

MORRIS

HOME HOLDINGS LIMITED

MORRIS HOME HOLDINGS LIMITED

慕容家居控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 1575

Global Leader in the Upholstered Sofa Industry

軟體沙發行業的全球領導者



精緻慕容

EXQUISITE MORRISOFA

2021 ANNUAL
REPORT
年報

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BOARD OF DIRECTORS

Executive Directors

Mr. ZOU Gebing (*Chairman and Chief Executive Officer*)

Mr. ZENG Jin (*resigned on 8 June 2021*)

Mr. SHEN Zhidong

Mr. WU Yueming

Independent Non-executive Directors

Ms. WU Weixia (*appointed on 14 April 2022*)

Mr. TAN Tianhong (*appointed on 14 April 2022*)

Ms. ZHAO Hongyan (*appointed on 14 April 2022*)

Mr. LIU Haifeng

Mr. QIAN Jun (*resigned on 14 April 2022*)

Mr. CHU Guodi

AUDIT COMMITTEE

Ms. WU Weixia

(*Chairlady of committee, appointed on 14 April 2022*)

Mr. TAN Tianhong (*appointed on 14 April 2022*)

Ms. ZHAO Hongyan (*appointed on 14 April 2022*)

Mr. LIU Haifeng

Mr. QIAN Jun (*resigned on 14 April 2022*)

Mr. CHU Guodi

REMUNERATION COMMITTEE

Ms. WU Weixia (*appointed on 14 April 2022*)

Mr. TAN Tianhong

(*Chairman of committee, appointed on 14 April 2022*)

Ms. ZHAO Hongyan (*appointed on 14 April 2022*)

Mr. LIU Haifeng

Mr. QIAN Jun (*resigned on 14 April 2022*)

Mr. CHU Guodi

董事會

執行董事

鄒格兵先生(主席兼行政總裁)

曾金先生(於2021年6月8日辭任)

沈志東先生

吳月明先生

獨立非執行董事

吳偉霞女士(於2022年4月14日獲委任)

檀天紅先生(於2022年4月14日獲委任)

趙紅岩女士(於2022年4月14日獲委任)

劉海峰先生

錢俊先生(於2022年4月14日辭任)

褚國弟先生

審核委員會

吳偉霞女士

(委員會主席，於2022年4月14日獲委任)

檀天紅先生(於2022年4月14日獲委任)

趙紅岩女士(於2022年4月14日獲委任)

劉海峰先生

錢俊先生(於2022年4月14日辭任)

褚國弟先生

薪酬委員會

吳偉霞女士(於2022年4月14日獲委任)

檀天紅先生

(委員會主席，於2022年4月14日獲委任)

趙紅岩女士(於2022年4月14日獲委任)

劉海峰先生

錢俊先生(於2022年4月14日辭任)

褚國弟先生

NOMINATION COMMITTEE

Ms. ZHAO Hongyan

(Chairman of committee, appointed on 14 April 2022)

Ms. WU Weixia *(appointed on 14 April 2022)*

Mr. TAN Tianhong *(appointed on 14 April 2022)*

Mr. LIU Haifeng

Mr. QIAN Jun *(resigned on 14 April 2022)*

Mr. CHU Guodi

COMPANY SECRETARY

Mr. LAM Hoi Lun

AUTHORISED REPRESENTATIVES

Mr. WU Yueming

Mr. LAM Hoi Lun

AUDITORS

HLB Hodgson Impey Cheng Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East Hong Kong

提名委員會

趙紅岩女士

(委員會主席，於2022年4月14日獲委任)

吳偉霞女士(於2022年4月14日獲委任)

檀天紅先生(於2022年4月14日獲委任)

劉海峰先生

錢俊先生(於2022年4月14日辭任)

褚國弟先生

公司秘書

林海麟先生

授權代表

吳月明先生

林海麟先生

核數師

國衛會計師事務所有限公司

開曼群島主要股份過戶登記 總處

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司

香港皇后大道東183號

合和中心54樓

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

No. 500 Youquan Road
Haining Economic Development Zone
Zhejiang Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 708–709, Laford Centre
838 Lai Chi Kok Road
Cheung Sha Wan
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Jiaxing
Agricultural Bank of China Limited
Taishin International Bank
China Merchants Bank Co., Ltd.
Bank of Ningbo Co., Ltd.

STOCK CODE

1575

WEBSITE

www.morrishome.com.hk

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

中國總部

中國浙江省
海寧經濟開發區
由拳路500號

香港主要營業地點

香港
長沙灣
荔枝角道838號
勵豐中心708–709室

主要往來銀行

中國銀行(香港)有限公司
中國工商銀行(亞洲)有限公司
嘉興銀行
中國農業銀行股份有限公司
台新國際商業銀行
招商銀行股份有限公司
寧波銀行股份有限公司

股份代號

1575

公司網站

www.morrishome.com.hk

FINANCIAL HIGHLIGHTS

財務摘要

- Revenue decreased by approximately 17.1% to approximately RMB502.9 million in 2021 (2020: approximately RMB606.4 million)
- 2021年收入減少約17.1%至約人民幣502.9百萬元(2020年：約人民幣606.4百萬元)
- Gross profit increased by approximately 69.6% to approximately RMB99.7 million in 2021 (2020: approximately RMB58.8 million)
- 2021年毛利增加約69.6%至約人民幣99.7百萬元(2020年：約人民幣58.8百萬元)
- Loss for the year increased by approximately 36.1% to approximately RMB123.4 million in 2021 (2020: approximately RMB90.7 million)
- 2021年年內虧損增加約36.1%至約人民幣123.4百萬元(2020年：約人民幣90.7百萬元)
- Basic loss per share was approximately RMB13.15 cents in 2021 as compared with basic loss per share of approximately RMB9.56 cents in 2020
- 與2020年每股基本虧損約人民幣9.56分比較，2021年每股基本虧損約為人民幣13.15分
- The Board did not recommend the payment of any dividend (2020: nil) for the year ended 31 December 2021
- 董事會不建議就截至2021年12月31日止年度派付任何股息(2020年：無)

CHAIRMAN'S STATEMENT 主席報告

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Morris Home Holdings Limited (the “**Company**”), I am pleased to present the annual report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (“**2021**” or the “**Reporting Period**”) to the shareholders of the Company (the “**Shareholders**”).

2021 was a challenging year for the Group as the global pandemic of the COVID-19 crisis continue to hit the global economies badly. In the meantime, we were still faced with the trade-war between China and the US.

Since our Group's listing on the Main Board of The Hong Kong Stock Exchange Limited (the “**Stock Exchange**”) in 2017, we accelerated the pace of development of our retail business and establishment of our own brand. The determination to create a valuable and strong retail furniture brand is the long-term aim of the Group, and we will cautiously deploy resources during the uncertain times to develop our presence and enhance our brand image.

Product is the key to the long-term success of our business, and “Exquisite” product is the main theme for years to come. We have devoted more time and effort to improve our product quality and style, to enhance the product value for our consumers. With our continuous focus on the R&D, we have received high technology enterprise recognition, and our research house has been awarded as the provincial level research center. We hope to acquire more achievements, with the view to bringing better products to customers.

本人謹代表慕容家居控股有限公司(「本公司」)董事(「董事」)會(「董事會」)欣然向本公司股東(「股東」)提呈本公司及其附屬公司(「本集團」)截至2021年12月31日止年度(「2021年」或「報告期間」)的年報。

2021年對本集團而言是充滿挑戰的一年，COVID-19疫情蔓延全球的危機繼續嚴重打擊了全球經濟。與此同時，我們仍面臨中美貿易戰。

自本集團於2017年在香港聯合交易所有限公司(「聯交所」)主板上市以來，我們加快步伐開發我們的零售業務及建立我們自己的品牌。創造有價值及強大的零售家具品牌的決心乃本集團的長期目標，我們將於不確定時期審慎部署資源，以開發我們的業務及提升我們的品牌形象。

產品是我們業務長遠成功的關鍵，而「精緻」產品是未來數年的主旋律。我們已投入更多時間及精力改善產品質量及風格，為消費者提升產品價值。由於我們持續專注於研發，我們已獲認可為高新技術企業，且我們的研究部門已獲評為省級研究中心。我們希望取得更多的成就，並為客戶帶來更好的產品。

OUTLOOK

The Group expect to be faced with more challenges and opportunities in 2022. As a result, the board will keep a close watch on the development of the situation, continue to refine our management and make timely adjustments to our operation and sales strategies.

Looking forward to 2022, the board will continue to lead all staff of the Group to step onto the international stage and develop our self-owned brands, aiming at becoming a well-known furniture brand enterprise in the world.

Zou Gebing

Chairman and Executive Director

Hong Kong, 10 May 2022

展望

本集團預期將於2022年面臨更多挑戰及機遇。因此，董事會將密切監察情況發展，繼續精細管理，並及時調整營運及銷售策略。

展望2022年，董事會將繼續帶領本集團員工邁入國際舞台，發展自身品牌，致力於成為世界知名的家具品牌企業。

鄒格兵

主席兼行政總裁

香港，2022年5月10日

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Mr. Zou Gebing, aged 45, is the chairman and CEO of the Group and was appointed as an executive Director on 18 March 2016. He is responsible for overseeing and mapping the Group's growth strategy and overall management.

Prior to joining the Group, he was the marketing and development manager in Zhejiang Kasen Industrial Group Co., Ltd., and was deputy general manager in Hongyang Group Co., Ltd., from July 1997 to March 2000 and from May 2000 to March 2002, respectively, and had been mainly responsible for exploration and development of overseas markets of sofas and other furniture. He joined Morris Group Co., Ltd. ("**Morris PRC**") as part of its management team in May 2002, served as its vice chairman and general manager since February 2005, and became the chairman of Morris PRC in January 2012.

Mr. Zou obtained a bachelor's degree in English from Shanghai International Studies University in the PRC in July 1997 and a master's degree in business administration for senior management from Zhejiang University in the People's Republic of China (the "**PRC**") in March 2007. He had also served as a corporate tutor for MBA postgraduates in the Management School of Zhejiang University from April 2007 to March 2012. Mr. Zou was accredited as a senior economist by the Senior Economist Qualification Committee of Zhejiang Province in December 2007.

With over 20 years of industry experience as mentioned above, Mr. Zou is an experienced entrepreneur in furniture manufacturing related businesses.

Mr. Zou's spouse, Ms. Wu Xiangfei (one of the controlling shareholders of the Company), is a cousin of Mr. Shen's spouse.

執行董事

鄒格兵先生，45歲，為本集團主席兼行政總裁，於2016年3月18日獲委任為執行董事。彼負責監管及制定本集團的增長策略及整體管理。

於加入本集團之前，彼自1997年7月至2000年3月及自2000年5月至2002年3月分別於浙江卡森實業集團有限公司及海寧宏洋集團有限公司擔任營銷與發展經理及副總經理，主要負責海外沙發及其他家具市場的拓展及開發。彼於2002年5月加入慕容集團有限公司（「**慕容中國**」）的管理團隊，自2005年2月起擔任副主席兼總經理，並於2012年1月成為慕容中國的主席。

鄒先生於1997年7月及2007年3月分別獲得中華人民共和國（「**中國**」）上海外國語大學英語學士學位及中國浙江大學工商管理高級管理碩士學位。彼自2007年4月至2012年3月亦擔任浙江大學管理學院的MBA研究生企業導師。鄒先生於2007年12月獲得浙江省高級經濟師資格評審委員會授予高級經濟師資格。

憑藉上述逾20年的行業經驗，鄒先生已成為家具製造相關行業資深的企業家。

鄒先生的配偶、本公司控股股東鄒向飛女士為沈先生的配偶的表姊妹。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)
董事及高級管理層履歷(續)

Mr. Zeng Jin, aged 48, was appointed as an executive Director on 18 March 2016 and resigned on 8 June 2021. Prior to his resignation, Mr. Zeng was the senior vice president and head of production and quality management of the Group, responsible for overseeing production planning and manufacturing and quality management the Group. He has extensive experience in production and quality management.

Prior to joining the Group, he had worked as a technician in Shanghai Hongdun Anti-Counterfeit Material Co., Ltd. from August 1997 to May 1998. He had then worked at Uniplas (Shanghai) Co., Ltd. from May 1998 to September 2000. He then subsequently worked as a quality engineer at Krone Communications (Shanghai) Co., Ltd. from September 2000 to November 2001. He had then been employed as a plant manager assistant and manager in the engineering department of Shanghai Trayton Furniture Co., Ltd. from November 2001 to January 2005. He then joined Morris PRC and was appointed as a general manager assistant in January 2005 and then as a deputy general manager in November 2011. He was then employed by the Group as a senior vice president and the head of production and quality management immediately after completion of the business transfer in December 2015.

Mr. Zeng obtained his double bachelor's degrees in polymer science and computer software from the East China University of Science and Technology in Shanghai, PRC in July 1997 and a master of Business Administration degree from Donghua University in Shanghai, PRC in June 2008.

Mr. Shen Zhidong, aged 47, is a senior vice president of the Group and was appointed as an executive Director on 6 July 2017. He is also a director of Masia Industries Limited, a subsidiary of the Company in Cambodia. Mr. Shen is the head of administrative operations and human resources matters of the Group.

曾金先生，48歲，於2016年3月18日獲委任為執行董事並於2021年6月8日辭任。於曾先生辭任前，彼為本集團高級副總裁兼生產與質量管理主管，負責監管本集團的生產規劃以及生產及質量管理。彼於生產及質量管理方面擁有豐富經驗。

於加入本集團之前，彼自1997年8月至1998年5月擔任上海宏盾防偽材料有限公司的技術員，且自1998年5月至2000年9月任職於統合實業(上海)有限公司。其後，彼自2000年9月至2001年11月於科龍通訊系統(上海)有限公司擔任質量工程師。隨後，彼自2001年11月至2005年1月於上海特雷通傢俱有限公司擔任車間經理助理及工程部門經理。彼此後加入慕容中國，並分別於2005年1月及2011年11月獲委任為總經理助理及副總經理。於2015年12月業務轉讓完成後，彼即獲本集團委聘為高級副總裁兼生產與質量管理主管。

曾先生分別於1997年7月及2008年6月獲得中國上海華東理工大學高分子科學與計算機軟件專業的雙學士學位及中國上海東華大學工商管理碩士學位。

沈志東先生，47歲，為本集團高級副總裁，於2017年7月6日獲委任為執行董事。彼亦為本公司的柬埔寨附屬公司Masia Industries Limited的董事。沈先生總管本集團的行政事務及人力資源事宜。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷(續)

Mr. Shen had served in the government sectors in Haining for over ten years. From February 1999 to June 2010, Mr. Shen had served in the Organization Department of Haining Municipal Committee of the Communist Party of China in many positions including, among others, as a section member, a deputy section leader, a section leader, a committee member and a deputy bureau level coordinator. From June 2010 to January 2014, Mr. Shen served as the deputy director of the General Office of the People's Government of Haining. In January 2014, Mr. Shen was employed by Morris PRC as its vice president. He was employed by the Group as the senior vice president immediately after completion of the transfer of the furniture division of Morris PRC to the Group in December 2015.

Mr. Shen graduated from the Party School Open College of the Central Committee of the Communist Party of China in the study of economic management in December 2002.

Mr. Shen's spouse is a cousin of Ms. Wu Xiangfei, one of the controlling shareholders of the Company and the spouse of Mr. Zou.

Mr. Wu Yueming, aged 38, is the general manager of the administrative department of the Company and was appointed as an executive Director on 6 June 2018. He is mainly responsible for coordinating and managing back office support works and public relations of the Company. He is also a director of Zhejiang Apollo Leather Products Co., Ltd. and Zhejiang Morris Fashion Home Co., Ltd., each a subsidiary of the Company. Mr. Wu joined Morris PRC in 2005 where he worked as a technician of semi-finished sofa production. He was subsequently promoted to manager of the logistics department in September 2010, deputy office director in April 2012 and standing deputy office director in August 2014 at Morris PRC. He was then employed as the general manager of the administrative department of the Company in January 2017. He obtained the qualification of assistant economist issued by the Haining City Human Resources and Social Security Bureau in November 2014. He also obtained the graduation certificate from the Normal College of the Dongbei University of Finance and Economics in administration management through distance learning in July 2016.

沈先生曾任職於海寧政府部門超過十年。自1999年2月至2010年6月，沈先生先後於中共海寧市委組織部擔任多項職位，其中包括科員、副科長、科長、部務會議成員及副局級組織員。自2010年6月至2014年1月，沈先生擔任海寧市人民政府辦公室副主任。於2014年1月，沈先生獲慕容中國聘為副總裁。彼於2015年12月慕容中國完成將家具業務轉讓予本集團後，隨即獲本集團委聘為高級副總裁。

沈先生於2002年12月獲得中國中央黨校函授學院經濟管理專業本科學位。

沈先生的配偶為本公司控股股東、鄒先生的配偶鄒向飛女士的表姊妹。

吳月明先生，38歲，為本公司行政部總經理，於2018年6月6日獲委任為執行董事。彼主要負責協調及管理本公司後勤辦公室支援工作及公共關係。彼亦為浙江阿波羅皮革製品有限公司及浙江慕容時尚家居有限公司的董事，該兩家公司均為本公司的附屬公司。吳先生於2005年加入慕容中國並擔任半成品沙發生產技術員。彼隨後於2010年9月晉升為慕容中國物流部經理、於2012年4月晉升為辦公室副主任及於2014年8月晉升為辦公室常務副主任。彼於2017年1月受聘為本公司行政部總經理。彼於2014年11月獲得海寧市人力資源和社會保障局頒發的助理經濟師資格，亦通過遠程學習於2016年7月自東北財經大學普通高等學校獲得行政管理專業的畢業證書。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Haifeng, aged 47, was appointed as an independent non-executive Director on 6 July 2017 and has tendered resignation to take effect on 16 May 2022. Mr. Liu is mainly responsible for supervising and providing independent judgement to the Board. He is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Liu has been a tutor to master students in public administration of faculties of humanities of Donghua University since 2011 and a deputy manager of Donghua University Master of Public Administration Center since September 2014.

Mr. Liu obtained his master degree in education from Shanghai Normal University in June 2004. Mr. Liu later obtained his doctoral degree in management science and engineering from Donghua University School of Business and Management in June 2009. He then later completed his postdoctoral study in applied economics at Fudan University and obtained his certificate of postdoctoral in May 2014.

Mr. Chu Guodi, aged 43, was appointed as an independent non-executive Director on 28 May 2019 and has tendered resignation to take effect on 16 May 2022. Mr. Chu is mainly responsible for supervising and providing independent judgement to the Board. He is also a member of each of the Nomination Committee, Remuneration Committee and Audit Committee. He has over 18 years of experience as a practicing lawyer in China. He is currently a partner of 浙江海翔律師事務所 (Zhejiang Haixiang Law Firm*). Mr. Chu has been an independent director of 浙江華鐵建築安全科技股份有限公司 (Zhejiang Huatie Construction Safety Science And Technology Co., Ltd.*), a company listed on Shanghai Stock Exchange with a stock code of 603300, since June 2014 and an independent director of 兄弟科技股份有限公司 (Brother Enterprises Holding Co., Ltd.*), a company listed on Shenzhen Stock Exchange with a stock code of 002562, since April 2017.

Mr. Chu is a member of 中華全國律師協會 (All-China Lawyers' Association*). He graduated from Zhejiang University with a bachelor degree of law.

獨立非執行董事

劉海峰先生，47歲，於2017年7月6日獲委任為獨立非執行董事並已請辭，其辭任將於2022年5月16日生效。劉先生主要負責監督及向董事會提供獨立判斷。彼亦為審核委員會、提名委員會及薪酬委員會成員。

劉先生自2011年起擔任東華大學人文學院公共管理專業碩士研究生導師，並自2014年9月起任職東華大學MPA中心副主任。

劉先生於2004年6月自上海師範大學取得教育碩士學位。劉先生於2009年6月自東華大學管理學院取得管理科學與工程博士學位。其後，彼於復旦大學完成應用經濟學之博士後研究，並於2014年5月取得博士後證書。

褚國弟先生，43歲，於2019年5月28日獲委任為獨立非執行董事並已請辭，其辭任將於2022年5月16日生效。褚先生主要負責監督及向董事會提供獨立判斷。彼亦為提名委員會、薪酬委員會及審核委員會成員。彼擁有逾18年中國執業律師的經驗。彼現時為浙江海翔律師事務所的合夥人。褚先生自2014年6月起為於上海證券交易所上市的浙江華鐵建築安全科技股份有限公司(股份代號：603300)的獨立董事，並自2017年4月起為於深圳證券交易所上市的兄弟科技股份有限公司(股份代號：002562)的獨立董事。

褚先生為中華全國律師協會會員。彼畢業於浙江大學，取得法律學士學位。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷(續)

Mr. Qian Jun, aged 37, was appointed as an independent non-executive Director of the Company on 31 July 2020 and resigned on 14 April 2022. Prior to his resignation, Mr. Qian was mainly responsible for supervising and providing independent judgement to the Board. He was also the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Qian is a practicing member of the Chinese Institute of Certified Public Accountants since 2012 with 9 years extensive practising experience in accounting field. He obtained Bachelor of Economics degree from Fudan University, Shanghai, China in 2007. He is currently the department manager of Zhejiang Zhengjian Certified Public Accountants Co., Limited in China.

Ms. Wu Weixia, aged 48, was appointed as an independent non-executive Director of the Company on 14 April 2022 and is mainly responsible for supervising and providing independent judgement to the Board. She is also the chairlady of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Ms. Wu holds a master's degree of Professional Accounting from Shanghai University of Finance and Economics. She is a practicing member of the Chinese Institute of Certified Public Accountants. She joined Shanghai D&M Baychine Certified Public Accountants Co., Limited since 2010 and is currently served as the chief accountant. Ms. Wu has over 20 years of extensive experience in accounting, finance, auditing and taxation.

Mr. Tan Tianhong, aged 46, was appointed as an independent non-executive Director of the Company on 14 April 2022 and is mainly responsible for supervising and providing independent judgement to the Board. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

錢俊先生，37歲，於2020年7月31日獲委任為本公司獨立非執行董事並於2022年4月14日辭任。於錢先生辭任前，彼主要負責監督及向董事會提供獨立判斷。彼亦曾為審核委員會主席以及薪酬委員會及提名委員會成員。

錢先生自2012年起為中國註冊會計師協會執業會員，於會計領域擁有九年豐富執業經驗。彼於2007年取得中國上海復旦大學經濟學學士學位。彼目前於中國浙江正健會計師事務所有限公司擔任部門經理。

吳偉霞女士，48歲，於2022年4月14日獲委任為本公司獨立非執行董事，主要負責監督董事會並向董事會提供獨立判斷。彼亦為審核委員會主席及薪酬委員會及提名委員會成員。

吳女士持有上海財經大學會計專業碩士學位。彼為中國註冊會計師。彼自2010年起加入上海鼎邁北勤會計師事務所有限公司，目前擔任主任會計師。吳女士在會計、金融、審核及稅務方面擁有超過20年豐富經驗。

檀天紅先生，46歲，於2022年4月14日獲委任為本公司獨立非執行董事，主要負責監督董事會並向董事會提供獨立判斷。彼亦為薪酬委員會主席及審核委員會及提名委員會成員。

Mr. Tan holds a bachelor's degree of Electronic Engineering and Instrumentation from Xian Shiyu University. During the period from May 2015 to December 2017, he was the Managing Director of Zhejiang University Environmental Engineering Co., Limited. During the period from January 2018 to December 2021, he has been the Sales Director of Shanghai AEGIS Industrial Safety Co., Limited ("AEGIS"). The shares of AEGIS (Stock code: 430234) have been quoted on the National Equities Exchange and Quotations System during the period from 2 July 2013 to 11 March 2021.

Ms. Zhao Hongyan, aged 59 was appointed as an independent non-executive Director of the Company on 14 April 2022 and is mainly responsible for supervising and providing independent judgement to the Board. She is also the chairlady of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Ms. Zhao obtained a bachelor's degree of Economics from Xinjiang University of Finance & Economics in 1985, a master's degree of Economics (Finance) from Xiamen University in 1998 and a Doctor of Management Science and Engineering from Donghua University in 2008. Ms. Zhao initially served as a professor in Donghua University in 2012, and was employed as a Doctoral advisor in 2013. Ms. Zhao is currently the executive committee member of China Society of World Economics.

