

# **Cha Technologies Group Public Limited Company**

Registered number: 04040321

## **Annual report and financial statements**

For the year ended 31 December 2021

SATURDAY



\*AB5GR14X\*

A24

04/06/2022

#305

COMPANIES HOUSE

## **Contents**

<b>Company information</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>7</b>
<b>Consolidated statement of comprehensive income</b>	<b>11</b>
<b>Consolidated statement of financial position</b>	<b>12</b>
<b>Company statement of financial position</b>	<b>13</b>
<b>Consolidated statement of changes in equity</b>	<b>14</b>
<b>Company statement of changes in equity</b>	<b>15</b>
<b>Consolidated statement of cash flows</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17</b>

## **Company information**

**Directors**

J E Boubal  
T S Inn  
T Moussa  
E Wong

**Registered office**

Longshaw Industrial Park  
Highfield Road  
Blackburn  
BB2 3AS

**Auditor**

Mazars LLP  
Chartered Accountants and Statutory Auditor  
One St Peter's Square  
Manchester  
M2 3DE

**Bankers**

HSBC  
4. Hardman Square  
Spinningfields  
Manchester  
M3 3EB

## **Strategic report**

The directors present their strategic report for Cha Technologies Group Public Limited Company (Cha Technologies Group plc; the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

### **Principal activity**

Cha Technologies Group plc is a global manufacturer of fiber and specialist industrial filtration products. The Group's experience and technical expertise in these industries enable it to offer a flexible and customer orientated service.

### **Review of the business and future developments**

Generally, 2021 was a reasonable year given the ongoing economic impact of the Covid pandemic. Revenue increased compared to 2020 with a fall in revenue in Asia Pacific operations, contrasting with growth seen in the US and Brazil businesses. However, there was also a general increase in costs during 2021.

The current uncertainties on a macroeconomic and political level mean that the economic climate presents ongoing challenges for the business. Despite this the business is expected to grow organically and build on its current manufacturing expertise. The business will continue to invest further in new product development as a strategy for future success.

### **Principal risks and uncertainties**

The main risk to the Group's profitability is the price of key raw materials, and the overall trend has been upwards during 2021. The Group is relatively diversified and therefore is not exposed significantly to any one particular market sector.

Despite the majority of purchases being in US Dollars ("USD"), the group is exposed to currency fluctuations with Chinese Renminbi ("RMB"), and as a consequence there is a foreign exchange risk.

### **COVID-19**

The Group has experienced some disruption to operations during 2021, resulting from the global COVID-19 pandemic; however, the general level of government support has decreased compared to the prior year. The Group is continuing to monitor developments in the various geographical locations in which it operates. Going concern impact is detailed further in Note 1.4.

### **Key performance indicators**

The key performance indicators of the business are the universal ones of sales, gross margin, stock days, debtor days and creditor days.

### **Financial key performance indicators**

Turnover in 2021 was \$21.6m (2020: \$18.1m). Operating profit has increased from \$3.3m loss to \$0.2m loss.

The Group had net cash and cash equivalents of \$1.3m at 31 December 2021 (2020: \$6.4m).

### **Non-financial key performance indicators**

As the primary cost for the Group is the purchase of raw materials it is vitally important that wastage is monitored and kept to a minimum. In order to meet customer requirements and to ensure yields are as high as possible the weight of products is monitored carefully and compared to specification.

## Strategic report

### Directors performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006. The board of directors ("the Board") of the company consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in decisions taken during the year-ending 31 December 2021. In making this assessment the Board considers the following matters to be of particular relevance:

Section 172 requirement	Examples of how the Board's discussions and decision making have taken this into account
(a) the likely consequences of any decision in the long term;	CTG plc took the decision to relocate the operations of its Advantex Environment Technologies Co Limited subsidiary. Previously located in Zhangjiagang, the industrial filtration business was moved to the Haining campus, where other Cha affiliate companies operate, which will provide efficiency benefits and lower costs. In 2020, CTG plc took the decision to wind down and close two US entities, Castle Industries LLC and Manx, Inc, in order to streamline its legal structure and bring residual cash to its parent company for new investments. This process was completed at the end of 2021.
(b) the interests of the Company's employees;	The people review initiated in 2020 continued in 2021. This performance-based process is designed to develop our key talent. The process was deployed to set, document, approve and monitor individual annual objectives in order to align priorities and better link pay with performance. Due to Covid-19 continuing to impact business in 2021, a flexible work organisation was kept to allow part of the team to work from home, organising presence by rotation for office staff, while taking all sanitary measures for production people to guarantee their protection.
(c) the need to foster the Company's business relationships with suppliers, customers and others;	With regards to customers, we pursued the development of new products mainly those involving innovative fibers in our FIT entity, such as sustainable fibers and splittable fibers.
(d) the impact of the Company's operations on the community and the environment;	Our anti-slavery policy has been in force based on the Modern Slavery Act of 2015 and we have updated its content to ensure relevance in the communities we operate. With regards to environmental policies, we recognise the protection of the environment and natural resources as one of the principal business responsibilities.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and	The Board is committed to complying with all applicable regulations and requires every employee to abide by them and behave ethically.
(f) the need to act fairly as between members of the Company.	CTG plc being 100% owned by its parent company, there is no potential issue of asymmetry of information between its members as a result of this structure.

Approved on behalf of the board on 31<sup>st</sup> May 2022 and signed on its behalf by

T Moussa  
Director



## **Directors report**

The directors present their annual report for Cha Technologies Group plc (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 31 December 2021.

### **Financial results and dividends**

The results are set out in the statement of comprehensive income on page 10.

### **Fixed assets**

Details of movements in fixed assets in the year are set out in notes 12 to 16 to the financial statements.

### **Financial risk management objectives and policies**

The Group's key financial risks are the effects of price risk and credit risk. The Group does not have a significant requirement for external debt finance so has limited exposure to liquidity and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects of risks on the financial performance of the Group.

Given the size of the Group the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

### **Price risk**

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the cost of managing exposure through the use of hedging instruments to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

### **Credit risk**

The Group has policies that require appropriate credit checks on potential customers before sales are made.

### **Directors**

The directors serving at the date of this report are set out on page 1.

### **Employees**

The policy of the Group for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position in the group, having regard to the maintenance of a safe working environment and the constraints of their disabilities. Group companies recognise the importance of good relations with employees, and management are encouraged to adopt such employee consultation as is appropriate.

