Banks balances and cash 銀行結餘及現金	14,723	153,057
	<b>1,160,411</b>	1,049,318
<b>CURRENT LIABILITIES 流動負債</b>		
Short term borrowings 短期借貸	1,147,626	750,364
Amounts due to subsidiaries 應付附屬公司款項	17,083	17,715
Other payables 其他應付款項	73,165	65,330
	<b>1,237,874</b>	833,409
<b>NET CURRENT (LIABILITIES) ASSETS 流動(負債)資產淨額</b>	<b>(77,463)</b>	215,909
<b>TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債</b>	<b>5,100,575</b>	5,178,023
<b>NON-CURRENT LIABILITY 非流動負債</b>		
Bonds payable 應付債券	3,815,623	3,895,888
	<b>3,815,623</b>	3,895,888
<b>NET ASSETS 資產淨值</b>	<b>1,284,952</b>	1,282,135
<b>CAPITAL AND RESERVES 資本及儲備</b>		
Share capital 股本	105,163	105,163
Reserves 儲備	1,179,789	1,176,972
<b>TOTAL EQUITY 權益總額</b>	<b>1,284,952</b>	1,282,135

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

### 44. 本公司財務資料(續)

#### Reserves

#### 儲備

	Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元 (Note) (附註)	Shares held under share award scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	Share award scheme reserve 股份獎勵計劃儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>The Company 本公司</b>						
At 1 January 2020 於二零二零年一月一日	1,846	166,973	(8,622)	(493)	805,057	964,761
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	1,006,283	1,006,283
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(2,056)	-	-	(2,056)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,442	-	4,442
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	4,197	(4,570)	373	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	2,049	2,049
Dividends paid 已付股息	(1,846)	-	-	-	(796,661)	(798,507)
At 31 December 2020 於二零二零年十二月三十一日	-	166,973	(6,481)	(621)	1,017,101	1,176,972

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 44. FINANCIAL INFORMATION OF THE COMPANY (Continued)

### 44. 本公司財務資料 (續)

#### Reserves (Continued)

#### 儲備 (續)

	Share premium 股份溢價 RMB'000 人民幣千元	Special reserve 特別儲備 RMB'000 人民幣千元 (Note) (附註)	Shares held under share award scheme 根據股份獎勵計劃持有的股份 RMB'000 人民幣千元	Share award scheme reserve 股份獎勵計劃儲備 RMB'000 人民幣千元	Retained profits 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Profit for the year and total comprehensive income for the year 年內溢利及年內全面收益總額	-	-	-	-	977,248	977,248
Purchase of shares under share award scheme 根據股份獎勵計劃購買的股份	-	-	(7,415)	-	-	(7,415)
Recognition of equity-settled share-based payments 確認以權益結算股份支付的款項	-	-	-	4,725	-	4,725
Shares vested under share award scheme 根據股份獎勵計劃歸屬的股份	-	-	4,355	(4,690)	335	-
Dividends received under share award scheme 根據股份獎勵計劃收取的股息	-	-	-	-	2,262	2,262
Dividends paid 已付股息	-	-	-	-	(974,003)	(974,003)
At 31 December 2021 於二零二一年十二月三十一日	-	166,973	(9,541)	(586)	1,022,943	1,179,789

Note:

The amount recorded in the special reserve was resulted from:

- (i) the capital contribution by/distribution to the Company in relation to the acquisitions/disposals of equity interests in subsidiaries; and
- (ii) the difference between the net carrying amounts of equity interests in subsidiaries and the nominal value of the shares of their respective holding companies arisen in share exchange transactions during the group reorganisation.

附註：

計入特別儲備的款項來自：

- (i) 本公司就收購／出售附屬公司股權所作注資／所得分派；及
- (ii) 附屬公司股權的賬面淨值與彼等各自控股公司股份面值之間於集團重組換股交易中產生的差額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2021 截至二零二一年十二月三十一日止年度

### 45. EVENTS AFTER THE REPORTING PERIOD

Postponement of discloseable transaction in relation to the subscription for 6% equity interests in one Target Company

On 24 December 2021, the Group and another five independent third parties (“**other subscribers**”) entered into Share Subscription Agreement of one Target Company, pursuant to which the Group and other subscribers have agreed to subscribe for registered capital of RMB1.8 billion and RMB20.2 billion respectively, by way of capital injection into the Target Company (the “**Capital Increase**”). Upon completion of the Capital Increase contemplated under the Share Subscription Agreement, the Group will hold 6% equity interests in the Target Company as enlarged by the Capital Increase and will become the third largest equity owner of the Target Company and has the right to appoint one director to participate in the management and operation of the Target Company.

On 13 January 2022, the Group received a notice from the Target Company notifying that the Capital Increase would be temporarily suspended as a result of the withdrawal of certain Subscribers from the Share Subscription Agreement, the Group will make further assessment on the revised proposal of capital increase of the Target Company when it has come up.

### 45. 報告期後事項

推遲與認購一間目標公司6%股權有關的須予披露交易

於二零二一年十二月二十四日，本集團與另外五名獨立第三方（「**其他認購人**」）訂立目標公司股份認購協議，據此，本集團及其他認購人已同意透過向目標公司注資（「**增資**」）分別認繳人民幣18億元及人民幣202億元的註冊資本。股份認購協議項下的增資完成後，本集團將持有經增資擴大後目標公司6%的股權，成為目標公司第三大股權持有人，並有權委任一名董事參與目標公司的管理運營。

於二零二二年一月十三日，本集團獲目標公司通知，由於某認購人退出股份認購協議，增資暫停，本集團將於目標公司的經修訂增資方案起草完成後對其作進一步評估。

## APPENDIX II

### RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

*This section supersedes in its entirety the section in the Base Listing Document entitled "Information Relating to UBS AG".*

#### 1. Overview

UBS AG ("**Issuer**") with its subsidiaries (together, "**UBS AG consolidated**", or "**UBS AG Group**"; together with UBS Group AG, which is the holding company of UBS AG, and its subsidiaries, "**UBS Group**", "**Group**", "**UBS**" or "**UBS Group AG consolidated**") provides financial advice and solutions to private, institutional and corporate clients worldwide, as well as private clients in Switzerland. The operational structure of the Group is comprised of the Group Functions and four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank.

On 31 March 2022, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 14.3%, the CET1 leverage ratio was 4.16%, the total loss-absorbing capacity ratio was 34.2%, and the total loss-absorbing capacity leverage ratio was 9.9%.<sup>1</sup> On the same date, invested assets stood at USD 4,380 billion, equity attributable to shareholders was USD 58,855 million and market capitalisation was USD 65,775 million. On the same date, UBS employed 71,697 people.<sup>2</sup>

On 31 March 2022, UBS AG consolidated CET1 capital ratio was 13.4%, the CET1 leverage ratio was 3.88%, the total loss-absorbing capacity ratio was 33.1%, and the total loss-absorbing capacity leverage ratio was 9.6%.<sup>1</sup> On the same date, invested assets stood at USD 4,380 billion and equity attributable to UBS AG shareholders was USD 57,962 million. On the same date, UBS AG Group employed 47,139 people.<sup>2</sup>

The rating agencies S&P Global Ratings Europe Limited ("**S&P**"), Moody's Deutschland GmbH ("**Moody's**"), and Fitch Ratings Limited ("**Fitch**") have published solicited credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfil in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch and S&P may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS AG has a long-term counterparty credit rating of A+ from S&P, long-term senior debt rating of Aa3 from Moody's, and long-term issuer default rating of AA- from Fitch.

An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The ratings of UBS AG should be evaluated independently from similar ratings of other entities, and from the rating, if any, of its securities. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**") and currently appears on the list of credit rating agencies registered or certified with the Financial Conduct Authority published on its website [www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras](http://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras). Ratings given by Fitch are endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") and

<sup>1</sup> All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2021 and of the UBS Group First Quarter 2022 Report for more information.

<sup>2</sup> Full-time equivalents.

currently appears on the list of credit ratings agencies published by ESMA on its website [www.esma.europa.eu](http://www.esma.europa.eu) in accordance with the EU CRA Regulation. S&P and Moody's are established in the European Union and registered under the EU CRA Regulation and currently appear on the list of credit ratings agencies published by ESMA on its website in accordance with the EU CRA Regulation. Ratings given by S&P and Moody's are endorsed by Standard & Poor's Global Ratings UK Limited and Moody's Investors Service Ltd, respectively, which are established in the UK and registered under the UK CRA Regulation and currently appear on the list of credit rating agencies registered or certified with the FCA published on its website.

No profit forecasts or estimates are included in this document.

No recent events particular to the Issuer have occurred which are to a material extent relevant to the evaluation of the Issuer's solvency.

## **2. Information about the Issuer**

### **2.1 Corporate Information**

The legal and commercial name of the Issuer is UBS AG.

The Issuer was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the Issuer changed its name to UBS AG. The Issuer in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CHE-101.329.561.

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCEMIK50.

According to article 2 of the articles of association of UBS AG dated 26 April 2018 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

### **2.2 UBS's borrowing and funding structure and financing of UBS's activities**

For information on UBS's expected financing of its business activities, please refer to "*Liquidity and funding management*" in the "*Capital, liquidity and funding, and balance sheet*" section of the Annual Report 2021.

## **3. Business Overview**

### **3.1 Organisational Structure of the Issuer**

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS



Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and Group Functions.

In 2014, UBS began adapting its legal entity structure in response to too-big-to-fail requirements and other regulatory initiatives. First, UBS Group AG was established as the ultimate parent holding company for the Group. In 2015, UBS AG transferred its personal & corporate banking and Swiss-booked wealth management businesses to the newly established UBS Switzerland AG, a banking subsidiary of UBS AG in Switzerland. That same year, UBS Business Solutions AG, a wholly owned subsidiary of UBS Group AG, was established and acts as the Group service company. In 2016, UBS Americas Holding LLC became the intermediate holding company for UBS's US subsidiaries and UBS's wealth management subsidiaries across Europe were merged into UBS Europe SE, UBS's German-headquartered European subsidiary. In 2019, UBS Limited, UBS's UK headquartered subsidiary, was merged into UBS Europe SE.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS Group AG's consolidated financial statements included in the UBS Group AG and UBS AG Annual Report 2021 published on 07 March 2022 ("**Annual Report 2021**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2021, including interests in significant subsidiaries, are discussed in "Note 29 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2021.

UBS AG is the parent company of, and conducts a significant portion of its operations through, its subsidiaries. UBS AG has contributed a significant portion of its capital and provides substantial liquidity to subsidiaries. In addition, UBS Business Solutions AG provides substantial services to group companies including UBS AG and its subsidiaries. To this extent, UBS AG is dependent on certain of the entities of the UBS AG Group and of the UBS Group.

### **3.2 Principal activities**

UBS businesses are organised globally into four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management, and the Investment Bank. All four business divisions are supported by Group Functions. Each of the business divisions and Group Functions are described below. A description of the businesses, organisational structures, products and services and targeted markets of the business divisions and Group Functions can be found under "*Our businesses*" in the "*Our strategy, business model and environment*" section of the Annual Report 2021.

- *Global Wealth Management* provides financial services, advice and solutions to private clients, in particular in the ultrahigh net worth and high net worth segments. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services. The business division is managed globally across the regions.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from basic banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.
- Asset Management is a large-scale and diversified global asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients globally.

- The *Investment Bank* provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and manage risks. Its offerings include advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.
- *Group Functions* is made up of the following major areas: Group Services (which consists of Technology, Corporate Services, Human Resources, Finance, Legal, Risk Control, Compliance, Regulatory & Governance, Communications & Branding and Group Sustainability and Impact), Group Treasury and Non-core and Legacy Portfolio.

### 3.3 Competition

The financial services industry is characterized by intense competition, continuous innovation, restrictive, detailed, and sometimes fragmented regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth, as well as competition from new technology-based market entrants, which may not be subject to the same level of regulation. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

Any statements regarding the competitive position of UBS AG, UBS AG Group or the Group contained in this document are made on the basis of the opinion of UBS AG or the Group.

### 3.4 Recent Developments

#### 3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2021, 2020 and 2019 from the Annual Report 2021, except where noted. The selected consolidated financial information included in the table below for the quarter ended 31 March 2022 and 31 March 2021 was derived from the UBS AG First Quarter 2022 Report.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

Information for the years ended 31 December 2021, 2020 and 2019 which is indicated as being unaudited in the table below was included in the Annual Report 2021, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2021 and the UBS AG First Quarter 2022 Report and should not rely solely on the summarized information set out below.

	As of or for the quarter ended		As of or for the year ended		
	31.3.22	31.3.21	31.12.21	31.12.20	31.12.19
<i>USD million, except where indicated</i>					
	<i>unaudited</i>		<i>audited, except where indicated</i>		

#### Results

##### Income statement

Operating income	9,475	8,836	35,976	32,780	29,307
Net interest income	1,746	1,589	6,605	5,788	4,415
Net fee and commission income	5,384	5,719	22,438	19,207	17,460

Credit loss (expense) / release	(18)	28	148	(695)	(78)
Other net income from financial instruments measured at fair value through profit or loss	2,225	1,314	5,844	6,930	6,833
Operating expenses	6,916	6,684	27,012	25,081	24,138
Operating profit / (loss) before tax	2,559	2,151	8,964	7,699	5,169
Net profit / (loss) attributable to shareholders	2,004	1,710	7,032	6,196	3,965
<b>Balance sheet <sup>1</sup></b>					
Total assets	1,139,876		1,116,145	1,125,327	971,927
Total financial liabilities measured at amortized cost	749,052		744,762	732,364	617,429
<i>of which: customer deposits</i>	542,984		544,834	527,929	450,591
<i>of which: debt issued measured at amortized cost</i>	75,013		82,432	85,351	62,835
<i>of which: subordinated debt</i>	5,056		5,163	7,744	7,431
Total financial liabilities measured at fair value through profit or loss	322,941		300,916	325,080	291,452
<i>of which: debt issued designated at fair value</i>	69,421		71,460	59,868	66,592
Loans and advances to customers	393,960		398,693	380,977	327,992
Total equity	58,319		58,442	58,073	53,896
Equity attributable to shareholders	57,962		58,102	57,754	53,722
<b>Profitability and growth</b>					
Return on equity (%) <sup>2</sup>	13.8	11.9	12.3*	10.9*	7.4*
Return on tangible equity (%) <sup>3</sup>	15.5	13.4	13.9*	12.4*	8.5*
Return on common equity tier 1 capital (%) <sup>4</sup>	19.3	17.8	17.6*	16.6*	11.3*
Return on risk-weighted assets, gross (%) <sup>5</sup>	12.5	12.3	12.3*	11.9*	11.2*
Return on leverage ratio denominator, gross (%) <sup>6, 7</sup>	3.5	3.4	3.4*	3.4*	3.2*
Cost / income ratio (%) <sup>8</sup>	72.8	75.9	75.4*	74.9*	82.1*
Net profit growth (%) <sup>9</sup>	17.2	20.3	13.5*	56.3*	(3.4)*
<b>Resources</b>					
Common equity tier 1 capital <sup>10</sup>	41,577	38,826	41,594	38,181	35,233*
Risk-weighted assets <sup>10</sup>	309,374	285,119	299,005*	286,743*	257,831*
Common equity tier 1 capital ratio (%) <sup>10</sup>	13.4	13.6	13.9*	13.3*	13.7*
Going concern capital ratio (%) <sup>10</sup>	18.1	18.7	18.5*	18.3*	18.3*
Total loss-absorbing capacity ratio (%) <sup>10</sup>	33.1	34.2	33.3*	34.2*	33.9*
Leverage ratio denominator <sup>6, 10</sup>	1,072,766	1,039,736	1,067,679*	1,036,771*	911,228*
Common equity tier 1 leverage ratio (%) <sup>6, 10</sup>	3.88	3.73	3.90*	3.68*	3.87*
Going concern leverage ratio (%) <sup>6, 10</sup>	5.2	5.1	5.2*	5.1*	5.2*
Total loss-absorbing capacity leverage ratio (%) <sup>10</sup>	9.6	9.4	9.3*	9.5*	9.6*
<b>Other</b>					
Invested assets (USD billion) <sup>11</sup>	4,380	4,306	4,596	4,187	3,607
Personnel (full-time equivalents)	47,139	47,592	47,067*	47,546*	47,005*

\* unaudited

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<sup>1</sup> Except for *Total assets*, *Total equity* and *Equity attributable to shareholders*, balance sheet information for year ended 31 December 2019 is derived from the Annual Report 2020.