檀先生持有西安石油大學電子工程及儀器學士學位。於2015年5月至2017年12月期間，彼為浙江浙大環境工程有限公司董事總經理。於2018年1月至2021年12月期間，彼曾任上海翼捷工業安全設備股份有限公司(「翼捷」)銷售總監。翼捷的股份(股份代號：430234)於2013年7月2日至2021年3月11日期間在全國中小企業股份轉讓系統掛牌上市。

趙紅岩女士，59歲，於2022年4月14日獲委任為本公司獨立非執行董事，主要負責監督董事會並向董事會提供獨立判斷。彼亦為提名委員會主席及審核委員會及薪酬委員會成員。

趙女士於1985年取得新疆財經大學統計系經濟學學士學位，於1998年取得廈門大學經濟學(金融學)碩士學位及於2008年取得東華大學管理科學與工程博士。趙女士於2012年在東華大學擔任教授，並自2013年起聘任為博士生導師。趙女士目前是世界經濟學會常務理事。

SENIOR MANAGEMENT

Ms. Chen Meijuan, aged 43, has over 19 years of experience in accounting and financial management. Ms. Chen joined the Group in June 2002 and served as Deputy General Manager of Finance Department of the Group before her appointment as the CFO. Ms. Chen was accredited as a senior accountant by the Assessment Committee of Senior Accountant Qualification of Zhejiang Province in December 2019.

Ms. Shen Jiangping, aged 48, joined Morris PRC in October 2001, joined the Group in December 2015 after completion of the business transfer, and resigned on 30 June 2021. Prior to her resignation, Ms. Shen was the general manager of Administrative Department, mainly responsible for coordinating and managing back office support works and public relations of the Group.

高級管理層

陳美娟女士，43歲，擁有逾19年會計及財務管理經驗。陳女士於2002年6月加入本集團，獲委任為首席財務官前擔任本集團財務部副總經理。陳女士於2019年12月獲浙江省會計專業人員高級職務評審委員會認可為高級會計師。

沈江萍女士，48歲，於2001年10月加入慕容中國，業務轉讓完成後於2015年12月加入本集團，並於2021年6月30日辭任。於沈女士辭任前，彼擔任行政部總經理，主要負責協調及管理本集團後勤辦公室支援工作及公共關係。

BUSINESS REVIEW

During the year of 2021, the Group continued to develop new markets and invest in product design and research and development, and establishment and expansion of sales channels.

Due to the decrease in sales volume of sofa, sofa covers and other furniture products as a result of the supply-chain disruption caused by the outbreak of COVID-19 epidemic, the Group's revenue decreased from approximately RMB606.4 million in 2020 to approximately RMB502.9 million in 2021, representing a decrease of approximately 17.1%. Loss for the year was increased from approximately RMB90.7 million in 2020 to approximately RMB123.4 million in 2021, principally due to the increase in rental expenses, director remuneration and the employee benefit expenses in China.

Business development in North America

As our revenue was mainly derived from the U.S., the Sino-US tension and the COVID-19 epidemic had material impacts on the Group, leading to a significant decrease in our results in North America as compared to the same period of last year. Due to the partial sharing of tariffs with our US customers, the profit margin of our exported products was also affected.

Retail business development in China and Hong Kong

As of December 2021, the Group had a total of 1 flagship showroom, 1 self-operated retail store, 35 franchise stores across different provinces in Mainland China.

In Hong Kong, the Group had a total of 4 self-operated retail stores in Central, Sha Tin, Tsuen Wan and Tai Kok Tsui, respectively and 6 points of consignment sales in Kowloon Bay, Kwun Tong, Yuen Long, Wan Chai, Tsuen Wan and Lai Chi Kok. The Group also introduced auxiliary decoration services to establish one-stop services including decoration and furniture setting, instilling its stylish home design concept into Hong Kong market.

業務回顧

於2021年內，本集團繼續開拓新市場、投資於產品設計及研究與開發，並建立及擴大銷售渠道。

由於COVID-19疫情爆發導致供應鏈中斷，使沙發、沙發套及其他家具產品銷量減少，本集團的收入由2020年的約人民幣606.4百萬元減少至2021年的約人民幣502.9百萬元，減幅約為17.1%。年內虧損由2020年約人民幣90.7百萬元增加至2021年約人民幣123.4百萬元，主要是由於中國的租賃開支、董事薪酬及僱員福利開支有所增加。

北美的業務發展

由於我們的收入主要來自美國，中美緊張局勢及COVID-19疫情對本集團造成重大影響，導致我們於北美地區的業績較去年同期大幅下降。由於我們與美國客戶分擔部分關稅的影響，我們出口產品的利潤率亦受到影響。

於中國及香港的零售業務發展

截至2021年12月，本集團共有1間旗艦展廳、1間自營零售店、35間代理店，遍布中國內地不同省份。

於香港，本集團分別於中環、沙田、荃灣及大角咀設有4間自營零售店，並於九龍灣、觀塘、元朗、灣仔、荃灣及荔枝角設有6個寄售點。本集團亦引入裝潢配套服務，打造一條龍裝潢、家具擺設服務，為香港市場注入慕容的時尚家居設計意念。

Business development in other countries

The COVID-19 has an ongoing effect on the consumption sentiment on a worldwide basis. To cope with these challenges, we have continued to make efforts to maintain the relationship with customers and will continue to leverage on our resources in growing the business with these customers.

FINANCIAL REVIEW

For the year of 2021, the principal business activities of Group comprise the manufacturing and sales of sofas, sofa covers and other furniture products.

During the year, the revenue of the Group amounted to approximately RMB502.9 million (2020: approximately RMB606.4 million), representing a decrease of approximately 17.1% as compared with last year, which was mainly due to the impact of COVID-19 epidemic globally. Affected by the prolonged effect of COVID-19 on worldwide basis, we experienced reduced sales volume of products and decreased revenue from sales of sofa, sofa covers and other furniture products.

The net loss of the Group amounted to approximately RMB123.4 million during the year, as compared with the net loss of RMB90.7 million in last year. The increase in net loss were mainly attributable to (i) the increase in rental expenses, director remuneration and the employee benefit expenses in China; and (ii) decrease in other income and gains from gain on modification of convertible loan, gain in disposal of subsidiaries and compensation on factory relocation.

The Company's basic loss per ordinary share was RMB13.15 cents for the year of 2021 (2020: RMB9.56 cents) based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB121.5 million (2020: RMB91.2 million), and the weighted average number of ordinary shares of 924,188,000 for the year of 2021 (2020: 953,526,940).

於其他國家的業務發展

COVID-19對全球範圍的消費心理產生持續影響。為應對該等挑戰，我們經不懈努力維護與客戶的關係，並將繼續善用資源發展與該等客戶的業務。

財務回顧

於2021年，本集團的主要業務為生產及銷售沙發、沙發套及其他家具產品。

年內，本集團收入約為人民幣502.9百萬元（2020年：約人民幣606.4百萬元），較去年減少約17.1%，主要由於全球爆發COVID-19疫情影響所致。受全球範圍內爆發的COVID-19之長期影響，我們的產品銷量下降，銷售沙發、沙發套及其他家具產品產生的收入有所減少。

年內，本集團的虧損淨額約為人民幣123.4百萬元，而去年則為虧損淨額人民幣90.7百萬元。虧損淨額的增加主要由於(i)中國的租賃開支、董事薪酬及僱員福利開支有所增加；及(ii)其他收入及修訂可換股貸款的收益、出售附屬公司的收益及廠房搬遷補償所得收益有所減少。

本公司於2021年的每股普通股基本虧損為人民幣13.15分（2020年：人民幣9.56分），乃根據本公司普通權益持有人應佔年內虧損約人民幣121.5百萬元（2020年：人民幣91.2百萬元）以及於2021年的普通股加權平均數924,188,000股（2020年：953,526,940股）計算。

Cost of sales

The cost of sales of the Group decreased by approximately 26.4% from approximately RMB547.6 million in 2020 to approximately RMB403.3 million in 2021, which was primarily due to the decrease in sales volume.

Gross profit

The Group's gross profit for the year was approximately RMB99.7 million (2020: approximately RMB58.8 million), representing an increase of approximately 69.6% as compared with last year. The gross profit margin increased from 9.7% in 2020 to 19.8% in 2021 primarily due to the increase in sales of higher gross margin product in Hong Kong and other markets and the reverse of inventory provision due to clearance sales.

Other income and gains

The other income and gains of the Group decreased from approximately RMB120.5 million in 2020 to approximately RMB23.9 million in 2021. Such decrease was primarily due to the one-off gain on modification of convertible loan, gain on disposal of subsidiaries and compensation on factory relocation in 2020 which did not recur in 2021.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 30.2% from approximately RMB97.2 million in 2020 to approximately RMB67.8 million in 2021. Such decrease was primarily due to the decrease in marketing cost and freight out cost.

Administrative expenses

The administrative expenses of the Group increased by approximately 12.9% from approximately RMB99.8 million in 2020 to approximately RMB112.7 million in 2021, which was primarily due to increase in rental expenses, director remuneration and employee benefit expenses in China.

銷售成本

本集團銷售成本由2020年約人民幣547.6百萬元減少約26.4%至2021年約人民幣403.3百萬元，主要是由於銷量有所減少。

毛利

本集團年內毛利約人民幣99.7百萬元(2020年：約人民幣58.8百萬元)，較上年增加約69.6%。毛利率由2020年的9.7%增加至2021年的19.8%，主要是由於香港及其他市場的高毛利率產品銷售增加，以及清倉銷售導致存貨撥備撥回。

其他收入及收益

本集團其他收入及收益由2020年約人民幣120.5百萬元減少至2021年約人民幣23.9百萬元。有關減幅主要是由於修訂可換股貸款的一次性收益、出售附屬公司的收益及2020年廠房搬遷補償(其於2021年並未再次產生)有所減少。

銷售及分銷開支

本集團銷售及分銷開支由2020年約人民幣97.2百萬元下跌約30.2%至2021年約人民幣67.8百萬元。有關減幅主要是由於營銷成本及運費成本有所減少。

行政開支

本集團行政開支由2020年約人民幣99.8百萬元增加約12.9%至2021年約人民幣112.7百萬元，主要是由於中國的租賃開支、董事薪酬及僱員福利開支有所增加。

Finance costs

The finance costs of the Group increased by approximately 27.8% from approximately RMB17.6 million in 2020 to approximately RMB22.5 million in 2021, which was primarily due to the increase in interest on bank loans.

Income tax expense

The income tax expense of the Group increased by approximately 6.9% from approximately RMB2.9 million in 2020 to approximately RMB3.1 million in 2021. The movement was mainly attributable to the over-provision in prior year in China and net off the increase of deferred tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

Borrowing and pledge of assets

As at 31 December 2021, the Group's interest-bearing bank and other borrowings amounted to approximately RMB64.6 million, all of which were repayable within twelve months from 31 December 2021. The bank and other borrowings' interest rates ranged between 4.5% to 9% per annum.

Gearing ratio

The gearing ratio of the Group, which is total debts (comprised of amounts due to related companies, lease liabilities, convertible loan and interest-bearing bank and other borrowings) divided by equity attributable to owners of the Company as at the end of the year and multiplied by 100%. The gearing ratio of the Group was not applicable as at 31 December 2021 and the gearing ratio as at 31 December 2020 amounted to 345.5%.

Capital commitments

The Group did not have any capital commitment as at 31 December 2021 and 2020.

融資成本

本集團融資成本由2020年約人民幣17.6百萬元增加約27.8%至2021年約人民幣22.5百萬元，主要是由於銀行貸款利息有所增加。

所得稅開支

本集團之所得稅開支由2020年的約人民幣2.9百萬元增加約6.9%至2021年的約人民幣3.1百萬元。該波動主要由於過往年度於中國超額撥備及扣除遞延稅項開支有所增加。

流動資金及資本來源

借款及資產抵押

於2021年12月31日，本集團的計息銀行及其他借款約為人民幣64.6百萬元，全部均須自2021年12月31日起12個月內償還。銀行及其他借款年利率介乎4.5%至9%。

資產負債比率

本集團的資產負債比率(按年末的債務總額(包括應付關聯公司款項、租賃負債、可換股貸款及計息銀行及其他借款)除以本公司擁有人應佔權益再乘以100%計算)。於2021年12月31日，本集團之資產負債比率不適用，於2020年12月31日，資產負債比率為345.5%。

資本承擔

本集團於2021年及2020年12月31日並無任何資本承擔。

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2021.

Trade receivables

The trade receivables of the Group decreased to approximately RMB39.9 million (2020: approximately RMB140.4 million) as at 31 December 2021, primarily due to the decrease in sales to the Group's customers in the fourth quarter in 2021 as compared to the corresponding period in 2020.

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB179.1 million (2020: approximately RMB265.2 million) as at 31 December 2021, primarily due to the decrease in purchases from the Group's suppliers in the fourth quarter in 2021 as compared to the corresponding period in 2020.

Foreign exchange exposure

Revenue from major customers is mainly from the U.S. while the production facilities of the Group are mainly located in the PRC. Accordingly, most of the sales are denominated in U.S. dollar while the costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollar against RMB could adversely affect the financial results of the Group. During 2021, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group used forward exchange contract for hedging purposes during 2021 and no hedging instruments outstanding as at 31 December 2021 (2020: approximately RMB313,000). The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in the future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk if and when appropriate.

或然負債

本集團於2021年12月31日並無任何重大或然負債。

貿易應收款項

本集團於2021年12月31日的貿易應收款項減少至約人民幣39.9百萬元(2020年：約人民幣140.4百萬元)，主要是由於於2021年第四季度向本集團客戶所作銷售較2020年同期有所減少。

貿易應付款項及應付票據

本集團於2021年12月31日的貿易應付款項及應付票據減少至約人民幣179.1百萬元(2020年：約人民幣265.2百萬元)，主要是由於在2021年第四季度向本集團供應商作出的採購較2020年同期有所減少。

外匯風險

來自主要客戶的收入主要源自美國，而本集團的生產設施主要位於中國。因此，大部分銷售額以美元計值，而本集團營運產生的成本一般以人民幣結算。因此，倘美元兌人民幣的匯價波動，則可能會對本集團的財務業績產生不利影響。於2021年，本集團營運或流動資金並無因匯率波動而出現任何重大困難或受到重大影響。本集團於2021年以遠期外匯合約作對沖之用，本集團於2021年12月31日無未償還對沖工具(2020年：約人民幣313,000元)。本集團將繼續密切監控其現有營運及未來新投資所引致的匯率風險。本集團將於適當時進一步實施必要的對沖安排，以降低任何重大的外匯風險。

GOING CONCERN

The Group incurred a net loss of approximately RMB123,402,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately RMB47,876,000 and RMB51,171,000 respectively. As at the same date, the Group's aggregate interest-bearing bank and other borrowings, lease liabilities and convertible loan amounted to approximately RMB64,616,000, RMB25,002,000 and RMB69,977,000, respectively, whilst its cash and cash equivalents amounted to approximately RMB13,485,000. The Group's convertible bonds with outstanding principal amounts of approximately RMB69,977,000 as at 31 December 2021, matured and fell due for repayment during the year ended 31 December 2021. These outstanding principals amounts and related overdue interests, amounting to approximately RMB72,875,000 in aggregate, were not repaid as at 31 December 2021.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) Two of the indirect wholly-owned subsidiaries of the Group filed pre-restructuring applications with the People's Court of Haining City to request the Court to allow those two subsidiaries to formulate pre-restructuring plans to resolve the debt positions;
- (iii) The Group is in the process of negotiating with its convertible loan holder and bank to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;

持續經營

本集團於截至2021年12月31日止年度產生虧損淨額約人民幣123,402,000元，截至該日，本集團的流動負債超過其流動資產，負債總額超過其資產總額分別約人民幣47,876,000元及人民幣51,171,000元。於同日，本集團的計息銀行及其他借款、租賃負債及可換股貸款總額分別約為人民幣64,616,000元、人民幣25,002,000元及人民幣69,977,000元，而其現金及現金等價物約為人民幣13,485,000元。本集團於2021年12月31日未償還本金約人民幣69,977,000元的可換股債券，於截至2021年12月31日止年度到期及應予償還。該等未償還本金及相關逾期利息合計約人民幣72,875,000元，於2021年12月31日尚未償還。

鑑於以上情況，董事在評估本集團是否有足夠財務資源以持續經營時，已審慎考慮本集團的未來流動資金及財務狀況及其可用的融資來源。本集團已採取若干計劃及措施以舒緩流動資金狀況並改善本集團財務狀況，包括但不限於以下各項：

- (i) 本集團正採取措施收緊成本控制旨在取得來自經營的正向現金流量；
- (ii) 本集團的兩家間接全資附屬公司，向海寧市人民法院提出預重整申請，請求法院允許該等兩家附屬公司制定預重整方案以解決其債務狀況；
- (iii) 本集團正與其可換股貸款持有人和銀行進行磋商，就其借款進行重組及／或再融資，並獲得必要的融資以滿足本集團在不久將來的營運資金及財務需求；

- (iv) The Directors are considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities. Subsequent to 31 December 2021, the Company has entered into the placing agreement with the placing agent on 25 February 2022. A total of 200,000,000 placing shares have been successfully placed by the placing agent to not less than six placees at placing price of HK\$0.12 per placing share. The net proceed from placing amounted to approximately HK\$23.71 million and the placing has been completed on 23 March 2021;
- (v) The ultimate holding company of the Company, Morris Capital Limited, has stated that it is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due;
- (vi) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and
- (vii) On 22 April 2022, the Company and a potential subscriber (“**Potential Subscriber**”) entered into a memorandum of understanding, pursuant to which the Potential Subscriber intends to subscribe for and the Company intends to allot and issue 1,300,000,000 new shares of the Company. The indicative total consideration for the Subscription Shares shall be HK\$81,900,000 at HK\$0.063 per Share. However, the completion for subscription of shares could not be determined as of the date of the approval of the consolidated financial statements.
- (iv) 董事正考慮不同方法加強本公司的資本基礎，包括但不限於尋求新投資及業務機遇。於2021年12月31日後，本公司已於2022年2月25日與配售代理訂立配售協議。配售代理已成功將合共200,000,000股配售股份配售至不少於六名承配人，配售價為每股配售股份0.12港元。配售所得款項淨額約23.71百萬港元而該配售已於2021年3月23日完成；
- (v) 本公司最終控股公司慕容資本有限公司表示其有意向本集團提供財務支持，以使本集團能夠持續經營並於其負債到期時結清；
- (vi) 本集團現正與其若干債務人重新磋商還款時間表及根據與彼等協定之還款時間表努力要求其債務人償還貿易應收款項、其他應收款項及應收關聯公司款項；及
- (vii) 於2022年4月22日，本公司與一名潛在認購者(「**潛在認購者**」)訂立一項諒解備忘錄，據此，潛在認購者擬認購而本公司擬配發及發行本公司1,300,000,000股新股份。認購股份的指示性代價總額將為81,900,000港元，每股0.063港元。然而，截至綜合財務報表獲批准日期，尚無法確定認購股份的完成情況。

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

經考慮上述計劃及措施，董事認為，本集團將有足夠的營運資金撥支營運，並於自批准綜合財務報表日期起計十二個月內期間履行到期的財務責任。因此，本公司董事信納按持續經營基準編製綜合財務報表實屬恰當。

Notwithstanding the above, since the execution of the above plans and measures are in progress, significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to achieve these plans and measures, including ability to repay, renew or to restructure and/or refinance its borrowings with convertible bonds holders and bank, generate adequate financing and operating cash flows.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

THE VIEWS OF THE MANAGEMENT AND THE AUDIT COMMITTEE ON THE DISCLAIMER OF OPINION RELATING TO GOING CONCERN

In view of the net current liabilities position, the Directors have carried out a detailed review of the cash flow forecast of the Group covering a period of not less than twelve months from the end of the reporting period based on certain underlying assumptions including (i) the Group succeeding in taking measures to tighten cost control; (ii) two indirect wholly-owned subsidiaries of the Group being able to formulate pre-restructuring plans to resolve the debt positions; (iii) the Group succeeding in negotiating with its convertible loan holder and bank to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future; (iv) the Directors succeeding in strengthening the capital base of the Company including but not limited to, seeking new investment and business opportunities; (v) the shareholder of the Company, Morris Capital Limited, providing financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due; (vi) the Group succeeding in re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and (vii) the Company succeeding in proceeding with and completing the Possible Share Subscription with the Potential Subscriber. Taking into account the above assumptions, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2021. The Directors will continue to negotiate with banks and other financiers, financial institutions and potentially interested investors with the view to obtaining new funding whether by way of equity or debt financing to improve the Company's financial position and/or liquidity, with the objective of removing the emphasis of matter on going concern.

儘管如此，由於上述計劃及措施正在執行中，本集團管理層是否能夠實現上述計劃及措施存在重大不確定性。本集團能否以持續經營基礎繼續經營，將視乎本集團能否具有完成該等計劃及措施的能力，包括償還、更新或重組及／或為可換股債券持有人及銀行的借款再融資的能力，產生充足的融資及經營現金流量。

倘持續經營的假設並不合適，則可能需要進行調整以反映資產或需變現的情況，而非目前列賬於綜合財務狀況表中的金額。此外，本集團或須就可能產生的其他負債計提撥備，並將非流動資產及負債重新分類為流動資產及負債。該等調整的影響並未反映於綜合財務報表中。

管理層及審核委員會的有關持續經營不發表意見的看法

鑑於流動負債淨額狀況之情況，董事根據下列若干相關假設，對本集團由報告期末起計不少於十二個月期間的現金流量預測進行詳細審閱：(i)本集團成功採取措施收緊成本控制；(ii)本集團的兩家間接全資附屬公司能夠制定預重整方案以解決其債務狀況；(iii)本集團成功與其可換股貸款持有人及銀行磋商，就其借款進行重組及／或再融資，並獲得必要的融資以滿足本集團在不久將來的營運資金及財務需求；(iv)董事成功加強本公司的資本基礎，包括但不限於尋求新投資及業務機遇；(v)本公司股東慕容資本有限公司向本集團提供財務支持，以使本集團能夠持續經營並在負債到期時結清；(vi)本集團成功與其若干債務人重新磋商還款時間表及根據與彼等協定之還款時間表努力要求其債務人償還貿易應收款項、其他應收款項及應收關聯公司款項；及(vii)本公司成功與潛在認購者進行及完成可能股份認購。經考慮上述假設，本公司董事認為本集團從2021年12月31日起十二個月內將有足夠營運資金，履行其到期財務責任。董事將繼續與銀行及其他金融界人士、金融機構及潛在有意投資者進行磋商，以透過股權融資或債務融資獲取新資金，以改善本公司的財務狀況及／或流動資金，目的為消除對持續經營事項的強調。

During the audit process, the audit committee discussed with the management during which the management presented the financial highlights and conveyed the key audit matters expressed by the auditors. After considering the circumstances surrounding the key audit matters and the management's presentation, the audit committee concurred with the management's judgments regarding the going concern basis of the financial statements.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE SHARE CAPITAL OF A SUBSIDIARY

On 8 January 2021, Morris International Group Limited (the **"Vendor"**), a direct wholly-owned subsidiary of the Company, and Morris Capital Limited (the **"Purchaser"**), a connected person of the Company, entered into the share purchase agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the entire issued share capital of Masia Investment Limited (the **"Disposal Company"**), for the aggregate consideration of US\$5.513 million (approximately RMB36 million). Further, it is agreed between the Vendor and the Purchaser that the Purchaser shall take the Disposal Company with the current liabilities of the Disposal Group. The transaction was completed on 9 March 2021. Further details of the disposal of the Disposal Company were set out in the announcements of the Company dated 8 January 2021 and 9 March 2021 and the circular of the Company dated 18 February 2021.

CHANGE OF COMPANY NAME

On 13 April 2021, the Company changed its English name from "Morris Holdings Limited" to "Morris Home Holdings Limited" and adopted the Chinese name "慕容家居控股有限公司" as its dual foreign name to replace its former Chinese name "慕容控股有限公司" (the **"Change of Company Name"**). Further details of the Change of Company Name were set out in the announcements of the Company dated 24 February 2021, 1 April 2021 and 26 May 2021 and the circular of the Company dated 10 March 2021. The Change of Company Name was registered with Hong Kong Companies Registry on 13 May 2021. Following the Change of Company Name becoming effective, the stock short name of the Company has changed from "MORRIS HOLD" in English and "慕容控股" in Chinese to "MORRIS HOME" in English and "慕容家居" in Chinese with effect from 9:00 a.m. on 1 June 2021. The Company also adopted a new company logo with effect from 1 June 2021.