### **Suppliers**

It is the policy of the Group to establish payment terms with suppliers when agreeing the terms of business transactions. The aim is to dispatch cheques on the due date or, where other means of payment are adopted, to deliver funds to suppliers as if payment had been made by cheque.

The Group had 46 days (2020: 68 days) purchases outstanding at 31 December 2021, based on the average daily amount invoiced by suppliers during the period.

## **Directors' report (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Going Concern**

In many locations the most severe impacts of the COVID-19 pandemic have lessened, however, the pace of recovery is uncertain and there is still a risk that economic conditions could deteriorate. The directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least twelve months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

In the context of COVID-19, based on assessment of the current and likely future situation the directors consider that the Group maintains an appropriate level of liquidity sufficient to meet the demands of the business and to support the Company and Group for at least twelve months from the date of signing the financial statements. In the event of further downside scenarios, which may impact profitability and cash, the directors are confident that sufficient liquidity will be maintained.

In addition, the Group's assets are assessed for recoverability on a regular basis, and the directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and that there are no material uncertainties that lead to significant doubt regarding the Group's ability to continue as a going concern. Thus, the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

## **Directors' report (continued)**

### **Statement as to disclosure of information to auditor**

So far as each person who is a director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

### **Auditor**

Mazars LLP has expressed its willingness to continue in office and a resolution concerning reappointment will be put to the directors at the board meeting approving these financial statements.

Approved on behalf of the board on 31<sup>st</sup> May 2022 and signed on its behalf by

T Moussa  
Director





# **Independent auditor's report to the members of Cha Technologies Group Public Limited Company**

## **Opinion**

We have audited the financial statements of Cha Technologies Group Public Limited Company (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other

**Cha Technologies Group Public Limited Company**  
**Annual report and financial statements**

---

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

## **Cha Technologies Group Public Limited Company**

### **Annual report and financial statements**

---

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

**Cha Technologies Group Public Limited Company**  
**Annual report and financial statements**

---

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Christopher Martin (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
One St Peters Square  
Manchester  
M2 3DE

31 May 2022

## Consolidated statement of comprehensive income

For the year ended 31 December 2021

		2021 Total	2020 Total
<i>Continuing operations</i>	Note	\$'000	\$'000
Turnover	4	21,625	18,105
Cost of sales		(18,403)	(16,264)
<b>Gross profit</b>		<b>3,222</b>	<b>1,841</b>
Distribution costs		(1,027)	(922)
Administrative expenses		(4,859)	(6,875)
Other operating income	5	2,485	2,249
(Loss)/profit on disposal of fixed assets		(47)	438
(Loss)/profit on disposal of operations	3	45	-
<b>Operating loss</b>	6	<b>(181)</b>	<b>(3,269)</b>
Interest receivable and similar income	9	29	8
Interest payable and similar charges	10	(20)	(10)
<b>Loss on ordinary activities before taxation</b>		<b>(172)</b>	<b>(3,271)</b>
Taxation	11	82	-
<b>Loss for the year</b>		<b>(90)</b>	<b>(3,271)</b>
Attributable to:			
The owners of the parent company		(487)	(2,699)
The non-controlling interest		397	(572)
		<b>(90)</b>	<b>(3,271)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences		(615)	3,215
<b>Total comprehensive loss for the year</b>		<b>(705)</b>	<b>(56)</b>
Attributable to:			
The owners of the parent company		(1,102)	516
The non-controlling interest		397	(572)
		<b>(705)</b>	<b>(56)</b>

The notes on pages 16 to 44 are an integral part of these financial statements.

**Cha Technologies Group Plc**  
**Annual report and financial statements**

## **Consolidated statement of financial position**

As at 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Fixed assets</b>			
Intangible assets	12	45	71
Tangible assets	13	3,732	3,943
Investment property	14	4,467	4,096
Investments held at fair value through profit or loss	16	523	493
		<u>8,767</u>	<u>8,603</u>
<b>Current assets</b>			
Stock	17	3,697	2,703
Debtors: amounts falling due within one year	18	67,815	68,807
Debtors: amounts falling due after more than one year	18	8	7
Cash at bank and in hand		1,308	6,372
		<u>72,828</u>	<u>77,889</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(3,214)</u>	<u>(3,583)</u>
<b>Net current assets</b>		<u>69,614</u>	<u>74,306</u>
<b>Total assets less current liabilities</b>		<u>78,381</u>	<u>82,909</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(538)</u>	<u>(495)</u>
<b>Provisions</b>			
Deferred taxation	22	-	-
<b>Net assets</b>		<u>77,843</u>	<u>82,414</u>
<b>Capital and reserves</b>			
Called up share capital	24	33,030	33,030
Share premium account		33,677	33,677
Profit and loss account		11,136	16,104
<b>Equity attributable to the owners of the parent company</b>		<u>77,843</u>	<u>82,811</u>
<b>Non-controlling Interest</b>		-	<u>(397)</u>
<b>Total shareholders' funds</b>		<u>77,843</u>	<u>82,414</u>

The notes on pages 16 to 44 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 31<sup>st</sup> May 2022 and signed on its behalf by

T Moussa  
Director



Cha Technologies Group Public Limited Company (Registered number: 04040321)

**Cha Technologies Group Public Limited Company**  
**Annual report and financial statements**

**Registered number: 04040321**

**Company statement of financial position**

**As at 31 December 2021**

	Note	2021 \$'000	2020 \$'000
<b>Fixed assets</b>			
Tangible assets	13	15	8
Investment property	14	4,467	4,096
Investment in subsidiary undertakings	15	29,914	30,166
		<u>34,396</u>	<u>34,270</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	18	75,835	77,111
Cash at bank and in hand		257	3,165
		<u>76,092</u>	<u>80,276</u>
<b>Creditors: amounts falling due within one year</b>	19	(28,533)	(27,452)
<b>Net current assets</b>		<u>47,559</u>	<u>52,824</u>
<b>Total assets less current liabilities</b>		<u>81,955</u>	<u>87,094</u>
<b>Creditors: amounts falling due after one year</b>	19	-	-
<b>Net assets</b>		<u>81,955</u>	<u>87,094</u>
<b>Capital and reserves</b>			
Called up share capital	24	33,030	33,030
Share premium account		33,677	33,677
Profit and loss account		15,248	20,387
<b>Total shareholders' funds</b>		<u>81,955</u>	<u>87,094</u>

The Company has elected to take the exemption permitted under Section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The Company's loss for the year was \$610k (2020: loss of \$1,102k). Other comprehensive income for the year related to foreign currency translation differences arising on translation to the presentational currency.