<sup>2</sup> Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders. This measure provides information about the profitability of the business in relation to equity.

<sup>3</sup> Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets. This measure provides information about the profitability of the business in relation to tangible equity.

<sup>4</sup> Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital. This measure provides information about the profitability of the business in relation to common equity tier 1 capital.

<sup>5</sup> Calculated as annualized operating income before credit loss expense or release divided by average risk-weighted assets. This measure provides information about the revenues of the business in relation to risk-weighted assets.

<sup>6</sup> Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.

<sup>7</sup> Calculated as annualized operating income before credit loss expense or release divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to leverage ratio denominator.

<sup>8</sup> Calculated as operating expenses divided by operating income before credit loss expense or release (annualized as applicable). This measure provides information about the efficiency of the business by comparing operating expenses with gross income.

<sup>9</sup> Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. This measure provides information about profit growth in comparison with the prior period.

<sup>10</sup> Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.

<sup>11</sup> Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

### 3.4.2 *Regulatory, legal and other developments*

Refer to “*Recent developments*” in the UBS Group First Quarter 2022 Report, as well as to “*Our environment*” and “*Regulatory and legal developments*” in the Annual Report 2021, for further information on key regulatory, legal and other developments.

## 3.5 **Trend Information**

For information on trends, refer to “*Outlook*” under “*Group performance*” and to “*Country risk*” under “*Risk management and control*” in the UBS Group First Quarter 2022 Report, as well as to the “*Our environment*” section, and to “*Top and emerging risks*” and “*Country risk*” in the “*Risk management and control*” section of the Annual Report 2021. In addition, please refer to the “*Risk factors*” and the “*Recent Developments*” sections of this document for more information.

## 4. **Administrative, Management and Supervisory Bodies of the Issuer**

UBS AG complies with all relevant Swiss legal and regulatory corporate governance requirements. As a foreign private issuer with debt securities listed on the New York Stock Exchange (“**NYSE**”), UBS AG also complies with the relevant NYSE corporate governance standards applicable to foreign private issuers.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. The Board of Directors (“**BoD**”) exercises the ultimate supervision over management, whereas the Executive Board (“**EB**”), headed by the President of the Executive Board (“**President of the EB**”), has executive management responsibility. The functions of Chairman of the BoD and President of the EB are assigned

to two different people, ensuring a separation of power. This structure establishes checks and balances and preserves the institutional independence of the BoD from the executive management of UBS AG Group, for which responsibility is delegated to the EB under the leadership of the President of the EB. No member of one board may simultaneously be a member of the other.

Supervision and control of the EB remain with the BoD. The authorities and responsibilities of the two bodies are governed by the Articles of Association and the Organization Regulations of UBS AG.

#### 4.1 Board of Directors

The BoD consists of between 5 and 12 members. All the members of the BoD are elected individually by the shareholders at the Annual General Meeting (“AGM”) for a term of office of one year, which expires after the completion of the next AGM. Shareholders also elect the Chairman upon proposal of the BoD.

The BoD meets as often as business requires, and at least six times a year.

##### 4.1.1 Members of the Board of Directors

The current members of the BoD are listed below.

Member	Title	Term of office	Current principal activities outside UBS AG
Colm Kelleher	Chairman	2023	Chairman of the Board of Directors of UBS Group AG; member of the board of Norfolk Southern Corporation (chair of the risk and finance committee); member of the Board of Directors of the Bretton Woods Committee; member of the board of Americans for Oxford; member of the Oxford Chancellor’s Court of Benefactors; and member of the Advisory Council of the British Museum.
Lukas Gähwiler	Member	2023	Vice Chairman of the Board of Directors of UBS Group AG; member of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; member of the Board of Directors of Opernhaus Zürich AG; chairman of the Employers Association of Banks in Switzerland; member of the Board of Directors of the Swiss Employers Association; member of the Board of economiesuisse; chairman of the Foundation Board of the UBS Pension Fund; member of the Foundation Council of the UBS Center for Economics in Society; and member of the board of the Swiss Finance Council.
Jeremy Anderson	Member	2023	Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; trustee of the UK’s Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.
Claudia Böckstiegel	Member	2023	Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.

William C. Dudley	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.
Patrick Firmenich	Member	2023	Member of the Board of Directors of UBS Group AG; chairman of the board of Firmenich International SA; member of the board of Jacobs Holding AG; member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.
Fred Hu	Member	2023	Member of the Board of Directors of UBS Group AG; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd and of Primavera Capital Group; member of the Board of Ant Group; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School in Hong Kong; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Studies (IAS).
Mark Hughes	Member	2023	Member of the Board of Directors of UBS Group AG; chair of the Board of Directors of the Global Risk Institute; visiting lecturer at the University of Leeds; senior advisor to McKinsey & Company.
Nathalie Rachou	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform.
Julie G. Richardson	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee).
Dieter Wemmer	Member	2023	Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings Limited and Marco Insurance, Malta; member of the Berlin Center of Corporate Governance.
Jeanette Wong	Member	2023	Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the

			board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; chairman of the CareShield Life Council; member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore.
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## 4.2 Executive Board (“EB”)

Under the leadership of the President of the EB, the EB has executive management responsibility for UBS AG and its business. All EB members (with the exception of the President of the EB) are proposed by the President of the EB. The appointments are made by the BoD.

### 4.2.1 Members of the Executive Board

The current members of the EB are listed below. In addition, Sarah Youngwood joined the GEB at the beginning of March 2022, and will take over as Group Chief Financial Officer from 16 May 2022 succeeding Kirt Gardner, who will retire from the firm.

<b>Member and business address</b>	<b>Function</b>	<b>Current principal activities outside UBS AG</b>
Ralph Hamers  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	President of the Executive Board	Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; member of the Board of the Swiss-American Chamber of Commerce; member of the Institut International D'Etudes Bancaires; member of the IMD Foundation Board; member of the McKinsey Advisory Council; member of the World Economic Forum International Business Council; Governor of the World Economic Forum (Financial Services).
Christian Bluhm  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Risk Officer	Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; board member of UBS Switzerland AG; member of the Foundation Board of the UBS Pension Fund; member of the Foundation Board – International Financial Risk Institute.
Mike Dargan  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Digital and Information Officer	Member of the Group Executive Board and Chief Digital and Information Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors of Done Next Holdings AG; member of the Board of Trustees of the Inter-Community School Zurich.
Kirt Gardner	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; board member of UBS Business Solutions AG.

UBS AG, Bahnhofstrasse 45, CH-8001 Zurich		
Suni Harford  UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	President Asset Management	Member of the Executive Board and President Asset Management of UBS Group AG; chairman of the Board of Directors of UBS Asset Management AG; chair of the Board of UBS Optimus Foundation; member of the Leadership Council of the Bob Woodruff Foundation.
Robert Karofsky  UBS AG, 1285 Avenue of the Americas, New York, NY 10019, USA	President Investment Bank	Member of the Group Executive Board and President Investment Bank of UBS Group AG; president of UBS Securities LLC; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation; trustee of the UBS Americas Inc. Political Action Committee.
Iqbal Khan  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Co-President Global Wealth Management and President UBS Europe, Middle East and Africa	Member of the Executive Board, co-President Global Wealth Management and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the board of UBS Optimus Foundation; board member of Room to Read Switzerland.
Edmund Koh  UBS AG, One Raffles Quay North Tower, Singapore 048583	President UBS Asia Pacific	Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; member of a sub-committee of the Singapore Ministry of Finance's Committee on the Future Economy; member of the Financial Centre Advisory Panel of the Monetary Authority of Singapore; council member of the Asian Bureau of Finance and Economic Research; member of the Board of Trustees of the Wealth Management Institute, Singapore; board member of Next50 Limited, Singapore; board member of Medico Suites (S) Pte Ltd; Council member of the KidSTART program of the Early Childhood Development Agency Singapore; trustee of the Cultural Matching Fund, Singapore; member of University of Toronto's International Leadership Council for Asia.
Barbara Levi  UBS AG, Bahnhofstrasse	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Employers' Board of the Global Institute for Women's Leadership, King's College London;



45, CH-8001 Zurich		member of the Board of Directors of the European General Counsel Association.
Tom Naratil  UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	Co-President Global Wealth Management and President UBS Americas	Member of the Group Executive Board and co-President Global Wealth Management and President UBS Americas of UBS Group AG; CEO and board member of UBS Americas Holding LLC; board member of the American Swiss Foundation.
Markus Ronner  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Chief Compliance and Governance Officer	Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG.
Sarah Youngwood  UBS AG, Bahnhofstrasse 45, CH-8001 Zurich	Designated Chief Financial Officer as of 16 May 2022	Member of the Group Executive Board of UBS Group AG, and Designated Group Chief Financial Officer as of May 2022; Advisory Board Member – Wall Street Women’s Alliance.

### 4.3 Potential Conflicts of Interest

Members of the BoD and the EB may act as directors or executive officers of other companies (for current principal positions outside UBS AG, if any, of BoD and EB members, please see sections 4.1.1 and 4.2.1 above, respectively) and may have economic or other private interests that differ from those of UBS AG. Conflicts of interest may potentially arise from these positions or interests. For example, it cannot be excluded that a member of the BoD or EB has or will have a function within a company, the shares of which are or will be traded by UBS AG or which has or will have a business relationship with UBS AG. UBS AG is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

Other than as indicated above, UBS is not aware of potential conflicts of interests between any duties to the Issuer of the members of the BoD and the EB and their private interests or other duties.

## 5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 27 April 2020, 7 April 2021 and 5 April 2022, Ernst & Young Ltd., Aeschengraben 27, 4051 Basel, Switzerland ("**Ernst & Young**") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. Ernst & Young is also registered with the Swiss Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

## **6. Major Shareholders of the Issuer**

UBS Group AG owns 100% of the outstanding shares of UBS AG. UBS AG is a wholly owned subsidiary of UBS Group AG. While UBS has no specific corporate measures intended to prevent abuse of control to the detriment of minority shareholders, UBS has adopted a comprehensive and integrated governance framework which takes into account the specific requirements of each relevant jurisdiction. This governance framework includes separate articles of association and organizational regulations for UBS Group AG and UBS AG. In addition, as UBS AG is regulated as a bank in Switzerland, it is subject to capital regulation and close supervisory oversight. This includes the general requirement under Swiss law that contracts of UBS AG with affiliates are subject to an arm's length principle of negotiation.

## **7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**

### **7.1 Historical Annual Financial Information**

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2021 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2021 and in the UBS AG's standalone financial statements for the year ended 31 December 2021 (the "**Standalone Financial Statements 2021**"), respectively; and for financial year 2020 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2020, published on 5 March 2021 ("**Annual Report 2020**") and in the UBS AG's standalone financial statements for the year ended 31 December 2020 published on 5 March 2021 (the "**Standalone Financial Statements 2020**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

The annual financial reports form an essential part of UBS AG's reporting. They include the audited consolidated financial statements of UBS AG, prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The annual reports also include discussions and analysis of the consolidated financial and business results of UBS, its business divisions and Group Functions. In addition, UBS AG prepares and publishes standalone financial statements in accordance with Swiss GAAP, as well as certain additional disclosures required under US Securities and Exchange Commission regulations.

### **7.2 Auditing of Historical Annual Financial Information**

The consolidated financial statements and the standalone financial statements of UBS AG for the financial years 2021 and 2020 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 422-428 (inclusive) of the Annual Report 2021 and on pages 417-428 (inclusive) of the Annual Report 2020. The reports of the auditors on the standalone financial statements of UBS AG can be found on pages 37-42 (inclusive) of the Standalone Financial Statements 2021 and on pages 34-39 (inclusive) of the Standalone Financial Statements 2020.

There are no qualifications in the auditors' reports on the consolidated financial statements of UBS AG and the standalone financial statements of UBS AG for the years ended on 31 December 2021 and 31 December 2020.

### **7.3 Interim Financial Information**

Reference is also made to the UBS Group AG first quarter 2022 report published on 26 April 2022 ("**UBS Group First Quarter 2022 Report**"), and the UBS AG first quarter 2022 report published on 29 April 2022 ("**UBS AG First Quarter 2022 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2022. The interim

consolidated financial statements are not audited.

#### **7.4 Litigation, Regulatory and Similar Matters**

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "*Note 15 Provisions and contingent liabilities*" to the UBS AG unaudited interim consolidated financial statements included in the UBS AG First Quarter 2022 Report. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

#### **7.5 Material Contracts**

Except as otherwise disclosed in this document (including the documents incorporated herein by reference), no material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

#### **7.6 Significant Changes in the Financial Position and Performance; Material Adverse Change in Prospects**

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 31 March 2022.

### **8. Share Capital**

As reflected in the Articles of Association most recently registered with the Commercial Register of the Canton of Zurich and the Commercial Register of Basel-City, UBS AG has (i) fully paid and issued share capital of CHF 385,840,846.60, divided into 3,858,408,466 registered shares with a par value of CHF 0.10 each (article 4), and (ii) conditional capital in the amount of CHF 38,000,000, comprising 380,000,000 registered shares with a par value of CHF 0.10 each that can be issued upon the voluntary or mandatory exercise of conversion rights and/or warrants (article 4a).

### **9. Documents Available**

The most recent Articles of Association of UBS AG are available on UBS's Corporate Governance website, at [www.ubs.com/governance](http://www.ubs.com/governance). Save as otherwise indicated herein, information on or accessible

through the Group's corporate website, [www.ubs.com](http://www.ubs.com), does not form part of and is not incorporated into this document.