於審核過程中，審核委員會與管理層已進行討論，期間管理層已呈列財務摘要及傳達核數師所提出之關鍵審核事項。經考慮關鍵審核事項之情況及管理層呈列之資料後，審核委員會同意管理層對有關財務報表之持續經營基準之判斷。

有關出售一間附屬公司全部股本的主要及關連交易

於2021年1月8日，本公司其中一間直接全資附屬公司慕容國際集團有限公司(「賣方」)與本公司的關連人士慕容資本有限公司(「買方」)訂立股份購買協議，據此，賣方同意出售，而買方同意收購美亞投資有限公司(「出售公司」)的全部已發行股本，總代價為5.513百萬美元(約人民幣36百萬元)。此外，賣方與買方協定，買方須將出售公司與出售集團的流動負債一併接收。該交易2021年3月9日完成。有關出售出售公司的進一步詳情載於本公司日期為2021年1月8日及2021年3月9日的公告及本公司日期為2021年2月18日的通函。

更改公司名稱

於2021年4月13日，本公司將其英文名稱由「Morris Holdings Limited」改為「Morris Home Holdings Limited」，並採納中文名稱「慕容家居控股有限公司」作為其雙重外文名稱，以取代其前中文名稱「慕容控股有限公司」(「更改公司名稱」)。有關更改公司名稱的更多詳情載於本公司日期為2021年2月24日、2021年4月1日及2021年5月26日的公告以及本公司日期為2021年3月10日的通函。更改公司名稱已於2021年5月13日向香港公司註冊處註冊登記。更改公司名稱生效後，本公司的股票簡稱由「MORRIS HOLD」(英文)及「慕容控股」(中文)改為「MORRIS HOME」(英文)及「慕容家居」(中文)，於2021年6月1日上午九時正生效。本公司亦由2021年6月1日起採用新公司標誌。

HUMAN RESOURCES MANAGEMENT

The management of the Group believes that talent is the basis for long-term development of enterprises. The Group targets to enhance its corporate image through building up and solidifying the Company's brand name. With the Five Hearts of Morris: ambition, confidence, determination, perseverance and loyalty, as core values, the Group targets to establish a distinctive corporate culture. Through regular trainings and promotion of its corporate culture, the Group provides its staff with opportunities for personal growth and enhances the employees' sense of belonging to the Group. In addition, the Group provides its employees with competitive remuneration packages and various benefits in line with industry practice. At the same time, the Group strives to create a good working environment, and cultivates teamwork spirit among employees. The Group carries out performance evaluation quarterly, and conducts "Morris Artisans" evaluations, aiming at elevating the morale of the Group's technicians. The Group regularly reviews human resources policies to ensure that the policies align with market practice and comply with regulatory requirements. As of 31 December 2021, the Group employed 1,070 employees (31 December 2020: 1,494 employees). The total annual salary and related costs (excluding directors' remuneration) for 2021 were approximately RMB79.8 million (2020: RMB60.6 million).

The Company operates a share option scheme which allows the Company to grant options to eligible persons as rewards for their contributions to the Group. The share option scheme has been adopted by the Company on 10 December 2016. No share options were granted, exercised or cancelled by the Company under the share option scheme during the period from 12 January 2017, the date on which the Shares were listed on the Stock Exchange (the "**Listing Date**"), up to 31 December 2021 and there were no outstanding share options under the share option scheme as at 31 December 2021 and the date of this report.

EVENTS AFTER THE REPORTING PERIOD

- (a) On 19 January 2022, Zhejiang Apollo Leather Products Co., Ltd. and Zhejiang Morris Fashion Home Co., Ltd. (collectively, the "**Relevant Subsidiaries**"), both being indirect wholly-owned subsidiaries of the Group, filed pre-restructuring applications with the People's Court of Haining City (the "**Court**") to request the Court to allow the Relevant Subsidiaries to formulate pre-restructuring plans to resolve their debt positions. Further details were set out in the announcements of the Company dated 19 January 2022.
- (b) On 25 February 2022, the Company and the placing agent entered into the placing agreement pursuant to which the Company appointed the placing agent to place, subject to the fulfillment of the conditions precedent to the placing, a maximum of 200,000,000 placing shares to not less than six independent placees at a price of HK\$0.12 per placing share. The placing was completed on 23 March 2022. Further details were set out in the announcement of the Company dated 25 February 2022, 28 February 2022 and 23 March 2022.

人力資源管理

本集團管理層認為人才是企業長期發展的基礎。本集團擬透過建設及鞏固本公司的品牌名稱增強其企業形象。以慕容五心：雄心、信心、決心、恆心及忠心作為核心價值，本集團擬建設與眾不同的企業文化。透過其企業文化的定期培訓及推廣，本集團為其員工提供個人成長機會，並增強僱員對本集團的歸屬感。此外，本集團為其僱員提供具競爭力的薪酬待遇及與行業慣例一致的各種福利。同時，本集團致力創造良好的工作環境，並在僱員之間建設團隊精神。本集團按季度進行績效評優，並進行「慕容巨匠」評選活動，激勵本集團技術人員的士氣。本集團定期審核人力資源政策，以確保有關政策與市場慣例一致及符合監管規定。截至2021年12月31日，本集團僱用1,070名僱員(2020年12月31日：1,494名僱員)。2021年的薪金總額及相關成本總額(不包括董事薪酬)約為人民幣79.8百萬元(2020年：人民幣60.6百萬元)。

本公司設立購股權計劃，讓本公司向合資格人士授出購股權作為其對本集團作出貢獻的獎勵。購股權計劃於2016年12月10日獲本公司採納。本公司自2017年1月12日(即股份於聯交所上市日期(「**上市日期**」))起至2021年12月31日止期間並無根據購股權計劃授出、行使或註銷任何購股權，而於截至2021年12月31日及本報告日期，購股權計劃項下概無尚未行使的購股權。

報告期後事項

- (a) 於2022年1月19日，浙江阿波羅皮革製品有限公司及浙江慕容時尚家居有限公司(統稱為「**相關附屬公司**」)，均為本集團的間接全資附屬公司，向海寧市人民法院(「**法院**」)提出預重整申請，請求法院允許相關附屬公司製定預重整方案以解決其債務狀況。有關進一步詳情載於本公司日期為2022年1月19日的公告。
- (b) 於2022年2月25日，本公司與配售代理訂立配售協議，據此，本公司已委任配售代理按待配售事項之先決條件獲達成後，以每股配售股份0.12港元的價格向不少於六名獨立承配人配售最多200,000,000股配售股份。配售已於2022年3月23日完成。進一步詳情載於本公司日期為2022年2月25日、2022年2月28日及2022年3月23日的公告。

PRINCIPAL RISKS AND UNCERTAINTIES

主要風險及不確定因素

The followings are part of the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

FINANCIAL AND ECONOMIC RISK

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements so as to ensure sufficient reserves of cash and adequate committed lines of funding from major financial institutions (when applicable) to meet its liquidity requirements in the short and long term. As at 31 December 2021, the Group had no significant capital commitment.

Foreign currency risk

Revenue from major customers is mainly from the U.S. while the production facilities of the Group are mainly operates in the PRC. Accordingly, most of the sales are denominated in U.S. dollar while the costs arising from its operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollars against RMB could adversely affect the financial results of the Group. During 2021, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

The Group used foreign exchange contract for hedging purposes during 2021 and no hedging instruments outstanding as at 31 December 2021 (2020: approximately RMB313,000). The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in the future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

以下是本集團識別的部分主要風險及不確定因素。除下文所示風險及不確定因素外，本集團亦可能存在目前尚不知悉或現時不重要但未來可能變得重要的其他風險及不確定因素。

金融與經濟風險

流動資金風險

本集團政策為定期監察其流動資金需要，以確保有充足現金儲備及獲主要金融機構提供足夠的承諾資金額度（如適用）以滿足其短期及長期流動資金需要。於2021年12月31日，本集團概無重大資本承擔。

外匯風險

來自主要客戶的收入主要源自美國，而本集團的生產設施主要於中國營運。因此，大部分銷售額以美元計值，而其營運產生的成本一般以人民幣結算。因此，美元兌人民幣的匯價波動，則可能會對本集團的財務業績產生不利影響。於2021年，本集團業務或流動資金並無因匯率波動而出現任何重大困難或受到重大影響。

本集團於2021年使用外匯合約作對沖用途，而於2021年12月31日，尚無未行使的對沖工具（2020年：約人民幣313,000元）。本集團將繼續對其現有業務及未來新投資所引致的匯率風險進行緊密監控。本集團將於適當時進一步實施必要的對沖安排，以降低任何重大的外匯風險。

Credit risk

The Group's credit risk is primarily attributable to trade receivables. Credit evaluations are performed on all credit customers taking into account the customer's payment history and current ability to pay, any information specific to the customer and the economic environment in which the customer operates. The credit period is generally one to two months, extending up to three to four months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment.

The Group has concentration risk in respect of trade receivables due from the Group's five largest customers who accounted for approximately 52.6% and 76.5% of the Group's total trade receivables as at 31 December 2021 and 2020 respectively. The credit risk exposure to trade receivables balance has been and will continue to be monitored by the Group on an ongoing basis.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing bank and other borrowings. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank deposits and borrowings where necessary.

Economy of U.S. market

As the majority of the Group's revenue is derived from the U.S., its results of operations and financial condition therefore depend on the U.S. economy. The Group's profitability and business growth are affected by the uncertainty of macroeconomic conditions and uncertain economic outlook and political conditions in U.S..

The U.S. economy faces challenges such as budget deficits, public debt, lack of labor market dynamism and change in political instability. Moreover, the change of trade policies of the United States with China in recent years have brought adverse impact to the business of the Group. It remains uncertain how Sino-US trade policies will develop since the inauguration of the new US administration in January 2021.

The Group has evaluated the business risk from the change in trade policies of U.S. with China, and would explore different means to mitigate such risks stemming therefrom.

信貸風險

本集團的信貸風險主要來自於貿易應收款項。本集團將評估所有信貸客戶的信貸狀況，信貸評估計及客戶的付款歷史和當前還款能力、與客戶及其經營所在經濟環境有關的任何資訊。信貸期一般為一至兩個月，主要客戶的信貸期延長至最多三至四個月。每位客戶設有最高信貸限額。本集團致力嚴格控制其未償還應收款項及逾期結餘由高級管理層定期檢討。倘出現減值的客觀證據，方可就該等逾期結餘記錄減值虧損。

本集團面臨來自五大客戶的貿易應收款項的集中風險，該等貿易應收款項於2021年及2020年12月31日分別約佔本集團貿易應收款項總額的約52.6%及76.5%。本集團已經並將持續監察關於貿易應收款項結餘的信貸風險。

利率風險

本集團面臨利率變動對計息銀行及其他借款產生影響的利率風險。本集團持續監察利率風險，並在必要時調整銀行存款及借款的組合。

美國市場的經濟

由於本集團的大部分收入來自美國，故其經營業績及財務狀況取決於美國經濟。本集團的盈利能力及業務增長受宏觀經濟狀況的不確定性以及美國不明朗的經濟展望和政治狀況影響。

美國經濟面臨預算赤字、公債、勞動力市場動力不足及政局不穩變動等挑戰。此外，近年美國對華貿易政策改變已對本集團業務帶來不利影響。自2021年1月美國新一屆政府就任以來，中美貿易政策發展仍未明朗。

本集團已評估美國對華貿易政策變更產生的業務風險，並將探索各種不同方法以緩解由此引起的該等風險。

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions ("**Code Provisions**") and, where applicable, the recommended best practices of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year and up to the date of this report.

According to Code Provision A.2.1 (subsequently rearranged and renumbered as C.2.1) of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Zou Gebing as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Mr. Zou Gebing) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

Code Provision C.1.2 (subsequently rearranged and renumbered as D.1.2) of the Corporate Governance Code provides that management should provide members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient details to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

企業管治常規

本公司致力維持高水平的企業管治標準，以保障其股東權益及提升企業價值及問責性。董事會已審閱本公司的企業管治常規，並信納除下文披露者外，年內及直至本報告日期，本公司已遵守載列於聯交所證券上市規則(「**上市規則**」)附錄十四的企業管治守則(「**企業管治守則**」)所有守則條文(「**守則條文**」)及建議最佳常規(如適用)。

根據企業管治守則守則條文A.2.1(隨後重新排列並重新編號為C.2.1)，主席及行政總裁的角色應有所區分，並不應由同一人兼任。本公司已委任鄧格兵先生為本公司主席兼行政總裁。董事會相信，主席及行政總裁的角色由同一人擔任將使本公司於制定業務策略及執行業務計劃時更敏捷、有效率及更具效益。董事會相信，由經驗豐富的優秀人才組成的高級管理層及董事會進行營運足以達致平衡其權力與權限。董事會現時由四名執行董事(包括鄧格兵先生)及三名獨立非執行董事組成，因此其組成具有相當高的獨立性。然而，董事會仍將根據現況不時檢討董事會的架構及組成，以保持本公司的高水平企業管治常規。

企業管治守則守則條文C.1.2(隨後重新排列並重新編號為D.1.2)，管理層應每月向董事會成員提供更新資料，載列有關發行人的表現、狀況及前景的公正及易於理解的評估，內容詳情足以讓董事會全體及每一位董事履行彼等在上規第3.08條及第13章項下的職責。儘管本公司管理層並無定期向董事會成員提供每月更新資料，惟管理層於適當時候向董事會成員提供資料及更新資料。

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. The Company has made specific enquiry with its incumbent Directors regarding compliance with the Model Code during the Reporting Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code regarding directors’ securities transactions throughout the Reporting Period.

BOARD OF DIRECTORS

The Board is responsible for overseeing the management, businesses, strategic directions and financial performance of the Group. The Board holds regular meetings to discuss the Group’s businesses and operations. All important issues are discussed in a timely manner. The Board delegates to the management the daily operations of the Group under the directions set out by the management and the Board. The Board has established various committees and has delegated to the Audit Committee, the Remuneration Committee, and the Nomination Committee of the Board (collectively, the “**Board Committees**”) various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

Pursuant to the internal guidelines of the Group, the Board shall meet at least four times a year. Additional board meetings will be held when warranted. The Directors at all times have full and timely access to information of the Group. There is a procedure for Directors to seek independent professional advice whenever deemed necessary by them at the expense of the Company, as appropriate.

本公司將繼續檢討其企業管治常規，提升企業管治水平、遵守監管規定並滿足本公司股東及投資者日益增長的期望。

證券交易的標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「**標準守則**」)作為董事進行證券交易的本公司行為守則。本公司向現任董事進行具體查詢，查詢其於報告期間有否遵守標準守則，彼等均確認已於報告期間全面遵守標準守則所載有關董事進行證券交易的規定準則。

董事會

董事會負責監管本集團的管理、業務、策略方向及財務表現。董事會定期舉行會議，討論本集團的業務及營運。董事會須及時討論所有重要事項。董事會將本集團的日常營運授予管理層，彼等須根據管理層及董事會制定的指示行事。董事會已成立多個委員會並向董事會的審核委員會、薪酬委員會及提名委員會(統稱「**董事委員會**」)委派多項職責。所有董事委員會均根據其各自的職責範圍履行其不同的責任。

根據本集團的內部指引，董事會每年至少召開四次會議。如有需要可另外召開董事會會議。任何時候，董事均能全面、及時獲取本集團的資料。本公司設有程序，使董事可於其認為需要時尋求獨立專業意見，費用由本公司承擔(如適用)。

Directors receive at least 14 days prior written notice of a regular meeting and may propose matters for discussion to be included in the agenda. The minutes of Board meetings are prepared by the company secretary with details of the decisions reached, any concerns raised and dissenting views expressed. Copies of the final versions of Board minutes are sent to the Directors for their information and records. The draft minutes are sent to all Directors within a reasonable time after each meeting for their comments before being formally signed. The signed minutes are kept in safe custody by the company secretary and are available for inspection by the Directors.

Insurance coverage in respect of Directors' and officers' liability has been arranged by the Company.

As of the date of this report, the composition of the Board is as follows:

Executive Directors:

Mr. ZOU Gebing (*Chairman and Chief Executive Officer*)
Mr. SHEN Zhidong
Mr. WU Yueming

Independent Non-executive Directors:

Mr. LIU Haifeng
Mr. CHU Guodi
Ms. WU Weixia (*appointed on 14 April 2022*)
Mr. TAN Tianhong (*appointed on 14 April 2022*)
Ms. ZHAO Hongyan (*appointed on 14 April 2022*)

The biographies of the Directors are set out in "Profile of Directors and Senior Management" on pages 8 to 14 of this annual report.

董事在常規會議之前至少14日內收到事先書面通知，並可提出討論事宜列入議程。董事會會議記錄由公司秘書編製，詳細介紹了所達成的決議、提出的任何疑慮和不同意見。董事會會議記錄的最終版本副本將發送給董事，以供參考及記錄。會議紀要在每次會議後、正式簽署前的合理時間內發送給所有董事，以供提出意見。簽署的會議記錄由公司秘書妥善保管，以供董事查閱。

本公司已安排投購有關董事及高級職員責任的保險。

於本報告日期，董事會的組成如下：

執行董事：

鄒格兵先生(*主席兼行政總裁*)
沈志東先生
吳月明先生

獨立非執行董事：

劉海峰先生
褚國弟先生
吳偉霞女士(*於2022年4月14日獲委任*)
檀天紅先生(*於2022年4月14日獲委任*)
趙紅岩女士(*於2022年4月14日獲委任*)

董事履歷載於本年報第8至14頁的「董事與高級管理層履歷」。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

During the Reporting Period, the attendance of the individual Directors at the meetings is set out below: 於報告期間，各董事出席會議情況如下：

		Number of meetings attended/eligible to attend during the Reporting Period				
		於報告期間出席／有資格出席的會議次數				
		Remuneration Committee	Nomination Committee	Audit Committee	Board	General Meeting
Name of Director	董事姓名	薪酬委員會	提名委員會	審核委員會	董事會	股東大會
Executive Directors	執行董事					
Mr. Zou Gebing	鄧格兵先生	N/A 不適用	N/A 不適用	N/A 不適用	8/8	3/3
Mr. Zeng Jin	曾金先生					
(resigned on 8 June 2021)	(於2021年6月8日辭任)	N/A 不適用	N/A 不適用	N/A 不適用	4/4	2/2
Mr. Wu Yueming	吳月明先生	N/A 不適用	N/A 不適用	N/A 不適用	8/8	3/3
Mr. Shen Zhidong	沈志東先生	N/A 不適用	N/A 不適用	N/A 不適用	8/8	3/3
Independent non-executive Directors	獨立非執行董事					
Mr. Liu Haifeng	劉海峰先生	1/1	2/2	2/2	8/8	3/3
Mr. Chu Guodi	褚國弟先生	1/1	2/2	2/2	8/8	3/3
Mr. Qian Jun	錢俊先生					
(resigned on 14 April 2022)	(於2022年4月14日辭任)	1/1	2/2	2/2	8/8	3/3
Ms. Wu Weixia	吳偉霞女士					
(appointed on 14 April 2022)	(於2022年4月14日獲委任)	0/0	0/0	0/0	0/0	0/0
Mr. Tan Tianhong	檀天紅先生					
(appointed on 14 April 2022)	(於2022年4月14日獲委任)	0/0	0/0	0/0	0/0	0/0
Ms. Zhao Hongyan	趙紅岩女士					
(appointed on 14 April 2022)	(於2022年4月14日獲委任)	0/0	0/0	0/0	0/0	0/0

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

They serve actively on the Board and Board Committees to provide their independent and objective views. In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors, representing more than one-third of the Board. At least one of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Board must satisfy itself that an independent non-executive Director does not have any material relationship with the Group. The Board is guided by the criteria of independence as set out in the Listing Rules in determining the independence of Directors.

The Board members have no financial, business, family or other material/relevant relationships with each other, save as disclosed under the section headed "Profile of Directors and Senior Management" in this annual report. The Company has received annual confirmation of independence from all the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the independent non-executive Directors are independent in accordance with the Listing Rules.

Ms. Wu Weixia was appointed as an independent non-executive Director on 14 April 2022, replacing Mr. Qian Jun's directorship in the Company. Mr. Tan Tianhong and Ms. Zhao Hongyan were appointed as the independent non-executive Directors on 14 April 2022. Each of Ms. Wu, Mr. Tan and Ms. Zhao will retire and offer himself/herself for re-election as an independent non-executive Director of the Company at the coming annual general meeting of the Company held on 30 June 2022. Please refer to "Corporate Governance Practices" on pages 27 to 28 of this report for further details.

獨立非執行董事的獨立性

獨立非執行董事的角色乃向董事會提供獨立及客觀的意見，為本公司提供足夠的制約及平衡，以保障股東及本公司整體利益。

彼等於董事會及董事委員會上積極提供其獨立及客觀的意見。本公司已遵照上市規則第3.10(1)及3.10A條，委任至少三名獨立非執行董事，佔董事會人數超過三分之一。至少一名獨立非執行董事具備上市規則第3.10(2)條所規定的適當會計專業資格或相關財務管理專業知識。

董事會確信，獨立非執行董事與本集團並無任何重大關係。董事會在確定董事獨立性時，遵循上市規則所載獨立標準。

除本年報「董事與高級管理層履歷」一節所披露者外，董事會成員之間並無財務、商業、家庭或其他重大／相關的關係。本公司已收到全體獨立非執行董事根據上市規則第3.13條提交的年度獨立性確認書。董事會認為，根據上市規則全體獨立非執行董事均為獨立人士。

吳偉霞女士於2022年4月14日獲委任為獨立非執行董事，接替錢俊先生於本公司的董事職務。檀天紅先生及趙紅岩女士於2022年4月14日獲委任為獨立非執行董事。吳女士、檀先生及趙女士均將於本公司於2022年6月30日舉行的應屆股東週年大會退任並依願獲重選為本公司獨立非執行董事。有關進一步詳情，請參閱本報告第27至28頁的「企業管治常規」。

DIRECTORS' TRAINING

All Directors are provided with timely updates on the Company's performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, the Company arranges for and provides continuous professional development training and relevant materials to the Directors to help ensure they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. The Directors have provided to the Company their record of continuous professional development training, and they have participated in training activities in the following manner:

1. Reading materials on Directors' duties, compliance issues for listed companies and/or legal and regulatory requirements;
2. Reading materials on corporate governance and financial reporting; and
3. Reading materials on risk management and internal control.

Dividend policy

On 10 December 2018, the Company adopted a new dividend policy that may declare and distribute dividends to the shareholders of the Company, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. The Company intends to pay out an annual dividend payment at a payout ratio of not less than 30% of the Group's consolidated net profit after tax for the then financial year after taking into consideration of certain factors stated in the Company's announcement dated 10 December 2018.

董事的培訓

所有董事均獲提供有關本公司的表現、財務狀況及前景的最新資料，以助董事會(作為一個整體)及各董事履行職責。另外，本公司為董事安排並提供持續專業發展培訓和相關資料，以確保彼等了解本集團經營業務的商業、法律和監管環境的最新變化，並重溫其關於上市公司董事角色、職能和職責的知識和技能。董事向本公司提供其持續專業發展培訓記錄，並以如下方式參加培訓活動：

1. 閱讀關於董事職責、上市公司的合規問題及／或法律及法規要求的資料；
2. 閱讀企業管治和財務報告資料；及
3. 閱讀風險管理和內部監控資料。

股息政策

於2018年12月10日，本公司已採納新股息政策，可向本公司股東宣派及派付股息，惟須以本集團錄得除稅後溢利且宣派及派付股息不會對本集團正常營運構成影響為前提。經考慮本公司日期為2018年12月10日的公告所載若干因素後，本公司擬按不少於本集團於當時財政年度除稅後綜合淨利潤30%的派付比率支付年度股息。

Board Diversity Policy (“Diversity Policy”)

The Company adopted a policy of having a diversity in the composition of Board members so as to enhance the quality of its performance. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board.

The Nomination Committee will monitor the implementation of the Diversity Policy and, from time to time, review the Diversity Policy to ensure its effectiveness.

Nomination Policy

The Board is responsible for selection and appointment of Directors. The Nomination Policy of the Board (the “**Nomination Policy**”) sets out the criteria, process and procedures for the Nomination Committee to recommend suitable candidates for directorship with a view to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the skills and experience of the candidate, the commitment that the candidate is expected to devote to the Board and the competence of the candidate in satisfying relevant legal and regulatory requirements. The Company adopted the Diversity Policy as stated in the previous section for achieving diversity on the Board with reference to the Company’s business model and specific needs. The candidate to be nominated as an INED must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

董事會多元化政策(「多元化政策」)

本公司已採納董事會成員多元化政策，以提升其表現質素。在設計董事會組成時，董事會多元化加以考慮各方面，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、技能、知識以及服務年資。所有董事會任命均以用人唯才為原則，並在考慮人選時以充分顧及董事會成員多元化的裨益為甄選準則。

提名委員會將監察多元化政策的執行情況，並不時檢討多元化政策，以確保其行之有效。

提名政策

董事會負責挑選及委任董事。董事會提名政策(「**提名政策**」)載列提名委員會建議合適董事人選的準則、過程及程序，藉以確保董事會在切合本公司業務需要的技能、經驗及觀點多元化之間取得平衡。

提名委員會將於提名時考慮多項因素，包括但不限於候選人的技能及經驗、候選人的預期為董事會作出的承諾以及候選人的能力符合相關法律及法規規定。本公司經參考本公司的業務模式及特定需求，採納上一節所述多元化政策，以達致董事會多元化。獲提名為獨立非執行董事的候選人必須符合上市規則第3.13條所載獨立性標準。

If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election to the Board. On making recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined written terms of reference. The terms of reference of the Board Committees are posted on the Company's website and the website of the Stock Exchange and are available to the Shareholders upon request.