These financial statements were approved by the board of directors and authorised for issue on 31<sup>st</sup> May 2022.

T Moussa  
Director



Cha Technologies Group Public Limited Company (Registered number: 04040321)

The notes on pages 16 to 44 are an integral part of these financial statements.

## **Consolidated statement of changes in equity**

For the year ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to the owners of the parent company	Non- controlling interest	Total shareholders' funds
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2020</b>	33,030	33,677	29,150	95,857	175	96,032
Loss for the year	-	-	(2,699)	(2,699)	(572)	(3,271)
Other comprehensive income	-	-	3,215	3,215	-	3,215
Total comprehensive loss	-	-	516	516	(572)	(56)
Dividends paid	-	-	(13,562)	(13,562)	-	(13,562)
<b>At 31 December 2020</b>	<u>33,030</u>	<u>33,677</u>	<u>16,104</u>	<u>82,811</u>	<u>(397)</u>	<u>82,414</u>
(Loss)/profit for the year	-	-	(487)	(487)	397	(90)
Other comprehensive expense	-	-	(614)	(614)	-	(614)
Total comprehensive expense	-	-	(1,101)	(1,101)	397	(704)
Dividends paid	-	-	(3,867)	(3,867)	-	(3,867)
<b>At 31 December 2021</b>	<u>33,030</u>	<u>33,677</u>	<u>11,136</u>	<u>77,843</u>	<u>-</u>	<u>77,843</u>

### **Reserves**

#### **Share premium account**

The share premium account represents the difference between the proceeds and the nominal value of each share issued.

#### **Profit and loss account**

The profit and loss account represents cumulative profits and losses of the Group.

#### **Non-controlling interest**

The non-controlling interest represents the share of the interest held by the non-controlling shareholders of the subsidiary undertakings.

The notes on pages 16 to 44 are an integral part of these financial statements.



## **Company statement of changes in equity**

For the year ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2020</b>	33,030	33,677	32,401	99,108
Loss for the year	-	-	(1,102)	(1,102)
Other comprehensive income	-	-	2,650	2,650
<b>Total comprehensive income</b>			1,548	1,548
<b>Dividends paid</b>			(13,562)	(13,562)
<b>At 31 December 2020</b>	<u>33,030</u>	<u>33,677</u>	<u>20,387</u>	<u>87,094</u>
Loss for the year	-	-	(610)	(610)
Other comprehensive expense	-	-	(662)	(662)
<b>Total comprehensive expense</b>	-	-	(1,271)	(1,271)
<b>Dividends paid</b>	-	-	(3,867)	(3,867)
<b>At 31 December 2021</b>	<u>33,030</u>	<u>33,677</u>	<u>15,248</u>	<u>81,955</u>

### **Reserves**

#### *Share premium account*

The share premium account represents the difference between the proceeds and the nominal value of each share issued.

#### *Profit and loss account*

The profit and loss account represents cumulative profits and losses of the Company.

The notes on pages 16 to 44 are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
<b>Operating activities:</b>			
Operating loss		(181)	(3,269)
Adjustments for:			
Amortisation of intangible assets	12	25	(1)
Depreciation of tangible assets	13	353	329
Loss/(profit) on disposal of tangible assets		47	(438)
Fair value gain on investment property	14	(412)	129
Profit on disposal of subsidiaries	3	(45)	-
Operating cash flow before movement in working capital		(213)	(3,250)
Decrease/ (increase) in stock		(1,013)	736
Decrease in debtors		559	16,062
(Decrease)/ increase in creditors		(211)	1,351
Interest received		29	8
Income tax paid		(79)	97
<b>Net cash flows from operating activities</b>		<b>(928)</b>	<b>15,004</b>
<b>Investing activities:</b>			
Purchase of tangible assets	13	(169)	(230)
Proceeds from disposal of tangible assets		(23)	1,963
Purchase of investments held at fair value	16	(30)	(67)
Proceeds from disposal of investments held at fair value	16	-	97
Proceeds from disposal of subsidiaries		(18)	-
<b>Net cash flows from investing activities</b>		<b>(240)</b>	<b>1,763</b>
<b>Financing activities:</b>			
New loans		17	4
Repayment of loans		-	-
Interest paid		(20)	(10)
Dividends paid		(3,867)	(13,562)
<b>Net cash flows from financing activities</b>		<b>(3,870)</b>	<b>(13,568)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(5,038)</b>	<b>3,199</b>
Cash and cash equivalents at the beginning of the year		6,372	3,068
Effect of exchange rates on cash and cash equivalents		(26)	105
<b>Cash and cash equivalents at end of the year</b>		<b>1,308</b>	<b>6,372</b>

The notes on pages 16 to 44 are an integral part of these financial statements.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies**

#### **1.1 General information**

Cha Technologies Group Plc ("the Company") is a public limited company incorporated in the United Kingdom. Cha Technologies Group Plc is a global manufacturer of fiber and specialist industrial filtration products. The address of its registered office and principal place of business is Longshaw Industrial Park, Highfield Road, Blackburn, BB2 3AS.

The Company is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together "the Group"), as well as the Company's individual financial statements.

The Company's functional currency is Pounds Sterling, being the currency of the primary economic environment in which the Company operates. The Group and Company have chosen to present these financial statements in United States Dollars; this being on the basis that from a Group perspective United States Dollars is the most predominantly transacted currency.

#### **1.2 Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention, as modified for the fair value of certain financial instruments and investment properties.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions, which have been complied with including notification of, and no objection to, the use of exemptions by the Company's shareholders.

In preparing the Company individual financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements, the Company has also taken advantage of the exemption not to provide certain disclosure requirements set out in Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues*.

#### **1.3 Basis of consolidation**

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings for the year ended 31 December 2021. Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity. The financial statements of subsidiaries that are acquired or disposed of within the financial year are included within, or excluded from, the consolidation from the date that the Company obtains, or loses control.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies (continued)**

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. The accounting years of subsidiaries are coterminous with those of the Company. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

#### **1.4 Going concern**

These financial statements have been prepared on a going concern basis.