**APPENDIX III**

**EXTRACT OF  
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
UBS AG AND ITS SUBSIDIARIES  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

# UBS AG interim consolidated financial statements (unaudited)

## Income statement

<i>USD million</i>	Note	For the quarter ended		
		31.3.22	31.12.21	31.3.21
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	2,145	2,152	2,098
Interest expense from financial instruments measured at amortized cost	3	(809)	(794)	(859)
Net interest income from financial instruments measured at fair value through profit or loss	3	410	388	351
Net interest income	3	1,746	1,746	1,589
Other net income from financial instruments measured at fair value through profit or loss		2,225	1,364	1,314
Credit loss (expense) / release	8	(18)	27	28
Fee and commission income	4	5,868	6,054	6,197
Fee and commission expense	4	(485)	(513)	(478)
Net fee and commission income	4	5,384	5,541	5,719
Other income		139	169	185
Total operating income		9,475	8,846	8,836
Personnel expenses	5	4,233	3,552	4,086
General and administrative expenses	6	2,233	3,164	2,141
Depreciation, amortization and impairment of non-financial assets		449	511	457
Total operating expenses		6,916	7,227	6,684
Operating profit / (loss) before tax		2,559	1,619	2,151
Tax expense / (benefit)	7	547	353	439
Net profit / (loss)		2,012	1,266	1,713
Net profit / (loss) attributable to non-controlling interests		8	11	3
<b>Net profit / (loss) attributable to shareholders</b>		<b>2,004</b>	<b>1,255</b>	<b>1,710</b>

## Statement of comprehensive income

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
<b>Comprehensive income attributable to shareholders</b>			
Net profit / (loss)	2,004	1,255	1,710
<b>Other comprehensive income that may be reclassified to the income statement</b>			
<b>Foreign currency translation</b>			
Foreign currency translation movements related to net assets of foreign operations, before tax	(465)	296	(1,407)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	212	(184)	705
Foreign currency translation differences on foreign operations reclassified to the income statement	0	0	1
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	0	3	0
Income tax relating to foreign currency translations, including the impact of net investment hedges	2	(24)	10
Subtotal foreign currency translation, net of tax	(251)	91	(691)
<b>Financial assets measured at fair value through other comprehensive income</b>			
Net unrealized gains / (losses), before tax	(439)	(49)	(131)
Net realized gains / (losses) reclassified to the income statement from equity	0	0	(6)
Income tax relating to net unrealized gains / (losses)	112	13	35
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	(327)	(37)	(102)
<b>Cash flow hedges of interest rate risk</b>			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	(2,465) <sup>1</sup>	(250)	(1,172)
Net (gains) / losses reclassified to the income statement from equity	(237)	(269)	(254)
Income tax relating to cash flow hedges	518	98	266
Subtotal cash flow hedges, net of tax	(2,184)	(421)	(1,160)
<b>Cost of hedging</b>			
Cost of hedging, before tax	77	(14)	(6)
Income tax relating to cost of hedging	0	6	0
Subtotal cost of hedging, net of tax	77	(8)	(6)
<b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>	<b>(2,685)</b>	<b>(375)</b>	<b>(1,958)</b>
<b>Other comprehensive income that will not be reclassified to the income statement</b>			
<b>Defined benefit plans</b>			
Gains / (losses) on defined benefit plans, before tax	128	153	(35)
Income tax relating to defined benefit plans	(17)	(26)	3
Subtotal defined benefit plans, net of tax	110	127	(32)
<b>Own credit on financial liabilities designated at fair value<sup>2</sup></b>			
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	423	55	(29)
Income tax relating to own credit on financial liabilities designated at fair value	0	0	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	423	55	(29)
<b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>	<b>533</b>	<b>182</b>	<b>(61)</b>
<b>Total other comprehensive income</b>	<b>(2,152)</b>	<b>(194)</b>	<b>(2,019)</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>(148)</b>	<b>1,062</b>	<b>(309)</b>
<b>Comprehensive income attributable to non-controlling interests</b>			
Net profit / (loss)	8	11	3
<b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>	<b>18</b>	<b>(4)</b>	<b>(12)</b>
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>26</b>	<b>7</b>	<b>(9)</b>
<b>Total comprehensive income</b>			
Net profit / (loss)	2,012	1,266	1,713
Other comprehensive income	(2,134)	(197)	(2,032)
<i>of which: other comprehensive income that may be reclassified to the income statement</i>	<i>(2,685)</i>	<i>(375)</i>	<i>(1,958)</i>
<i>of which: other comprehensive income that will not be reclassified to the income statement</i>	<i>551</i>	<i>178</i>	<i>(73)</i>
<b>Total comprehensive income</b>	<b>(121)</b>	<b>1,069</b>	<b>(319)</b>

<sup>1</sup> Mainly reflects net unrealized losses on US dollar hedging derivatives resulting from significant increases in the relevant US dollar long-term interest rates. <sup>2</sup> Refer to Note 9 for more information.

## Balance sheet

USD million	Note	31.3.22	31.12.21
<b>Assets</b>			
Cash and balances at central banks		206,773	192,817
Loans and advances to banks		17,781	15,360
Receivables from securities financing transactions		69,452	75,012
Cash collateral receivables on derivative instruments	10	39,254	30,514
Loans and advances to customers	8	393,960	398,693
Other financial assets measured at amortized cost	11	28,766	26,236
<b>Total financial assets measured at amortized cost</b>		<b>755,987</b>	<b>738,632</b>
Financial assets at fair value held for trading	9	114,995	131,033
<i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i>		<i>40,217</i>	<i>43,397</i>
Derivative financial instruments	9,10	140,311	118,145
Brokerage receivables	9	20,762	21,839
Financial assets at fair value not held for trading	9	60,575	59,642
<b>Total financial assets measured at fair value through profit or loss</b>		<b>336,643</b>	<b>330,659</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	9	<b>9,093</b>	<b>8,844</b>
Investments in associates		1,150	1,243
Property, equipment and software		11,365	11,712
Goodwill and intangible assets		6,383	6,378
Deferred tax assets		9,097	8,839
Other non-financial assets	11	10,158	9,836
<b>Total assets</b>		<b>1,139,876</b>	<b>1,116,145</b>
<b>Liabilities</b>			
Amounts due to banks		16,649	13,101
Payables from securities financing transactions		7,110	5,533
Cash collateral payables on derivative instruments	10	39,609	31,801
Customer deposits		542,984	544,834
Funding from UBS Group AG		57,520	57,295
Debt issued measured at amortized cost	13	75,013	82,432
Other financial liabilities measured at amortized cost	11	10,167	9,765
<b>Total financial liabilities measured at amortized cost</b>		<b>749,052</b>	<b>744,762</b>
Financial liabilities at fair value held for trading	9	34,687	31,688
Derivative financial instruments	9,10	138,444	121,309
Brokerage payables designated at fair value	9	48,015	44,045
Debt issued designated at fair value	9,12	69,421	71,460
Other financial liabilities designated at fair value	9,11	32,374	32,414
<b>Total financial liabilities measured at fair value through profit or loss</b>		<b>322,941</b>	<b>300,916</b>
Provisions	15	3,413	3,452
Other non-financial liabilities	11	6,152	8,572
<b>Total liabilities</b>		<b>1,081,558</b>	<b>1,057,702</b>
<b>Equity</b>			
Share capital		338	338
Share premium		24,660	24,653
Retained earnings		30,450	27,912
Other comprehensive income recognized directly in equity, net of tax		2,514	5,200
<b>Equity attributable to shareholders</b>		<b>57,962</b>	<b>58,102</b>
Equity attributable to non-controlling interests		356	340
<b>Total equity</b>		<b>58,319</b>	<b>58,442</b>
<b>Total liabilities and equity</b>		<b>1,139,876</b>	<b>1,116,145</b>



## Statement of changes in equity

<i>USD million</i>	Share capital	Share premium	Retained earnings
<b>Balance as of 1 January 2021</b>	<b>338</b>	<b>24,580</b>	<b>25,251</b>
Tax (expense) / benefit		1	
Dividends			
Translation effects recognized directly in retained earnings			23
Share of changes in retained earnings of associates and joint ventures			2
New consolidations / (deconsolidations) and other increases / (decreases)		(1)	
Total comprehensive income for the period			1,649
<i>of which: net profit / (loss)</i>			<i>1,710</i>
<i>of which: OCI, net of tax</i>			<i>(61)</i>
<b>Balance as of 31 March 2021</b>	<b>338</b>	<b>24,579</b>	<b>26,926</b>
<b>Balance as of 1 January 2022</b>	<b>338</b>	<b>24,653</b>	<b>27,912</b>
Tax (expense) / benefit		3	
Dividends			
Translation effects recognized directly in retained earnings			1
Share of changes in retained earnings of associates and joint ventures			0
New consolidations / (deconsolidations) and other increases / (decreases)		5	
Total comprehensive income for the period			2,537
<i>of which: net profit / (loss)</i>			<i>2,004</i>
<i>of which: OCI, net of tax</i>			<i>533</i>
<b>Balance as of 31 March 2022</b>	<b>338</b>	<b>24,660</b>	<b>30,450</b>

<sup>1</sup> Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings.

<i>Other comprehensive income recognized directly in equity, net of tax<sup>1</sup></i>	<i>of which: foreign currency translation</i>	<i>of which: financial assets measured at fair value through OCI</i>	<i>of which: cash flow hedges</i>	<i>of which: cost of hedging</i>	Total equity attributable to shareholders	Non-controlling interests	Total equity
<b>7,585</b>	<b>5,126</b>	<b>151</b>	<b>2,321</b>	<b>(13)</b>	<b>57,754</b>	<b>319</b>	<b>58,073</b>
					1		1
					0	(3)	(3)
(23)		0	(23)	0	0		0
					2		2
					(1)	0	(1)
(1,958)	(691)	(102)	(1,160)	(6)	(309)	(9)	(319)
					1,710	3	1,713
(1,958)	(691)	(102)	(1,160)	(6)	(2,019)	(12)	(2,032)
<b>5,603</b>	<b>4,436</b>	<b>49</b>	<b>1,138</b>	<b>(19)</b>	<b>57,446</b>	<b>307</b>	<b>57,753</b>
<b>5,200</b>	<b>4,617</b>	<b>(7)</b>	<b>628</b>	<b>(39)</b>	<b>58,102</b>	<b>340</b>	<b>58,442</b>
					3		3
					0	(3)	(3)
(1)		0	(1)	0	0		0
					0		0
					5	(7)	(3)
(2,685)	(251)	(327)	(2,184)	77	(148)	26	(121)
					2,004	8	2,012
(2,685)	(251)	(327)	(2,184)	77	(2,152)	18	(2,134)
<b>2,514</b>	<b>4,366</b>	<b>(334)</b>	<b>(1,556)</b>	<b>38</b>	<b>57,962</b>	<b>356</b>	<b>58,319</b>

**Statement of cash flows**

	Year-to-date	
<i>USD million</i>	<b>31.3.22</b>	31.3.21
<b>Cash flow from / (used in) operating activities</b>		
Net profit / (loss)	2,012	1,713
<b>Non-cash items included in net profit and other adjustments:</b>		
Depreciation, amortization and impairment of non-financial assets	449	457
Credit loss expense / (release)	0	(28)
Share of net (profit) / loss of associates and joint ventures and impairment related to associates	4	(53)
Deferred tax expense / (benefit)	212	61
Net loss / (gain) from investing activities	19	(146)
Net loss / (gain) from financing activities	(4,599)	(1,570)
Other net adjustments	1,920	6,619
<b>Net change in operating assets and liabilities:</b>		
Loans and advances to banks and amounts due to banks	3,869	1,995
Securities financing transactions	7,011	(8,614)
Cash collateral on derivative instruments	(959)	(3,068)
Loans and advances to customers	791	(12,847)
Customer deposits	3,002	(2,661)
Financial assets and liabilities at fair value held for trading and derivative financial instruments	8,197	1,705
Brokerage receivables and payables	5,081	7,329
Financial assets at fair value not held for trading and other financial assets and liabilities	(52)	8,948
Provisions and other non-financial assets and liabilities	(1,415)	(961)
Income taxes paid, net of refunds	(644)	(201)
<b>Net cash flow from / (used in) operating activities</b>	<b>24,899</b>	<b>(1,322)</b>
<b>Cash flow from / (used in) investing activities</b>		
Purchase of subsidiaries, associates and intangible assets	0	(1)
Purchase of property, equipment and software	(371)	(368)
Purchase of financial assets measured at fair value through other comprehensive income	(1,645)	(1,376)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	1,092	1,412
Net (purchase) / redemption of debt securities measured at amortized cost	(2,547)	4
<b>Net cash flow from / (used in) investing activities</b>	<b>(3,472)</b>	<b>(329)</b>

## Statement of cash flows (continued)

	Year-to-date	
<i>USD million</i>	31.3.22	31.3.21
<b>Cash flow from / (used in) financing activities</b>		
Net short-term debt issued / (repaid)	(5,188)	1,054
Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>1</sup>	24,824	36,336
Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>1</sup>	(21,201)	(22,965)
Net cash flows from other financing activities	(219)	(150)
<b>Net cash flow from / (used in) financing activities</b>	<b>(1,784)</b>	<b>14,275</b>
<b>Total cash flow</b>		
<b>Cash and cash equivalents at the beginning of the period</b>	<b>207,755</b>	<b>173,430</b>
Net cash flow from / (used in) operating, investing and financing activities	19,644	12,624
Effects of exchange rate differences on cash and cash equivalents	(2,729)	(7,983)
<b>Cash and cash equivalents at the end of the period<sup>2</sup></b>	<b>224,669</b>	<b>178,071</b>
<i>of which: cash and balances at central banks<sup>3</sup></i>	<i>206,666</i>	<i>158,769</i>
<i>of which: loans and advances to banks</i>	<i>16,485</i>	<i>17,050</i>
<i>of which: money market paper</i>	<i>1,518</i>	<i>2,252</i>

### Additional information

#### Net cash flow from / (used in) operating activities includes:

Interest received in cash	2,889	2,758
Interest paid in cash	1,428	1,679
Dividends on equity investments, investment funds and associates received in cash	456	624

<sup>1</sup> Includes funding from UBS Group AG measured at amortized cost (recognized in Funding from UBS Group AG on the balance sheet) and measured at fair value (recognized in Other financial liabilities designated at fair value on the balance sheet). <sup>2</sup> USD 4,359 million and USD 4,064 million of cash and cash equivalents (mainly reflected in Loans and advances to banks) were restricted as of 31 March 2022 and 31 March 2021, respectively. Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2021 for more information. <sup>3</sup> Includes only balances with an original maturity of three months or less.

# Notes to the UBS AG interim consolidated financial statements (unaudited)

## Note 1 Basis of accounting

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### Basis of preparation

The consolidated financial statements (the financial statements) of UBS AG and its subsidiaries (together, UBS AG) are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (the IASB), and are presented in US dollars (USD). These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2021. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2021. In the opinion of

management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2021.

## Note 2 Segment reporting

UBS AG's businesses are organized globally into four business divisions: Global Wealth Management, Personal & Corporate Banking, Asset Management and the Investment Bank. All four business divisions are supported by Group Functions and qualify as reportable segments for the purpose of segment reporting. Together with Group Functions they reflect the management structure of UBS AG.

- › Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2021 for more information about UBS AG's reporting segments

<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
<b>For the quarter ended 31 March 2022</b>						
Net interest income	1,141	535	(4)	133	(60)	1,746
Non-interest income	3,763	552	582	2,777	74	7,748
Income	4,904	1,087	578	2,910	14	9,494
Credit loss (expense) / release	7	(23)	0	(4)	0	(18)
Total operating income	4,912	1,064	578	2,907	15	9,475
Total operating expenses	3,629	644	402	1,999	242	6,916
<b>Operating profit / (loss) before tax</b>	<b>1,283</b>	<b>420</b>	<b>176</b>	<b>908</b>	<b>(227)</b>	<b>2,559</b>
Tax expense / (benefit)						547
<b>Net profit / (loss)</b>						<b>2,012</b>

<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
<b>As of 31 March 2022</b>						
<b>Total assets<sup>1</sup></b>	<b>407,861</b>	<b>231,993</b>	<b>22,579</b>	<b>381,574</b>	<b>95,869</b>	<b>1,139,876</b>

<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
<b>For the quarter ended 31 March 2021</b>						
Net interest income	997	513	(4)	114	(31)	1,589
Non-interest income	3,848	500	641	2,161	68	7,218
Income	4,845	1,013	637	2,274	37	8,807
Credit loss (expense) / release	3	23	0	2	0	28
Total operating income	4,848	1,037	637	2,276	37	8,836
Total operating expenses	3,457	647	410	1,882	288	6,684
<b>Operating profit / (loss) before tax</b>	<b>1,391</b>	<b>390</b>	<b>227</b>	<b>394</b>	<b>(251)</b>	<b>2,151</b>
Tax expense / (benefit)						439
<b>Net profit / (loss)</b>						<b>1,713</b>

<i>USD million</i>	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
<b>As of 31 December 2021</b>						
<b>Total assets</b>	<b>395,235</b>	<b>225,425</b>	<b>25,202</b>	<b>346,641</b>	<b>123,641</b>	<b>1,116,145</b>

<sup>1</sup> In the first quarter of 2022, UBS AG refined the methodology applied to allocate balance sheet resources from Group Functions to the business divisions, with prospective effect. If the new methodology had been applied as of 31 December 2021, balance sheet assets allocated to business divisions would have been USD 17 billion higher, of which USD 14 billion related to the Investment Bank.