All members of each Board Committee are independent non-executive Directors.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

倘提名委員會確定需要新增或更換董事，委員會可採取其認為適當的措施，以物色及評估人選。提名委員會可向董事會建議由本公司股東推薦或提名的人選作為候任董事。於提出建議時，提名委員會可向董事會提交候選人的個人簡歷以供考慮。董事會可委任該候選人擔任董事以填補臨時空缺或作為新增董事，或向股東推薦該候選人以供於股東大會選任或重選（如適用）。

董事委員會

董事會已成立三個委員會，即審核委員會、薪酬委員會及提名委員會，目的是為監察本公司特定事務。所有董事委員會均制定明確的書面職權範圍。董事委員會各自的職權範圍載於本公司及聯交所網站，股東可要求索取有關資料。

各董事委員會的所有成員均為獨立非執行董事。

審核委員會

本公司已成立審核委員會，並依照上市規則第3.21條及企業管治守則訂明其書面職權範圍。審核委員會的主要職責為檢討及監督本集團的財務報告程序、內部監控制度及風險管理制度，監察審核程序以及履行董事會授予的其他職責與責任。

Members of the Audit Committee are Mr. Liu Haifeng, Mr. Chu Guodi, Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan. They are all independent non-executive Directors. Ms. Wu Weixia currently serves as the chairman of the Audit Committee, replacing Mr. Qian Jun, who resigned on 14 April 2022.

Pursuant to the meeting of the Audit Committee on 10 May 2022, the Audit Committee reviewed, among other things, the audited financial statements for 2021 with recommendations to the Board for approval and discussed with the management and the external auditors the accounting policies and practices which may affect the Group, the report prepared by the external auditors covering major findings in the course of the audit and the accounting and financial reporting matters.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on the remuneration packages of individual Directors and senior management and on other employee benefit arrangements.

The Remuneration Committee consists of all the independent non-executive Directors, namely Mr. Chu Guodi, Mr. Liu Haifeng, Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan. Mr. Tan Tianhong currently serves as the chairman of the Remuneration Committee.

The Remuneration Committee has assessed the performance of the Directors and senior management of the Company, and reviewed and recommended to the Board the remuneration policy and structure relating to the Directors and senior management of the Company.

審核委員會成員為劉海峰先生、褚國弟先生、吳偉霞女士、檀天紅先生及趙紅岩女士。彼等均為獨立非執行董事。吳偉霞女士目前擔任審核委員會主席，接替於2022年4月14日辭任的錢俊先生。

根據審核委員會於2022年5月10日舉行的會議，審核委員會已審閱(其中包括)2021年的經審核財務報表並向董事會建議予以批准，與管理層及外聘核數師討論影響本集團的會計政策與常規、外聘核數師編製的報告(當中涵蓋其於審核過程中的重大發現)以及會計及財務報告事宜。

薪酬委員會

本公司已成立薪酬委員會，並依照上市規則第3.25條及企業管治守則訂明其書面職權範圍。薪酬委員會的主要職責為制定與檢討董事及高級管理層的薪酬政策及架構，並就個別董事及高級管理層的薪酬待遇以及其他僱員福利安排提出建議。

薪酬委員會由全體獨立非執行董事褚國弟先生、劉海峰先生、吳偉霞女士、檀天紅先生及趙紅岩女士組成。檀天紅先生目前擔任薪酬委員會主席。

薪酬委員會已評估本公司董事及高級管理層的表現，檢討與本公司董事及高級管理層有關的薪酬政策及架構並向董事會提供建議。

The remuneration for the Directors and senior management comprises basic salary, retirement benefits and discretionary bonus. Details of the amount of emoluments of Directors paid for 2021 are set out in note 8 to the financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on appointments of the Directors, to assess the independence of the independent non-executive Directors, to take up references and to consider related matters.

The Nomination Committee consists of all the independent non-executive Directors, namely Mr. Chu Guodi, Mr. Liu Haifeng, Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan. Ms. Zhao Hongyan currently serves as the chairlady of the Nomination Committee.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the balance of expertise, skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the requirements of the business of the Group and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Further, pursuant to the terms of reference of the Nomination Committee, the Nomination Committee, when reviewing the composition of the Board, will have regard to the diversity of the Board, which includes gender, age, cultural and educational background, length of service, skills, knowledge and professional experience of the Board. The Company recognises and embraces the benefits of diversity of Board members.

董事及高級管理層薪酬包括基本工資、退休福利及酌情花紅。於2021年支付的董事酬金金額詳情載於財務報表附註8。

提名委員會

本公司已成立提名委員會，並依照企業管治守則訂明其書面職權範圍。提名委員會的主要職責為就委任董事向董事會提出建議，評估獨立非執行董事的獨立性，取得證明以及考慮相關事宜。

提名委員會由全體獨立非執行董事褚國弟先生、劉海峰先生、吳偉霞女士、檀天紅先生及趙紅岩女士組成。趙紅岩女士目前擔任提名委員會主席。

提名委員會負責就該等人士均衡知識、技能、經驗、專業知識、個人誠信及投入時間以及就本集團業務需要及其他相關法定規則及規例，進行甄選及推薦候任董事人選程序。有需要時或會委任外部招聘代理進行招聘及甄選程序。

此外，根據提名委員會的職權範圍，提名委員會在檢討董事會的組成時，將考慮到董事會多元化，其中包括董事會的性別、年齡、文化和教育背景、服務年資、技能、知識以及專業經驗。本公司承認並擁護董事會成員多元化的利益。

The Nomination Committee has reviewed the policy for the nomination of Directors, the structure, size and composition of the Board and assessed independence of the independent non-executive Directors.

提名委員會已檢討董事會的董事提名政策、架構、人數及組成，並評估獨立非執行董事的獨立性。

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the Corporate Governance Code, namely:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and
- (v) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report in the Company's annual report.

The Board will continue to review the Company's policies and practices on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the Corporate Governance Code.

企業管治職能

董事會負責履行企業管治守則的守則條文D.3.1所載企業管治職責，即：

- (i) 制定及檢討本公司在企業管治方面的政策及常規；
- (ii) 檢討及監察董事及高級管理層的培訓及持續專業發展；
- (iii) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- (iv) 制定、檢討及監察適用於僱員及董事的行為守則及合規手冊（包括與證券交易有關）；及
- (v) 檢討本公司遵守企業管治守則的情況及在本公司年報的企業管治報告所作披露。

董事會將繼續檢討本公司在遵守企業管治及法律與監管規定方面的政策及常規、董事的培訓及持續專業發展參與情況以及本公司遵守企業管治守則的情況。

AUDITORS' REMUNERATION

During 2021, the total fees paid/payable in respect of services provided by the Group's external auditors are set out below:

		2021 2021年 RMB'000 人民幣千元
Audit and audit related services	審計及審計相關服務	1,304
Non-audit services: Taxation and other professional services	非審計服務：稅務及其他專業服務	204
		<u>1,508</u>

核數師酬金

於2021年，本集團外聘核數師就其所提供服務已獲支付／應獲支付的總費用如下：

COMPANY SECRETARY

The company secretary is responsible for handling company secretarial matters including compliance with the companies ordinance. The company secretary of the Company is Mr. Lam Hoi Lun. Mr. Lam has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

公司秘書

公司秘書負責處理公司秘書事宜(包括遵守公司條例)。本公司的公司秘書為林海麟先生。林先生已遵照上市規則第3.29條接受不少於15小時的專業培訓。

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board, supported by the finance and accounting department, is responsible for the preparation of the financial statements of the Group that give a true and fair view. In preparing the financial statements, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants have been adopted. Appropriate accounting policies have also been used and applied consistently. The appropriateness of the preparation of the Company's consolidated financial statements on a going concern basis largely depends upon the outcome of the underlying assumptions as detailed in Note 2.1 to the consolidated financial statements, which in particular include: (i) cost control tightening measures; (ii) pre-restructuring of two subsidiaries; (iii) negotiation with convertible loan holder and bank; (iv) alternatives to strengthen the capital base; and (v) financial support from the ultimate holding company; (vi) re-negotiation with debtors; and (vii) successful completion of the share subscription contemplated by the memorandum of understanding dated 22 April 2022. However, the eventual outcome of the plans and measures described above are inherently uncertain. The conditions stated in Note 2.1 to the consolidated financial statements, including the net loss, net current liabilities, net liabilities, interest-bearing bank and other borrowings, lease liabilities, convertible loan, cash and cash equivalents of the Group, indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern.

董事對財務報表的責任

在財務及會計部門的協助下，董事會負責編製本集團真實與公平的財務報表。編製財務報表時，已採納香港會計師公會頒佈的香港財務報告準則，並貫徹使用和運用適當的會計政策。按持續經營基準編製本公司之綜合財務報表是否適當，主要取決於相關假設之結果，誠如綜合財務報表附註2.1所詳述，其中特別包括 (i) 成本控制收緊措施；(ii) 預重整兩間附屬公司；(iii) 與可換股貸款持有人及銀行磋商；(iv) 加強資本基礎的方法；(v) 來自最終控股公司的財務支持；(vi) 與債務人重新協商；及(vii) 成功完成日期為2022年4月22日的諒解備忘錄項下擬進行之股份認購。然而，上述計劃及措施的最終結果本質上屬不確定。綜合財務報表附註2.1所述的情況，包括本集團的虧損淨額、流動負債淨額、負債淨額、計息銀行及其他借款、租賃負債、可換股貸款、現金及現金等價物，表明存在可能對本集團持續經營能力產生重大疑問的重大不確定性。

Our auditor do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of the Independent Auditors' Report, our auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, our auditor is of the opinion that the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance. Save as disclosed above, the Directors are not aware of any other events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Notwithstanding the foregoing, the Directors have prepared the consolidated financial statements on a going concern basis, taking into consideration the various factors set out in the section headed "The views of the management and the Audit Committee on the disclaimer of opinion relating to going concern" on page 22 of this annual report.

The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is included in the Report of the Independent Auditors on page 72 of this annual report.

我們的核數師概不就本集團的綜合財務報表發表意見。由於獨立核數師報告「不發表意見之基礎」一節所詳述事項乃屬重大，我們未能取得足夠恰當的審核憑證，為綜合財務報表之審核意見提供基準。就其他方面而言，我們的核數師認為綜合財務報表已按照公司條例的披露規定妥為編製。除上文所披露者外，董事概不知悉任何或會對本公司持續經營的能力產生重大疑問的其他事件或情況。

儘管如上文所述，經考慮本年報第22頁「管理層及審核委員會有關持續經營不發表意見的看法」一節所載之各項因素後，董事已按持續經營基準編製綜合財務報表。

本公司核數師就本集團財務報表的申報責任聲明載於本年報第72頁的獨立核數師報告。

RISK MANAGEMENT AND INTERNAL CONTROL

The management has the responsibility to maintain appropriate and effective risk management and internal control systems, and the Board has the responsibility to review and monitor the effectiveness of the Group's risk management and internal control systems at least annually covering material controls, including financial, operational and compliance controls, to ensure that the systems in place are adequate and effective. The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

Identification:	Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
Evaluation:	Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
Management:	Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

風險管理及內部監控

管理層負責維持合適及有效的風險管理及內部監控制度，而董事會負責至少每年檢討及監察本集團的風險管理及內部監控制度（涵蓋包括財務、營運及合規監控等重要監控）的有效性，以確保現時制度的足夠性及有效性。本集團採納風險管理制度以管理有關其業務及營運的風險。該制度包括以下層面：

識別：	識別風險所有權、業務目標及可能影響目標達成的風險。
評估：	分析風險的可能性及影響並對風險組合作出相應評估。
管理：	考慮風險應對，確保與董事會有效溝通並持續監察剩餘風險。

The Company has in place an internal control system which is compatible with The Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The COSO framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The five key components of the COSO framework are shown as follows:

本公司已制定符合特雷德韋委員會贊助組織委員會 (The Committee of Sponsoring Organizations of the Treadway Commission [“**COSO**”]) 於2013年發出的框架的內部監控制度。COSO框架可促使本集團達致營運有效性及效率性、財務報告可靠性以及遵守適用法律及法規的目標。COSO框架由以下五個關鍵部分組成：

Control Environment:	A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.	監控環境：為本集團開展內部監控提供基礎的一套標準、程序及結構。
Risk Assessment:	A dynamic and iterative process for identifying and analysing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.	風險評估：識別及分析風險以達成本集團目標並就確定如何管理風險形成依據的動態交互流程。
Control Activities:	Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.	監控行動：政策及程序為幫助確保減輕風險以達成目標的管理層指令獲執行而制定的行動。
Information and Communication:	Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.	資訊及通訊：為本集團提供進行日常監控所需資訊的內部及外部通訊。
Monitoring:	Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.	監察：為確定內部監控的各組成部分是否存在及運行而進行的持續及單獨評估。

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

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

During the Reporting Period, the Company engaged an external independent adviser with professional staff in possession of relevant expertise to conduct an independent review of the risk management and internal control systems of the Group in order to maintain high standards of corporate governance. The review plan has been approved by the Board and the Audit Committee. The Board and the Audit Committee had also reviewed the resources, staff qualifications and experience and training programs of the external independent adviser and considered they are adequate and sufficient.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of the relevant obligations under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") and the Listing Rules.

然而，本集團的風險管理及內部監控制度旨在管理而非消除不能達成業務目標的風險，並僅可對重大錯誤陳述或損失提供合理但並非絕對的保證。

本集團已就是否需要設立內部審計部門進行年度檢討。鑑於本集團的公司及業務架構相對簡單，並不適合分散資源成立獨立內部審計部門，董事會在審核委員會的協助下直接負責本集團的風險管理及內部監控制度並檢討其有效性。

於報告期間，本公司委聘外部獨立顧問(包括具備相關專業知識的專業人員)對本集團風險管理及內部監控制度進行獨立檢討，以維持高水準的企業管治。檢討計劃已獲董事會及審核委員會批准。董事會及審核委員會亦已檢討外部獨立顧問的資源、員工資格及經驗以及培訓計劃並認為相關資源、員工資格及經驗以及培訓計劃屬充足及充分。

就處理及發佈內幕消息的程序及內部監控措施而言，本公司知悉香港法例第571章證券及期貨條例(「證券及期貨條例」)及上市規則下的相關責任。

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

1. The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
2. Confidentiality covenants will be in place when the Group enters into significant negotiations.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, is likely to be in possession of inside information in relation to the Company, are required to comply with the securities transaction rules adopted by the Company which are on terms no less exacting than those required under the Listing Rules.

The Board and the Audit Committee had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems during the Reporting Period and up to the date of this report and believes that the existing systems are adequate and effective.

為加強本集團的內幕消息處理制度並確保其公開披露資料的真實性、準確性、完整性與及時性，本集團亦採納並實施內幕消息政策及程序。本集團已不時採納若干合理措施以確保存在適當保障以防止違反有關本集團的披露規定，其中包括：

1. 僅少數僱員可按需要查閱相關資料。掌握內幕消息的僱員充分熟知彼等的保密責任。
2. 本集團進行重大磋商時將會訂立保密條款。

此外，所有僱員須嚴格遵守有關內幕消息管理的規則及規定，包括因其職位或僱傭關係有可能掌握有關本公司內幕消息的所有僱員須遵守本公司所採納的證券交易規則，其條款不遜於上市規則的規定。

董事會及審核委員會已於報告期間及直至本報告日期檢討本集團風險管理及內部監控制度的足夠性及有效性，並認為現有制度充分而且有效。

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide a forum for the Shareholders to exchange views directly with the Board. Subject to provisions of the applicable laws in the Cayman Islands and the Listing Rules, the Articles require that an annual general meeting ("**AGM**") of the Company to be held each year and at the venue as determined by the Board. Each general meeting, other than an AGM, is called an extraordinary meeting.

According to the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS BY SHAREHOLDERS AT GENERAL MEETING

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information to the principal place of business of the Company in Hong Kong. The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the Company's branch share registrar that the request is proper and in order and made by a Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting.

股東權利

本公司股東大會為股東提供直接與董事會交換意見的論壇。根據開曼群島的適用法律條文及上市規則，細則規定本公司須每年舉行一次股東週年大會（「**股東週年大會**」），會議地點由董事會釐定。非股東週年大會的各股東大會為特別大會。

根據細則，任何一名或多名股份持有人於遞呈請求日期持有附帶於本公司股東大會投票的權利的本公司實繳股本不少於十分之一，則有權隨時向董事會或本公司秘書發出書面請求，要求董事會召開股東特別大會，以處理有關請求書中所指明的任何事項。

如果在遞呈請求21日內，董事會並無召開會議，請求人本人可以相同方式召開會議，而請求人可向本公司報銷其因董事會未能召開會議而招致的一切合理費用。

股東在股東大會上提呈建議的程序

為於本公司股東大會上提呈建議，股東須以書面通知將其建議（「**建議**」）連同其詳細聯絡資料呈交至本公司的香港主要營業地點。本公司將向其香港股份過戶登記分處核實股東身份及其要求，於獲得本公司股份過戶登記分處確認股東作出的要求屬恰當及適當後，董事會將全權酌情釐定是否在股東大會議程內加入建議。

PUTTING ENQUIRIES BY SHAREHOLDERS TO THE BOARD

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available and the Company has an investor relationship personnel to attend to enquiries from the Shareholders. Details of the contact person are set out below:

Name: Mr. Xu Jing
Telephone: (852) 2106 3218
Email: benson.xu@morrishome.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company and/or by sending them to the Company's principal place of business in Hong Kong at the following correspondence address and addressing to the Board:

Address: Room 708-709, Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Hong Kong

Shareholders should direct their questions about their shareholdings, share transfer, share registration and payment of dividend to Tricor Investor Services Limited (the Company's branch share registrar in Hong Kong). Contact details of Tricor Investor Services Limited are set out below:

Address: Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Telephone: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

股東向董事會提出詢問

股東可隨時索取本公司資料，惟有關資料須為可公開查閱，本公司亦有投資者關係人員處理來自股東的詢問。聯絡人的詳情載列如下：

姓名：徐景先生
電話：(852) 2106 3218
電郵：benson.xu@morrishome.com.hk

股東亦可於本公司股東大會上向董事會提出詢問及／或透過將有關詢問發送至本公司的香港主要營業地點並提交予董事會提出詢問，通訊地址如下：

地址：香港長沙灣荔枝角道838號勵豐中心708-709室

股東如對名下股權、股份轉讓、股份登記及派付股息有任何疑問，應向本公司的香港股份過戶登記分處卓佳證券登記有限公司提出。卓佳證券登記有限公司的聯絡方式詳情載列如下：

地址：香港皇后大道東183號合和中心54樓
電話：(852) 2980 1333
傳真：(852) 2810 8185
電郵：is-enquiries@hk.tricorglobal.com

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management maintain a continuing dialogue with the Shareholders and investors through various channels including the Company's AGM to answer Shareholders' questions. The chairman and other members of the Board are present at the AGM. The annual report and AGM circular is distributed to all the Shareholders at least 20 clear business days before the AGM.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update them with the latest business development and financial performance including the AGM, the publication of annual reports, announcements and circulars on the websites of the Stock Exchange and the Company in order to maintain a high level of transparency.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company adopted an amended and restated memorandum of association on 10 December 2016 and amended and restated articles of association on the Listing Date.

與股東溝通

董事會及高級管理層透過多種渠道(包括召開本公司股東週年大會以回答股東的疑問)與股東和投資者維持持續的對話。董事會主席及其他成員均出席股東週年大會。本公司於股東週年大會前至少足20個營業日向全體股東派發年報及股東週年大會通函。

投資者關係

本公司與投資者建立不同的通訊途徑，以便彼等知悉最新業務發展及財務表現，包括股東週年大會、於聯交所及本公司網站刊發年報、公告及通函，以維持高度透明。

組織章程大綱及細則

本公司已於2016年12月10日採納經修訂及重列的組織章程大綱以及於上市日期採納經修訂及重列的組織章程細則。

DIRECTORS' REPORT 董事會報告

The Directors present this annual report and the audited consolidated financial statements of the Company for 2021.

BUSINESS REVIEW

The review of business performance of the Group, the Group's business prospect and the financial key performance indicators during 2021 are set out in the sections headed "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis" on page 5, pages 6 to 7 and pages 15 to 24 respectively of this annual report. The content is part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The principal risks and uncertainties of the Group during the Reporting Period is set out in the section headed "Principal Risks and Uncertainties" on pages 25 to 26 of this annual report. The content is part of this directors' report.

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAW AND REGULATIONS

The Group is committed to supporting the environmental sustainability. Being manufacturing and trading companies in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During 2021, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

A report on the environmental, social and governance aspects is prepared in accordance with Appendix 27 to the Listing Rules will be published on the Company's and the Stock Exchange's websites as close as possible to, and in any event no later than three months after, the publication of the Company's annual report.

董事謹此提呈本公司的2021年年報及經審核綜合財務報表。

業務回顧

本集團於2021年的業務表現回顧、本集團業務前景及關鍵財務表現指標分別載於本年報第5頁的「財務摘要」、第6至7頁的「主席報告」及第15至24頁的「管理層討論及分析」章節，有關內容為本董事會報告的一部分。

本公司面臨的主要風險及不確定因素

於報告期間，本集團的主要風險及不確定因素載於本年報第25至26頁的「主要風險及不確定因素」一節，有關內容為本董事會報告的一部分。

環境保護及遵守法律法規

本集團致力支持環境的可持續發展。作為中國的製造和貿易公司，本集團須遵守中國國家、省及市政府制定的各項環保法律法規。本集團已設定合規程序確保遵守適用法律、規則及規例。於2021年，本集團已遵守對本集團營運有重大影響的相關法律法規。此外，有關僱員及有關營運單位不時留意適用法律、規則及規例的任何變動。

有關環境、社會及管治方面的報告乃根據上市規則附錄二十七編製，並將於盡可能接近本年報刊發時間，及在任何情況下不遲於本公司年報公佈的三個月後分別在本公司及聯交所網站刊載。

PRINCIPAL ACTIVITIES

The Company acts as the holding company of the Group and its subsidiaries are principally engaged in the manufacturing and sale of sofas, sofa covers and other furniture products.

RESULTS AND APPROPRIATIONS

The results of the Group for 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 73 to 74 of this annual report.

The Board did not recommend the payment of any dividend for the year ended 31 December 2021.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holding of the shares of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during 2021 in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 27 to the Company's financial statements.

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

Save as disclosed in the paragraph headed "Restricted Share Award Scheme" below, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during 2021.

主要業務

本公司為本集團的控股公司，而其附屬公司主要業務為生產及銷售沙發、沙發套及其他家具產品。

業績及分派

本集團於2021年的業績載於本年報第73至74頁的綜合損益及其他全面收益表。

董事會不建議就截止2021年12月31日止年度派付任何股息。

稅項減免

本公司並不知悉有股東因持有本公司股份而享有任何稅項減免。

物業、廠房及設備

本集團物業、廠房及設備於2021年的變動詳情載於綜合財務報表附註13。

股本

本公司股本詳情載於本公司財務報表附註27。

購買、出售或贖回本公司的上市證券

除下文「受限制股份獎勵計劃」一段所披露者外，於2021年，本公司或其附屬公司概無購買、出售或贖回任何本公司的上市證券。

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company had no reserves available for distribution (31 December 2020: Nil).

FIVE YEAR FINANCIAL SUMMARY

Five year financial summary are set in the section headed "Five Year Financial Summary" on page 212 of this annual report.