In many locations the most severe impacts of the COVID-19 pandemic have lessened, however, the pace of recovery is uncertain and there is still a risk that economic conditions could deteriorate. The directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least twelve months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

In the context of COVID-19, based on assessment of the current and likely future situation the directors consider that the Group maintains an appropriate level of liquidity sufficient to meet the demands of the business and to support the Company for at least twelve months from the date of signing the financial statements. In the event of further downside scenarios, which may impact profitability and cash, the directors are confident that sufficient liquidity will be maintained.

In addition, the Group's assets are assessed for recoverability on a regular basis, and the directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and that there are no material uncertainties that lead to significant doubt regarding the Group's ability to continue as a going concern. Thus, the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

#### **1.5 Revenue**

Revenue is measured at the fair value of the consideration received or receivable net of discounts and other sales-related taxes.

##### **Turnover**

Turnover is derived from the sale of non-woven textile fabrics and fibers. Turnover from the sale of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer, which is usually the date that delivery of the goods is taken by the customer.

##### **Other income**

Service fee income relates to management charges for the provision of support services and is recognised in the period in which the services are provided.

Royalty income arises from the use of the Group's trade names and is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Interest income is recognised as interest accrues using the effective interest rate method.

#### **1.6 Taxation**

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies (continued)**

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction, or other event, that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts, and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **1.7 Foreign currencies**

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing at the date the transactions took place.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group are translated using exchange rates prevailing at the reporting date. 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 are recognised through other comprehensive income.

#### **1.8 Research and development**

Research and development expenditure is written off to profit or loss in the year in which it is incurred.

#### **1.9 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued, plus the costs directly attributable to the business combination.

Goodwill recognised represents the excess of the consideration and directly attributable costs of the purchase consideration over the fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to the cash-generating units ("CGU's") that are expected to benefit from the combination. Goodwill is amortised over its expected useful life. The useful life of goodwill is 20 years. Goodwill is assessed for impairment where an indication of impairment exists at the reporting date.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### **1.10 Intangible assets other than goodwill**

Intangible assets other than goodwill comprise acquired software and patents.

Intangible assets are initially recognised at cost, being the purchase price plus any directly attributable costs. Subsequently, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Amortisation is charged on a straight line basis to profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Acquired software	3 - 5 years
Patents	10 - 20 years

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

#### **1.11 Tangible assets**

Tangible assets comprise freehold land and buildings, plant and machinery and fixtures and fittings, which are initially recognised at cost, being the purchase price plus any directly attributable costs, and are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged on a straight line basis to profit or loss, so as to allocate the asset's cost, less its estimated residual value, over its estimated useful life. The useful lives are as follows:

Freehold buildings	25 - 40 years
Plant and machinery	3 - 10 years
Fixtures and fittings	3 - 10 years

Freehold land is not depreciated.

Tangible assets are tested for impairment where an indication of impairment exists at the reporting date.

#### **1.12 Investment property**

Land and buildings, whether in whole or part, are classified as investment property when it is held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, being the purchase price and any directly attributable expenditure, and are subsequently remeasured to fair value at each reporting date, with changes in fair value recognised in profit or loss.

#### **1.13 Investment in joint ventures**

Entities which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as jointly controlled entities and are accounted for using the equity method in the consolidated financial statements.

Under the equity method of accounting, investments in jointly controlled entities are initially recognised at the transaction price, including transaction costs, and are subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity.

## Notes to the financial statements

For the year ended 31 December 2021

### 1 Accounting policies (continued)

#### 1.14 Investments in subsidiary undertakings

Investments in subsidiary undertakings are recognised at cost less accumulated impairment losses in the Company financial statements. Investments are tested for impairment where an indication of impairment exists at the reporting date.

#### 1.15 Impairment of assets

At each reporting date the Group reviews the carrying value of its assets 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.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

#### 1.16 Stock

Stock is stated at the lower of cost and net realisable value on a first in first out basis. In the case of finished goods and work-in-progress, cost is defined as the cost of raw materials plus production costs based on normal levels of activity.

Where necessary, provision is made for obsolete, slow moving and defective stocks to write them down to net realisable value. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal.

#### 1.17 Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic and non-basic financial instruments, which comprise cash and cash equivalents, debtors, creditors and investments held at fair value through profit or loss. The Group has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

##### Financial assets – classified as basic financial instruments

###### *Cash and cash equivalents*

Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

###### *Debtors*

Debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### *Investments held at fair value through profit or loss*

Investments held at fair value through profit or loss are initially recognised at the transaction price, excluding any transaction costs, and are subsequently measured at fair value through profit or loss.

At the end of each reporting year, the Group assesses whether there is objective evidence that any financial asset that is not held at fair value through profit or loss may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the financial asset. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

#### **Financial liabilities – classified as basic financial instruments**

##### *Creditors*

Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

### **1.18 Employee benefits**

#### **Post-employment benefits**

##### *Defined contribution pension schemes*

The Group operates a number of defined contribution pension schemes, the assets of which are held separately from those of the Group in funds administered by insurance companies. Contributions to the defined contribution pension schemes are charged to profit or loss in the year to which the contributions relate.

##### *Other post-employment schemes*

Outside of the United Kingdom, the Group operates post-employment schemes, the obligation for which remains with the Group. The scheme liability is remeasured at each reporting date using the projected unit of credit method. The change in the liability arising from employee services rendered during the reporting period is recognised in profit or loss. Any changes in the actuarial assumptions are recognised through other comprehensive income.

The Group holds assets including cash on deposit and endowment policies in respect of funding these obligations.

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

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is provided for short-term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.



## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **1 Accounting policies (continued)**

#### **1.19 Lease arrangements**

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

##### **Finance leases**

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments using the interest rate implicit in the lease, each determined at the inception of the lease. Incremental direct costs incurred in negotiating and arranging the lease are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

The capital element of lease obligations is recorded as a finance lease liability on inception of the arrangement. Lease payments are apportioned between capital repayment and the finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding. Finance expenses are recognised in profit or loss.

##### **Operating leases**

Rentals payable or receivable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Any lease incentives are spread on a straight-line basis over the lease term.

##### **COVID-19 grants received**

During the year the Group obtained grants from local governments in the regions in which it operates in relation to COVID-19. Grants are accounted for under the accrual model. Grants relating to revenue are recognised in other operating income on a systematic basis over the period in which the related costs are incurred. Grants for compensation are recognised in income in the period to which they become receivable.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **2 Critical accounting judgements and key sources of estimation uncertainty**

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

#### **2.1 Critical judgements in applying the Group's accounting policies**

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

##### **(i) Assessing the functional currency**

The directors are required to identify the functional currency of the Company and each subsidiary undertaking. In making this judgement the directors have considered factors such as the currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices. Where the functional currency is not clearly identifiable, the directors have used judgement to determine which currency most faithfully represents the economic effects of the underlying transactions, events and conditions.