**Note 3 Net interest income**

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
<b>Net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>			
Interest income from loans and deposits <sup>1</sup>	1,661	1,647	1,586
Interest income from securities financing transactions <sup>2</sup>	118	120	135
Interest income from other financial instruments measured at amortized cost	72	71	73
Interest income from debt instruments measured at fair value through other comprehensive income	41	31	35
Interest income from derivative instruments designated as cash flow hedges	253	284	268
<b>Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>	<b>2,145</b>	<b>2,152</b>	<b>2,098</b>
Interest expense on loans and deposits <sup>3</sup>	429	393	439
Interest expense on securities financing transactions <sup>4</sup>	224	252	258
Interest expense on debt issued	135	126	137
Interest expense on lease liabilities	22	23	26
<b>Total interest expense from financial instruments measured at amortized cost</b>	<b>809</b>	<b>794</b>	<b>859</b>
<b>Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>	<b>1,336</b>	<b>1,358</b>	<b>1,239</b>
<b>Net interest income from financial instruments measured at fair value through profit or loss</b>	<b>410</b>	<b>388</b>	<b>351</b>
<b>Total net interest income</b>	<b>1,746</b>	<b>1,746</b>	<b>1,589</b>

<sup>1</sup> Consists of interest income from cash and balances at central banks, loans and advances to banks and customers, and cash collateral receivables on derivative instruments, as well as negative interest on amounts due to banks, customer deposits, and cash collateral payables on derivative instruments. <sup>2</sup> Includes interest income on receivables from securities financing transactions and negative interest, including fees, on payables from securities financing transactions. <sup>3</sup> Consists of interest expense on amounts due to banks, cash collateral payables on derivative instruments, customer deposits, and funding from UBS Group AG, as well as negative interest on cash and balances at central banks, loans and advances to banks, and cash collateral receivables on derivative instruments. <sup>4</sup> Includes interest expense on payables from securities financing transactions and negative interest, including fees, on receivables from securities financing transactions.

**Note 4 Net fee and commission income**

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
Underwriting fees	203	346	420
M&A and corporate finance fees	237	218	238
Brokerage fees	1,078	971	1,358
Investment fund fees	1,388	1,520	1,437
Portfolio management and related services	2,463	2,535	2,284
Other	501	462	461
<b>Total fee and commission income<sup>1</sup></b>	<b>5,868</b>	<b>6,054</b>	<b>6,197</b>
<i>of which: recurring</i>	<i>3,860</i>	<i>4,015</i>	<i>3,621</i>
<i>of which: transaction-based</i>	<i>1,989</i>	<i>1,940</i>	<i>2,482</i>
<i>of which: performance-based</i>	<i>19</i>	<i>99</i>	<i>94</i>
<b>Fee and commission expense</b>	<b>485</b>	<b>513</b>	<b>478</b>
<b>Net fee and commission income</b>	<b>5,384</b>	<b>5,541</b>	<b>5,719</b>

<sup>1</sup> Reflects third-party fee and commission income for the first quarter of 2022 of USD 3,637 million for Global Wealth Management (fourth quarter of 2021: USD 3,624 million; first quarter of 2021: USD 3,673 million), USD 447 million for Personal & Corporate Banking (fourth quarter of 2021: USD 427 million; first quarter of 2021: USD 389 million), USD 762 million for Asset Management (fourth quarter of 2021: USD 902 million; first quarter of 2021: USD 815 million), USD 1,018 million for the Investment Bank (fourth quarter of 2021: USD 1,095 million; first quarter of 2021: USD 1,305 million) and USD 4 million for Group Functions (fourth quarter of 2021: USD 6 million; first quarter of 2021: USD 15 million).

**Note 5 Personnel expenses**

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
Salaries and variable compensation	2,465	1,822	2,370
Financial advisor compensation <sup>1</sup>	1,220	1,269	1,170
Contractors	28	35	36
Social security	228	159	211
Post-employment benefit plans	182	124	194
Other personnel expenses	109	144	105
<b>Total personnel expenses</b>	<b>4,233</b>	<b>3,552</b>	<b>4,086</b>

<sup>1</sup> Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

## Note 6 General and administrative expenses

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
Outsourcing costs	106	130	89
IT expenses	122	127	125
Consulting, legal and audit fees	104	155	84
Real estate and logistics costs	124	140	127
Market data services	93	96	89
Marketing and communication	31	69	32
Travel and entertainment	19	29	8
Litigation, regulatory and similar matters <sup>1</sup>	57	826	9
Other	1,577	1,592	1,578
<i>of which: shared services costs charged by UBS Group AG or its subsidiaries</i>	<i>1,390</i>	<i>1,365</i>	<i>1,375</i>
<i>of which: UK and German bank levies</i>	<i>33</i>	<i>38</i>	<i>41</i>
<b>Total general and administrative expenses</b>	<b>2,233</b>	<b>3,164</b>	<b>2,141</b>

<sup>1</sup> Reflects the net increase in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 15b for more information.

## Note 7 Income taxes

Income tax expenses of USD 547 million were recognized for the first quarter of 2022, representing an effective tax rate of 21.4%, compared with USD 439 million for the first quarter of 2021 and an effective tax rate of 20.4%.

Current tax expenses were USD 335 million, compared with USD 377 million, and related to taxable profits of UBS Switzerland AG and other entities.

Net deferred tax expenses were USD 212 million, compared with USD 61 million, and primarily related to the amortization of deferred tax assets that were previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc.

## Note 8 Expected credit loss measurement

### a) Credit loss expense / release

Total net credit loss expenses in the first quarter of 2022 were USD 18 million, reflecting USD 11 million net credit loss expenses related to stage 1 and 2 positions and USD 7 million net credit loss expenses related to stage 3 positions.

Stage 1 and 2 net expenses included scenario-related net expenses of USD 18 million, model change-related net releases of

USD 14 million, and net expenses of USD 7 million including additional effects from book quality and size changes.

Stage 3 net credit loss expenses were USD 7 million, including USD 10 million net expenses in Personal & Corporate Banking, across various corporate lending positions.

### Credit loss (expense) / release

USD million	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
<b>For the quarter ended 31.3.22</b>						
Stages 1 and 2	5	(13)	0	(3)	0	(11)
Stage 3	2	(10)	0	0	0	(7)
<b>Total credit loss (expense) / release</b>	<b>7</b>	<b>(23)</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>(18)</b>
<b>For the quarter ended 31.12.21</b>						
Stages 1 and 2	2	(4)	0	2	0	(1)
Stage 3	1	14	(1)	14	0	28
<b>Total credit loss (expense) / release</b>	<b>2</b>	<b>10</b>	<b>(1)</b>	<b>16</b>	<b>0</b>	<b>27</b>
<b>For the quarter ended 31.3.21</b>						
Stages 1 and 2	4	16	0	5	0	26
Stage 3	(2)	8	0	(4)	0	3
<b>Total credit loss (expense) / release</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>28</b>



**Note 8 Expected credit loss measurement (continued)****b) Changes to ECL models, scenarios, scenario weights and post-model adjustments****Scenarios**

The expected credit loss (ECL) scenarios, along with the related macroeconomic factors, were reviewed in light of the economic and political conditions prevailing in the first quarter of 2022 through a series of governance meetings, with input and feedback from UBS Risk and Finance experts across the business divisions and regions.

As a response to inflationary developments and Russia's invasion of Ukraine, UBS AG has replaced the mild global interest rate steepening scenario with a severe global interest rate steepening scenario, applied more adverse weightings and reflected updated scenario data as of the end of the first quarter of 2022 in the calculations.

The baseline scenario assumptions on a calendar-year basis are included in the table below and imply a weaker economic forecast for 2022 compared with 2021.

The shocks in the newly adopted severe global interest rate steepening scenario are more severe compared with the previously applied mild global interest rate steepening scenario; for example, inflation and interest rates are higher and GDP growth substantially lower.

The global crisis scenario remains materially unchanged.

**Scenario weights and post-model adjustments**

In response to recent developments, UBS AG changed the scenario weights for the first quarter of 2022: upside at 0% (31 December 2021: 5%), baseline at 55% (unchanged), severe global interest rate steepening scenario at 25% (31 December 2021: mild global interest rate steepening scenario 10%) and the global crisis scenario at 20% (31 December 2021: 30%).

The post-model adjustment amounted to USD 204 million as of 31 March 2022 (31 December 2021: USD 224 million) and includes effects from the uncertainty caused by the continued COVID-19 pandemic and heightened geopolitical tensions, which cannot be fully and reliably modeled due to a lack of sufficiently supportable data. The post-model adjustment was reduced during the first quarter of 2022 following the scenario substitution and weighting changes noted above, which resulted in higher modeled ECL and addressed some of the uncertainties that had not been reflected in the modeling approach in prior periods.

**Comparison on shock factors**

Key parameters	Baseline		
	2021	2022	2023
<b>Real GDP growth (annual percentage change)</b>			
United States	5.5	3.5	2.4
Eurozone	5.1	2.9	2.2
Switzerland	3.1	2.5	1.5
<b>Unemployment rate (% annual average)</b>			
United States	5.4	3.5	3.3
Eurozone	7.7	7.0	6.9
Switzerland	3.0	2.3	2.1
<b>Real estate (annual percentage change, Q4)</b>			
United States	16.1	2.0	1.7
Eurozone	7.9	5.0	1.7
Switzerland	6.0	3.0	0.0

**Economic scenarios and weights applied**

ECL scenario	Assigned weights in %		
	31.3.22	31.12.21	31.3.21
Upside	0.0	5.0	0.0
Baseline	55.0	55.0	60.0
Mild global interest rate steepening	-	10.0	0.0
Severe global interest rate steepening	25.0	-	-
Global crisis	20.0	30.0	40.0

## Note 8 Expected credit loss measurement (continued)

### c) ECL-relevant balance sheet and off-balance sheet positions including ECL allowances and provisions

The following tables provide information about financial instruments and certain non-financial instruments that are subject to ECL requirements. For amortized-cost instruments, the carrying amount represents the maximum exposure to credit risk, taking into account the allowance for credit losses. Financial assets measured at fair value through other comprehensive income (FVOCI) are also subject to ECL; however, unlike amortized-cost instruments, the allowance for credit losses for FVOCI instruments

does not reduce the carrying amount of these financial assets. Instead, the carrying amount of financial assets measured at FVOCI represents the maximum exposure to credit risk.

In addition to recognized financial assets, certain off-balance sheet financial instruments and other credit lines are also subject to ECL. The maximum exposure to credit risk for off-balance sheet financial instruments is calculated based on the maximum contractual amounts.

USD million	31.3.22				ECL allowances / provisions			
	Carrying amount <sup>1</sup> / Total exposure				Total	Stage 1	Stage 2	Stage 3
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
<b>Financial instruments measured at amortized cost</b>								
Cash and balances at central banks	206,773	206,728	46	0	(6)	(0)	(6)	0
Loans and advances to banks	17,781	17,717	65	0	(9)	(8)	(1)	(0)
Receivables from securities financing transactions	69,452	69,452	(0)	0	(2)	(2)	(0)	0
Cash collateral receivables on derivative instruments	39,254	39,254	0	0	(0)	(0)	0	0
Loans and advances to customers	393,960	376,969	15,513	1,478	(801)	(121)	(155)	(525)
<i>of which: Private clients with mortgages</i>	153,645	145,272	7,702	671	(126)	(27)	(71)	(28)
<i>of which: Real estate financing</i>	43,920	40,006	3,907	7	(57)	(17)	(40)	(0)
<i>of which: Large corporate clients</i>	13,432	11,966	1,169	296	(143)	(21)	(14)	(108)
<i>of which: SME clients</i>	13,911	11,995	1,508	407	(260)	(22)	(20)	(218)
<i>of which: Lombard</i>	144,398	144,374	0	24	(34)	(7)	0	(27)
<i>of which: Credit cards</i>	1,709	1,341	341	28	(36)	(10)	(9)	(17)
<i>of which: Commodity trade finance</i>	4,441	4,425	7	9	(103)	(6)	(0)	(96)
Other financial assets measured at amortized cost	28,766	28,297	302	168	(109)	(27)	(7)	(75)
<i>of which: Loans to financial advisors</i>	2,388	2,164	86	138	(86)	(20)	(3)	(63)
<b>Total financial assets measured at amortized cost</b>	<b>755,987</b>	<b>738,416</b>	<b>15,925</b>	<b>1,646</b>	<b>(928)</b>	<b>(158)</b>	<b>(170)</b>	<b>(600)</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>9,093</b>	<b>9,093</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total on-balance sheet financial assets in scope of ECL requirements</b>	<b>765,080</b>	<b>747,509</b>	<b>15,925</b>	<b>1,646</b>	<b>(928)</b>	<b>(158)</b>	<b>(170)</b>	<b>(600)</b>
<b>Off-balance sheet (in scope of ECL)</b>								
Guarantees	22,496	21,264	1,072	159	(66)	(17)	(10)	(39)
<i>of which: Large corporate clients</i>	3,459	2,621	736	102	(32)	(3)	(4)	(26)
<i>of which: SME clients</i>	1,318	1,154	107	57	(11)	(1)	(1)	(9)
<i>of which: Financial intermediaries and hedge funds</i>	11,428	11,307	121	0	(16)	(12)	(5)	0
<i>of which: Lombard</i>	2,545	2,545	0	0	(1)	(0)	0	(1)
<i>of which: Commodity trade finance</i>	2,680	2,680	0	0	(1)	(1)	(0)	0
Irrevocable loan commitments	38,039	35,827	2,123	89	(112)	(68)	(44)	0
<i>of which: Large corporate clients</i>	23,698	21,723	1,916	58	(98)	(63)	(35)	0
Forward starting reverse repurchase and securities borrowing agreements	6,432	6,432	0	0	(0)	(0)	0	0
Committed unconditionally revocable credit lines	42,303	39,523	2,715	65	(40)	(30)	(10)	0
<i>of which: Real estate financing</i>	9,621	9,343	278	0	(7)	(5)	(2)	0
<i>of which: Large corporate clients</i>	4,618	3,862	733	23	(5)	(2)	(3)	0
<i>of which: SME clients</i>	4,793	4,254	503	37	(15)	(12)	(3)	0
<i>of which: Lombard</i>	8,216	8,216	0	0	0	(0)	0	0
<i>of which: Credit cards</i>	9,398	8,941	453	4	(6)	(5)	(2)	0
<i>of which: Commodity trade finance</i>	280	280	0	0	(0)	(0)	0	0
Irrevocable committed prolongation of existing loans	5,355	5,342	12	2	(2)	(2)	(0)	0
<b>Total off-balance sheet financial instruments and other credit lines</b>	<b>114,625</b>	<b>108,389</b>	<b>5,922</b>	<b>314</b>	<b>(221)</b>	<b>(117)</b>	<b>(64)</b>	<b>(39)</b>
<b>Total allowances and provisions</b>					<b>(1,148)</b>	<b>(275)</b>	<b>(234)</b>	<b>(639)</b>