DIRECTORS

The Directors during 2021 and up to the date of this annual report were:

Executive Directors:

Mr. ZOU Gebing (*Chairman and CEO*)
Mr. ZENG Jin (resigned on 8 June 2021)
Mr. SHEN Zhidong
Mr. WU Yueming

Independent Non-executive Directors:

Mr. LIU Haifeng
Mr. CHU Guodi
Mr. QIAN Jun (resigned on 14 April 2022)
Ms. WU Weixia (appointed on 14 April 2022)
Mr. TAN Tianhong (appointed on 14 April 2022)
Ms. ZHAO Hongyan (appointed on 14 April 2022)

In accordance with paragraph 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

可供分派儲備

於2021年12月31日，本公司並無可供分派儲備(2020年12月31日：無)。

五年財務概要

五年財務概要載於本年報第212頁的「五年財務概要」一節。

董事

於2021年及截至本年報日期的董事如下：

執行董事：

鄒格兵先生(主席兼行政總裁)
曾金先生 (於2021年6月8日辭任)
沈志東先生
吳月明先生

獨立非執行董事：

劉海峰先生
褚國弟先生
錢俊先生 (於2022年4月14日辭任)
吳偉霞女士 (於2022年4月14日獲委任)
檀天紅先生 (於2022年4月14日獲委任)
趙紅岩女士 (於2022年4月14日獲委任)

根據細則第83(3)段，任何獲董事會委任填補臨時空缺的董事任期須直至彼獲委任後首屆股東大會舉行時屆滿，屆時須於該會上重選連任，而任何獲董事會委任加入現有董事會的董事任期將於本公司下屆股東週年大會舉行時屆滿，屆時符合資格重選連任。

Further, pursuant to paragraph 84(1) of the Articles, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years and, being eligible, offer themselves for re-election for the forthcoming year. According to paragraph 84(2) of the Articles, any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Details of the re-electing directors at the forthcoming AGM will be set out in the Company's circular to be dispatched to the Shareholders.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a fixed term of three years commencing from the Listing Date or the date of appointment, unless terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. There is no specific term or proposed length of service for the independent non-executive Directors under the letters of appointment. They are subject to retirement by rotation and re-election at AGM of the Company at least once every three years and until terminated by not less than three months' notice in writing served by either the Company or the respective independent non-executive Director.

No Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

此外，根據細則第84(1)段，當時三分之一董事須輪值告退，惟每名董事須最少每三年於股東週年大會上輪值告退一次，並符合資格及依願重選連任來年的董事職務。根據細則第84(2)段，在釐定須輪值告退的特定董事或董事人數時，董事會根據細則第83(3)條委任的任何董事不得計算在內。在應屆股東週年大會上重選的董事詳情將載於本公司將寄發予股東的通函內。

董事的服務合約

每名執行董事已與本公司訂立服務合約，固定任期為自上市日期或委任日期起計三年，除非任何一方在初始任期屆滿時發出不少於三個月的書面通知予以終止。

每名獨立非執行董事已與本公司訂立委任函。根據委任函，概無就獨立非執行董事訂明特定任期或建議服務年期。彼等須最少每三年於本公司股東週年大會上輪值告退及重選一次，直至本公司或相關獨立非執行董事發出不少於三個月的書面通知予以終止為止。

擬於應屆股東週年大會上重選的董事概無與本公司或其附屬公司訂立本集團不作賠償(法定賠償除外)則不得於一年內終止的服務合約。

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" and the related party transactions as disclosed in note 33 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2021 or at any time during 2021.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2021, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

(i) The Company

Name of Director/ chief executive	Nature of Interest	Number of securities (Note 1) 證券數目	Approximate percentage of shareholding
董事／最高行政人員姓名	權益性質	(附註1)	佔股權概約百分比
Mr. Zou Gebing (Note 2) 鄒格兵先生(附註2)	Interest of controlled corporation 受控法團權益	750,000,000 shares (L) 750,000,000股(L)	75%

董事於重大交易、安排或合約中的權益

除「關連交易及持續關連交易」一節及綜合財務報表附註33所披露的關聯方交易所披露者外，於2021年12月31日或於2021年任何時間，概無與本公司業務有關且本公司或其任何附屬公司作為訂約方及董事或董事的關連實體直接或間接擁有重大權益的重大交易、安排或合約存續。

董事於證券的權益

於2021年12月31日，本公司各董事及主要行政人員於本公司或其任何相聯法團(按證券及期貨條例第XV部賦予的涵義)的股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及8分部須通知本公司及聯交所(包括根據證券及期貨條例有關條文彼等被視為或被當作擁有的權益或淡倉)或根據證券及期貨條例第352條須列入該條所述登記冊或須符合標準守則的權益及淡倉載列如下：

(i) 本公司

Note 1: The letter "L" denotes the person's long position in such Shares.

附註1：字母「L」代表該名人士於該等股份的好倉。

Note 2: Morris Capital Limited ("Morris Capital") is owned as to 85% by Mr. Zou Gebing. Under the SFO, Mr. Zou Gebing will therefore be deemed, or taken to be, interested in the same number of Shares in which Morris Capital is interested.

附註2：慕容資本有限公司(「慕容資本」)由鄒格兵先生擁有85%。根據證券及期貨條例，鄒格兵先生將因此被視為或被當作於慕容資本擁有權益的同等數目股份中擁有權益。

(ii) Morris Capital (Note 1)

(ii) 慕容資本(附註1)

Name of director/chief executive	Nature of Interest	Number of securities (Note 2) 證券數目 (附註2)	Approximate percentage of shareholding
董事／最高行政人員姓名	權益性質		佔股權概約百分比
Mr. Zou Gebing 鄒格兵先生	Beneficial owner 實益擁有人	85 shares of US\$1 each (L) 85股每股面值 1美元的股份(L)	85%

Note 1: Morris Capital holds more than 50% of the Shares. Therefore, Morris Capital is the holding company and an associated corporation of the Company.

附註1：慕容資本持有50%以上股份。因此，慕容資本為本公司的控股公司及相聯法團。

Note 2: The letter "L" denotes the person's long position in such Shares.

附註2：字母「L」代表該名人士於該等股份的好倉。

Save as disclosed above, none of the Directors, chief executives of the Company had any other personal, family, corporate and other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2021.

除上文所披露者外，於2021年12月31日，本公司董事及主要行政人員概無於本公司或其任何相聯法團(按證券及期貨條例第XV部賦予的涵義)的股份、相關股份或債權證中擁有須列入根據證券及期貨條例第352條存置的登記冊或須根據標準守則通知本公司及聯交所的任何其他個人、家族、公司及其他權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2021, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Shareholders	Nature of interest	Number of Shares/underlying Shares held (Note 1) 所持股份／相關股份數目 (附註1)	Percentage of Shares of the Company in issue 佔本公司已發行 股份百分比
股東	權益性質		
Morris Capital (Note 2) 慕容資本(附註2)	Beneficial owner 實益擁有人	750,000,000 shares (L) 750,000,000股 (L)	75% (L)
Wu Xiangfei (Note 3) 鄒向飛(附註3)	Interest of spouse 配偶權益	750,000,000 shares (L) 750,000,000股(L)	75% (L)
Morris ESOP (Note 4) Morris ESOP(附註4)	Trustee 受託人	70,010,000 shares (L) 70,010,000股(L)	7% (L)

Note 1: The letter "L" denotes the person's long position in such Shares.

附註1：字母「L」代表該名人士於該等股份的好倉。

Note 2: Morris Capital is owned as to 85% by Mr. Zou Gebing and 15% by Ms. Wu Xiangfei.

附註2：慕容資本由鄒格兵先生擁有85%及由鄒向飛女士擁有15%。

Note 3: Ms. Wu Xiangfei is the spouse of Mr. Zou Gebing. Under the SFO, Ms. Wu Xiangfei will therefore be deemed, or taken to be, interested in the same number of Shares in which Mr. Zou Gebing is interested.

附註3：鄒向飛女士是鄒格兵先生的配偶。根據證券及期貨條例，鄒向飛女士將因此被視為或被當作於鄒格兵先生擁有權益的同等數目股份中擁有權益。

Note 4: These shares are held by Morris ESOP Development Limited ("Morris ESOP"), which is wholly owned by The Core Trust Company Limited (as trustee of the Award Scheme), for the benefit of certain participants eligible under and pursuant to the term of the restricted share award scheme of the Company (the "Award Scheme") as adopted by the Board on 29 August 2019. For further details, please refer to the announcement made by Company on 29 August 2019 and the paragraph headed "Restricted Share Award Scheme" above in this report.

附註4：該等股份由The Core Trust Company Limited（作為獎勵計劃的受託人）全資擁有的Morris ESOP Development Limited（「Morris ESOP」）持有，受益人為根據董事會於2019年8月29日採納的本公司受限制股份獎勵計劃（「獎勵計劃」）的條款而符合資格的若干參與者。詳情請參閱本公司於2019年8月29日的公告及本報告上文「受限制股份獎勵計劃」一段。

主要股東的權益

於2021年12月31日，以下人士（本公司董事或主要行政人員除外）於股份或相關股份中擁有須列入本公司根據證券及期貨條例第336條存置的登記冊的權益或淡倉：

Save as disclosed above, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying Shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as at 31 December 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during 2021.

EMOLUMENT POLICY

The Group is well aware of the importance of incentivising and retaining its employees. The Group offers competitive remuneration packages to its employees and makes contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing fund for its employees. The Remuneration Committee is set up for reviewing the Group's emolument policy and remuneration package of the Directors and chief executive of the Group, having regard to the Group's overall operating results, individual performance and comparable market practices.

RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme (the "**Award Scheme**") was adopted by the Board on 29 August 2019 (the "**Adoption Date**") as an incentive to retain and encourage employees for the continual operation and development of the Group. Pursuant to the terms of the rules and trust deed of the Award Scheme, the trustee of the Award Scheme did not acquire any Shares during the period under review. As at 31 December 2021, 75,812,000 Shares acquired under the Award Scheme were deemed to be held in treasury, representing 7.58% of the Shares in issue as at 31 December 2021.

除上文所披露者外，於2021年12月31日，本公司並無接獲任何其他人士(本公司董事及主要行政人員除外)通知，表示其於本公司股份及／或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部向本公司披露的權益或淡倉。

管理合約

於2021年，概無訂立或存在有關本公司全部或任何重大部分業務的管理及行政合約。

薪酬政策

本集團深知獎勵及留聘其僱員的重要性。本集團向其僱員提供具競爭力的薪酬待遇，並為僱員的社會保障保險基金(包括退休金計劃、醫療保險、工傷保險、失業保險及生育保險)及住房公積金作出供款。本公司已成立薪酬委員會，以根據本集團的整體經營業績、個人表現及可資比較市場慣例，檢討本集團的薪酬政策以及本集團董事及主要行政人員的薪酬待遇。

限制性股份獎勵計劃

董事會於2019年8月29日(「**採納日期**」)採納限制性股份獎勵計劃(「**獎勵計劃**」)，作為挽留及激勵僱員的獎勵，以有利於本集團持續運作及發展。根據獎勵計劃的規則及信託契約的條款，獎勵計劃的受託人於回顧期間內並無收購任何股份。於2021年12月31日，根據獎勵計劃所收購75,812,000股股份被視為庫存股份，相當於2021年12月31日已發行股份的7.58%。

Details of the remuneration of the Directors for 2021 are set out in note 8 to the consolidated financial statements of this annual report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or its subsidiaries a party to any arrangements to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

There were no competing business of which a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2021 or at any time during 2021.

DEED OF NON-COMPETITION

Each of Morris Capital, Mr. Zou Gebing and Ms. Wu Xiangfei (each a "**Non-Compete Covenantor**") has entered into a deed of non-competition ("**Deed of Non-competition**") dated 10 December 2016 with the Company, to the effect that each of them will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group from time to time.

The Company has received the annual confirmation of the Non-Compete Covenantors in respect of their compliance with the non-competition undertakings under the Deed of Non-competition during 2021.

The independent non-executive Directors also reviewed the Non-Compete Covenantors' compliance with the non-competition undertakings. The independent non-executive Directors confirmed that the Non-Compete Covenantors were not in breach of the non-competition undertakings during 2021.

2021年的董事薪酬詳情載於本年報綜合財務報表附註8。

購買股份或債權證的安排

於年內任何時間，本公司、其控股公司或其附屬公司概無訂立任何安排，使董事(包括其配偶及18歲以下的子女)可藉購入本公司或任何其他法團的股份或債權證而獲益。

董事於競爭業務的權益

於2021年12月31日或於2021年任何時間，概無董事於競爭業務中直接或間接擁有任何重大權益。

不競爭契據

慕容資本、鄒格兵先生及鄔向飛女士(各為「**不競爭契約方**」)均已與本公司訂立日期為2016年12月10日的不競爭契據(「**不競爭契據**」)，承諾本身不會直接或間接參與可能與本集團不時經營的業務競爭的任何業務或持有相關權利或權益，亦不會以其他方式進行可能與本集團不時經營的業務競爭的任何業務。

於2021年，本公司已收到不競爭契約方就彼等根據不競爭契據遵守不競爭承諾所發出的年度確認。

獨立非執行董事亦已審閱不競爭契約方遵守不競爭承諾的情況。獨立非執行董事確認，不競爭契約方於2021年並無違反不競爭承諾。

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-Exempt Continuing Connected Transactions

During 2021, the Group had the following non-exempt continuing connected transactions, details of which are set out below:

The Lease Agreements with Morris PRC

Zhejiang Morris Fashion Home Co., Ltd (formerly known as "Haining Gelin Furniture Co., Ltd."), ("Zhejiang Morris Fashion Home"), Zhejiang Apollo Leather Products Co., Ltd. ("Zhejiang Apollo Leather Products"), Haining Morris Home Gallery Co., Ltd. ("Haining Morris Home Gallery"), and Haining Morris International Home Furnishings Co., Ltd. ("Haining Morris International"), each as tenant entered into the lease agreements with Morris PRC as landlord on 1 January 2016 for the lease of various premises located in Haining, Zhejiang Province, PRC for factory, direct sale store and office use. However, as the area of leased properties was insufficient to meet the production requirements of the Group, Zhejiang Morris Fashion Home, Haining Morris Home Gallery and Haining Morris International (each as tenant) entered into lease agreements with Morris PRC (as landlord) on 17 March 2017 for the lease of leased properties located in Haining, Zhejiang Province, PRC for factory, exhibition hall, dormitory, canteens, office and research and development center use for a term of three years commencing from 17 March 2017 and expiring on 16 March 2020. The major terms of the lease agreements are as follows:

關連交易及持續關連交易

非豁免持續關連交易

於2021年，本集團的非豁免持續關連交易詳情載列如下：

與慕容中國的租賃協議

浙江慕容時尚家居有限公司(前稱「海寧格林家具有限公司」)、「浙江慕容時尚家居」、「浙江阿波羅皮革製品有限公司」、「浙江阿波羅皮革製品」、「海寧慕容世家家居有限公司」、「海寧慕容世家家居」及海寧慕容國際家居有限公司(「海寧慕容國際」)(各自作為租客)與慕容中國(作為業主)於2016年1月1日分別就租賃位於中國浙江省海寧市的多處作廠房、直銷店及辦公室用途的物業訂立租賃協議。然而，由於租賃物業面積無法滿足本集團的生產需求，浙江慕容時尚家居、海寧慕容世家家居及海寧慕容國際(各自作為租客)與慕容中國(作為業主)於2017年3月17日分別就租賃位於中國浙江省海寧市作廠房、展廳、宿舍、食堂、辦公室及研發中心用途的租賃物業訂立租賃協議，租期自2017年3月17日起至2020年3月16日止為期三年。租賃協議的主要條款如下：

Lease agreements 租賃協議	Term 期限	Tenant 租客	Landlord 業主	Leased area	Rent per annum
				(sq. m.) 租賃面積 (平方米)	(RMB) 年租 (人民幣元)
Property A Lease Agreement	1 January 2016 to 1 January 2026 (both days inclusive)	Zhejiang Apollo Leather Products	Morris PRC	40,226.08	2,896,277.76
物業A租賃協議	2016年1月1日至2026年1月1日 (包括首尾兩日)	浙江阿波羅皮革製品	慕容中國		

Lease agreements 租賃協議	Term 期限	Tenant 租客	Landlord 業主	Leased area	Rent per annum
				(sq. m.) 租賃面積 (平方米)	(RMB) 年租 (人民幣元)
Property B Lease Agreement	1 January 2016 to 1 January 2026 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Gelin Furniture")	Morris PRC	19,990.35	1,439,305.20
物業B租賃協議	2016年1月1日至2026年1月1日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧格林家具」)	慕容中國		
Property C Lease Agreement	1 January 2016 to 1 January 2026 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris Home Gallery Furniture")	Morris PRC	39,312.00	2,830,464.00
物業C租賃協議	2016年1月1日至2026年1月1日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容世家家居」)	慕容中國		
Property D Lease Agreement	1 January 2016 to 1 January 2026 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris International")	Morris PRC	1,000.00	72,000.00
物業D租賃協議	2016年1月1日至2026年1月1日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容國際」)	慕容中國		
Property E Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris International")	Morris PRC	4,608.00	331,776.00
物業E租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容國際」)	慕容中國		
Property F Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Gelin Furniture")	Morris PRC	9,300.00	669,600.00
物業F租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧格林家具」)	慕容中國		

DIRECTORS' REPORT (CONTINUED)
董事會報告(續)

Lease agreements 租賃協議	Term 期限	Tenant 租客	Landlord 業主	Leased area	Rent per annum
				(sq. m.) 租賃面積 (平方米)	(RMB) 年租 (人民幣元)
Property G Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris Home Gallery Furniture")	Morris PRC	40,474.00	2,914,128.00
物業G租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容世家家居」)	慕容中國		
Property H Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris Home Gallery Furniture")	Morris PRC	20,532.00	1,478,304.00
物業H租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容世家家居」)	慕容中國		
Property I Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Gelin Furniture")	Morris PRC	19,723.00	1,420,056.00
物業I租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧格林家具」)	慕容中國		
Property J Lease Agreement	17 March 2017 to 16 March 2020 (both days inclusive)	Zhejiang Morris Fashion Home (formerly known as "Haining Morris International")	Morris PRC	6,400.00	460,800.00
物業J租賃協議	2017年3月17日至2020年3月16日 (包括首尾兩日)	浙江慕容時尚家居 (前稱「海寧慕容國際」)	慕容中國		

The aggregated annual caps of the lease agreements for the years ended 31 December 2017, 2018, 2019 and 2020 were originally fixed at RMB15 million, RMB15 million, RMB15 million and RMB15 million, respectively. For further details of the lease agreement, please refer to the announcement of the Company dated 17 March 2017.

租賃協議於截至2017年、2018年、2019年及2020年12月31日止年度原本的年度上限總額分別定為人民幣15百萬元、人民幣15百萬元、人民幣15百萬元及人民幣15百萬元。有關租賃協議的進一步詳情，請參閱本公司日期為2017年3月17日的公告。

On 8 July 2020, Zhejiang Morris Fashion Home entered into the 2020 Lease Renewal Agreement with Morris PRC (as modified by the supplemental agreement dated 21 August 2020) to renew the leases of the 2020 Leased Properties for three years from 17 March 2020 to 16 March 2023, to set out the increased annual rents from the date of signing of the 2020 Lease Agreements (subject to the obtaining of approval from the Independent Shareholders) and to revise the annual caps of the lease agreements for the years ending 31 December 2020, 2021, 2022 and 2023 to become RMB16,020,000, RMB21,622,000, RMB21,622,000 and RMB10,194,000 (on the basis that the 2020 Lease Agreements shall end on 16 March 2023).

Zhejiang Morris Fashion Home is a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company and the surviving entity of the merger with Haining Morris Home Gallery and Haining Morris International. As a result of the merger which took place on 22 October 2018, Zhejiang Morris Fashion Home has become the tenant of all the 2017 Leased Properties in succession of Haining Morris Home Gallery and Haining Morris International. Zhejiang Morris Fashion Home was formerly known as "Haining Gelin Furniture Co., Ltd." and was renamed to its current name on 5 September 2017.

The leases of the 2020 Leased Properties renewed under the 2020 Lease Agreements were Properties E, F, G and H, with their annual rents increases summarized as below:

於2020年7月8日，浙江慕容時尚家居與慕容中國訂立2020年租賃重續協議(經日期為2020年8月21日的補充協議修改)，以重續2020年租賃物業為期三年的租賃(自2020年3月17日起至2023年3月16日)，載列自2020年租賃協議簽訂之日起增加的年租(須待取得獨立股東的批准)，並將租賃協議於截至2020年、2021年、2022年及2023年12月31日止年度的年度上限修訂為人民幣16,020,000元、人民幣21,622,000元、人民幣21,622,000元及人民幣10,194,000元(以2020年租賃協議於2023年3月16日結束為基準)。

浙江慕容時尚家居為於中國成立的有限公司，為本公司的間接全資附屬公司及與海寧慕容世家家居及海寧慕容國際合併的存續實體。由於合併已於2018年10月22日落實，浙江慕容時尚家居已接任海寧慕容世家家居及海寧慕容國際成為所有2017年租賃物業的租客。浙江慕容時尚家居前稱「海寧格林家具有限公司」，並於2017年9月5日變更為其目前名稱。

根據2020年租賃協議重續2020年租賃物業的租賃為物業E、F、G及H，年租增幅概述如下：

Premises	物業	Lease area 租賃面積 (sq.m.) (平方米)	Old annual rents under 2017 Lease Agreements 根據2017年 租賃協議的 舊年租 (RMB) (人民幣元)	New annual rents under 2020 Lease Agreements 根據2020年 租賃協議的 新年租 (RMB) (人民幣元)
Property E	物業E	4,608.00	331,776	884,736
Property F	物業F	9,300.00	669,600	1,785,600
Property G	物業G	40,474.00	2,914,128	7,771,008
Property H	物業H	20,532.00	1,478,304	3,942,144
Total:	總計：		5,393,808	14,383,488

For the avoidance of doubt, the 2016 Lease Agreements (i.e. Properties A to D) are continuing until 1 January 2026 with the annual rents for the 2016 Leased Properties being unchanged at RMB7,238,046.96, while the leases of Properties I and J were allowed to lapse by mutual agreement at the end of the three-year period of the 2017 Lease Agreements on 16 March 2020. For further details of the renewal of the lease agreements, please refer to the announcements of the Company dated 8 July 2020 and 21 August 2020.

As the entire issued share capital of Morris PRC is owned by Mr. Zou Gebing and Ms. Wu Xiangfei, Morris PRC is, accordingly, an associate of Mr. Zou Gebing and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

As one or more of the applicable percentage ratios with respect to the Revised Annual Caps is more than 5%, the 2020 Lease Renewal Agreement and the Revised Annual Caps are subject to the annual review, annual reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2020 Lease Renewal Agreement and the Revised Annual Caps are approved by the Independent Shareholders at the EGM on 23 September 2020. Upon the obtaining of Independent Shareholders approval, the 2020 Lease Agreements were entered into on 23 September 2020 with the rental increases for Properties E, F, G and H taking effect on 23 September 2020.

為免生疑問，2016年租賃協議(即物業A至D)將持續至2026年1月1日，2016年租賃物業年租維持不變，為人民幣7,238,046.96元，而物業I及J的租賃獲准於2020年3月16日2017年租賃協議的三年期間結束時經雙方協定後失效。有關重續租賃協議的進一步詳情，請參閱本公司日期為2020年7月8日及2020年8月21日的公告。

由於慕容中國全部已發行股本由鄧格兵先生及鄒向飛女士擁有，因此，根據上市規則第14A.07條，慕容中國為鄧格兵先生的聯繫人，故慕容中國為本公司的關連人士。

由於有關經修訂年度上限的一項或多項適用百分比率超過5%，故2020年租賃重續協議及經修訂年度上限須遵守上市規則第14A章項下的年度審閱、年度申報、公告、通函(包括獨立財務意見)及獨立股東批准規定。

2020年租賃重續協議及經修訂年度上限已於2020年9月23日的股東特別大會上獲獨立股東批准。取得獨立股東的批准後，2020年租賃協議已於2020年9月23日訂立，物業E、F、G及H的租金增幅已於2020年9月23日生效。

The continuing connected transactions mentioned above have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into: (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms; and (c) in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

上述持續關連交易乃經獨立非執行董事審閱，彼等確認該等交易乃：(a)於本公司的日常及一般商業過程中；(b)按正常商業條款；及(c)根據規管該等交易的有關協議訂立，其條款屬公平合理，且符合股東整體利益。

本公司核數師已獲聘根據香港會計師公會頒佈的香港核證工作準則第3000號(修訂)「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於上市規則所述持續關連交易的核數師函件」就本集團的持續關連交易作出報告。核數師已根據上市規則第14A.56條發出無保留意見函件，當中載有核數師對本公司於本年報所披露的持續關連交易的調查結果及結論。本公司已將核數師函件副本送呈聯交所。

CORPORATE GOVERNANCE REPORT

The corporation governance report of the Group during the Reporting Period is set out in the sections headed "Corporate Governance Report" on pages 27 to 45 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During 2021, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 70.8% and 64.5% of the total revenue and purchases for the year, respectively. The Group's largest customer accounted for around 28.0% of the total revenue for the year. The Group's largest supplier accounted for around 20.8% of the total purchase for the year.

At no time during 2021 did a Director, a close associate of a Director or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers arising out of corporate activities. The level of the coverage is reviewed annually.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report relating to share option scheme, no equity-linked agreements were entered into during 2021 or subsisted as at 31 December 2021.