##### **(ii) Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

#### **2.2 Key sources of estimation uncertainty**

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

##### **(i) Determining and reassessing residual values and useful economic lives of tangible and intangible assets**

The Group depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. In determining appropriate useful lives of assets, the directors have considered historic performance as well as future expectations for factors such as the expected usage of the asset, physical wear and tear, technical and commercial obsolescence and legal limitations on the usage of the asset, such as lease terms. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

Judgement is applied to determine the residual values for tangible assets. When determining the residual values, the directors have assessed the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. At each reporting date, the directors have also assessed whether there have been any indicators, such as a change in how the asset is used, significant unexpected wear and tear and changes in market prices, which suggest previous estimates may differ from current expectations. Where this is the case, the residual value and/or useful life is amended and accounted for on a prospective basis.

#### **(ii) Establishing fair value of investment properties**

When the fair value of investment properties cannot be measured by independent valuation or based on the price of a recent transaction for an identical asset or liability, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as market rent, vacancy rate, yield requirement and inflation. Changes in assumptions about these factors could affect the reported fair value of investment properties.

#### **(iii) Establishing fair value of financial instruments**

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets or on the price of a recent transaction for an identical asset or liability, their fair values are measured using valuation techniques including the discounted cash flow model. The inputs are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### **(iv) Recoverability of debtors**

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **3 Disposal of Subsidiary Undertakings**

On 31 December 2021 a subsidiary of the Company, Cha US Holdings Inc. disposed of its holdings in 3 subsidiary companies, Castle LLC, Manx, Inc, and Corporate Research Group LLC. The 3 subsidiaries were dissolved and a profit on disposal recognised of \$45,128.

### **4 Turnover**

Turnover is derived from the sale of goods associated with the Group's continuing principal activities.

An analysis of the Group's turnover by geographical market is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Far East	1,470	1,337
United States	15,215	12,437
Other	4,940	4,331
	<b>21,625</b>	<b>18,105</b>

### **5 Other operating income**

An analysis of the Group's other operating income by category is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Service fee income	2,483	2,084
Government grant income	2	165
	<b>2,485</b>	<b>2,249</b>

The Group has received grants in the year in relation to Coronavirus Job Retention Scheme. These grants totalled £2,458 (2020: £164,653) and were applied for in line with the Group meeting the necessary criteria. All grants were inclusive within the year and were settled in the year.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **6 Operating loss**

Operating loss is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit on disposal of operations (Note 3)	(45)	-
(Profit)/loss on disposal of tangible assets	47	(438)
Fair value gain on investment property	(412)	129
Operating lease expense – land and buildings	174	92
Operating lease expense – other	17	21
Foreign exchange (gain)/ loss	(256)	2,149
Auditor's remuneration	177	145
	<b>177</b>	<b>145</b>
<i>An analysis of the auditor's remuneration is as follows:</i>		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	41	51
<i>Fees payable to the Company's auditor and their associates for other services to the Company:</i>		
The audit of the Company's subsidiaries	27	27
Taxation compliance services	13	13
Other services	14	7
Fees paid to secondary auditors associated with Mazars LLP	82	77
Fees paid to secondary auditors that are not associated with Mazars LLP	-	-
	<b>177</b>	<b>175</b>

### **7 Staff costs**

The average monthly number of employees (including executive directors) was:

	<b>2021</b>	<b>2020</b>
Production	87	75
Administration	28	28
Sales and marketing	11	10
	<b>126</b>	<b>113</b>

Their aggregate remuneration was:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	6,018	5,276
Social security costs	439	418
Pension costs	170	137
	<b>6,627</b>	<b>5,831</b>

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **8 Directors' emoluments**

The Directors of the Company are considered to be the key management personnel of the Group.

As part of the restructure in 2019 the Directors are now remunerated by another Group company.

### **9 Interest receivable and similar income**

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Interest receivable on cash at bank and in hand	<u>29</u>	<u>8</u>

### **10 Interest payable and similar charges**

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Interest payable on loans and overdrafts	20	10
	<u>20</u>	<u>10</u>

## Notes to the financial statements

For the year ended 31 December 2021

### 11 Taxation

The tax charge on profit/(loss) comprises:

	2021 \$'000	2020 \$'000
<b>Current tax</b>		
UK corporation tax	(99)	50
Overseas corporation tax	51	115
Adjustments in respect of prior years	(37)	(93)
Other	3	(72)
<b>Total current tax</b>	<b>(82)</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total tax</b>	<b>-</b>	<b>-</b>

Tax on profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 \$'000	2020 \$'000
Loss on ordinary activities before taxation	(172)	(3,271)
Tax calculated at 19% (2020: 19%)	(33)	(621)
Disallowable expenses	782	323
Impact of overseas tax rates	(813)	(57)
Adjustment in respect of prior years	(37)	(93)
Tax losses not recognised	379	211
Utilisation of previously unrecognised tax losses	(202)	(93)
State taxes	(2)	(34)
Other differences	(156)	364
<b>Total tax</b>	<b>(82)</b>	<b>-</b>

#### Factors that may affect future tax charges:

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. The rate reduction to 17% was subsequently reversed by the Finance Act 2020, such that the main rate of UK corporation tax from 1 April 2021 remains at 19%. The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date and therefore included in these financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

## Notes to the financial statements

For the year ended 31 December 2021

### 12 Intangible assets

#### Group

	Patents	Goodwill arising on consolidation	Purchased goodwill	Negative goodwill arising on consolidation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
At 1 January 2021	558	851	22	(815)	616
Exchange difference on translation	(9)	-	-	7	(2)
At 31 December 2021	549	851	22	(808)	614
<b>Amortisation and impairment</b>					
At 1 January 2021	490	850	22	(817)	545
Exchange difference on translation	(8)	-	-	7	(1)
Amortisation charge	23	-	-	2	25
At 31 December 2021	505	850	22	(808)	569
<b>Carrying value</b>					
At 31 December 2021	44	1	-	-	45
At 31 December 2020	68	1	-	(2)	71