<sup>1</sup> The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

**Note 8 Expected credit loss measurement (continued)**

USD million	31.12.21				31.12.21			
	Carrying amount <sup>1</sup> / Total exposure				ECL allowances / provisions			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
<b>Financial instruments measured at amortized cost</b>								
Cash and balances at central banks	192,817	192,817	0	0	0	0	0	0
Loans and advances to banks	15,360	15,333	26	1	(8)	(7)	(1)	0
Receivables from securities financing transactions	75,012	75,012	0	0	(2)	(2)	0	0
Cash collateral receivables on derivative instruments	30,514	30,514	0	0	0	0	0	0
Loans and advances to customers	398,693	381,496	15,620	1,577	(850)	(126)	(152)	(572)
<i>of which: Private clients with mortgages</i>	152,479	143,505	8,262	711	(132)	(28)	(71)	(33)
<i>of which: Real estate financing</i>	43,945	40,463	3,472	9	(60)	(19)	(40)	0
<i>of which: Large corporate clients</i>	13,990	12,643	1,037	310	(170)	(22)	(16)	(133)
<i>of which: SME clients</i>	14,004	12,076	1,492	436	(259)	(19)	(15)	(225)
<i>of which: Lombard</i>	149,283	149,255	0	27	(33)	(6)	0	(28)
<i>of which: Credit cards</i>	1,716	1,345	342	29	(36)	(10)	(9)	(17)
<i>of which: Commodity trade finance</i>	3,813	3,799	7	7	(114)	(6)	0	(108)
Other financial assets measured at amortized cost	26,236	25,746	302	189	(109)	(27)	(7)	(76)
<i>of which: Loans to financial advisors</i>	2,453	2,184	106	163	(86)	(19)	(3)	(63)
<b>Total financial assets measured at amortized cost</b>	<b>738,632</b>	<b>720,917</b>	<b>15,948</b>	<b>1,767</b>	<b>(969)</b>	<b>(161)</b>	<b>(160)</b>	<b>(647)</b>
Financial assets measured at fair value through other comprehensive income	8,844	8,844	0	0	0	0	0	0
<b>Total on-balance sheet financial assets in scope of ECL requirements</b>	<b>747,477</b>	<b>729,762</b>	<b>15,948</b>	<b>1,767</b>	<b>(969)</b>	<b>(161)</b>	<b>(160)</b>	<b>(647)</b>
<b>Off-balance sheet (in scope of ECL)</b>								
Guarantees	20,972	19,695	1,127	150	(41)	(18)	(8)	(15)
<i>of which: Large corporate clients</i>	3,464	2,567	793	104	(6)	(3)	(3)	0
<i>of which: SME clients</i>	1,353	1,143	164	46	(8)	(1)	(1)	(7)
<i>of which: Financial intermediaries and hedge funds</i>	9,575	9,491	84	0	(17)	(13)	(4)	0
<i>of which: Lombard</i>	2,454	2,454	0	0	(1)	0	0	(1)
<i>of which: Commodity trade finance</i>	3,137	3,137	0	0	(1)	(1)	0	0
Irrevocable loan commitments	39,478	37,097	2,335	46	(114)	(72)	(42)	0
<i>of which: Large corporate clients</i>	23,922	21,811	2,102	9	(100)	(66)	(34)	0
Forward starting reverse repurchase and securities borrowing agreements	1,444	1,444	0	0	0	0	0	0
Committed unconditionally revocable credit lines	42,373	39,802	2,508	63	(38)	(28)	(10)	0
<i>of which: Real estate financing</i>	7,328	7,046	281	0	(5)	(4)	(1)	0
<i>of which: Large corporate clients</i>	5,358	4,599	736	23	(7)	(4)	(3)	0
<i>of which: SME clients</i>	5,160	4,736	389	35	(15)	(11)	(3)	0
<i>of which: Lombard</i>	8,670	8,670	0	0	0	0	0	0
<i>of which: Credit cards</i>	9,466	9,000	462	4	(6)	(5)	(2)	0
<i>of which: Commodity trade finance</i>	117	117	0	0	0	0	0	0
Irrevocable committed prolongation of existing loans	5,611	5,527	36	48	(3)	(3)	0	0
<b>Total off-balance sheet financial instruments and other credit lines</b>	<b>109,878</b>	<b>103,565</b>	<b>6,006</b>	<b>307</b>	<b>(196)</b>	<b>(121)</b>	<b>(60)</b>	<b>(15)</b>
<b>Total allowances and provisions</b>					<b>(1,165)</b>	<b>(282)</b>	<b>(220)</b>	<b>(662)</b>

<sup>1</sup> The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances.

## Note 8 Expected credit loss measurement (continued)

The table below provides information about the ECL gross exposure and the ECL coverage ratio for UBS AG's core loan portfolios (i.e., *Loans and advances to customers* and *Loans to financial advisors*) and relevant off-balance sheet exposures. *Cash and balances at central banks, Loans and advances to banks, Receivables from securities financing transactions, Cash collateral receivables on derivative instruments* and *Financial assets*

*measured at fair value through other comprehensive income* are not included in the table below, due to their lower sensitivity to ECL.

ECL coverage ratios are calculated by dividing ECL allowances and provisions by the gross carrying amount of the related exposures.

Coverage ratios for core loan portfolio	Gross carrying amount (USD million)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
<b>On-balance sheet</b>									
Private clients with mortgages	153,771	145,299	7,773	699	8	2	91	6	403
Real estate financing	43,977	40,023	3,947	7	13	4	102	13	455
Total real estate lending	197,748	185,321	11,720	707	9	2	95	8	404
Large corporate clients	13,574	11,987	1,184	404	105	17	122	27	2,666
SME clients	14,170	12,017	1,528	626	183	18	130	31	3,489
Total corporate lending	27,745	24,004	2,712	1,029	145	18	127	29	3,166
Lombard	144,432	144,381	0	51	2	0	0	0	5,326
Credit cards	1,745	1,351	350	44	204	72	256	110	3,803
Commodity trade finance	4,544	4,432	7	105	226	14	2	14	9,157
Other loans and advances to customers	18,548	17,602	879	66	23	7	9	7	4,517
Loans to financial advisors	2,473	2,184	88	201	347	92	322	101	3,132
Total other lending	171,742	169,949	1,325	468	18	3	95	4	4,986
<b>Total<sup>1</sup></b>	<b>397,235</b>	<b>379,274</b>	<b>15,757</b>	<b>2,204</b>	<b>22</b>	<b>4</b>	<b>100</b>	<b>8</b>	<b>2,667</b>

Off-balance sheet	Gross exposure (USD million)				ECL coverage (bps)				
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	7,972	7,733	236	3	3	3	7	3	241
Real estate financing	10,787	10,499	287	0	9	6	118	9	0
Total real estate lending	18,759	18,232	523	3	7	5	68	7	241
Large corporate clients	31,774	28,206	3,384	183	43	24	124	35	1,410
SME clients	7,512	6,693	700	119	48	23	159	36	791
Total corporate lending	39,286	34,899	4,084	303	44	24	130	35	1,166
Lombard	13,761	13,761	0	0	1	0	0	0	0
Credit cards	9,398	8,941	453	4	7	5	34	7	0
Commodity trade finance	3,010	3,010	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	11,646	11,048	598	0	15	11	83	15	0
Other off-balance sheet commitments	12,334	12,065	265	4	9	5	40	6	0
Total other lending	50,148	48,825	1,315	8	7	5	58	7	0
<b>Total<sup>2</sup></b>	<b>108,193</b>	<b>101,956</b>	<b>5,922</b>	<b>314</b>	<b>20</b>	<b>11</b>	<b>108</b>	<b>17</b>	<b>1,255</b>

<sup>1</sup> Includes Loans and advances to customers of USD 394,761 million and Loans to financial advisors of USD 2,473 million, which are presented on the balance sheet line Other assets measured at amortized cost.

<sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements.

**Note 8 Expected credit loss measurement (continued)**

Coverage ratios for core loan portfolio		31.12.21								
		Gross carrying amount (USD million)				ECL coverage (bps)				
On-balance sheet		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages		152,610	143,533	8,333	744	9	2	85	6	446
Real estate financing		44,004	40,483	3,512	10	14	5	114	14	231
Total real estate lending		196,615	184,016	11,845	754	10	3	94	8	443
Large corporate clients		14,161	12,665	1,053	443	120	18	148	28	2,997
SME clients		14,263	12,095	1,507	661	182	16	103	25	3,402
Total corporate lending		28,424	24,760	2,560	1,104	151	17	121	26	3,240
Lombard		149,316	149,261	0	55	2	0	0	0	5,026
Credit cards		1,752	1,355	351	46	204	72	255	109	3,735
Commodity trade finance		3,927	3,805	7	115	290	15	3	15	9,388
Other loans and advances to customers		19,510	18,425	1,010	75	23	9	15	9	3,730
Loans to financial advisors		2,539	2,203	109	226	338	88	303	99	2,791
Total other lending		177,043	175,049	1,477	517	18	3	93	4	4,718
<b>Total<sup>1</sup></b>		<b>402,081</b>	<b>383,825</b>	<b>15,882</b>	<b>2,374</b>	<b>23</b>	<b>4</b>	<b>98</b>	<b>8</b>	<b>2,673</b>
Off-balance sheet		Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages		9,123	8,798	276	49	3	3	9	3	15
Real estate financing		8,766	8,481	285	0	9	7	88	9	0
Total real estate lending		17,889	17,278	562	49	6	5	49	6	15
Large corporate clients		32,748	28,981	3,630	136	34	25	110	35	1
SME clients		8,077	7,276	688	114	38	19	151	30	585
Total corporate lending		40,826	36,258	4,318	250	35	24	117	34	266
Lombard		14,438	14,438	0	0	1	0	0	0	0
Credit cards		9,466	9,000	462	4	7	5	34	7	0
Commodity trade finance		3,262	3,262	0	0	4	4	0	4	0
Financial intermediaries and hedge funds		13,747	13,379	369	0	13	10	120	13	0
Other off-balance sheet commitments		8,806	8,507	296	4	15	6	30	7	0
Total other lending		49,720	48,585	1,127	8	8	5	61	7	0
<b>Total<sup>2</sup></b>		<b>108,434</b>	<b>102,121</b>	<b>6,006</b>	<b>307</b>	<b>18</b>	<b>12</b>	<b>100</b>	<b>17</b>	<b>486</b>

<sup>1</sup> Includes Loans and advances to customers of USD 399,543 million and Loans to financial advisors of USD 2,539 million, which are presented on the balance sheet line Other assets measured at amortized cost.

<sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements.

**Note 9 Fair value measurement**

This Note provides fair value measurement information for both financial and non-financial instruments and should be read in conjunction with "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021, which provides more information about valuation principles, valuation governance, fair value hierarchy classification, valuation adjustments, valuation techniques and inputs, sensitivity of fair value measurements, and methods applied to calculate fair values for financial instruments not measured at fair value.

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorized into one of three fair value hierarchy levels. When the inputs used to measure fair value may fall within different levels of the fair value hierarchy, the level in the hierarchy within which each instrument is classified in its entirety is based on the lowest-level input that is significant to the position's fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – valuation techniques for which all significant inputs are, or are based on, observable market data; or
- Level 3 – valuation techniques for which significant inputs are not based on observable market data.

## Note 9 Fair value measurement (continued)

### a) Fair value hierarchy

The fair value hierarchy classification of financial and non-financial assets and liabilities measured at fair value is summarized in the table below.

#### Determination of fair values from quoted market prices or valuation techniques<sup>1</sup>

USD million	31.3.22				31.12.21			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value on a recurring basis</b>								
Financial assets at fair value held for trading	97,077	15,296	2,623	114,995	113,722	15,012	2,299	131,033
<i>of which:</i>								
Equity instruments	82,255	512	278	83,045	97,983	1,090	149	99,222
Government bills / bonds	7,579	1,491	10	9,080	7,135	1,351	10	8,496
Investment fund units	6,495	2,030	16	8,541	7,843	1,364	21	9,229
Corporate and municipal bonds	741	9,201	611	10,553	708	7,791	556	9,055
Loans	0	1,726	1,577	3,303	0	3,099	1,443	4,542
Asset-backed securities	6	336	131	473	53	317	120	489
Derivative financial instruments	1,512	137,116	1,683	140,311	522	116,482	1,140	118,145
<i>of which:</i>								
Foreign exchange contracts	750	66,804	6	67,559	255	53,046	7	53,307
Interest rate contracts	0	36,372	772	37,144	0	32,747	494	33,241
Equity / index contracts	0	29,477	450	29,927	0	27,861	384	28,245
Credit derivative contracts	0	1,392	338	1,730	0	1,179	236	1,414
Commodity contracts	0	2,886	58	2,944	0	1,590	16	1,606
Brokerage receivables	0	20,762	0	20,762	0	21,839	0	21,839
Financial assets at fair value not held for trading	25,704	30,838	4,033	60,575	27,278	28,185	4,180	59,642
<i>of which:</i>								
Financial assets for unit-linked investment contracts	18,475	0	1	18,476	21,110	187	6	21,303
Corporate and municipal bonds	137	12,665	288	13,090	123	13,937	306	14,366
Government bills / bonds	6,713	4,561	0	11,274	5,624	3,236	0	8,860
Loans	0	3,815	869	4,684	0	4,982	892	5,874
Securities financing transactions	0	9,677	100	9,776	0	5,704	100	5,804
Auction rate securities	0	0	1,635	1,635	0	0	1,585	1,585
Investment fund units	291	120	112	523	338	137	117	591
Equity instruments	89	0	699	788	83	2	681	765
Other	0	0	329	329	0	0	495	495
<b>Financial assets measured at fair value through other comprehensive income on a recurring basis</b>								
Financial assets measured at fair value through other comprehensive income	2,341	6,751	0	9,093	2,704	6,140	0	8,844
<i>of which:</i>								
Asset-backed securities	0	4,639	0	4,639	0	4,849	0	4,849
Government bills / bonds	2,293	19	0	2,312	2,658	27	0	2,686
Corporate and municipal bonds	48	2,093	0	2,141	45	1,265	0	1,310
<b>Non-financial assets measured at fair value on a recurring basis</b>								
Precious metals and other physical commodities	4,626	0	0	4,626	5,258	0	0	5,258
<b>Non-financial assets measured at fair value on a non-recurring basis</b>								
Other non-financial assets <sup>2</sup>	0	0	24	24	0	0	26	26
<b>Total assets measured at fair value</b>	<b>131,260</b>	<b>210,763</b>	<b>8,363</b>	<b>350,386</b>	<b>149,484</b>	<b>187,658</b>	<b>7,645</b>	<b>344,787</b>

**Note 9 Fair value measurement (continued)****Determination of fair values from quoted market prices or valuation techniques (continued)<sup>1</sup>**

USD million	31.3.22				31.12.21			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at fair value on a recurring basis</b>								
Financial liabilities at fair value held for trading	26,770	7,841	76	34,687	25,413	6,170	105	31,688
<i>of which:</i>								
Equity instruments	19,390	328	61	19,778	18,328	513	83	18,924
Corporate and municipal bonds	32	5,728	15	5,775	30	4,219	17	4,266
Government bills / bonds	6,857	1,047	0	7,905	5,883	826	0	6,709
Investment fund units	491	695	1	1,187	1,172	555	6	1,733
Derivative financial instruments	1,505	135,069	1,869	138,444	509	118,558	2,242	121,309
<i>of which:</i>								
Foreign exchange contracts	737	65,303	33	66,073	258	53,800	21	54,078
Interest rate contracts	0	33,518	221	33,739	0	28,398	278	28,675
Equity / index contracts	0	32,182	1,142	33,324	0	33,438	1,511	34,949
Credit derivative contracts	0	1,421	370	1,791	0	1,412	341	1,753
Commodity contracts	0	2,530	74	2,604	0	1,503	63	1,566
<b>Financial liabilities designated at fair value on a recurring basis</b>								
Brokerage payables designated at fair value	0	48,015	0	48,015	0	44,045	0	44,045
Debt issued designated at fair value	0	58,643	10,778	69,421	0	59,606	11,854	71,460
Other financial liabilities designated at fair value	0	29,500	2,874	32,374	0	29,258	3,156	32,414
<i>of which:</i>								
Financial liabilities related to unit-linked investment contracts	0	18,661	0	18,661	0	21,466	0	21,466
Securities financing transactions	0	9,386	2	9,388	0	6,375	2	6,377
Over-the-counter debt instruments	0	1,299	970	2,269	0	1,334	794	2,128
<b>Total liabilities measured at fair value</b>	<b>28,275</b>	<b>279,067</b>	<b>15,598</b>	<b>322,941</b>	<b>25,922</b>	<b>257,637</b>	<b>17,357</b>	<b>300,916</b>

<sup>1</sup> Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for the periods presented. <sup>2</sup> Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

**b) Valuation adjustments**

The table below summarizes the valuation adjustment reserves recognized on the balance sheet. Details about each category are provided further below.

