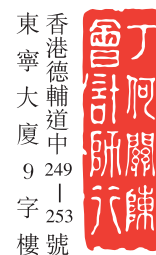


INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TING HO KWAN & CHAN CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong



TO THE MEMBERS OF COSMOS MACHINERY ENTERPRISES LIMITED (incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Cosmos Machinery Enterprises Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 133 to 284, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 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.

致大同機械企業有限公司股東 (於香港註冊成立之有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第133至284頁大同機械企業有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此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收益表、綜合全面收益表、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》」)真實而公平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貴集團的綜合財務表現及其綜合現金流量,並已遵照香港《公司條例》妥為編製。

意見基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「《香港審計準則》」)進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表的責任」部分中作進一步闡述。根據香港會計師公會的《專業會計師道德守則》(「守則」),我們獨立於貴集團,並已遵循守則履行其他道德責任。我們相信,我們所獲得的審核憑證足夠及能適當地為我們的意見提供基礎。

KEY AUDIT MATTERS

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

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在我們審計整體綜合財務報表及出具意見時進行處理的，以及我們不會對該等事項提供單獨的意見。

Key Audit Matters 關鍵審計事項

Impairment of goodwill

Refer to note 18 to the Group consolidated financial statements.

請參閱貴集團綜合財務報表附註18。

As at 31 December 2021, the Group has goodwill of HK\$53,483,000 relating to the acquisition of KFE Hong Kong Co., Limited in 2013 which is engaged in trading of printed circuit boards.

於二零二一年十二月三十一日，貴集團就於二零一三年收購協榮二葉科技香港有限公司（其從事印刷線路板貿易），產生商譽金額為53,483,000港元。

As further disclosed in notes 2(6) and 18 to the consolidated financial statements, determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU by considering the budgeted sales and gross margin which are based on past performance and management's expectations for the future change in the market and to determine a suitable discount rate in order to calculate its present value. Key assumptions for the value in use calculation are future cash flow forecast, growth rate and discount rate, where small changes of them can result in a significant change in the value in use.

如綜合財務報表附註2(6)及18進一步所述，釐定商譽是否減值需對獲分配商譽的現金產生單位（「現金產生單位」）使用價值的估計而作出。計算使用價值時，貴集團須考慮基於過往表現及管理層對市場未來變化的預期來預測的預算銷售及毛利率，從而估計預期自現金產生單位產生的未來現金流及釐定合適的貼現率以計算現值。計算使用價值的主要假設為未來現金流預測、增長率及貼現率，若該等項目出現小變動，可對使用價值構成重大變動。

How our audit addressed the key audit matters 我們的審核如何處理關鍵審核事項

商譽減值

Our procedures in relation to management's impairment assessment included:

我們就管理層之減值評估之程序包括：

- Obtaining the cash flow forecast prepared by management, reviewing and discussing with management on the major assumptions adopted in the cash flow forecast for each CGU and checking arithmetic accuracy of the forecast calculation.
取得管理層編製的現金流預測，與管理層審閱及討論有關現金流預測就各個現金產生單位採用的主要假設，並檢查計算預測的運算是否準確。
- Comparing the growth rate, budgeted sales and gross margin to historical results and reference to the market information based on our knowledge of the retail markets to determine their reasonableness.
將增長率、預算銷售及毛利率與過往業績作比較並根據我們對零售市場的了解來參考市場信息，以確定假設是否合理。
- Assessing the discount rate used by management in the cash flow forecast by benchmarking against the required rate of return adjusted for industrial specific factors.
以行業特定因素調整的所需回報率為基準，對管理層於現金流預測中所用的貼現率作出評估。

Key Audit Matters
關鍵審計事項

How our audit addressed the key audit matters
我們的審核如何處理關鍵審計事項

Impairment of goodwill *(Continued)*

Based on the management's assessment, impairment loss on goodwill of HK\$20,487,000 was recognised in the consolidated income statement for the year ended 31 December 2021.

根據管理層之評估，截至二零二一年十二月三十一日止年度，商譽之減值20,487,000港元於綜合收益表內確認。

The impairment assessment involves significant judgements made by management and therefore is identified as a key audit matter.

減值評估涉及管理層作出的重大判斷，因此被識別為關鍵審計事項。

商譽減值 (續)

- Reviewing the sensitivity analysis prepared by management on the significant assumptions including the growth rate and the discount rate to evaluate the extent of impact of these assumptions on the cash flow forecast.
審閱管理層就重大假設(包括增長率及貼現率)編製的敏感度分析，以評估該等假設對現金流預測的影響程度。
- Evaluating the accuracy of historical cash flow forecast prepared by the management by comparing the historical cash flow forecast with the actual performance; and
透過將歷史現金流量預測與實際表現進行比較，評估由管理層準備的歷史現金流量預測的準確性；及
- Evaluating the sufficiency of the disclosure of impairment assessment by management in the consolidated financial statements.
評估管理層在綜合財務報表中減值評估之披露的充分性。

Key Audit Matters
關鍵審計事項

Valuation of inventories

Refer to note 23 to the Group consolidated financial statements.