## Notes to the financial statements

For the year ended 31 December 2021

### 13 Tangible assets

#### Group

	Freehold land and buildings \$'000	Plant and machinery \$'000	Fixtures and fittings \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2021	4,517	4,523	1,172	10,212
Exchange difference on translation	-	(9)	(4)	(13)
Additions	33	105	31	169
Disposals	-	(138)	(81)	(219)
At 31 December 2021	<u>4,550</u>	<u>4,481</u>	<u>1,118</u>	<u>10,149</u>
<b>Depreciation</b>				
At 1 January 2021	1,492	3,660	1,117	6,269
Exchange difference on translation	-	(7)	(3)	(10)
Depreciation charge	102	236	15	353
Disposals	-	(118)	(77)	(195)
At 31 December 2021	<u>1,594</u>	<u>3,771</u>	<u>1,052</u>	<u>6,417</u>
<b>Carrying value</b>				
At 31 December 2021	<u>2,956</u>	<u>710</u>	<u>66</u>	<u>3,732</u>
At 31 December 2020	<u>3,025</u>	<u>863</u>	<u>55</u>	<u>3,943</u>

## Notes to the financial statements

For the year ended 31 December 2021

### 13 Tangible assets (continued)

#### Company

	Plant and machinery \$'000	Fixtures and fittings \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2021	198	156	354
Exchange difference on translation	(2)	(1)	(3)
Additions	13	-	13
At 31 December 2021	<u>209</u>	<u>155</u>	<u>364</u>
<b>Depreciation</b>			
At 1 January 2021	190	156	346
Exchange difference on translation	(2)	(1)	(3)
Depreciation charge	6	-	6
At 31 December 2021	<u>194</u>	<u>155</u>	<u>349</u>
<b>Carrying value</b>			
At 31 December 2021	<u>15</u>	<u>-</u>	<u>15</u>
At 31 December 2020	<u>8</u>	<u>-</u>	<u>8</u>

## Notes to the financial statements

For the year ended 31 December 2021

### 14 Investment property

#### Group

	2021 \$'000	2020 \$'000
<b>Fair value</b>		
At 1 January	4,096	4,088
Exchange difference on translation	(41)	137
Fair value gains/(losses)	412	(129)
At 31 December	<u>4,467</u>	<u>4,096</u>

Details on fair value are provided in the company section below.

#### Company

	2021 \$'000	2020 \$'000
<b>Fair value</b>		
At 1 January	4,096	4,088
Exchange difference on translation	(41)	137
Fair value gains/(losses)	412	(129)
At 31 December	<u>4,467</u>	<u>4,096</u>

The historical cost equivalent values for the investment property are as follows:

	2021 \$'000	2020 \$'000
<b>Cost</b>	4,061	4,095
<b>Accumulated depreciation</b>	(626)	(529)
	<u>3,435</u>	<u>3,566</u>

The property was valued by an independent valuer at 31 December 2021. This review gave rise to a fair value gain of \$412k.

The investment property was valued in accordance with the current edition of the RICS Valuation – Professional Standards (Red Book) on the following basis:

- Market Value VPS 4 1.2 The estimated amount for which a property should exchange on the valuation date between a willing buyer and willing seller, in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

There are no restrictions on the realisability of the investment property or the remittance of income. Furthermore, there are no contractual obligations that must be disclosed with regards to the investment property.

## **Notes to the financial statements**

For the year ended 31 December 2021

### **15 Investment in subsidiary undertakings**

#### **Company**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>		
At 1 January	45,234	43,696
Exchange difference on translation	(378)	1,538
At 31 December	<u>44,856</u>	<u>45,234</u>
<b>Provision for impairment</b>		
At 1 January	15,068	14,556
Charge for the year	-	-
Exchange difference on translation	(126)	512
At 31 December	<u>14,942</u>	<u>15,068</u>
<b>Carrying value</b>	<u>29,914</u>	<u>30,166</u>

Refer to note 28 for a full list of the Company's subsidiary undertakings.

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **16 Investments held at fair value through profit or loss**

#### **Group**

The Group holds endowment policies and money market deposits in respect of certain employees who participate in the post-employment benefit schemes, as a method of funding the obligation retained by the Group.

The fair value of the endowment policies at the reporting date is measured with reference to the cash-out value at that date, this being the value at which the asset could be exchanged between willing parties in an arm's length transaction.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value</b>		
At 1 January	493	523
Additions	30	67
Disposals	-	(97)
At 31 December	<u>523</u>	<u>493</u>

Included in disposals are investments disposed of as part of the disposal of subsidiaries. Refer to note 3 for further details in respect of the disposals of subsidiary undertakings.

### **17 Stock**

#### **Group**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials	1,662	1,517
Work in progress	117	132
Finished goods and goods for resale	1,918	1,054
	<u>3,697</u>	<u>2,703</u>

During the year impairments were made to stock of \$1k (2020: \$133k), which were recognised within cost of sales within profit or loss. The impairment arose as a result of the application of the Group's accounting policy to impair stock over a certain age and as a result of products being discontinued in the year.

During the year stock charged as an expense amounted to \$14,511k (2020: \$12,546k).

## Notes to the financial statements

For the year ended 31 December 2021

### 18 Debtors

	Group 2021 \$'000	Group 2020 \$'000	Company 2021 \$'000	Company 2020 \$'000
<b>Amounts falling due within one year:</b>				
Trade debtors	1,656	2,224	-	4
Amounts due from related undertakings	65,972	65,626	58,703	58,193
Amounts due from subsidiary undertakings		-	17,101	18,113
Other debtors	34	45	-	-
Corporation tax	89	26	-	-
Prepayments and accrued income	64	886	31	801
Deferred tax (note 22)	-	-	-	-
	<u>67,815</u>	<u>68,807</u>	<u>75,835</u>	<u>77,111</u>

All balances are unsecured, interest free and repayable on demand.