**Valuation adjustment reserves on the balance sheet**

	As of	
Life-to-date gain / (loss), USD million	31.3.22	31.12.21
Deferred day-1 profit or loss reserves	425	418
Own credit adjustments on financial liabilities designated at fair value	114	(315)
CVAs, FVAs, DVAs and other valuation adjustments	(969)	(1,004)

**Deferred day-1 profit or loss reserves**

The table below summarizes the changes in deferred day-1 profit or loss reserves during the relevant period.

Deferred day-1 profit or loss is generally released into *Other net income from financial instruments measured at fair value through profit or loss* when pricing of equivalent products or the underlying parameters become observable or when the transaction is closed out.

**Deferred day-1 profit or loss reserves**

USD million	For the quarter ended		
	31.3.22	31.12.21	31.3.21
Reserve balance at the beginning of the period	418	429	269
Profit / (loss) deferred on new transactions	75	78	181
(Profit) / loss recognized in the income statement	(69)	(88)	(63)
Foreign currency translation	0	0	(1)
<b>Reserve balance at the end of the period</b>	<b>425</b>	<b>418</b>	<b>387</b>

## Note 9 Fair value measurement (continued)

### Own credit

The valuation of financial liabilities designated at fair value requires consideration of the own credit component of fair value. Own credit risk is reflected in the valuation of UBS AG's fair value option liabilities where this component is considered relevant for valuation purposes by UBS AG's counterparties and other market participants. However, own credit risk is not reflected in the valuation of UBS AG's liabilities that are fully collateralized or for other obligations for which it is established market practice to not include an own credit component.

A description of UBS AG's methodology to estimate own credit and the related accounting principles is included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

In the first quarter of 2022, other comprehensive income related to own credit on financial liabilities designated at fair value was positive USD 423 million, primarily due to a widening of UBS's credit spreads.

### Own credit adjustments on financial liabilities designated at fair value

	Included in Other comprehensive income		
	For the quarter ended		
<i>USD million</i>	<b>31.3.22</b>	31.12.21	31.3.21
<b>Recognized during the period:</b>			
Realized gain / (loss)	(7)	0	(6)
Unrealized gain / (loss)	430	55	(23)
<b>Total gain / (loss), before tax</b>	<b>423</b>	55	(29)
		As of	
<i>USD million</i>	<b>31.3.22</b>	31.12.21	31.3.21
<b>Recognized on the balance sheet as of the end of the period:</b>			
Unrealized life-to-date gain / (loss)	114	(315)	(400)

### Credit, funding, debit and other valuation adjustments

A description of UBS AG's methodology for estimating credit valuation adjustments (CVAs), funding valuation adjustments (FVAs), debit valuation adjustments (DVAs) and other valuation

adjustments is included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

### Valuation adjustments on financial instruments

	As of	
<i>Life-to-date gain / (loss), USD million</i>	<b>31.3.22</b>	31.12.21
<b>Credit valuation adjustments<sup>1</sup></b>	(45)	(44)
<b>Funding valuation adjustments</b>	(41)	(49)
<b>Debit valuation adjustments</b>	4	2
<b>Other valuation adjustments</b>	(887)	(913)
<i>of which: liquidity</i>	(343)	(341)
<i>of which: model uncertainty</i>	(544)	(571)

<sup>1</sup> Amounts do not include reserves against defaulted counterparties.

### c) Transfers between Level 1 and Level 2

Assets and liabilities that were held for the entire reporting period and transferred from Level 2 to level 1 or from Level 1 to Level 2 during the first quarter of 2022 were not material.



**Note 9 Fair value measurement (continued)****d) Level 3 instruments: valuation techniques and inputs**

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, the inputs used in a given valuation technique that are considered significant as of 31 March 2022 and unobservable, and a range of values for those unobservable inputs.

The range of values represents the highest- and lowest-level inputs used in the valuation techniques. Therefore the range does not reflect the level of uncertainty regarding a particular input or an assessment of the reasonableness of UBS AG's estimates and assumptions, but rather the different underlying characteristics of the relevant assets and liabilities held by UBS AG. The ranges will therefore vary from period to period and parameter to parameter based on characteristics of the instruments held at each balance

sheet date. Furthermore, the ranges of unobservable inputs may differ across other financial institutions, reflecting the diversity of the products in each firm's inventory.

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021. A description of the potential effect that a change in each unobservable input in isolation may have on a fair value measurement, including information to facilitate an understanding of factors that give rise to the input ranges shown, is also provided in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

**Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities**

USD billion	Fair value				Valuation technique(s)	Significant unobservable input(s) <sup>1</sup>	Range of inputs						
	Assets		Liabilities				31.3.22			31.12.21			
	31.3.22	31.12.21	31.3.22	31.12.21			low	high	weighted average <sup>2</sup>	low	high	weighted average <sup>2</sup>	unit <sup>1</sup>
<b>Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading</b>													
<i>Corporate and municipal bonds</i>	0.9	0.9	0.0	0.0	Relative value to market comparable	Bond price equivalent	13	102	93	16	143	98	points
					Discounted expected cash flows	Discount margin	447	447		434	434		basis points
<i>Traded loans, loans measured at fair value, loan commitments and guarantees</i>	2.8	2.8	0.0	0.0	Relative value to market comparable	Loan price equivalent	0	100	99	0	101	99	points
					Discounted expected cash flows	Credit spread	200	800	294	175	800	436	basis points
					Market comparable and securitization model	Credit spread	70	1,490	236	28	4	241	basis points
<i>Auction rate securities</i>	1.6	1.6			Discounted expected cash flows	Credit spread	115	184	149	115	197	153	basis points
<i>Investment fund units<sup>3</sup></i>	0.1	0.1	0.0	0.0	Relative value to market comparable	Net asset value							
<i>Equity instruments<sup>3</sup></i>	1.0	0.8	0.1	0.1	Relative value to market comparable	Price							
<b>Debt issued designated at fair value<sup>4</sup></b>			10.8	11.9									
<b>Other financial liabilities designated at fair value</b>			2.9	3.2	Discounted expected cash flows	Funding spread	25	175		24	175		basis points
<b>Derivative financial instruments</b>													
<i>Interest rate contracts</i>	0.8	0.5	0.2	0.3	Option model	Volatility of interest rates	74	136		65	81		basis points
<i>Credit derivative contracts</i>	0.3	0.2	0.4	0.3	Discounted expected cash flows	Credit spreads	3	541		1	583		basis points
						Bond price equivalent	3	145		2	136		points
<i>Equity / index contracts</i>	0.4	0.4	1.1	1.5	Option model	Equity dividend yields	0	12		0	11		%
						Volatility of equity stocks, equity and other indices	3	97		4	98		%
						Equity-to-FX correlation	(26)	84		(29)	76		%
						Equity-to-equity correlation	(25)	100		(25)	100		%

<sup>1</sup> The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g., 100 points would be 100% of par). <sup>2</sup> Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Other financial liabilities designated at fair value and Derivative financial instruments, as this would not be meaningful. <sup>3</sup> The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. <sup>4</sup> Debt issued designated at fair value primarily consists of UBS structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters are presented in the respective derivative financial instruments lines in this table.

## Note 9 Fair value measurement (continued)

### e) Level 3 instruments: sensitivity to changes in unobservable input assumptions

The table below summarizes those financial assets and liabilities classified as Level 3 for which a change in one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, and the estimated effect thereof. The table presents the favorable and unfavorable effects for each class of financial assets and liabilities for which the potential change in fair value is considered significant. The sensitivity of fair value measurements for debt issued designated at fair value and over-the-counter debt instruments designated at fair value is reported together with the equivalent derivative or securities financing instrument.

The sensitivity data shown below presents an estimation of valuation uncertainty based on reasonably possible alternative values for Level 3 inputs at the balance sheet date and does not represent the estimated effect of stress scenarios. Typically, these financial assets and liabilities are sensitive to a combination of inputs from Levels 1–3. Although well-defined interdependencies may exist between Level 1/2 parameters and Level 3 parameters (e.g., between interest rates, which are generally Level 1 or Level 2, and prepayments, which are generally Level 3), these have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters are not a significant element of the valuation uncertainty.

#### Sensitivity of fair value measurements to changes in unobservable input assumptions<sup>1</sup>

<i>USD million</i>	31.3.22		31.12.21	
	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans designated at fair value, loan commitments and guarantees	15	(20)	19	(13)
Securities financing transactions	47	(52)	41	(53)
Auction rate securities	79	(79)	66	(66)
Asset-backed securities	25	(18)	20	(20)
Equity instruments	170	(144)	173	(146)
Interest rate derivative contracts, net	69	(62)	29	(19)
Credit derivative contracts, net	8	(7)	5	(8)
Foreign exchange derivative contracts, net	16	(9)	19	(11)
Equity / index derivative contracts, net	410	(367)	368	(335)
Other	53	(81)	50	(73)
<b>Total</b>	<b>892</b>	<b>(839)</b>	<b>790</b>	<b>(744)</b>

<sup>1</sup> Sensitivity of issued and over-the-counter debt instruments is reported with the equivalent derivative or securities financing instrument.

### f) Level 3 instruments: movements during the period

#### Significant changes in Level 3 instruments

The table on the following pages presents additional information about material Level 3 assets and liabilities measured at fair value on a recurring basis. Level 3 assets and liabilities may be hedged with instruments classified as Level 1 or Level 2 in the fair value hierarchy and, as a result, realized and unrealized gains and losses included in the table may not include the effect of related hedging

activity. Furthermore, the realized and unrealized gains and losses presented in the table are not limited solely to those arising from Level 3 inputs, as valuations are generally derived from both observable and unobservable parameters.

Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the year.

**Note 9 Fair value measurement (continued)**

USD billion	Movements of Level 3 instruments										Balance as of 31 March 2021
	Balance as of 31 December 2020	Net gains / losses included in income <sup>1</sup>	Total gains / losses included in comprehensive income <i>of which: related to Level 3 instruments held at the end of the reporting period</i>	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	
<b>Financial assets at fair value held for trading</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.6)</b>	<b>0.3</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.2)</b>	<b>0.0</b>	<b>2.2</b>
<i>of which:</i>											
Investment fund units	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate and municipal bonds	0.8	0.0	0.0	0.2	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.8
Loans	1.1	0.0	0.0	0.0	(0.3)	0.3	0.0	0.0	(0.2)	0.0	1.1
Other	0.4	0.0	0.0	0.0	(0.2)	0.0	0.0	0.2	0.0	0.0	0.3
<b>Derivative financial instruments – assets</b>	<b>1.8</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>1.6</b>
<i>of which:</i>											
Interest rate contracts	0.5	(0.1)	0.0	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.4
Equity / index contracts	0.9	(0.1)	0.0	0.0	0.0	0.3	(0.2)	0.0	0.0	0.0	0.8
Credit derivative contracts	0.3	0.0	0.0	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financial assets at fair value not held for trading</b>	<b>3.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>(0.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.2</b>
<i>of which:</i>											
Loans	0.9	(0.1)	0.0	0.4	(0.1)	0.0	0.0	0.0	0.0	0.0	1.1
Auction rate securities	1.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
Equity instruments	0.5	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0	0.5
Other	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
<b>Derivative financial instruments – liabilities</b>	<b>3.5</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>(0.8)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>	<b>3.1</b>
<i>of which:</i>											
Interest rate contracts	0.5	0.0	0.0	0.0	0.0	0.3	(0.1)	0.0	(0.1)	0.0	0.5
Equity / index contracts	2.3	0.2	0.1	0.0	0.0	0.3	(0.6)	0.0	(0.1)	0.0	2.1
Credit derivative contracts	0.5	(0.1)	(0.1)	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.4
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Debt issued designated at fair value</b>	<b>9.6</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>3.2</b>	<b>(1.8)</b>	<b>0.1</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>10.7</b>
<b>Other financial liabilities designated at fair value</b>	<b>2.1</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>

<sup>1</sup> Net gains / losses included in comprehensive income are composed of Net interest income, Other net income from financial instruments measured at fair value through profit or loss and Other income. <sup>2</sup> Total Level 3 assets as of 31 March 2022 were USD 8.4 billion (31 December 2021: USD 7.6 billion). Total Level 3 liabilities as of 31 March 2022 were USD 15.6 billion (31 December 2021: USD 17.4 billion).

## Note 9 Fair value measurement (continued)

Balance as of 31 December 2021 <sup>2</sup>	Net gains / losses included in income <sup>1</sup>	Total gains / losses included in comprehensive income	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance as of 31 March 2022 <sup>2</sup>
		<i>of which: related to Level 3 instruments held at the end of the reporting period</i>								
<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.8)</b>	<b>1.0</b>	<b>0.0</b>	<b>0.2</b>	<b>(0.3)</b>	<b>0.0</b>	<b>2.6</b>
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.6	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0	0.6
1.4	0.0	0.0	0.0	(0.7)	1.0	0.0	0.0	(0.2)	0.0	1.6
0.3	0.0	0.0	0.1	0.0	0.0	0.0	0.2	(0.1)	0.0	0.4
<b>1.1</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>(0.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>
0.5	0.4	0.4	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.8
0.4	0.1	0.0	0.0	0.0	0.2	(0.1)	0.0	0.0	0.0	0.4
0.2	0.1	0.1	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.3
0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
<b>4.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>(0.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>
0.9	0.0	0.0	0.2	(0.2)	0.0	0.0	0.0	0.0	0.0	0.9
1.6	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
1.0	0.0	0.0	0.1	(0.2)	0.0	0.0	0.0	0.0	0.0	0.8
<b>2.2</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>(0.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.9</b>
0.3	(0.2)	(0.2)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.2
1.5	(0.1)	(0.1)	0.0	0.0	0.4	(0.6)	0.0	0.0	0.0	1.1
0.3	(0.1)	(0.1)	0.0	0.0	0.2	(0.1)	0.0	0.0	0.0	0.4
0.1	0.0	0.0	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.1
<b>11.9</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>2.5</b>	<b>(2.4)</b>	<b>0.1</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>10.8</b>
<b>3.2</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>2.9</b>

**Note 9 Fair value measurement (continued)****g) Financial instruments not measured at fair value**

The table below reflects the estimated fair values of financial instruments not measured at fair value.

**Financial instruments not measured at fair value**

<i>USD billion</i>	31.3.22		31.12.21	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Cash and balances at central banks	206.8	206.8	192.8	192.8
Loans and advances to banks	17.8	17.8	15.4	15.3
Receivables from securities financing transactions	69.5	69.5	75.0	75.0
Cash collateral receivables on derivative instruments	39.3	39.3	30.5	30.5
Loans and advances to customers	394.0	387.9	398.7	397.9
Other financial assets measured at amortized cost	28.8	28.3	26.2	26.5
<b>Liabilities</b>				
Amounts due to banks	16.6	16.6	13.1	13.1
Payables from securities financing transactions	7.1	7.1	5.5	5.5
Cash collateral payables on derivative instruments	39.6	39.6	31.8	31.8
Customer deposits	543.0	542.9	544.8	544.8
Funding from UBS Group AG	57.5	58.4	57.3	58.8
Debt issued measured at amortized cost	75.0	75.2	82.4	82.8
Other financial liabilities measured at amortized cost <sup>1</sup>	6.9	6.9	6.3	6.3

<sup>1</sup> Excludes lease liabilities.