企業管治報告

本集團於報告期間的企業管治報告載於本年報第27至45頁的「企業管治報告」一節。

主要客戶及供應商

於2021年，售予本集團五大客戶的銷售額及向五大供應商的採購額分別佔本年度總收益及總採購額約70.8%及64.5%。本集團最大客戶佔本年度總收益約28.0%。本集團最大供應商佔本年度總採購額約20.8%。

於2021年任何時間，概無董事、董事的緊密聯繫人或股東(就董事所知擁有本公司已發行股本5%以上權益者)於本集團五大客戶或供應商中擁有權益。

獲准許的彌償條文

根據細則，每名董事均有權從本公司的資產中獲得彌償，以應付彼在任期內執行其職責時或就此可能蒙受或招致的所有損失或責任。本公司就董事及高級人員因企業活動而引致針對董事及高級人員的法律行動安排適當的保險，並每年檢討保險覆蓋水平。

股票掛鈎協議

除本年報就購股權計劃所披露者外，概無於2021年訂立或於2021年12月31日存續的股票掛鈎協議。

SHARE OPTIONS SCHEME

The share options scheme (the “**Share Option Scheme**”) was adopted by the Company on 10 December 2016. The Share Option Scheme allows the Company to grant options to the following eligible person(s) (the “**Eligible person(s)**”), namely, any full-time or part-time employee of the Company or any member of the Group, including any executive Director, non-executive Director and independent non-executive Director, adviser and consultant of the Group. The purpose of the Share Option Scheme is to enable the Company to grant options to the Eligible Persons as incentives or rewards for their contribution to the Group.

The principal terms of the Share Option Scheme are summarised as follows:

1. The limit on the total number of Shares which may be issued upon exercise of all options under the Share Option Scheme and any other share option schemes which may be adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted (the “**Other Schemes**”) must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (which shall be 100,000,000 Shares) unless Shareholders' approval has been obtained, and which must not exceed 30% of the Shares in issue from time to time.

As at 31 December 2021 and the date of this report, the total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, which represents 10% of the issued Shares as at 31 December 2021 or the date of this report.

購股權計劃

本公司於2016年12月10日採納購股權計劃（「**購股權計劃**」）。購股權計劃使本公司可向以下合資格人士（「**合資格人士**」）授出購股權：即本公司或本集團任何成員公司的任何全職或兼職僱員，包括本集團任何執行董事、非執行董事及獨立非執行董事、顧問及諮詢人。購股權計劃旨在使本公司可向合資格人士授出購股權作為彼等對本集團作出貢獻的鼓勵或回報。

購股權計劃的主要條款概述如下：

1. 購股權計劃及本集團可能不時採納並據此授出可認購股份的購股權的任何其他購股權計劃（「**其他計劃**」）項下所有購股權獲行使而可能發行的股份總數上限合共不得超過於上市日期已發行股份的10%（即100,000,000股股份），除非已獲股東批准並不得超過不時已發行股份的30%。

於2021年12月31日及本報告日期，根據購股權計劃可供發行的股份總數為100,000,000股，相當於2021年12月31日或本報告日期已發行股份的10%。

2. The total number of Shares issued and to be issued upon exercise of the options granted to an Eligible Person under the Share Option Scheme and Other Schemes in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Eligible Persons abstained from voting, the Company may make further grant of options to such Eligible Person notwithstanding that the further grant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and Other Scheme in the 12-month period up to and including the date of the further grant representing in aggregate over 1% of the Shares in issue from time to time.
3. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Eligible Person provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option.
4. HK\$1.00 shall be paid by the grantee to the Company by way of consideration for the grant.
5. The subscription price for the Shares subject to options will be a price determined by our Board and notified to each participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a Share.
6. Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date.
2. 於任何12個月期間，根據購股權計劃及其他計劃授予合資格人士的購股權獲行使而已發行及將予發行的股份總數，不得超過不時已發行股份的1%，惟倘經股東在股東大會上批准且有關合資格人士放棄投票的情況下，本公司可以向該合資格人士進一步授予購股權，即使於12個月期間直至進一步授出當日(包括該日)進一步授予的購股權將導致購股權計劃及其他計劃項下所有已授出及將予授出的購股權獲行使而已發行及將予發行的股份合共超過不時已發行股份的1%。
3. 根據購股權計劃的條款，購股權可於董事會決定和通知每名合資格人士期間的任何時間行使，前提為行使購股權期限不得超過自授出購股權之日起計10年。
4. 承授人須向本公司支付授出代價1.00港元。
5. 受購股權規限的股份認購價將由董事會釐定，並知會各參與人士，價格須為下列各項的最高者：(i)於授出購股權日期(必須為交易日)聯交所每日報價表所載的股份收市價；(ii)於緊接授出購股權當日前五個交易日聯交所每日報價表所載的股份平均收市價；及(iii)股份面值。
6. 購股權計劃自上市日期起計10年期間有效及具效力。

Other details of the Share Option Scheme are set out in the Prospectus. No share options were granted, exercised or cancelled by the Company under the share option scheme during the period from the listing date to 31 December 2021 and there were no outstanding share options under the share option scheme as at 31 December 2021 and the date of this report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles although there is no restriction against such rights under the Companies Law of the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules since the Listing Date.

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") was appointed as the auditor of the Group since 21 May 2019 upon the removal of the former auditor of the Company.

There were no changes in the auditors of the Company during the past three years.

The consolidated financials statements of the Company for the years ended 31 December 2021 onwards were audited by HLB, who will retire at the AGM and a resolution for the re-appointment as the auditors of the Company will be proposed at the forthcoming AGM.

購股權計劃的其他詳情載於招股章程。自上市日期起至2021年12月31日止期間，本公司概無根據購股權計劃授出、行使或註銷任何購股權，且於2021年12月31日及本報告日期，購股權計劃項下概無尚未行使購股權。

優先購買權

細則並無有關優先購買權的條文，而開曼群島公司法亦無限制有關權利。

足夠公眾持股量

根據本公司可從公眾渠道取得的資料及據董事所知，董事確認，本公司自上市日期起一直維持根據上市規則要求的足夠公眾持股量。

獨立核數師

本公司前任核數師獲罷免後，國衛會計師事務所有限公司(「國衛」)自2019年5月21日起獲委任為本集團核數師。

本公司核數師於過去三年概無其他變動。

本公司截至2021年12月31日止年度起綜合財務報表已由國衛審計，其將於股東週年大會上退任，而續聘其為本公司核數師的決議案將於應屆股東週年大會上提呈。

CONVERTIBLE LOAN

On 5 January 2018, the Company entered into a convertible loan agreement ("**Convertible Loan Agreement**") with International Finance Corporation ("**IFC**"), pursuant to which IFC agreed to lend, and the Company agreed to borrow, a convertible loan ("**Convertible Loan**") in an aggregate principal amount of HK\$200,000,000. Please refer to the announcements of the Company dated 5 January 2018 and 24 January 2018 for further details. Pursuant to the Convertible Loan Agreement and as one of the conditions of disbursement, each of Mr. Zou, Ms. Wu Xiangfei, Mr. Zou's spouse and one of the controlling shareholders of the Company, Morris PRC, a company owned as to 85% by Mr. Zou and as to 15% by Ms. Wu, and IFC entered into a share retention and undertaking agreement pursuant to which, among others, Mr. Zou has undertaken to at all times maintain his controlling stake (being not less than 51% interests) in the Company and Morris PRC and not to transfer his shares in Morris Capital, one of the controlling shareholders of the Company and owned as to 85% by Mr. Zou and 15% by Ms. Wu, or Morris PRC if, giving effect to such transfer, Mr. Zou will not be able to maintain his controlling stake in the Company or Morris PRC mentioned above for so long as any part of the Convertible Loan is outstanding or any amount is available for disbursement under the Convertible Loan Agreement and for so long as IFC holds any equity securities of the Company.

As a result of the suspension in trading in the shares of the Company from 28 March 2019, the carrying amount of liability of the convertible loan to the principal amount was adjusted and the same was reallocated from non-current liabilities to current liabilities in order to reflect such continuance. On 20 April 2019, 23 May 2019, 12 June 2019 and 30 September 2019, the Company entered into four amendment agreements respectively with the lender of the convertible loan for the agreed schedule of certain permitted prepayments of the convertible loan. As at 31 December 2019, the outstanding principal of the convertible loan was HK\$110,967,128. Under the agreed schedule as provided in the abovementioned amendment agreements, the Company agreed to repay by 11 installments between 15 June 2019 and 28 December 2019.

可換股貸款

於2018年1月5日，本公司與國際金融公司(「國際金融公司」)訂立可換股貸款協議(「可換股貸款協議」)，據此，國際金融公司同意借出而本公司同意借入本金總額為200,000,000港元的可換股貸款(「可換股貸款」)。有關進一步詳情，請參閱本公司日期為2018年1月5日及2018年1月24日的公告。根據可換股貸款協議及作為發放條件之一，鄒先生、鄒向飛女士(鄒先生配偶)、本公司控股股東之一慕容中國(由鄒先生及鄒女士分別擁有85%及15%的公司)與國際金融公司各自訂立股份保留及承諾協議，據此(其中包括)，鄒先生承諾於所有時間維持其於本公司及慕容中國的控股股份(即不少於51%權益)且不會轉讓其於慕容資本(本公司控股股東之一，由鄒先生及鄒女士分別擁有85%及15%)或慕容中國的股份，倘進行相關轉讓，鄒先生將不能保留上述於本公司或慕容中國的控股股份，只要可換股貸款的任何部分尚未償還，或任何款項根據可換股貸款協議可供發放，以及只要國際金融公司持有本公司的任何股本證券。

由於本公司股份自2019年3月28日起暫停買賣，可換股貸款負債的賬面值已調整至本金額，並由非流動負債重新分配至流動負債，以反映有關持續暫停買賣。於2019年4月20日、2019年5月23日、2019年6月12日及2019年9月30日，本公司與可換股貸款借貸人就可換股貸款若干准許預付款的協定時間表分別訂立四份修訂協議。於2019年12月31日，可換股貸款的未償還本金為110,967,128港元。根據上述經修訂協議訂明的協定時間表，本公司同意於2019年6月15日至2019年12月28日期間分11期償還。

In December 2019, the Company's subsidiary has pledged our Cambodia lease rights and respective tenant lease rights to IFC. In February 2020, the Company has received the waiver letter from IFC, allowing the Company to not make any payments to IFC from January to April 2020. On 29 May 2020, the Company was granted a temporary waiver by IFC to postpone the installments from 28 January 2020 to 28 April 2020. At the same time, the repayment schedule was renewed with an extended payment period.

EVENTS AFTER THE REPORTING PERIOD

- (a) On 19 January 2022, Zhejiang Apollo Leather Products Co., Ltd. and Zhejiang Morris Fashion Home Co., Ltd. (collectively, the **"Relevant Subsidiaries"**), both being indirect wholly-owned subsidiaries of the Group, filed pre-restructuring applications with the People's Court of Haining City (the **"Court"**) to request the Court to allow the Relevant Subsidiaries to formulate pre-restructuring plans to resolve their debt positions. Further details were set out in the announcements of the Company dated 19 January 2022.
- (b) On 25 February 2022, the Company and the placing agent entered into the placing agreement pursuant to which the Company appointed the placing agent to place, subject to the fulfillment of the conditions precedent to the placing, a maximum of 200,000,000 placing shares to not less than six independent placees at a price of HK\$0.12 per placing share. The placing was completed on 23 March 2022. Further details were set out in the announcement of the Company dated 25 February 2022, 28 February 2022 and 23 March 2022.
- (c) On 22 April 2022, the Company and a potential subscriber (**"Potential Subscriber"**) entered into a memorandum of understanding, pursuant to which the Potential Subscriber intends to subscribe for and the Company intends to allot and issue 1,300,000,000 new shares of the Company. Further details were set out in the announcements of the Company dated 22 April 2022.

於2019年12月，本公司的附屬公司已將我們的柬埔寨租賃權及各自的租戶租賃權抵押予國際金融公司。於2020年2月，本公司收到國際金融公司的豁免函件，允許本公司於2020年1月至4月期間不須向國際金融公司支付任何款項。於2020年5月29日，本公司獲國際金融公司授予臨時豁免，將分期付款由2020年1月28日延後至2020年4月28日。與此同時，還款時間表更新，還款期有所延長。

報告期後事項

- (a) 於2022年1月19日，浙江阿波羅皮革製品有限公司及浙江慕容時尚家居有限公司(統稱為「**相關附屬公司**」)，均為本集團的間接全資附屬公司，向海寧市人民法院(「**法院**」)提出預重整申請，請求法院允許相關附屬公司製定預重整方案以解決其債務狀況。有關進一步詳情載於本公司日期為2022年1月19日的公告。
- (b) 於2022年2月25日，本公司與配售代理訂立配售協議，據此，本公司已委任配售代理按待配售事項之先決條件獲達成後，以每股配售股份0.12港元的價格向不少於六名獨立承配人配售最多200,000,000股配售股份。配售已於2022年3月23日完成。進一步詳情載於本公司日期為2022年2月25日、2022年2月28日及2022年3月23日的公告。
- (c) 於2022年4月22日，本公司與一名潛在認購者(「**潛在認購者**」)訂立一項諒解備忘錄，據此，潛在認購者擬認購而本公司擬配發及發行本公司1,300,000,000股新股份。進一步詳情載於本公司日期為2022年4月22日之公告。

APPRECIATION

I would like to take this opportunity to thank my fellow Directors, as well as the management and all employees for the contribution they have made towards the Group's continued progress, and to thank all the Shareholders, customers and business partners for their support.

On Behalf of the Board

ZOU Gebing

Chairman and Executive Director

Hong Kong, 10 May 2022

致謝

本人謹藉此機會感謝董事、管理層及全體僱員對本集團持續發展所作貢獻，亦向股東、客戶及業務夥伴的鼎力支持衷心致謝。

代表董事會

主席兼執行董事

鄒格兵

香港，2022年5月10日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower 香港
The Landmark 中環
11 Pedder Street 畢打街11號
Central 置地廣場
Hong Kong 告羅士打大廈31樓

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MORRIS HOME HOLDINGS LIMITED (FORMERLY KNOWN AS "MORRIS HOLDINGS LIMITED") (Incorporated in the Cayman Islands with limited liability)

獨立核數師報告
致慕容家居控股有限公司
(前稱「慕容控股有限公司」)股東
(於開曼群島註冊成立之有限公司)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Morris Home Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 73 to 211, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

不發表意見

我們獲委聘審計列載於第73至211頁的慕容家居控股有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)的綜合財務報表，其包括於2021年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們不就 貴集團的綜合財務報表發表意見。由於本報告不發表意見之基準一節所述事項乃屬重大，我們未能取得足夠恰當的審核憑證，為該等綜合財務報表之審核意見提供基準。就所有其他方面而言，我們認為綜合財務報表已按照公司條例的披露規定妥為編製。

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern basis

We draw attention to Note 2.1 in the consolidated financial statements, which describe that the Group incurred a net loss of approximately RMB123,402,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately RMB47,876,000 and RMB51,171,000 respectively. As at the same date, the Group's aggregate interest-bearing bank and other borrowings, lease liabilities and convertible loan liability amounted to approximately RMB64,616,000, RMB25,002,000 and RMB69,977,000, respectively, whilst its cash and cash equivalents amounted to approximately RMB13,485,000. The Group's convertible loan with outstanding principal amount of approximately RMB69,977,000 as at 31 December 2021, matured and fell due for repayment during the year ended 31 December 2021. These outstanding principal amount and related overdue interests on these convertible loan, amounting to approximately RMB72,875,000 in aggregate, were not repaid as at 31 December 2021 and at the date of this report.

The factors referred to above, along with other matters as described in Note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

不發表意見之基礎

有關持續經營基準的多項不確定因素

我們提請垂註綜合財務報表附註2.1，其中表明 貴集團於截至2021年12月31日止年度產生的虧損淨額約人民幣123,402,000元，截至該日，貴集團的流動負債超過其流動資產，而負債總額超過其資產總額分別約人民幣47,876,000元及人民幣51,171,000元。於同日，貴集團的計息銀行及其他借款、租賃負債及可換股貸款負債總額分別約為人民幣64,616,000元、人民幣25,002,000元及人民幣69,977,000元，而其現金及現金等價物約為人民幣13,485,000元。貴集團於2021年12月31日未償還本金約人民幣69,977,000元的可換股貸款，於截至2021年12月31日止年度到期及應予償還。該等可換股貸款之未償還本金及相關逾期利息合計約人民幣72,875,000元，於2021年12月31日及於本報告日期尚未償還。

上述因素，連同綜合財務報表附註2.1所述的其他事宜，均顯示存在重大不確定因素，可能對 貴集團持續經營的能力產生重大疑慮。

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Multiple uncertainties relating to going concern basis (Continued)

The directors have implemented certain plans and measures to improve the Group's liquidity and financial position, which are set out in Note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these measures, which are subject to multiple uncertainties, including (i) whether the Group is able to implement its cost control measures to attain positive cash flows from operations; (ii) whether the Group is successful in formulating pre-restructuring plans to resolve the debt positions; (iii) whether the Group is able to successfully negotiate with the convertible loan holder and bank to restructure and/or refinance these borrowings and secure necessary credit facilities to meet the Group's working capital and financial requirements in the near future; (iv) whether the Directors are successful in formulating alternatives to strengthen the capital base of the Company including the seeking of new investment and business opportunities; (v) whether the ultimate holding company of the Company will provide financial support to the Group to enable the Group to continue as a going concern and to settle the Group's liabilities as and when they fall due; (vi) whether the Group is successful in re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and (vii) whether the Group is successful in proceeding and completing the subscription of shares by the Potential Subscriber in accordance with the memorandum of understanding dated 22 April 2022 as disclosed in the Company's announcement dated 22 April 2022 (the "**Possible Share Subscription**").

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

不發表意見之基礎(續)

有關持續經營基準的多項不確定因素(續)

董事已採取若干計劃及措施以提升 貴集團的流動資金及財務狀況，其載於綜合財務報表附註2.1。綜合財務報表乃按持續經營基準編製，其有效性取決於此等措施的結果，而有關措施涉及多項不確定因素，包括(i) 貴集團能否實行其成本控制措施，以從業務取得正向現金流量；(ii) 貴集團是否成功制定重組前計劃以解決債務狀況；(iii) 貴集團能否成功與可換股貸款持有人及銀行進行磋商，以就該等借款進行重組及／或再融資，並在不久將來獲得必要的信貸融資，以滿足 貴集團營運資金及財務需求；(iv)董事是否成功地制定替代方案以加強 貴公司的資本基礎，包括尋求新投資和商業機會；(v) 貴公司的最終控股公司是否將向 貴集團提供財務支援，讓 貴集團持續經營並在到期時償還 貴集團的負債；(vi) 貴集團是否成功與其若干債務人重新磋商還款時間表及根據與彼等協定之還款時間表努力要求彼等償還貿易應收款項、其他應收款項及應收關聯公司款項；及(vii)本集團是否成功按照 貴公司日期為2022年4月22日的公告所披露的日期為2022年4月22日的諒解備忘錄進行及完成潛在認購者的股份認購(「可能認購股份」)。

由於管理層於其持續經營評估中並無就其未來行動的計劃及措施提供詳盡分析，當中計及該等計劃及措施的結果的不確定性以及結果的變動將如何影響 貴集團的未來現金流量，我們尚未取得充足合適的審計證據，致使我們信納使用持續經營會計基準編製綜合財務報表的恰當性。

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Multiple uncertainties relating to going concern basis (Continued)

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

RESPONSIBILITIES OF DIRECTORS AND THE 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

不發表意見之基礎(續)

有關持續經營基準的多項不確定因素(續)

倘 貴集團無法持續經營，則須作出調整以將資產的賬面值撇減至其可收回金額，以就可能產生的進一步負債計提撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整的影響並未反映在該等綜合財務報表中，且我們未能確定有關調整是否可能屬必要。

董事及審核委員會就綜合財務報表承擔的責任

貴公司董事負責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」)及香港公司條例的披露要求編製真實而中肯的綜合財務報表，並對董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在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 貴集團的財務報告過程。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditors' report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion on these consolidated financial statements.

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.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 10 May 2022

核數師就審計綜合財務報表承擔的責任

我們的責任是遵循香港會計師公會發佈的香港核數準則(「香港核數準則」)對貴集團的綜合財務報表執行審核工作並僅向閣下(作為整體)出具核數師報告，除此之外別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。然而，由於我們報告中不發表意見的基礎章節所述事宜，我們未能取得足夠合適的審核證據，作為就該等綜合財務報表發表審核意見的依據。

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，且我們乃根據守則履行我們的其他道德責任。

出具本獨立核數師報告的審計項目董事是韓冠輝。

國衛會計師事務所有限公司
執業會計師

韓冠輝
執業證書號碼：P05029

香港，2022年5月10日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2021
截至2021年12月31日止年度

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue	收入	5	502,932	606,363
Cost of sales	銷售成本		(403,276)	(547,597)
Gross profit	毛利		99,656	58,766
Other income and gains	其他收入及收益	5	23,894	120,508
(Allowance for)/reversal of expected credit losses in respect of financial assets carried at amortised cost, net	按攤銷成本記賬的金融資產的預期信貸虧損(撥備)/撥回，淨額		(5,044)	10,231
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損		(4,846)	(12,954)
Impairment loss on right-of-use assets	使用權資產減值虧損		(3,821)	(18,084)
Selling and distribution expenses	銷售及分銷開支		(67,801)	(97,235)
Administrative expenses	行政開支		(112,686)	(99,759)
Other expenses and losses	其他開支及虧損		(27,170)	(31,723)
Finance costs	融資成本	6	(22,468)	(17,590)
Loss before tax	除稅前虧損	7	(120,286)	(87,840)
Income tax expenses	所得稅開支	10	(3,116)	(2,890)
Loss for the year	年內虧損		(123,402)	(90,730)
Other comprehensive loss:	其他全面虧損：			
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的項目：			
Exchange differences on translation of financial statements	換算財務報表的匯兌差額		(2,534)	(10,886)
Item that was reclassified to profit or loss:	已重新分類至損益的項目：			
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries	出售附屬公司時重新分類累計匯兌波動儲備		(1,978)	(11,885)
Other comprehensive loss for the year, net of income tax	年內其他全面虧損，扣除所得稅		(4,512)	(22,771)
Total comprehensive loss for the year	年內全面虧損總額		(127,914)	(113,501)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
綜合損益及其他全面收益表(續)

Year ended 31 December 2021
截至2021年12月31日止年度

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
(Loss)/profit attributable to:	應佔(虧損)/溢利：			
Owners of the Company	本公司擁有人		(121,508)	(91,192)
Non-controlling interests	非控股權益		(1,894)	462
			(123,402)	(90,730)
Total comprehensive (loss)/profit attributable to:	應佔全面(虧損)/溢利總額：			
Owners of the Company	本公司擁有人		(126,108)	(113,939)
Non-controlling interests	非控股權益		(1,806)	438
			(127,914)	(113,501)
Loss per share attributable to ordinary equity holders of the Company	本公司普通權益持有人應佔每股虧損			
Basic (RMB cents)	基本(人民幣分)	12	(13.15)	(9.56)
Diluted (RMB cents)	攤薄(人民幣分)	12	(13.15)	(10.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2021
於2021年12月31日

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	1,068	32,316
Right-of-use assets	使用權資產	14	7,641	23,449
Deferred tax assets	遞延稅項資產	25	–	4,142
Total non-current assets	非流動資產總值		8,709	59,907
CURRENT ASSETS	流動資產			
Inventories	存貨	15	83,177	171,229
Trade receivables	貿易應收款項	16	39,873	140,380
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	17	35,109	106,284
Amount due from a shareholder	應收一名股東款項	33(b)	322	324
Amounts due from related companies	應收關聯公司款項	33(c)	179,502	92,521
Pledged deposits	已抵押存款	18	14,705	70,238
Cash and cash equivalents	現金及現金等價物	18	13,485	35,969
Total current assets	流動資產總值		366,173	616,945
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	19	179,145	265,237
Contract liabilities	合約負債	20	9,858	13,239
Other payables and accruals	其他應付款項及應計費用	20	43,320	49,766
Amounts due to related companies	應付關聯公司款項	22	27,734	46,575
Interest-bearing bank and other borrowings	計息銀行及其他借款	23	64,616	94,734
Warranty provision	保修撥備	24	2,907	3,124
Lease liabilities	租賃負債	21	13,032	17,259
Derivative financial instruments	衍生金融工具	26	78	313
Convertible loan	可換股貸款	26	69,977	84,356
Income tax payables	應付所得稅		3,382	3,749
Total current liabilities	流動負債總額		414,049	578,352
NET CURRENT (LIABILITIES)/ASSETS	流動(負債)/資產淨值		(47,876)	38,593
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		(39,167)	98,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) 綜合財務狀況表(續)

As at 31 December 2021
於2021年12月31日

		Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	25	34	123
Lease liabilities	租賃負債	21	11,970	21,634
Total non-current liabilities	非流動負債總額		12,004	21,757
Net (liabilities)/assets	(負債)/資產淨值		(51,171)	76,743
EQUITY	權益			
Share capital	股本	27	6,914	6,914
Reserves	儲備	29	(56,455)	69,653
Equity attributable to owners of the Company	本公司擁有人應佔權益		(49,541)	76,567
Non-controlling interests	非控股權益		(1,630)	176
Total equity	權益總額		(51,171)	76,743

Approved by and authorised for issue by the board of directors on 10 May 2022 and signed on its behalf by:

經董事會於2022年5月10日核准並授權刊發，並由以下人士代表簽署：

Zou Gebing
鄒格兵
Director
董事

Wu Yueming
吳月明
Director
董事

The accompanying notes form an integral part of these consolidated financial statements.