Trade debtors are shown net of provisioning of \$70,931 (2020: \$39,882)

	Group 2021 \$'000	Group 2020 \$'000	Company 2021 \$'000	Company 2020 \$'000
<b>Amounts falling due after more than one year:</b>				
Other debtors	5	5	-	-
Prepayments and accrued income	3	1	-	-
Deferred tax (note 22)	-	1	-	-
	<u>8</u>	<u>7</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements

For the year ended 31 December 2021

### 19 Creditors

	Group 2021 \$'000	Group 2020 \$'000	Company 2021 \$'000	Company 2020 \$'000
<b>Amounts falling due within one year:</b>				
Bank loans	20	1	-	-
Trade creditors	1,883	2,416	40	25
Amounts owed to related undertakings	396	246	14	14
Amounts owed to subsidiary undertakings	-	-	28,257	27,223
Other creditors	557	329	22	25
Corporation tax	-	98	-	-
Other taxes and social security costs	199	134	133	85
Accruals and deferred income	159	359	67	80
	<u>3,214</u>	<u>3,583</u>	<u>28,533</u>	<u>27,452</u>

Amounts payable to subsidiary undertakings by the Company include balances of \$28,257 (2020: \$27,222k) that attract interest at a fixed rate of 5%. All balances are repayable on demand or within one year. All balances are unsecured.

	Group 2021 \$'000	Group 2020 \$'000	Company 2021 \$'000	Company 2020 \$'000
<b>Amounts falling due after more than one year:</b>				
Other creditors	22	9	-	-
Post-employment scheme obligation (note 21)	516	486	-	-
	<u>538</u>	<u>495</u>	<u>-</u>	<u>-</u>

## **Notes to the financial statements**

**For the year ended 31 December 2021**

### **20 Loans and borrowings**

Loans and borrowings included within creditors include bank loans. These are analysed as follows:

	<b>Group 2021 \$'000</b>	<b>Group 2020 \$'000</b>	<b>Company 2021 \$'000</b>	<b>Company 2020 \$'000</b>
<b>Amounts falling due:</b>				
In one year or less	20	1	-	-
In more than one year but not more than two years	1	3	-	-
	<u>21</u>	<u>4</u>	<u>-</u>	<u>-</u>

Bank borrowings are secured by fixed charges over the assets of the Group. There is also a first floating charge over all assets and undertakings both present and future.

A composite unlimited multilateral guarantee is in existence given by Cha Technologies Group Plc, and its subsidiary undertakings Cosmopolitan Textile Company Limited and Cha Textiles Limited.

An unlimited multilateral guarantee is in existence given by Cha Technologies Group Plc, its subsidiary undertaking Cosmopolitan Textile Company Limited, and related entities Cosmotec Nonwovens Ltd and CTC Europe Nonwovens Ltd.



## Notes to the financial statements

For the year ended 31 December 2021

### 21 Post-employment scheme obligation

#### Group

The Group operates a post-employment scheme, the obligation for which remains with the Group.

The scheme is open to certain employees who receive contributions made by the Group based on a percentage of annual salary. The benefits become payable when the employee leaves service.

The scheme liability is remeasured at each reporting date using the projected unit of credit method. The change in the liability arising from employee services rendered during the reporting period is recognised in profit or loss. Any changes in the actuarial assumptions are recognised through other comprehensive income. The assumptions used when applying the projected unit of credit method have been assessed by the directors and are not material during the current or comparative year.

As set out in note 16 the Group holds assets including cash on deposit and endowment policies in respect of funding these obligations. These assets do not meet the definition of “plan assets” in respect of the scheme, and as such are presented gross of the liabilities in the statement of financial position.

A reconciliation of scheme liabilities is as follows:

	2021 \$'000	2020 \$'000
<b>Carrying value</b>		
At 1 January	486	516
Current service costs	30	67
Benefits paid	-	(97)
Disposal of subsidiary undertakings		
At 31 December	<u>516</u>	<u>486</u>

## **Notes to the financial statements**

For the year ended 31 December 2021

### **22 Deferred tax**

#### **Group**

	Deferred tax \$'000
At 1 January 2021	2
Reversed in the year recognised in profit or loss	(2)
Disposal of subsidiary undertakings	
At 31 December 2021	<u>0</u>
Deferred tax assets	-
Deferred tax liabilities	-
Net deferred tax	<u>-</u>

Net deferred tax assets are analysed as follows:

	\$'000
Other timing differences	<u>-</u>

The Group also has available tax losses carried forward of \$45,114k (2020: \$51,068k) that have not been recognised in the financial statements as there is uncertainty over the availability of profits against which these losses may be offset. The expiry date of these unrecognised tax losses ranges from those expiring in 2020 to those with an indefinite period over which they can be utilised.

### **23 Financial Instruments**

	Group 2021 \$'000	Group 2020 \$'000	Company 2021 \$'000	Company 2020 \$'000
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	1,831	6,865	257	3,165
Financial assets that are debt instruments measured at amortised cost	67,738	67,940	75,804	60,151
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	3,552	3,843	28,400	27,367

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand, and endowment policies and money market deposits.

Financial assets measured at amortised cost comprise trade debtors, other debtors, and amounts due from subsidiary and related undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to subsidiary and related undertakings, other creditors, accruals and deferred income, and post-employment scheme obligations.

## **Notes to the financial statements**

For the year ended 31 December 2021

### **24 Share capital**

	2021 \$'000	2020 \$'000
Allotted, called up and fully paid 21,112,291 ordinary shares of £1 each	<u>33,030</u>	<u>33,030</u>

The Company has one class of ordinary shares; each share carries one voting right per share but no right to fixed income.

### **25 Operating leases**

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

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not later than one year	35	94	15	42
Later than one year and not later than five years	4	20	34	64
Total future minimum lease payments	<u>39</u>	<u>114</u>	<u>160</u>	<u>106</u>

#### **The Group and Company as a lessor**

The parent company has an investment property that is leased to a related party. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	
	2021 \$'000	2020 \$'000
Not later than one year	379	382
Later than one year and not later than five years	1,074	1,465
Total future minimum lease payments	<u>1,453</u>	<u>1,847</u>

### **26 Contingent liabilities**

There were no contingent liabilities at 31 December 2021 or at 31 December 2020.

## Notes to the financial statements

For the year ended 31 December 2021

### 27 Related party transactions

The Company has taken advantage of the exemption provided in Section 33 *Related Party Disclosures*, not to disclose transactions with wholly owned Group members.