The fair values included in the table above have been calculated for disclosure purposes only. The valuation techniques and assumptions relate only to UBS AG's financial instruments not otherwise measured at fair value. Other institutions may use

different methods and assumptions for their fair value estimation, and therefore such fair value disclosures cannot necessarily be compared from one financial institution to another.

## Note 10 Derivative instruments

### a) Derivative instruments

	Derivative financial assets	Notional values related to derivative financial assets <sup>1</sup>	Derivative financial liabilities	Notional values related to derivative financial liabilities <sup>1</sup>	Other notional values <sup>2</sup>
<i>As of 31.3.22, USD billion</i>					
<b>Derivative financial instruments</b>					
Interest rate contracts	37.1	1,080	33.7	1,058	9,569
Credit derivative contracts	1.7	50	1.8	48	0
Foreign exchange contracts	67.6	3,315	66.1	3,183	20
Equity / index contracts	29.9	477	33.3	566	80
Commodity contracts	2.9	82	2.6	65	17
Loan commitments measured at FVTPL	0.0	1	0.0	5	
Unsettled purchases of non-derivative financial instruments <sup>3</sup>	0.3	26	0.5	31	
Unsettled sales of non-derivative financial instruments <sup>3</sup>	0.7	45	0.4	18	
<b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>	<b>140.3</b>	<b>5,075</b>	<b>138.4</b>	<b>4,973</b>	<b>9,686</b>
Further netting potential not recognized on the balance sheet <sup>5</sup>	(126.6)		(121.4)		
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(101.7)</i>		<i>(101.7)</i>		
<i>of which: netting with collateral received / pledged</i>	<i>(25.0)</i>		<i>(19.7)</i>		
<b>Total derivative financial instruments, after consideration of further netting potential</b>	<b>13.7</b>		<b>17.0</b>		

*As of 31.12.21, USD billion*

	Derivative financial assets	Notional values related to derivative financial assets <sup>1</sup>	Derivative financial liabilities	Notional values related to derivative financial liabilities <sup>1</sup>	Other notional values <sup>2</sup>
<b>Derivative financial instruments</b>					
Interest rate contracts	33.2	991	28.7	943	8,675
Credit derivative contracts	1.4	45	1.8	46	0
Foreign exchange contracts	53.3	3,031	54.1	2,939	1
Equity / index contracts	28.2	457	34.9	604	80
Commodity contracts	1.6	58	1.6	56	15
Loan commitments measured at FVTPL	0.0	1	0.0	8	
Unsettled purchases of non-derivative financial instruments <sup>3</sup>	0.1	13	0.2	11	
Unsettled sales of non-derivative financial instruments <sup>3</sup>	0.2	18	0.1	9	
<b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>	<b>118.1</b>	<b>4,614</b>	<b>121.3</b>	<b>4,617</b>	<b>8,771</b>
Further netting potential not recognized on the balance sheet <sup>5</sup>	(107.4)		(107.0)		
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(88.9)</i>		<i>(88.9)</i>		
<i>of which: netting with collateral received / pledged</i>	<i>(18.5)</i>		<i>(18.1)</i>		
<b>Total derivative financial instruments, after consideration of further netting potential</b>	<b>10.7</b>		<b>14.3</b>		

<sup>1</sup> In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. <sup>2</sup> Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for all periods presented. <sup>3</sup> Changes in the fair value of purchased and sold non-derivative financial instruments between trade date and settlement date are recognized as derivative financial instruments. <sup>4</sup> Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <sup>5</sup> Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

**Note 10 Derivative instruments (continued)****b) Cash collateral on derivative instruments**

<i>USD billion</i>	Receivables 31.3.22	Payables 31.3.22	Receivables 31.12.21	Payables 31.12.21
Cash collateral on derivative instruments, based on IFRS netting <sup>1</sup>	39.3	39.6	30.5	31.8
Further netting potential not recognized on the balance sheet <sup>2</sup>	(19.0)	(21.4)	(18.4)	(16.4)
<i>of which: netting of recognized financial liabilities / assets</i>	<i>(15.8)</i>	<i>(18.2)</i>	<i>(15.2)</i>	<i>(13.1)</i>
<i>of which: netting with collateral received / pledged</i>	<i>(3.2)</i>	<i>(3.2)</i>	<i>(3.3)</i>	<i>(3.3)</i>
<b>Cash collateral on derivative instruments, after consideration of further netting potential</b>	<b>20.3</b>	<b>18.2</b>	<b>12.1</b>	<b>15.4</b>

<sup>1</sup> Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. <sup>2</sup> Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

**Note 11 Other assets and liabilities****a) Other financial assets measured at amortized cost**

<i>USD million</i>	31.3.22	31.12.21
Debt securities	21,192	18,858
<i>of which: government bills / bonds</i>	<i>10,085</i>	<i>9,833</i>
Loans to financial advisors	2,388	2,453
Fee- and commission-related receivables	1,937	1,966
Finance lease receivables	1,325	1,356
Settlement and clearing accounts	492	455
Accrued interest income	549	521
Other	885	627
<b>Total other financial assets measured at amortized cost</b>	<b>28,766</b>	<b>26,236</b>

**b) Other non-financial assets**

<i>USD million</i>	31.3.22	31.12.21
Precious metals and other physical commodities	4,626	5,258
Deposits and collateral provided in connection with litigation, regulatory and similar matters <sup>1</sup>	2,280	1,526
Prepaid expenses	773	717
VAT and other tax receivables	419	591
Properties and other non-current assets held for sale	313	32
Assets of disposal groups held for sale	1,018	1,093
Other	728	618
<b>Total other non-financial assets</b>	<b>10,158</b>	<b>9,836</b>

<sup>1</sup> Refer to Note 15 for more information.

**c) Other financial liabilities measured at amortized cost**

<i>USD million</i>	31.3.22	31.12.21
Other accrued expenses	1,561	1,642
Accrued interest expenses	847	1,134
Settlement and clearing accounts	1,663	1,282
Lease liabilities	3,310	3,438
Other	2,786	2,269
<b>Total other financial liabilities measured at amortized cost</b>	<b>10,167</b>	<b>9,765</b>

## Note 11 Other assets and liabilities (continued)

### d) Other financial liabilities designated at fair value

<i>USD million</i>	31.3.22	31.12.21
Financial liabilities related to unit-linked investment contracts	18,661	21,466
Securities financing transactions	9,388	6,377
Over-the-counter debt instruments	2,269	2,128
Funding from UBS Group AG	2,049	2,340
Other	8	103
<b>Total other financial liabilities designated at fair value</b>	<b>32,374</b>	<b>32,414</b>
<i>of which: life-to-date own credit (gain) / loss</i>	<i>(27)</i>	<i>172</i>

### e) Other non-financial liabilities

<i>USD million</i>	31.3.22	31.12.21
Compensation-related liabilities	2,925	4,795
<i>of which: financial advisor compensation plans</i>	<i>1,193</i>	<i>1,512</i>
<i>of which: other compensation plans</i>	<i>756</i>	<i>2,140</i>
<i>of which: net defined benefit liability</i>	<i>558</i>	<i>617</i>
<i>of which: other compensation-related liabilities<sup>1</sup></i>	<i>418</i>	<i>526</i>
Deferred tax liabilities	165	297
Current tax liabilities	926	1,365
VAT and other tax payables	541	524
Deferred income	246	225
Liabilities of disposal groups held for sale	1,289	1,298
Other	61	68
<b>Total other non-financial liabilities</b>	<b>6,152</b>	<b>8,572</b>

<sup>1</sup> Includes liabilities for payroll taxes and untaken vacation.

## Note 12 Debt issued designated at fair value

<i>USD million</i>	31.3.22	31.12.21
<b>Issued debt instruments</b>		
Equity-linked <sup>1</sup>	44,252	47,059
Rates-linked	14,933	16,369
Credit-linked	1,951	1,723
Fixed-rate	3,727	2,868
Commodity-linked	3,995	2,911
Other	563	529
<b>Total debt issued designated at fair value</b>	<b>69,421</b>	<b>71,460</b>
<i>of which: life-to-date own credit (gain) / loss</i>	<i>(87)</i>	<i>144</i>

<sup>1</sup> Includes investment fund unit-linked instruments issued.



**Note 13 Debt issued measured at amortized cost**

<i>USD million</i>	31.3.22	31.12.21
Certificates of deposit and commercial paper	33,727	40,640
Other short-term debt	3,812	2,458
<b>Short-term debt<sup>1</sup></b>	<b>37,539</b>	<b>43,098</b>
Senior unsecured debt	21,632	23,328
Covered bonds	1,351	1,389
Subordinated debt	5,056	5,163
<i>of which: low-trigger loss-absorbing tier 2 capital instruments</i>	<i>2,507</i>	<i>2,596</i>
<i>of which: non-Basel III-compliant tier 2 capital instruments</i>	<i>543</i>	<i>547</i>
Debt issued through the Swiss central mortgage institutions	9,435	9,454
<b>Long-term debt<sup>2</sup></b>	<b>37,474</b>	<b>39,334</b>
<b>Total debt issued measured at amortized cost<sup>3</sup></b>	<b>75,013</b>	<b>82,432</b>

<sup>1</sup> Debt with an original contractual maturity of less than one year. <sup>2</sup> Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. <sup>3</sup> Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented.

**Note 14 Interest rate benchmark reform**

During the first quarter of 2022, UBS AG continued to manage the transition to alternative reference rates (ARRs) under the oversight of the dedicated Group-wide forum, with an increased US regional focus. The transition of non-USD interbank offered rates (IBORs) is largely complete, with efforts now focused on managing the transition of remaining USD LIBOR exposures.

On 15 March 2022, the US enacted federal legislation, the "Adjustable Interest Rate (LIBOR) Act," which is substantially based on, and supersedes, the New York State London Interbank Offered Rate (LIBOR) legislation. The Adjustable Interest Rate (LIBOR) Act provides a legislative solution for legacy products governed by any US state law should such products fail to transition prior to the USD LIBOR cessation date of 30 June 2023.

**Non-derivative instruments**

During the first quarter of 2022, most of the USD 21 billion mortgages linked to CHF LIBOR that were outstanding as of 31 December 2021 were automatically transitioned to Swiss Average Rate Overnight (SARON), with only an insignificant amount remaining, which will transition later in 2022, on their next roll date.

Substantially all of the US securities-based lending outstanding as of 31 December 2021 was transitioned to Secured Overnight Financing Rate (SOFR) during the first quarter of 2022, with transition of the remaining USD 2 billion currently in progress.

In January 2022, UBS AG completed the transition of USD LIBOR-linked non-derivative balances related to brokerage accounts to SOFR. No other material transitions of USD LIBOR-linked contracts occurred in the first quarter of 2022. UBS AG plans to transition USD 10 billion of US mortgages linked to USD LIBOR to SOFR in 2022 and 2023.

**Derivative instruments**

UBS AG successfully transitioned the remaining non-USD IBOR derivatives not transacted through clearing houses or exchanges, which ensured an orderly transition when converting high volumes of transactions at the time of rate cessation. No material USD LIBOR-linked derivatives transitioned in the first quarter of 2022.

## Note 15 Provisions and contingent liabilities

### a) Provisions

The table below presents an overview of total provisions.

<i>USD million</i>	31.3.22	31.12.21
Provisions other than provisions for expected credit losses	<b>3,192</b>	3,256
Provisions for expected credit losses <sup>1</sup>	<b>221</b>	196
<b>Total provisions</b>	<b>3,413</b>	3,452

<sup>1</sup> Refer to Note 8c for more information.

The following table presents additional information for provisions other than provisions for expected credit losses.

<i>USD million</i>	Litigation, regulatory and similar matters <sup>1</sup>	Restructuring	Other <sup>3</sup>	Total
<b>Balance as of 31 December 2021</b>	2,798	137	321	3,256
Increase in provisions recognized in the income statement	58	44	5	107
Release of provisions recognized in the income statement	(1)	(4)	(5)	(10)
Provisions used in conformity with designated purpose	(54)	(50)	(7)	(112)
Foreign currency translation / unwind of discount	(42)	(1)	(4)	(48)
<b>Balance as of 31 March 2022</b>	<b>2,758</b>	<b>125<sup>2</sup></b>	<b>310</b>	<b>3,192</b>

<sup>1</sup> Consists of provisions for losses resulting from legal, liability and compliance risks. <sup>2</sup> Primarily consists of personnel-related restructuring provisions of USD 80 million as of 31 March 2022 (31 December 2021: USD 90 million) and provisions for onerous contracts of USD 45 million as of 31 March 2022 (31 December 2021: USD 47 million). <sup>3</sup> Mainly includes provisions related to real estate, employee benefits and operational risks.

Restructuring provisions primarily relate to personnel-related provisions and onerous contracts. Personnel-related restructuring provisions are used within a short period of time but potential changes in amount may be triggered when natural staff attrition reduces the number of people affected by a restructuring event and therefore the estimated costs. Onerous contracts for property are recognized when UBS AG is committed to pay for non-lease

components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants.

Information about provisions and contingent liabilities in respect of litigation, regulatory and similar matters, as a class, is included in Note 15b. There are no material contingent liabilities associated with the other classes of provisions.

### b) Litigation, regulatory and similar matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS (which for purposes of this Note may refer to UBS AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties, and the outcome and the timing of resolution are often difficult to predict, particularly in the earlier stages of a case. There are also situations where UBS may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which UBS believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. UBS makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that UBS has a present legal or

constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. Where these factors are otherwise satisfied, a provision may be established for claims that have not yet been asserted against UBS, but are nevertheless expected to be, based on UBS's experience with similar asserted claims. If any of those conditions is not met, such matters result in contingent liabilities. If the amount of an obligation cannot be reliably estimated, a liability exists that is not recognized even if an outflow of resources is probable. Accordingly, no provision is established even if the potential outflow of resources with respect to such matters could be significant. Developments relating to a matter that occur after the relevant reporting period, but prior to the issuance of financial statements, which affect management's assessment of the provision for such matter (because, for example, the developments provide evidence of conditions that existed at the end of the reporting period), are adjusting events after the reporting period under IAS 10 and must be recognized in the financial statements for the reporting period.

**Note 15 Provisions and contingent liabilities (continued)**

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, we state that we have established a provision, and for the other matters, we make no such statement. When we make this statement and we expect disclosure of the amount of a provision to prejudice seriously our position with other parties in the matter because it would reveal what UBS believes to be the probable and reliably estimable outflow, we do not disclose that amount. In some cases we are subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which we do not state whether we have established a provision, either: (a) we have not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard; or (b) we have established a provision but expect disclosure of that fact to prejudice seriously our position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

With respect to certain litigation, regulatory and similar matters for which we have established provisions, we are able to estimate the expected timing of outflows. However, the aggregate amount of the expected outflows for those matters for which we are able to estimate expected timing is immaterial relative to our current and expected levels of liquidity over the relevant time periods.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in the "Provisions" table in Note 15a above. It is not practicable to provide an aggregate estimate of liability for our litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that involve unique fact patterns or novel legal theories, that have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. Although UBS therefore cannot provide a numerical estimate of the future losses that could arise from litigation, regulatory and similar matters, UBS believes that the aggregate amount of possible future losses from this class that are more than remote substantially exceeds the level of current provisions.