隨附附註構成此等綜合財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2021
截至2021年12月31日止年度

		Equity attributable to owners of the Company 本公司擁有人應佔權益									
		Share capital	Share premium	Other reserve	Treasury shares	Exchange fluctuation reserve 匯兌波動儲備	Reserve funds	Accumulated losses	Total	Non-controlling interest	Total equity
		股本 RMB'000 人民幣千元 (note 29) (附註29)	股份溢價 RMB'000 人民幣千元 (note 29(ii)) (附註29(ii))	其他儲備 RMB'000 人民幣千元 (note 29(v)) (附註29(v))	庫存股份 RMB'000 人民幣千元 (note 29(ii)) (附註29(ii))	匯兌波動儲備 RMB'000 人民幣千元 (note 29(iii)) (附註29(iii))	儲備資金 RMB'000 人民幣千元 (note 29(iv)) (附註29(iv))	累計虧損 RMB'000 人民幣千元 (note 29(v)) (附註29(v))	總計 RMB'000 人民幣千元	非控股權益 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	6,914	153,071	171,385	(2,269)	11,550	49,290	(192,712)	197,229	(262)	196,967
(Loss)/profit for the year	年內(虧損)/溢利	-	-	-	-	-	-	(91,192)	(91,192)	462	(90,730)
Other comprehensive loss for the year:	年內其他全面虧損：										
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	(10,862)	-	-	(10,862)	(24)	(10,886)
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries	出售附屬公司時重新分類累計匯兌波動儲備	-	-	-	-	(11,885)	-	-	(11,885)	-	(11,885)
Total comprehensive (loss)/income for the year	年內全面(虧損)/收入總額	-	-	-	-	(22,747)	-	(91,192)	(113,939)	438	(113,501)
Purchase of treasury shares	購買庫存股份	-	-	-	(6,723)	-	-	-	(6,723)	-	(6,723)
Transfer to reserve funds	轉撥至儲備金	-	-	-	-	-	11,238	(11,238)	-	-	-
Disposal of subsidiaries	出售附屬公司	-	-	(172,116)	-	-	-	172,116	-	-	-
As at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	6,914	153,071*	(731)*	(8,992)*	(11,197)*	60,528	(123,026)*	76,567	176	76,743
Loss for the year	年內虧損	-	-	-	-	-	-	(121,508)	(121,508)	(1,894)	(123,402)
Other comprehensive loss for the year:	年內其他全面虧損：										
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	(2,622)	-	-	(2,622)	88	(2,534)
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries	出售附屬公司時重新分類累計匯兌波動儲備	-	-	-	-	(1,978)	-	-	(1,978)	-	(1,978)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	(4,600)	-	(121,508)	(126,108)	(1,806)	(127,914)
As at 31 December 2021	於2021年12月31日	6,914	153,071*	(731)*	(8,992)*	(15,797)*	60,528*	(244,534)*	(49,541)	(1,630)	(51,171)

* These reserve accounts comprise the consolidated reserves of approximately RMB56,455,000 (2020: approximately RMB69,653,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表內的綜合儲備約人民幣56,455,000元(2020年：約人民幣69,653,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2021
截至2021年12月31日止年度

	Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動所得現金流量		
Loss before tax	除稅前虧損	(120,286)	(87,840)
Adjustments for:	調整項目：		
Interest income	利息收入	(529)	(1,107)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,730	8,220
Depreciation of right-of-use assets	使用權資產折舊	8,982	31,662
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	4,846	12,954
Impairment loss on right-of-use assets	使用權資產減值虧損	3,821	18,084
Loss on disposal of items of property, plant and equipment, net	出售物業、廠房及設備項目的虧損淨額	1,166	15,677
Loss on disposal of right-of-use assets	出售使用權資產虧損	—	5,086
Gain on remeasurement of leases	重新計量租賃的收益	—	(4,832)
Gain on disposal of subsidiaries	出售附屬公司的收益	(8,250)	(57,761)
Fair value change on contingent consideration receivables	應收或然代價的公允價值變動	—	(9,411)
Net loss on derivative financial instruments	衍生金融工具虧損淨額	78	311
Covid-19 related rent concessions	Covid-19相關租金優惠	—	(501)
Allowance for/(reversal of) expected credit losses in respect of trade receivables, net	貿易應收款項預期信貸虧損撥備／(撥回)，淨額	4,586	(10,808)
(Reversal of)/allowance for expected credit losses in respect of prepayments, deposits and other receivables, net	預付款項、按金及其他應收款項預期信貸虧損(撥回)／撥備，淨額	(94)	103
Allowance for expected credit losses in respect of amounts due from related parties, net	應收關聯方款項預期信貸虧損撥備，淨額	552	474
Gain on modification of convertible loan	修訂可換股貸款收益	—	(11,503)
(Reversal)/provision against obsolete and slow-moving inventories	陳舊及積壓存貨(撥回)／撥備	(38,397)	39,848
Product warranty additional provision	產品保修額外撥備	2,908	3,268
Finance costs	融資成本	22,468	17,590
Operating cash flow before movements in working capital	營運資金變動前經營現金流量	(115,419)	(30,486)
Decrease/(increase) in inventories	存貨減少／(增加)	125,659	(43,233)
Decrease in trade receivables	貿易應收款項減少	93,092	79,981
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少	70,448	92,038
Decrease in trade payables	貿易應付款項減少	(85,828)	(103,869)
Decrease in other payables and accruals	其他應付款項及應計費用減少	(5,727)	(21,376)
(Decrease)/increase in contract liabilities	合約負債(減少)／增加	(2,994)	830
Utilisation of warranty provision	動用保修撥備	(3,055)	(4,644)
Cash generated from/(used in) operations	經營所得／(所用)現金	76,176	(30,759)
Income tax refund/(paid)	退回／(已付)所得稅	730	(15,737)
Net cash flows generated from/(used in) operating activities	經營活動所得／(所用)現金流量淨額	76,906	(46,496)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
綜合現金流量表(續)

Year ended 31 December 2021
截至2021年12月31日止年度

	Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cash flows from investing activities	投資活動所得現金流量		
Payment for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的付款	(2,514)	(68,041)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目的所得款項	289	72,177
Proceeds from disposal of items of right-of-use assets, net of transaction costs	出售使用權資產項目的所得款項，扣除交易成本	—	23,682
Net cash inflow on disposal of subsidiaries	出售附屬公司的淨現金流入	8,705	102,826
Payment for repurchase of shares	購回股份的付款	—	(6,723)
Interest received	已收利息	529	1,107
Decrease in pledged deposits	已抵押存款減少	55,533	60,957
Repayment from related companies	來自關聯公司的還款	446,970	—
Advance to related companies	向關聯公司墊款	(510,616)	—
Repayment from shareholder	來自股東的還款	2	—
Net cash (used in)/generated from investing activities	投資活動(所用)/所得現金淨額	(1,102)	185,985
Cash flows from financing activities	融資活動所得現金流量		
New bank and other borrowings	新銀行及其他借款	160,915	335,212
Repayment of bank borrowings	償還銀行借款	(190,540)	(459,433)
Advance from related companies	來自關聯公司的墊款	28,268	366,370
Repayment to related companies	向關聯公司還款	(46,166)	(359,595)
Repayment to a shareholder	向一名股東還款	—	(2)
Repayment of convertible loan	償還可換股貸款	(11,737)	(8,310)
Repayment of lease liabilities	償還租賃負債	(19,599)	(38,613)
Interest paid	已付利息	(17,800)	(8,909)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(96,659)	(173,280)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(20,855)	(33,791)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	35,969	71,046
Effect of foreign exchange rate changes, net	外幣匯率變動的影響，淨額	(1,629)	(1,286)
Cash and cash equivalents at end of year	年末現金及現金等價物	13,485	35,969
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash and cash equivalents	現金及現金等價物	13,485	35,969

The accompanying notes form an integral part of these consolidated financial statements.

隨附附註構成此等綜合財務報表的一部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2021
截至2021年12月31日止年度

1. CORPORATE AND GROUP INFORMATION

Morris Home Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 708–709, Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 January 2017.

The Company is an investment holding company. During the year, the principal activities of the Group are the manufacture and sale of sofas, sofa covers and other furniture products.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Morris Capital Limited, which is incorporated in the British Virgin Islands (the “**BVI**”).

1. 公司及集團資料

慕容家居控股有限公司(「**本公司**」，連同其附屬公司統稱「**本集團**」)為於開曼群島註冊成立的獲豁免有限公司。本公司的註冊辦事處地址為 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands。本公司的主要營業地點位於香港長沙灣荔枝角道838號勵豐中心708–709室。

本公司股份自2017年1月12日起在香港聯合交易所有限公司主板上市。

本公司為投資控股公司。年內本集團的主要業務為生產及銷售沙發、沙發套及其他家具產品。

董事認為本公司的控股公司及最終控股公司均為慕容資本有限公司，該公司於英屬處女群島(「**英屬處女群島**」)註冊成立。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

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

1. 公司及集團資料(續)

附屬公司資料

本公司主要附屬公司詳情如下：

Company name 公司名稱	Place of incorporation/ registration and business 註冊成立／ 登記及營業地點	Legal entity 法人實體	Issued ordinary share capital/paid up registered capital 已發行普通股／ 繳足註冊股本	Percentage of equity attributable to the Company 本公司應佔權益百分比				
				2021		2020		Principal activities 主要業務
				2021年		2020年		
				Direct 直接	Indirect 間接	Direct 直接	Indirect 間接	
Mstar International Trading (HK) Limited	Hong Kong/ United States	Limited liability company	HK\$100	—	100%	—	100%	Trading of sofas, sofa covers and other furniture products
美星國際貿易(香港)有限公司	香港／美國	有限公司	100港元	—	100%	—	100%	買賣沙發、沙發套及其他家具產品
Zhejiang Apollo Leather Products Co., Ltd.*	The People's Republic of China ("PRC")	Sino-foreign equity joint venture	US\$615,000	—	100%	—	100%	Manufacture and sale of sofa covers
浙江阿波羅皮革製品有限公司*	中華人民共和國(「中國」)	中外合資合營企業	615,000美元	—	100%	—	100%	生產及銷售沙發套
Zhejiang Morris Fashion Home Co., Ltd.*	The PRC	Wholly foreign owned enterprise	US\$41,710,000	—	100%	—	100%	Manufacturing and sale of upholstered sofas
浙江慕容時尚家居有限公司*	中國	外商獨資企業	41,470,000美元	—	100%	—	100%	生產及銷售軟體沙發
Masia Industries Co., Ltd. (Note)	The Kingdom of Cambodia ("Cambodia")	Limited liability company	US\$5,000,000	—	—	—	100%	Not yet commenced operation
Masia Industries Co., Ltd. (附註)	柬埔寨王國(「柬埔寨」)	有限公司	5,000,000美元	—	—	—	100%	尚未開始營運
MorriSofa Europe Limited	The United Kingdom ("U.K.")	Limited liability company	GBP1,000	70%	—	70%	—	Wholesale of furniture products
MorriSofa Europe Limited	英國(「英國」)	有限公司	1,000英鎊	70%	—	70%	—	批發家具產品

Note: Masia Industries Co., Ltd was disposed on 9 March 2021.

附註：Masia Industries Co., Ltd於2021年3月9日出售。

* The English names of these entities represent management's best effort at translating their Chinese names as these entities did not register any official English names.

* 鑑於該等實體並未註冊任何官方英文名稱，該等實體的英文名稱乃由管理層盡力從彼等中文名稱翻譯得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Hong Kong Companies Ordinance.

1. 公司及集團資料(續)

附屬公司資料(續)

上表列出董事認為主要影響本集團年內業績或構成淨資產之重大部分的本公司附屬公司。董事認為，提供其他附屬公司詳情會導致資料過於冗長。

2.1 編製基準

綜合財務報表乃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**」)編製。就編製綜合財務報表而言，倘有關資料合理預期會影響主要使用者作出的決定，則有關資料被視為重大。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則(「**上市規則**」)及香港公司條例規定的適用披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern

These consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon the Group being a going concern and will be able to continue its operations for the foreseeable future. The ability of the Group to continue as a going concern is dependent on the continued availability of adequate finance to the Group and the Group's ability to attain profitable operations in the foreseeable future, all of which depend on the eventual successful outcome of the below mentioned plans and measures in view of the fact that the Group incurred a net loss of approximately RMB123,402,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately RMB47,876,000 and RMB51,171,000 respectively. As at the same date, the Group's aggregate interest-bearing bank and other borrowings, lease liabilities and convertible loan amounted to approximately RMB64,616,000, RMB25,002,000 and RMB69,977,000, respectively, whilst its cash and cash equivalents amounted to approximately RMB13,485,000. The Group's convertible bonds with outstanding principal amounts of approximately RMB69,977,000 as at 31 December 2021, matured and fell due for repayment during the year ended 31 December 2021. The outstanding principal amount and related overdue interests on these convertible loan, amounting to approximately RMB72,875,000 in aggregate, were not repaid as at 31 December 2021.

2.1 編製基準(續)

持續經營

該等綜合財務報表已按照適用於持續經營基準的原則編製。該等原則的適用性取決於本集團是否持續經營，並能夠於可預見的未來繼續經營。本集團持續經營的能力取決於本集團能否持續獲得充足的資金以及本集團於可預見的未來實現盈利經營的能力，而鑑於本集團於截至2021年12月31日止年度產生的虧損淨額約人民幣123,402,000元，所有該等均取決於下述計劃及措施的最終成功結果，截至該日，本集團的流動負債超過其流動資產，負債總額超過其資產總額分別約人民幣47,876,000元及人民幣51,171,000元而採取的措施。於同日，本集團的計息銀行及其他借款、租賃負債及可換股貸款總額分別約為人民幣64,616,000元、人民幣25,002,000元及人民幣69,977,000元，而其現金及現金等價物約為人民幣13,485,000元。本集團於2021年12月31日未償還本金約人民幣69,977,000元的可換股債券，於截至2021年12月31日止年度到期及應予償還。該等可換股貸款之未償還本金及相關逾期利息合計約人民幣72,875,000元，於2021年12月31日尚未償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

In order to improve the liquidity situation and the Group's ability to operate as a going concern, the directors of the Company have formulated plans and measures to deal with the conditions referred to above, as follows:

- (i) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations;
- (ii) Two of the indirect wholly-owned subsidiaries of the Group filed pre-restructuring applications with the People's Court of Haining City to request the Court to allow those two subsidiaries to formulate pre-restructuring plans to resolve the debt positions;
- (iii) The Group is in the process of negotiating with its convertible loan holder and bank to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;
- (iv) The Directors are considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities. Subsequent to 31 December 2021, the Company has entered into the placing agreement with the placing agent on 25 February 2022. A total of 200,000,000 placing shares have been successfully placed by the placing agent to not less than six placees at placing price of HK\$0.12 per placing share. The net proceed from placing amounted to approximately HK\$23.71 million and the placing has been completed on 23 March 2021.

2.1 編製基準(續)

持續經營(續)

為改善流動資金狀況，提高本集團的持續經營能力，本公司董事制定了應對上述情況的預案及措施，具體如下：

- (i) 本集團正採取措施收緊成本控制，以取得來自經營的正向現金流量；
- (ii) 本集團的兩家間接全資附屬公司，向海寧市人民法院提出預重整申請，請求法院允許該等兩家附屬公司制定預重整方案以解決其債務狀況；
- (iii) 本集團正與其可換股貸款持有人和銀行進行磋商，就其借款進行重組及／或再融資，並獲得必要的融資以滿足本集團在不久將來的營運資金及財務需求；
- (iv) 董事正考慮不同方法加強本公司的資本基礎，包括但不限於尋求新投資及業務機遇。於2021年12月31日後，本公司已於2022年2月25日與配售代理訂立配售協議。配售代理已成功將合共200,000,000股配售股份配售至不少於六名承配人，配售價為每股配售股份0.12港元。配售所得款項淨額約為23.71百萬港元，且配售已於2021年3月23日完成。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

- (v) The ultimate holding company of the Company, Morris Capital Limited, has stated that it is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due;
- (vi) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and
- (vii) On 22 April 2022, the Company and a potential subscriber (“**Potential Subscriber**”) entered into a memorandum of understanding, pursuant to which the Potential Subscriber intends to subscribe for and the Company intends to allot and issue 1,300,000,000 new shares of the Company. The indicative total consideration for the Subscription Shares shall be HK\$81,900,000 at HK\$0.063 per Share. However, the completion for subscription of shares could not be determined as of the date of the approval of the consolidated financial statements.

Having considered the above and with reviewed the cash flow forecast of the Group, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

The eventual outcome of the plans and measures described above are inherently uncertain. Should the Group fail to achieve successful outcome from the above-mentioned plans and measures, it may be unable to continue as a going concern, and adjustments would have to be made to write down the carrying values of its assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.1 編製基準(續)

持續經營(續)

- (v) 本公司最終控股公司慕容資本有限公司表示有意向本集團提供財務支持，以使本集團能夠持續經營並於其負債到期時結清；
- (vi) 本集團現正與其若干債務人重新磋商還款時間表及根據與彼等協定之還款時間表努力要求其債務人償還貿易應收款項、其他應收款項及應收關聯公司款項；及
- (vii) 於2022年4月22日，本公司與一名潛在認購者（「**潛在認購者**」）訂立一項諒解備忘錄，據此，潛在認購者擬認購而本公司擬配發及發行本公司1,300,000,000股新股份。認購股份的指示性代價總額將為81,900,000港元，每股0.063港元。然而，截至綜合財務報表獲批准日期，尚無法確定認購股份的完成情況。

經考慮上述及審閱本集團的現金流量預測後，董事認為按持續經營基準編製本集團截至2021年12月31日止年度的綜合財務報表屬適當。

上述計劃及措施的最終結果本質上屬不確定。倘若本集團上述計劃及措施未能取得成效，則可能無法持續經營，並須作出調整，將其資產賬面價值撇減至彼等之可收回金額，為可能產生的任何進一步負債作出撥備，並將非流動資產及負債分別歸類為流動資產及負債。該等調整的影響並無反映於該等綜合財務報表中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

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

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

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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2.1 編製基準(續)

綜合財務報表乃按歷史成本基準編製，惟於各報告期末按公允值計量的若干金融工具除外，詳情於會計政策闡述。

歷史成本一般按交換貨品及服務所付代價的公允值計算。

該等財務報表以人民幣(「人民幣」)呈列，除另有指明外，所有數值均約整至最接近的千位數(人民幣千元)。

2.2 會計政策及披露之變動

於本年度強制生效的香港財務報告準則修訂本

於本年度，本集團已首次應用以下由香港會計師公會頒佈並於2021年1月1日或之後開始的年度期間強制生效的香港財務報告準則的修訂，以編製綜合財務報表：

香港財務報告準則 第9號、香港會計準 則第39號、香港財務 報告準則第7號、 香港財務報告準則 第4號及香港財務報 告準則第16號 (修訂本)	利率基準改革— 第二階段
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

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

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

2.3 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²

2.2 會計政策及披露之變動(續)

於本年度強制生效的香港財務報告準則修訂本(續)

此外，本集團已提早應用香港財務報告準則第16號之修訂本2021年6月30日後之Covid-19相關租金減免。

此外，本集團已應用於2021年6月頒佈的國際會計準則理事會國際財務報告準則詮釋委員會(「委員會」)國際財務報告決定的議程決定，澄清於釐定存貨可變現淨值時實體應計入為「作出銷售所必要的估計成本」的成本。

於本年度應用香港財務報告準則的修訂本對本集團於本年度及過往年度的財務狀況及表現及／或該等綜合財務報表所載的披露並無重大影響。

2.3 已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約及相關修訂 ²
香港財務報告準則第3號(修訂本)	對概念框架的提述 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間出售或注入資產 ³
香港會計準則第1號(修訂本)	將負債分類為流動或非流動及香港詮釋第5號(2020年)之相關修訂 ²

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.3 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to HKAS 1, and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

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

2.3 已頒佈但尚未生效的新訂 及經修訂香港財務報告準 則(續)

香港會計準則第1號及 香港財務報告準則實 務報告第2號(修訂本)	會計政策的披露 ²
香港會計準則第8號 (修訂本)	會計估計的定義 ²
香港會計準則第12號 (修訂本)	與單一交易產生之 資產及負債相關 之遞延稅項 ²
香港會計準則第16號 (修訂本)	物業、廠房及設 備—擬定用途前 所得款項 ¹
香港會計準則第37號 (修訂本)	虧損合約—履行合 約的成本 ¹
香港財務報告準則 (修訂本)	香港財務報告準則 2018年至2020 年之年度改進 ¹

¹ 於2022年1月1日或之後開始的年度期間生效。

² 於2023年1月1日或之後開始的年度期間生效。

³ 於待定期限或之後開始的年度期間生效。

本公司董事預期應用所有新訂及經修訂香港財務報告準則於可見將來將不會對綜合財務報表造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021.

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

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements;
- (c) the Group's voting rights and potential voting rights; and
- (d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous patterns at previous shareholders' meeting.

2.4 主要會計政策概要

綜合基準

綜合財務報表包括本集團截至2021年12月31日止年度的財務報表。

附屬公司指本公司直接或間接控制的實體(包括結構性實體)。當本集團對參與投資對象業務的浮動回報承擔風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能力以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他投票權持有人的合約安排;
- (b) 其他合約安排產生的權利;
- (c) 本集團的投票權及潛在投票權;及
- (d) 於需要作出決定(包括先前股東大會上的投票模式)時表明本集團當前擁有或並無擁有指導相關活動的能力的任何額外事實及情況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 主要會計政策概要(續)

綜合基準(續)

附屬公司的財務報表乃就與本公司相同的報告期間採用一致的會計政策編製。附屬公司的業績自本集團取得控制權當日起綜合入賬，並繼續綜合入賬直至有關控制權終止當日為止。

損益及其他全面收益各組成部分歸屬於本集團母公司擁有人。所有集團內部資產及負債、權益、收入、開支及與本集團成員公司間交易有關的現金流量均於綜合入賬時悉數對銷。

倘有事實及情況顯示上述三項控制因素中有一項或多項出現變化，本集團會重新評估其是否對投資對象擁有控制權。附屬公司的所有權權益變動（並無失去控制權）入賬列作權益交易。

倘本集團失去對附屬公司的控制權，則其終止確認(i)該附屬公司的資產（包括商譽）及負債、(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計匯兌差額；及確認(i)所收代價的公允值、(ii)所保留任何投資的公允值及(iii)損益賬中任何因此產生的盈餘或虧損。先前於其他全面收益內確認的本集團應佔部分重新分類至損益或保留溢利（如適用），基準與本集團直接出售相關資產或負債所需使用的基準相同。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

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

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

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

Revenue recognition

Revenue from contracts with customers

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

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

2.4 主要會計政策概要(續)

綜合基準(續)

損益及其他全面收益的各項目歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。

如有需要，會對附屬公司的財務報表作出調整，使其會計政策與本集團的會計政策一致。

所有集團內部資產及負債、權益、收入、開支及與本集團成員公司間交易有關的現金流量均於綜合入賬時悉數對銷。

於附屬公司的非控股權益與本集團於當中的權益分開呈列，指賦予其持有人權利於清盤時按比例分佔相關附屬公司資產淨值的現有所有權權益。

收入確認

客戶合約收入

本集團於完成履約責任時確認收入，即於與特定履約責任相關的貨品或服務的「控制權」轉讓予客戶時。

履約責任指一項明確的貨品及服務（或一批貨品或服務）或一系列大致相同且明確的貨品或服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

- the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has no enforceable right to payment for performance completed to date.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

2.4 主要會計政策概要(續)

收入確認(續)

客戶合約收入(續)

控制權隨時間轉移，而倘符合以下其中一項標準，則收入乃參照完成相關履約責任的進度按時間確認：

- 客戶於本集團履約時同時取得並耗用本集團履約所提供的利益；
- 本集團的履約創建或增強客戶於本集團履約時控制的資產；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團並無強制執行權以收取迄今已履約的款項。

否則，收入於客戶獲得明確的貨品或服務的控制權時確認。

合約資產指本集團就向客戶換取本集團已轉讓的商品或服務收取代價的權利(尚未成為無條件)，並根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即只需待時間過去代價即須到期支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

A contract asset and a contract liability related to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis except for the allocation discounts.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

2.4 主要會計政策概要(續)

收入確認(續)

客戶合約收入(續)

合約負債指本集團因已自客戶收取代價(或到期收取的代價)，而須向客戶轉讓商品或服務的責任。有關合約的合約資產及合約負債按淨額基準列示。

與同一合約有關的合約資產及合約負債按淨額基準入賬及呈列。

具有多項履約責任的合約(包括分配交易價格)

對於包含一項以上履約責任的合約，本集團以相對獨立的銷售價格基準將交易價格分配至各項履約責任，惟分配折扣除外。

與各履約責任相關的明確貨品或服務的獨立售價於合約開始時釐定。其指本集團將承諾的貨品或服務單獨出售予客戶的價格。倘獨立售價不可直接觀察，本集團使用適當技術進行估計，以便最終分配至任何履約責任的交易價格反映本集團預期就向客戶轉讓承諾貨品或服務而有權換取的代價金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sale of goods

Revenue from sales of sofa, sofa covers and other furniture products are recognised at a point in time when control of the goods has transferred, which generally coincides with the time when the products are delivered to customers and title is passed.