During the year the Group and the Company entered into the following transactions with related parties:

#### Group

	Debtor 2020 \$'000	Debtor 2020 \$'000	Creditor 2021 \$'000	Creditor 2020 \$'000
Cha Technologies Inc.	-	1	188	222
Cha Technologies Trading & Services SA	-	-	85	-
Cosmotec Nonwovens Ltd	1,086	261	-	-
CTC Europe Nonwovens Ltd	21	67	2	3
HDK Industries Inc.	-	185	3	1
Hongkong and Shanghai Textiles Ltd	64,803	65,064	-	-
Sabre Trading HK Ltd	-	29	-	-
Fibril Trading (HK) Ltd	-	9	-	-
Haining Textile Allied Industries Co Ltd	60	-	104	-
Design Creativity Ltd	-	-	14	14
Cregneash Holdings Ltd	-	10	-	-
Cregneash UK Ltd	2	-	-	-
Xaimen Citius Environmental Technology Ltd	-	-	-	6
	<u>65,972</u>	<u>65,626</u>	<u>396</u>	<u>246</u>

  

	Sales 2021 \$'000	Sales 2020 \$'000	Purchases 2021 \$'000	Purchases 2020 \$'000
Cha Technologies Inc.	-	1	-	-
Cha Technologies Trading & Services SA	-	-	960	1,164
Cosmotec Nonwovens Ltd	2,114	516	-	-
CTC Europe Nonwovens Ltd	114	56	22	-
CTC US LLC	-	3	-	-
HDK Industries Inc.	7,843	6,609	-	-
Sabre Trading HK Limited	74	17	-	-
Fibril Trading (HK) Ltd	52	34	-	-
Haining Textile Allied Industries Co Ltd	130	-	137	89
Xaimen Citius Environmental Technology Ltd	-	-	12	14
Cregneash Holdings Limited	140	99	-	-
Cregneash (UK) Limited	2	1	-	-
Nichemtex Ltd	196	321	-	-
	<u>10,665</u>	<u>7,657</u>	<u>1,131</u>	<u>1,267</u>

## Notes to the financial statements

For the year ended 31 December 2021

### 28 Related party transactions (continued)

#### Company

	Debtor 2021 \$'000	Debtor 2020 \$'000	Creditor 2021 \$'000	Creditor 2020 \$'000
Cha Technologies Inc	-	1	-	-
Cosmotec Nonwovens Ltd	1,050	231	-	-
CTC Europe Nonwovens Ltd	21	67	-	-
HDK Industries Inc	4	57	-	-
Fibril Trading (HK) Ltd	-	9	-	-
Cregneash (UK) Ltd	1	-	-	-
Design Creativity Ltd	-	-	14	14
Hongkong and Shanghai Textiles Ltd	57,627	57,828	-	-
	<u>58,703</u>	<u>58,193</u>	<u>14</u>	<u>14</u>

  

	Sales 2021 \$'000	Sales 2020 \$'000	Purchases 2021 \$'000	Purchases 2020 \$'000
Cha Technologies Inc	-	1	-	-
Cha Technologies Trading & Services SA	-	-	321	324
Cosmotec Nonwovens Ltd	1,804	516	-	-
CTC Europe Nonwovens Ltd	102	56	1	-
HDK Industries Inc	42	73	-	-
Sabre Trading HK Ltd	74	16	-	-
Fibril Trading (HK) Ltd	52	34	-	-
Cregneash (UK) Ltd	2	1	-	-
	<u>2,076</u>	<u>697</u>	<u>322</u>	<u>324</u>

All of the above companies are under the common control of the Cha family.

## Notes to the financial statements

For the year ended 31 December 2021

### 28 Interests in subsidiary undertakings, jointly controlled entities and associated undertakings

The Company has the following interests in subsidiary undertakings:

Name	Country of incorporation	Address of business	Nature of business	Proportion of capital held
<b>Direct subsidiary undertakings</b>				
Cosmopolitan Textile Company Limited	United Kingdom – England and Wales	Longshaw Industrial Park, Highfield Road, Blackburn, United Kingdom	Intermediate holding company	100%
Advancetex International Holdings Limited	United Kingdom – England and Wales	Longshaw Industrial Park, Highfield Road, Blackburn, United Kingdom	Intermediate holding company	100%
Cha Textiles Limited	United Kingdom – England and Wales	Longshaw Industrial Park, Highfield Road, Blackburn, United Kingdom	Design studio (textiles)	100%
Cha US Holdings Inc	USA	398 Innovation Drive, Johnson City, Tennessee, USA	Intermediate holding company	100%
<b>Indirect subsidiary undertakings and associated undertakings</b>				
Advancetex International Pty Limited	Australia	Unit 17, 1015 Buchanan Road, Banyo, Queensland, Australia	Manufacture and sales of specialist industrial products and services	100%
Top Strength Holdings Limited	Hong Kong	Unit 10, 12/F, CDW Building, 382 Castle Peak Road, Tsuen Wan, N.T., Hong Kong	Intermediate holding company	100%
Zhangjiagang Advancetex Environment Technologies Co Limited	People's Republic of China	45 Xin Yuan Road, Yuan Hua County, Haining City, Zhejiang, China	Manufacture and sales of specialist industrial products and services	100%
Advancetex International Tecidos Industriais Ltda	Brazil	Rodovia BR470, km71,5, No 1450, Indaial, Santa Catarina, Brazil	Manufacture and sales of specialist industrial products and services	100%
Fibre Innovation Technology Inc	Tennessee, USA	398 Innovation Drive, Johnson City, Tennessee, USA	Bi-Component fibre manufacturing and marketing	100%
Manx, Inc	South Carolina, USA	304 Arcadia Drive, Greenville, South Carolina, USA	Specialist printing services	100%
Castle Industries LLC	South Carolina, USA	304 Arcadia Drive, Greenville, South Carolina, USA	Specialist textile design and printing	64%
Corporate Research Group LLC	South Carolina, USA	304 Arcadia Drive, Greenville, South Carolina, USA	Research and development	80%

## **Notes to the financial statements**

**For the year ended 31 December 2021**

**28 Interests in subsidiary undertakings, jointly controlled entities and associated undertakings (continued)**

Winsford Cord Co Limited	United Kingdom – England and Wales	Longshaw Industrial Park, Highfield Road, Blackburn, United Kingdom	Intermediate holding company	100%
Maver Srl.	Italy	Via Trento 3, Fenegro, Como, Italy	Dormant	48%

**29 Parent undertaking and ultimate controlling party**

The immediate parent company of the Company is Gold Peak Holdings (BVI) Limited, a company incorporated in the British Virgin Islands. The financial statements of Gold Peak Holdings (BVI) Limited are not publicly available.

The ultimate parent company of the Company is CCM Trust (Cayman) Ltd, a company incorporated in the Cayman Islands. The financial statements of CCM Trust (Cayman) Ltd are not publicly available.

The ultimate controlling party of the Company is the Cha family.