請參閱貴集團綜合財務報表附註23。

As at 31 December 2021, the Group has inventories of approximately HK\$542,429,000 which are carried at the lower of cost and net realisable value ("NRV"). The Group carried out an inventory review at the end of the reporting period and made necessary allowance for obsolete and slow moving items so as to write off or write-down inventories to their NRV after considering the ageing analysis of inventories and the relevant historical sales and usage reports.

於二零二一年十二月三十一日，貴集團的存貨約為542,429,000港元，乃按成本與可變現淨值（「可變現淨值」）中較低者列賬。貴集團於報告期末進行了存貨審查，並對陳舊和滯銷的物品計提了必要的撥備，以便在考慮存貨的賬齡分析及相關的歷史銷售和使用情況報告後，將存貨撇銷或撇減至其可變現淨值。

The Group has made a reversal of written-down inventories of approximately HK\$1,094,000 to their NRV for the year ended 31 December 2021.

截至二零二一年十二月三十一日止年度，貴集團已回撥撇減存貨約1,094,000港元至其可變現淨值。

We identified the valuation of inventories as a key audit matter due to the use of significant judgment and estimates in identifying obsolete and slow moving inventories and determining the NRV to assess the amount of allowance/write-down.

由於使用了重大判斷和估計來識別陳舊和滯銷的存貨並釐定其可變現淨值來評估撥備／撇減的金額，因此我們將存貨的估值識別為關鍵審計事項。

How our audit addressed the key audit matters
我們的審核如何處理關鍵審核事項

存貨估值

Our procedures in relation to management's assessment on inventory provision included:

我們就管理層之存貨撥備評估之程序包括：

- Inquiring and understanding from management the inventory provision policy of the Group.
向管理層查詢及了解貴集團的存貨撥備政策。
- Assessing the reasonableness of the inventories allowance/write-down made by the Group by obtaining the aging analysis and slow-moving inventory lists from management and discussing with management on the basis of inventories allowance/write-down.
向管理層取得庫存賬齡分析及慢流存貨清單，並與管理層討論存貨撥備／撇減的基準，從而評估貴集團所作出的存貨撥備／撇減是否合理。
- Performing testing on the inventory aging to assess the accuracy of the basic data used to determine the allowance/write-down and re-performing the allowance/write-down calculation to check arithmetic accuracy.
就存貨的庫存期進行測試，以評估用作判斷撥備／撇減的基本數據是否準確，並重新計算撥備／撇減以核實運算的準確性。
- Understanding from management the rationale for the specific adjustments and assessing the assumptions made where there are specific adjustments on the inventories allowance/write-down.
向管理層了解特定調整的理據，評估就存貨撥備／撇減作出特定調整時所作出的假設。
- Reviewing subsequent sales on the inventory samples selected to assess whether the inventories were able to be sold at prices above their carrying values.
審閱經選取的存貨樣本之後續銷售狀況，評估存貨是否可按高於其賬面值的價格售出。

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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 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.

Audit Committee is responsible for overseeing the Group's financial reporting process.

載於年報的其他資料

貴公司董事負責其他資料。其他資料包括年報所載資料，但不包括綜合財務報表及相關核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式的鑒證結論。

審核綜合財務報表時，我們的責任為閱讀其他資料，於此過程中，考慮其他資料是否與綜合財務報表或我們於審計過程中所瞭解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於我們已執行的工作，倘我們認為其他資料有重大錯誤陳述，我們須報告該事實。於此方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及《公司條例》編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會負責監督貴集團財務報告過程。

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審計綜合財務報表的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

根據香港審計準則進行審核時，我們運用專業判斷，於整個審核過程中保持專業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審核程序，獲得充足及適當審核憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高；
- 瞭解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對貴集團內部控制的有效程度發表意見；
- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理；

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

(Continued)

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

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

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

核數師就審計綜合財務報表的責任 (續)

- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審計憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘我們總結認為存在重大不確定因素，我們需於核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們的結論以截至核數師報告日期止所獲得的審計憑證為基礎，惟未來事件或情況可能導致貴集團不再具有持續經營的能力；
- 評估綜合財務報表(包括資料披露)的整體列報、架構及內容，以及綜合財務報表是否已公允反映及列報相關交易及事項；及
- 就貴集團屬下實體或經營活動的財務資料取得足夠而恰當的審計憑證，以於綜合財務報表內發表意見。我們對集團審計的指引、監察及落實負責。我們為審計意見承擔全部責任。

我們與審核委員會就(其中包括)審核工作的計劃範圍及時間安排及重大審核發現，包括我們於審核期間識別出內部監控的任何重大缺陷進行溝通。

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及為消除對獨立性的威脅所採取的行動或防範措施(若適用)。

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Chow Chi Tong.

TING HO KWAN & CHAN

Certified Public Accountants (practising)

Hong Kong, 30 March 2022

核數師就審計綜合財務報表的責任
(續)

我們從與審核委員會溝通的事項中，決定那些事項對本期綜合財務報表的審核工作最為重要，因而構成關鍵審計事項。除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益而不應於報告中披露，否則我們會於核數師報告中描述此等事項。

出具本獨立核數師報告的審計項目合夥人是周志堂先生。

丁何關陳會計師行

執業會計師

香港，二零二二年三月三十日