Litigation, regulatory and similar matters may also result in non-monetary penalties and consequences. A guilty plea to, or conviction of, a crime could have material consequences for UBS. Resolution of regulatory proceedings may require UBS to obtain waivers of regulatory disqualifications to maintain certain operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations, and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the UBS Group first quarter 2022 report.

**Provisions for litigation, regulatory and similar matters by business division and in Group Functions<sup>1</sup>**

<i>USD million</i>	Global Wealth Manage- ment	Personal & Corporate Banking	Asset Manage- ment	Investment Bank	Group Functions	Total
<b>Balance as of 31 December 2021</b>	1,338	181	8	310	962	2,798
Increase in provisions recognized in the income statement	54	0	0	4	0	58
Release of provisions recognized in the income statement	(1)	0	0	0	0	(1)
Provisions used in conformity with designated purpose	(49)	0	0	(5)	0	(54)
Reclassifications	0	0	0	4	(4)	0
Foreign currency translation / unwind of discount	(33)	(5)	0	(5)	0	(42)
<b>Balance as of 31 March 2022</b>	<b>1,309</b>	<b>176</b>	<b>8</b>	<b>307</b>	<b>958</b>	<b>2,758</b>

<sup>1</sup> Provisions, if any, for the matters described in items 3 and 4 of this Note are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 6 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking, and provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Group Functions.

## Note 15 Provisions and contingent liabilities (continued)

### 1. Inquiries regarding cross-border wealth management businesses

Tax and regulatory authorities in a number of countries have made inquiries, served requests for information or examined employees located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. It is possible that the implementation of automatic tax information exchange and other measures relating to cross-border provision of financial services could give rise to further inquiries in the future. UBS has received disclosure orders from the Swiss Federal Tax Administration (FTA) to transfer information based on requests for international administrative assistance in tax matters. The requests concern a number of UBS account numbers pertaining to current and former clients and are based on data from 2006 and 2008. UBS has taken steps to inform affected clients about the administrative assistance proceedings and their procedural rights, including the right to appeal. The requests are based on data received from the German authorities, who seized certain data related to UBS clients booked in Switzerland during their investigations and have apparently shared this data with other European countries. UBS expects additional countries to file similar requests.

Since 2013, UBS (France) S.A., UBS AG and certain former employees have been under investigation in France in relation to UBS's cross-border business with French clients. In connection with this investigation, the investigating judges ordered UBS AG to provide bail ("*caution*") of EUR 1.1 billion.

On 20 February 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7 billion on UBS AG and UBS (France) S.A. and awarded EUR 800 million of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. On 13 December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75 million, the confiscation of EUR 1 billion, and awarded civil damages to the French state of EUR 800 million. The court also found UBS (France) SA guilty of the aiding and abetting of unlawful solicitation and ordered it to pay a fine of EUR 1.875 million. UBS AG has filed an appeal with the French Supreme Court to preserve its rights. The notice of appeal enables UBS AG to thoroughly assess the verdict of the Court of Appeal and to determine next steps in the best interest of its stakeholders. The fine and confiscation imposed by the Court of Appeal are suspended during the appeal. The civil damages award has been paid to the French state (EUR 99 million of which was deducted from the bail), subject to the result of UBS's appeal.

Our balance sheet at 31 March 2022 reflected provisions with respect to this matter in an amount of EUR 1.1 billion (USD 1.2 billion at 31 March 2022). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Our balance sheet at 31 March 2022 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 2. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities (RMBS) and was a purchaser and seller of US residential mortgages.

In November 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint on 6 February 2019. On 10 December 2019, the district court denied UBS's motion to dismiss.

Our balance sheet at 31 March 2022 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

## Note 15 Provisions and contingent liabilities (continued)

### 3. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) S.A. (now UBS Europe SE, Luxembourg branch) and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Commission de Surveillance du Secteur Financier. Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established in offshore jurisdictions with either direct or indirect exposure to BMIS. These funds faced severe losses, and the Luxembourg funds are in liquidation. The documentation establishing both funds identifies UBS entities in various roles, including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members.

In 2009 and 2010, the liquidators of the two Luxembourg funds filed claims against UBS entities, non-UBS entities and certain individuals, including current and former UBS employees, seeking amounts totaling approximately EUR 2.1 billion, which includes amounts that the funds may be held liable to pay the trustee for the liquidation of BMIS (BMIS Trustee).

A large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff fraud. The majority of these cases have been filed in Luxembourg, where decisions that the claims in eight test cases were inadmissible have been affirmed by the Luxembourg Court of Appeal, and the Luxembourg Supreme Court has dismissed a further appeal in one of the test cases.

In the US, the BMIS Trustee filed claims against UBS entities, among others, in relation to the two Luxembourg funds and one of the offshore funds. The total amount claimed against all defendants in these actions was not less than USD 2 billion. In 2014, the US Supreme Court rejected the BMIS Trustee's motion for leave to appeal decisions dismissing all claims except those for the recovery of approximately USD 125 million of payments alleged to be fraudulent conveyances and preference payments. In 2016, the bankruptcy court dismissed these claims against the UBS entities. In February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

### 4. Puerto Rico

Declines since 2013 in the market prices of Puerto Rico municipal bonds and of closed-end funds (funds) that are sole-managed and co-managed by UBS Trust Company of Puerto Rico and distributed by UBS Financial Services Incorporated of Puerto Rico (UBS PR) led to multiple regulatory inquiries, which in 2014 and 2015, led to settlements with the Office of the Commissioner of Financial Institutions for the Commonwealth of Puerto Rico, the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority.

Since then, UBS clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans filed customer complaints and arbitration demands seeking aggregate damages of USD 3.4 billion, of which USD 3.1 billion have been resolved through settlements, arbitration or withdrawal of claims. Allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

A shareholder derivative action was filed in 2014 against various UBS entities and current and certain former directors of the funds, alleging hundreds of millions of US dollars in losses in the funds. In 2021, the parties reached an agreement to settle this matter for USD 15 million, subject to court approval.

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3 billion of bonds by the System in 2008 and sought damages of over USD 800 million. In 2016, the court granted the System's request to join the action as a plaintiff. In 2017, the court denied defendants' motion to dismiss the complaint. In 2020, the court denied plaintiffs' motion for summary judgment.

Beginning in 2015, certain agencies and public corporations of the Commonwealth of Puerto Rico (Commonwealth) defaulted on certain interest payments on Puerto Rico bonds. In 2016, US federal legislation created an oversight board with power to oversee Puerto Rico's finances and to restructure its debt. The oversight board has imposed a stay on the exercise of certain creditors' rights. In 2017, the oversight board placed certain of the bonds into a bankruptcy-like proceeding under the supervision of a Federal District Judge.

In May 2019, the oversight board filed complaints in Puerto Rico federal district court bringing claims against financial, legal and accounting firms that had participated in Puerto Rico municipal bond offerings, including UBS, seeking a return of underwriting and swap fees paid in connection with those offerings. UBS estimates that it received approximately USD 125 million in fees in the relevant offerings.

In August 2019, and February and November 2020, four US insurance companies that insured issues of Puerto Rico municipal bonds sued UBS and several other underwriters of Puerto Rico municipal bonds in three separate cases. The actions collectively seek recovery of an aggregate of USD 955 million in damages from the defendants. The plaintiffs in these cases claim that defendants failed to reasonably investigate financial statements in the offering materials for the insured Puerto Rico bonds issued between 2002 and 2007, which plaintiffs argue they relied upon in agreeing to insure the bonds notwithstanding that they had no contractual relationship with the underwriters. Defendants' motions to dismiss were granted in two of the cases; those decisions are being appealed by the plaintiffs. In the third case, defendants' motion to dismiss was denied, but on appeal that ruling was reversed and the motion to dismiss was granted.

## Note 15 Provisions and contingent liabilities (continued)

Our balance sheet at 31 March 2022 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

### 5. Foreign exchange, LIBOR and benchmark rates, and other trading practices

*Foreign exchange-related regulatory matters:* Beginning in 2013, numerous authorities commenced investigations concerning possible manipulation of foreign exchange markets and precious metals prices. As a result of these investigations, UBS entered into resolutions with Swiss, US and United Kingdom regulators and the European Commission. UBS was granted conditional immunity by the Antitrust Division of the DOJ and by authorities in other jurisdictions in connection with potential competition law violations relating to foreign exchange and precious metals businesses.

*Foreign exchange-related civil litigation:* Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 141 million and provide cooperation to the settlement classes. Certain class members have excluded themselves from that settlement and have filed individual actions in US and English courts against UBS and other banks, alleging violations of US and European competition laws and unjust enrichment.

In 2015, a putative class action was filed in federal court against UBS and numerous other banks on behalf of persons and businesses in the US who directly purchased foreign currency from the defendants and alleged co-conspirators for their own end use. In March 2017, the court granted UBS's (and the other banks') motions to dismiss the complaint. The plaintiffs filed an amended complaint in August 2017. In March 2018, the court denied the defendants' motions to dismiss the amended complaint. In March 2022, the court denied plaintiffs' motion for class certification.

*LIBOR and other benchmark-related regulatory matters:* Numerous government agencies conducted investigations regarding potential improper attempts by UBS, among others, to manipulate LIBOR and other benchmark rates at certain times. UBS reached settlements or otherwise concluded investigations relating to benchmark interest rates with the investigating authorities. UBS was granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission (WEKO), in connection with potential antitrust or competition law violations related to certain rates. However, UBS

has not reached a final settlement with WEKO, as the Secretariat of WEKO has asserted that UBS does not qualify for full immunity.

*LIBOR and other benchmark-related civil litigation:* A number of putative class actions and other actions are pending in the federal courts in New York against UBS and numerous other banks on behalf of parties who transacted in certain interest rate benchmark-based derivatives. Also pending in the US and in other jurisdictions are a number of other actions asserting losses related to various products whose interest rates were linked to LIBOR and other benchmarks, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest-bearing instruments. The complaints allege manipulation, through various means, of certain benchmark interest rates, including USD LIBOR, Euroyen TIBOR, Yen LIBOR, EURIBOR, CHF LIBOR, GBP LIBOR, SGD SIBOR and SOR and Australian BBSW, and seek unspecified compensatory and other damages under varying legal theories.

*USD LIBOR class and individual actions in the US:* In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In December 2021, the Second Circuit affirmed the district court's dismissal in part and reversed in part and remanded to the district court for further proceedings. The Second Circuit, among other things, held that there was personal jurisdiction over UBS and other foreign defendants based on allegations that at least one alleged co-conspirator undertook an overt act in the United States. Separately, in 2018, the Second Circuit reversed in part the district court's 2015 decision dismissing certain individual plaintiffs' claims and certain of these actions are now proceeding. In 2018, the district court denied plaintiffs' motions for class certification in the USD class actions for claims pending against UBS, and plaintiffs sought permission to appeal that ruling to the Second Circuit. In July 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and in November 2018 denied the petition of the USD exchange class. In January 2019, a putative class action was filed in the District Court for the Southern District of New York against UBS and numerous other banks on behalf of US residents who, since 1 February 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in August 2019. On 26 March 2020 the court granted defendants' motion to dismiss the complaint in its entirety. Plaintiffs have appealed the dismissal. On 7 March 2022, the Second Circuit dismissed the appeal because appellants, who had been substituted in to replace the original plaintiffs who had withdrawn, lacked standing to pursue the appeal. In August 2020, an individual action was filed in the Northern District of California against UBS and numerous other banks alleging that the defendants conspired to fix the interest rate used as the basis for loans to consumers by jointly setting the USD LIBOR rate and monopolized the market for LIBOR-based consumer loans and credit cards. Defendants moved to dismiss the complaint in September 2021.

**Note 15 Provisions and contingent liabilities (continued)***Other benchmark class actions in the US:*

*Yen LIBOR / Euroyen TIBOR* – In 2014, 2015 and 2017, the court in one of the Yen LIBOR / Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including the plaintiffs' federal antitrust and racketeering claims. In August 2020, the court granted defendants' motion for judgment on the pleadings and dismissed the lone remaining claim in the action as impermissibly extraterritorial. Plaintiffs have appealed. In 2017, the court dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In April 2020, the appeals court reversed the dismissal and in August 2020 plaintiffs in that action filed an amended complaint focused on Yen LIBOR. The court granted in part and denied in part defendants' motion to dismiss the amended complaint in September 2021 and plaintiffs and the remaining defendants have moved for reconsideration.

*CHF LIBOR* – In 2017, the court dismissed the CHF LIBOR action on standing grounds and failure to state a claim. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in September 2019. Plaintiffs appealed. In September 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings.

*EURIBOR* – In 2017, the court in the EURIBOR lawsuit dismissed the case as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs have appealed.

*SIBOR / SOR* – In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in July 2019. Plaintiffs appealed. In March 2021, the Second Circuit reversed the dismissal. Plaintiffs filed an amended complaint in October 2021, which defendants have moved to dismiss.

*BBSW* – In November 2018, the court dismissed the BBSW lawsuit as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs filed an amended complaint in April 2019, which UBS and other defendants moved to dismiss. In February 2020, the court granted in part and denied in part defendants' motions to dismiss the amended complaint. In August 2020, UBS and other BBSW defendants joined a motion for judgment on the pleadings, which the court denied in May 2021.

*GBP LIBOR* – The court dismissed the GBP LIBOR action in August 2019. Plaintiffs have appealed.

*Government bonds:* Putative class actions have been filed since 2015 in US federal courts against UBS and other banks on behalf of persons who participated in markets for US Treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks colluded with respect to, and manipulated prices of, US Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment.

Defendants' motions to dismiss the consolidated complaint was granted in March 2021. Plaintiffs filed an amended complaint, which defendants moved to dismiss in June 2021. In March 2022, the court granted defendants' motion to dismiss that complaint. Similar class actions have been filed concerning European government bonds and other government bonds.

In May 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 172 million. UBS is appealing the amount of the fine.

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 31 March 2022 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

**6. Swiss retrocessions**

The Federal Supreme Court of Switzerland ruled in 2012, in a test case against UBS, that distribution fees paid to a firm for distributing third-party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the firm, absent a valid waiver. FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. UBS has met the FINMA requirements and has notified all potentially affected clients.

The Supreme Court decision has resulted, and continues to result, in a number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests are assessed on a case-by-case basis. Considerations taken into account when assessing these cases include, among other things, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

Our balance sheet at 31 March 2022 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

## Note 16 Currency translation rates

The following table shows the rates of the main currencies used to translate the financial information of UBS AG's operations with a functional currency other than the US dollar into US dollars.

	Closing exchange rate			Average rate <sup>1</sup>		
	As of			For the quarter ended		
	<b>31.3.22</b>	31.12.21	31.3.21	<b>31.3.22</b>	31.12.21	31.3.21
1 CHF	<b>1.08</b>	1.10	1.06	<b>1.08</b>	1.09	1.09
1 EUR	<b>1.11</b>	1.14	1.17	<b>1.12</b>	1.14	1.20
1 GBP	<b>1.31</b>	1.35	1.38	<b>1.33</b>	1.35	1.38
100 JPY	<b>0.82</b>	0.87	0.90	<b>0.85</b>	0.88	0.93

<sup>1</sup> Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter represent an average of three month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

## Note 17 Events after the reporting period

In March 2022, UBS signed an agreement to sell its investment in the Japanese real estate joint venture Mitsubishi Corp.-UBS Realty Inc. to KKR & Co. Inc. UBS's asset management, wealth management and investment banking businesses operating in Japan are not affected by the sale. The transaction closed on 28 April 2022 and UBS will record a gain in Asset Management and an increase in CET1 capital related to the sale of approximately USD 0.9 billion in the second quarter of 2022.



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