2.4 主要會計政策概要(續)

收入確認(續)

客戶合約收入(續)

退款負債

倘本集團預期退還自客戶收取的部分或全部代價，則本集團確認退款負債。

委託人或代理人

當另一方從事向客戶提供貨品或服務時，本集團釐定其承諾的性質是否為提供指定貨品或服務本身的履約責任(即本集團為委託人)或安排由另一方提供該等貨品或服務(即本集團為代理人)。

倘本集團於特定貨品或服務轉讓予客戶前控制該貨品或服務，則本集團為委託人。

倘本集團的履約責任為安排另一方提供指定商品或服務，則本集團為代理人。在此情況下，在將商品或服務轉讓予客戶之前，本集團不控制另一方提供的指定商品或服務。當本集團為代理人時，應就為換取另一方安排提供的指定商品或服務預期有權取得的任何收費或佣金的金額確認收入。

銷售貨品

銷售沙發、沙發套及其他家具產品的收入於貨品控制權轉移的時間點確認，一般與向客戶交付產品及轉移擁有權的時間吻合。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Commission income

Commission income from sales of sofa, sofa cover and other furniture products is recognised at a point in time when the Group acts as an agent. The commission income expects to be entitled in exchange for arranging for the sales when the control of goods have been passed to customers, which is primarily upon the goods are delivered to and have been accepted by customers.

Fair value measurement

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

2.4 主要會計政策概要(續)

收入確認(續)

客戶合約收入(續)

佣金收入

銷售沙發、沙發套及其他家具產品的佣金收入於本集團擔任代理人的時間點確認。預期於安排銷售時，當貨品控制權轉移至客戶(主要為貨品交付至客戶及獲客戶接納時)有權換取佣金收入。

公允值計量

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是否可直接觀察或使用其他估值方法估計。於估計資產或負債的公允值時，本集團考慮市場參與者於計量日期對資產或負債定價時所考慮的資產或負債的特點。在該等綜合財務報表中計量及／或披露的公允值均在此基礎上予以確定，惟香港財務報告準則第2號以股份為基礎付款範圍內的以股份為基礎付款交易、根據香港財務報告準則第16號入賬的租賃交易以及與公允值類似但並非公允值的計量(例如，香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中的使用價值)除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

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

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

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

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

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

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

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

2.4 主要會計政策概要(續)

公允值計量(續)

非金融資產的公允值計量須計及市場參與者通過使用其資產的最高及最佳用途，或將該資產出售予將使用其最高及最佳用途的另一市場參與者所產生的經濟利益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公允值的估值技術，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

所有其公允值於財務報表計量或披露的資產及負債乃按下述公允值層級分類，分類乃基於對公允值計量整體而言屬重大的最低層輸入數據進行：

第1級 — 基於相同資產或負債於活躍市場的報價(未經調整)

第2級 — 基於對公允值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值技術

第3級 — 基於對公允值計量而言屬重大的不可觀察最低層輸入數據的估值技術

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公允值計量整體而言屬重大的最低層輸入數據)確定是否發生不同層級轉移。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

2.4 主要會計政策概要(續)

非金融資產減值

倘一項資產存在減值跡象，或需要進行年度減值測試(存貨及金融資產除外)，則會估計資產的可收回金額。資產可收回金額按該資產或現金產生單位的使用價值及其公允值減出售成本兩者中的較高金額計算，並按個別資產釐定，除非該資產並無產生大部分獨立於其他資產或資產組別的現金流入，在此情況下，可收回金額將按該資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超過其可收回金額時方會確認。在評估使用價值時，估計未來現金流量採用反映當前市場對資金時間價值及資產特定風險的評估的稅前貼現率貼現至其現值。減值虧損於其產生期間的損益賬內在與減值資產功能一致的該等開支類別中扣除。

於各報告期末評估是否有跡象顯示先前確認的減值虧損不再存在或可能已減少。倘有該等跡象存在，則會估計可收回金額。先前就資產(商譽除外)確認的減值虧損，僅於用以釐定該資產的可收回金額的估計有變時予以撥回，但不得高於過往年度並無就該資產確認減值虧損而釐定的賬面值(扣除任何折舊／攤銷)。撥回的減值虧損於其產生期間計入損益賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.4 主要會計政策概要(續)

關聯人士

若出現下列情況，以下人士將被視為與本集團有關聯：

- (a) 該人士為下列人士或下列人士的近親，而該人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理人員；或
- (b) 該人士為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 某實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯繫人或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 某實體為第三方實體的合營企業，而另一實體為該第三方實體的聯繫人；
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員利益設立的離職後福利計劃；
 - (vi) 實體受(a)所識別人士控制或共同控制；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

A party is considered to be related to the Group if: (Continued)

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

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

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

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources, or obligations between the Group and a related party, regardless of whether a price is charged.

2.4 主要會計政策概要(續)

關聯人士(續)

若出現下列情況，以下人士將被視為與本集團有關聯：(續)

(b) 該人士為符合下列任何條件的實體：(續)

(vii) 第(a)(i)項所列人士對該實體具有重大影響力或為該實體(或該實體的母公司)的主要管理人員；及

(viii) 該實體或其所屬集團的任何成員公司為本集團或本集團的母公司提供主要管理人員服務。

一名人士的近親成員指與該實體交易時預期可影響該名人士或受該人士影響的家庭成員，並包括：

(a) 該名人士的子女及配偶或同居伴侶；

(b) 該名人士的配偶或同居伴侶的子女；及

(c) 該名人士或該名人士的配偶或同居伴侶之受養人。

當本集團與關聯人士之間存在資源或責任轉讓時(不論是否收取費用)，則交易被視為關聯方交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment that are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	5%
Leasehold improvements	Over the shorter of the lease terms and 33.3%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	20% to 33.3%
Motor vehicles	20% to 33.3%

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊

持作用於生產或供應貨品或服務或作行政用途的物業、廠房及設備(為有形資產)(在建工程除外)按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本包括其購買價及將資產達至其擬定用途之營運狀況及地點的任何直接應佔成本。

物業、廠房及設備項目投入運作後產生的維修及保養等開支，一般於產生期間計入損益。若符合確認條件，大型檢測開支計入資產賬面值，作為重置資本。倘物業、廠房及設備的重要部分須定期替換，則本集團確認該等部分為具特定使用年期的個別資產，並計提相應折舊。

折舊乃以直線法在估計使用年內將各物業、廠房及設備項目的成本撇銷至其剩餘價值計算。就此使用的主要年率如下：

建築物	5%
租賃物業裝修	租期及33.3% (以較短者為準)
廠房及機器	10%至20%
家具、傢俬及辦公設備	20%至33.3%
汽車	20%至33.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

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

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

Construction in progress represents a building, plant and machinery and other items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊 (續)

倘物業、廠房及設備項目的各部分有不同的使用年期，該項目的成本將在各部分之間作合理分配，而每部分將個別計提折舊。剩餘價值、使用年期及折舊方法至少於各財政年度結算日檢討，並於適當時調整。

首次確認的物業、廠房及設備項目(包括任何重要部分)於出售或預期使用或出售不會產生未來經濟利益時終止確認。於資產終止確認年度在損益中確認的任何出售或報廢盈虧，乃有關資產出售所得款項淨額與賬面值的差額。

在建工程指興建中的建築物、廠房及機器以及物業、廠房及設備的其他項目，按成本減任何減值虧損列賬，且不計提折舊。成本包括建設期間的直接建設成本及相關借入資金的資本化借款成本。在建工程於落成可用時按適當類別重新分類至物業、廠房及設備。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

2.4 主要會計政策概要(續)

租賃

租賃的定義

倘合約為換取代價而給予在一段期間內控制可識別資產使用的權利，則該租賃為包含租賃的合約。

就於首次應用日期或之後訂立或修訂或因業務合併而產生的合約而言，本集團於開始、修訂日期或收購日期(如適用)根據香港財務報告準則第16號的定義評估合約是否為租賃或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。作為可行權宜方法，當本集團合理預期對綜合財務報表的影響與組合內個別租賃並無重大差異時，具有類似特徵的租賃按組合入賬。

本集團作為承租人

分配代價予合約組成部分

就包含租賃部分以及一項或多項額外租賃或非租賃部分的合約而言，本集團根據租賃部分的相對獨立價格及非租賃部分的總獨立價格將合約代價分配至各租賃部分。

本集團亦應用可行權宜方法不將非租賃組成部分與租賃組成部分分開，而將租賃組成部分及任何相關非租賃組成部分作為單一租賃組成部分入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

短期租賃及低價值資產租賃

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的建築物租賃，本集團應用短期租賃確認豁免。本集團亦對低值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款於租期內按直線法或其他系統基準確認為開支。

使用權資產

使用權資產之成本包括：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；
- 本集團產生的任何初始直接成本；及
- 由本集團廢除及移除相關資產，恢復其所在場地或將相關資產恢復至租賃條款及條件所要求的條件所產生的成本估算。

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整，除因Covid-19相關租金優惠而對租賃負債作出的調整外，本集團對此已應用可行權宜方法。

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

本集團於綜合財務狀況表內將使用權資產呈列為單獨項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

可退回租賃按金

已付可退回租賃按金乃根據香港財務報告準則第9號入賬，並初步按公允值計量。初步確認時對公允值作出的調整被視為額外租賃付款且計入使用權資產成本。

租賃負債

於租賃開始日期，本集團按該日未付的租賃付款現值確認及計量租賃負債。於計算租賃付款的現值時，倘租賃內含利率不易釐定，則本集團應用租賃開始日期的增量借款利率計算。

計入租賃負債計量的租賃付款包括：

- 固定租賃付款(包括實質固定付款)，減去任何應收租賃優惠；
- 可變租賃付款，其取決於一項指數或利率，初步計量時使用開始日期的指數或利率；
- 本集團根據剩餘價值擔保預期應付金額；
- 購買選擇權的行使價(倘本集團合理確定行使選擇權)；及
- 倘租期反映本集團行使終止租賃的選擇權，則支付終止租賃的罰款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

租賃負債(續)

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

倘出現以下情況，本集團重新計量租賃負債(並就相關使用權資產作出相應調整)：

- 租期有所變動或行使購買選擇權的評估發生變化，在此情況下，相關租賃負債透過使用重新評估日期的經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因進行市場租金調查後市場租金率變動或有擔保剩餘價值下預期付款變動而出現變動，在此情況下，相關租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量。

租賃負債於綜合財務狀況表中單獨呈列。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

租賃修訂

除本集團就Covid-19相關租金優惠採納可行權宜方法外，倘出現以下情況，本集團將租賃的修改作為一項單獨的租賃進行入賬：

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

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

本集團透過對相關使用權資產作出相應調整，將租賃負債重新計量入賬。當修改後的合約包含一個或多個其他租賃組成部分時，本集團會根據租賃組成部分的相對獨立價格將修改後的合約中的對價分配至每個租賃組成部分。相關非租賃組成部分計入相應的租賃組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

2.4 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

Covid-19相關租金優惠

就因COVID-19疫情直接產生的租金優惠而言，倘符合以下所有條件，本集團已選擇應用可行權宜方法不評估有關變動是否屬租賃修訂：

- 租賃付款的變動使租賃代價有所修改，而經修改的代價與緊接變動前租賃代價大致相同，或少於緊接變動前的租賃代價；
- 租賃付款的任何減少僅影響原到期日為2022年6月30日或之前的付款；及
- 租賃的其他條款及條件並無實質變動。

應用可行權宜方法將租金優惠導致的租賃付款變動入賬的承租人將以同一方式將應用香港財務報告準則第16號的變動入賬(倘變動並非租賃修訂)。租賃付款的寬免或豁免作為可變租賃付款入賬。相關租賃負債經調整以反映寬免或豁免的金額，並於該事件發生期間於損益確認相應調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and development costs

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

Financial instruments

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

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

2.4 主要會計政策概要(續)

研究及開發成本

所有研究成本均於產生時自損益中扣除。新產品開發項目產生的開支僅於本集團證明在技術上能夠完成無形資產供使用或出售、有意完成及有能力使用或出售該資產、該資產將帶來日後經濟利益、具有完成項目所需的資源且能夠可靠地計量開發期間的支出時，方會撥充資本並以遞延方式入賬。未能符合該等條件的產品開發支出概於產生時列作開支。

金融工具

金融資產及金融負債於集團實體成為工具合約條文之一方時予以確認。以常規方式買賣的金融資產均按交易日基準確認或終止確認。以常規方式買賣是指要求在相關市場中的規則或慣例通常約定的時間內交付資產的金融資產買賣。

金融資產及金融負債初步按公允值計量，惟源自客戶合約的貿易應收款項除外，其按照香港財務報告準則第15號初步計量。而直接歸屬於購置或發行金融資產及金融負債之交易成本（按公允值計入損益（「按公允值計入損益」）之金融資產除外）乃於首次確認時加入或自金融資產或金融負債之公允值扣除（如適用）。直接歸屬於收購按公允值計入損益之金融資產之交易成本即時於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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

Interest and dividend income which are derived from the financial assets and shareholders' rights are presented as other revenue and other income.

Financial assets

Classification and subsequent measurement of financial assets

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

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

2.4 主要會計政策概要(續)

金融工具(續)

實際利率法乃計算金融資產或金融負債之攤銷成本及按有關期間攤分利息收入及利息支出之方法。實際利率乃將估計日後現金收入及付款(包括所有已支付或已收取而構成整體實際利率一部分之費用及點數、交易成本及其他溢價或折讓)按金融資產或金融負債之預期使用年期，或較短期間(如適用)準確貼現至首次確認之賬面淨值之利率。

金融資產及股東權利的利息及股息收入呈列為其他收益及其他收入。

金融資產

金融資產的分類及其後計量

符合以下條件的金融資產其後按攤銷成本計量：

- 金融資產於目的為收取合約現金流量的商業模式內而持有；及
- 合約條款於特定日期產生僅為支付本金及未償還本金利息的現金流量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group managers together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

符合以下條件的金融資產其後按公允值計入其他全面收益(「按公允值計入其他全面收益」)計量：

- 金融資產於目的為收取合約現金流量及出售的商業模式內而持有；及
- 合約條款於特定日期產生僅為支付本金及未償還本金利息的現金流量。

所有其他金融資產其後按公允值計入損益計量，惟於初步確認金融資產時，倘股本投資並非持作買賣，亦非收購方於香港財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇於其他全面收益呈列股本投資公允值的其後變動。

金融資產分類為持作買賣，倘：

- 收購該資產主要目的為短期內出售；或
- 於首次確認時，該資產是本集團集中管理之可識別金融工具組合的一部分，且近期有實質短期獲利模式；或
- 該資產並非指定為有效對沖工具及無實際對沖效果之衍生工具。

此外，本集團可能不可撤銷地指定須按攤銷成本計量或按公允值計入其他全面收益的金融資產為按公允值計入損益(倘若此舉可消除或顯著減少會計錯配)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other revenue and other income" line item.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

攤銷成本及利息收入

就其後按攤銷成本計量之金融資產，利息收入使用實際利率法確認。利息收入使用實際利率按金融資產賬面總值計算，惟其後已信貸減值的金融資產除外(見下文)。就其後已信貸減值的金融資產而言，利息收入乃自下一個報告期間起使用實際利率按金融資產的攤銷成本確認。倘信貸減值金融工具的信貸風險改善，金融資產不再信貸減值，則利息收入自釐定資產不再信貸減值後的報告期初起使用實際利率按金融資產的賬面總值確認。

按公允值計入損益的金融資產

金融資產如不符合按攤銷成本計量或按公允值計入其他全面收益的方式計量或指定為按公允值計入其他全面收益的條件，則按公允值計入損益的方式計量。

於各報告期末，按公允值計入損益之金融資產按公允值計量，而任何公允值收益或虧損於損益中確認。於損益確認的收益或虧損淨額不包括就金融資產所賺取的任何股息或利息，並計入「其他收益及其他收入」項目內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including trade and bills receivables, deposits and other receivables, amount due from a shareholder, amounts due from related parties, pledged deposits and cash and cash equivalents). The amount of ECL is updated at each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值

本集團就根據香港財務報告準則第9號面臨減值的金融資產(包括貿易應收款項及應收票據、按金及其他應收款項、應收一名股東款項、應收關聯方款項、質押存款及現金及現金等價物)的預期信貸虧損(「**預期信貸虧損**」)確認虧損撥備。預期信貸虧損金額於各報告期間更新，以反映自首次確認起的信貸風險變動。

全期預期信貸虧損指於相關工具預期年內發生所有可能的違約事件而導致的預期信貸虧損。相反，十二個月預期信貸虧損則指預期於報告期間後十二個月內可能發生的違約事件而導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗進行，並根據債務人特定因素、一般經濟狀況及於報告期間對當前狀況的評估及未來狀況的預測而作出調整。

本集團一直就貿易應收款項確認全期預期信貸虧損。

就所有其他工具而言，本集團按相當於十二個月預期信貸虧損計量虧損撥備，除非首次確認後的信貸風險顯著增加，則本集團確認全期預期信貸虧損。評估是否應該確認全期預期信貸虧損乃基於首次確認後違約發生的機會或風險有否顯著上升。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtors;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

信貸風險大幅增加

於評估信貸風險是否自首次確認以來已大幅增加時，本集團比較金融工具於報告期間出現違約的風險與該金融工具於首次確認日期出現違約的風險。作此評估時，本集團均會考慮合理及有依據的定量及定性資料，包括過往經驗及毋須花費不必要成本或努力即可獲得的前瞻性資料。

尤其是，評估信貸風險是否大幅增加時會考慮下列資料：

- 金融工具外部(如有)或內部信貸評級的實際或預期重大惡化；
- 信貸風險的外界市場指標的重大惡化，例如信貸息差大幅增加、債務人的信貸違約掉期價；
- 業務、財務或經濟狀況的現有或預測不利變動，預期將導致債務人履行其債務責任的能力大幅下降；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

信貸風險大幅增加(續)

- 債務人經營業績的實際或預期重大惡化；
- 債務人監管、經濟或技術環境有實際或預期的重大不利變動，導致債務人履行其債務責任的能力大幅下降。

不論上述評估結果，倘合約付款逾期超過30日，本集團假定信貸風險自首次確認以來已大幅增加，惟本集團有合理並有證據之資料顯示情況並非如此。

本集團定期監控用於識別信貸風險是否顯著增加的標準是否有效及適時修訂該等標準，以確保有關標準能於款項逾期前識別信貸風險的顯著增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

違約之定義

就內部信貸風險管理而言，本集團認為，倘內部制定或自外部來源取得的資料顯示債務人不可能悉數償還予其債權人(包括本集團)，則視作發生違約事件。

除上述者外，本集團認為，倘金融資產逾期超過90日，則違約事件已經發生，惟本集團擁有合理及有理據資料顯示一項更寬鬆的違約標準更為合適，則另作別論。

金融資產信貸減值

當發生一項或多項對金融資產估計未來現金流量有不利影響之違約事件時，金融資產出現信貸減值。金融資產信貸減值之證據包括以下事件的可觀察數據：

- (a) 發行人或借款人陷入重大財務困難；
- (b) 違反合約，如違約或逾期事件；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets (Continued)

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 1 year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

金融資產信貸減值(續)

- (c) 借款人之放款人因與借款人出現財務困難有關之經濟或合約理由而給予借款人在一般情況下放款人不予考慮之優惠條件；
- (d) 借款人有可能破產或進行其他財務重組；或
- (e) 由於財務困難致使金融資產之活躍市場消失。

撇銷政策

當有資料顯示對手方處於嚴重財務困難，且並無實際收回機會時（例如對手方正在清盤或進入破產程序），或就貿易應收款項而言，當金額逾期超過一年時（以較早發生者為準），本集團則撇銷金融資產。已撇銷的金融資產仍可根據本集團的收回程序進行法律行動，惟需於適當時候聽取法律意見。撇銷構成終止確認事件。任何其後收回於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險的函數。違約概率及違約損失率的評估根據經前瞻性資料調整的過往數據而作出。預期信貸虧損的估計反映無偏頗及概率加權的數額，其乃根據加權的相應違約風險釐定。本集團使用可行權宜方法，使用撥備矩陣估計貿易應收款項的預期信貸虧損，當中考慮過往信貸虧損經驗，並就無需付出過多成本或努力即可獲得的前瞻性資料作出調整。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期將收取的現金流量的差額，其按首次確認時釐定的實際利率進行貼現。

若干貿易應收款項及應收票據以及其他應收款項的全期預期信貸虧損乃經考慮逾期資料及相關信貸資料(如前瞻性宏觀經濟資料)後集體考慮。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, deposits and other receivables and amount due from related parties where the corresponding adjustment is recognised through a loss allowance account.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

預期信貸虧損的計量及確認(續)

就集體評估而言，本集團於制定歸類時考慮以下特徵：

- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(如有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入按金融資產的賬面總值計算，除非金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤銷成本計算。

本集團透過調整賬面值於損益確認所有金融工具的減值盈虧，惟貿易應收款項、按金及其他應收款項和應收關聯方款項除外，其相關調整乃透過虧損撥備賬予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.4 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融負債及股本

分類為債務或股本

債務及股本工具乃根據合約安排的內容以及金融負債及股本工具的定義分類為金融負債或股本。

權益工具

權益工具為證明實體資產於扣除其所有負債後的剩餘權益的任何合約。本公司發行的權益工具按已收所得款項扣除直接發行成本確認。

購回本公司本身的股本工具直接於權益確認及扣除。概無就購買、出售、發行或註銷本公司本身的股本工具於損益確認收益或虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as trade and bills payables, other payables, amounts due to related parties, amount due to a shareholder, lease liabilities, loans and borrowings and are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, lease liabilities, loans and borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, other payables, amounts due to related parties, lease liabilities, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

2.4 主要會計政策概要(續)

金融工具(續)

金融負債

首次確認及計量

於首次確認時，金融負債分類為貿易應付款項及應付票據、其他應付款項、應付關聯方款項、應付一名股東款項、租賃負債、貸款及借款，且初步按公允值確認，並扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項及應付票據、其他應付款項、應付關聯方款項、租賃負債、貸款及借款。

其後計量

金融負債其後按類別以下列方法計量：

按攤銷成本計量的金融負債

於首次確認後，貿易應付款項及應付票據、其他應付款項、應付關聯方款項、租賃負債、貸款及借款其後以實際利率法按攤銷成本計量，倘貼現影響不大，則按成本列賬。收益及虧損於負債終止確認時透過實際利率攤銷程序於損益確認。

於計算攤銷成本時已計及任何收購折讓或溢價，以及作為實際利率組成部分的費用或成本。實際利率攤銷計入損益的融資成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities (Continued)

Convertible loan

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

2.4 主要會計政策概要(續)

金融工具(續)

金融負債(續)

可換股貸款

以固定現金金額或另一項金融資產換取本集團固定數目的自有股本工具以外的方式結算的換股權為換股權衍生工具。

於發行日期，債務部分及衍生工具部分均按公允值確認。於其後期間，可換股貸款票據的債務部分採用實際利率法按攤銷成本列賬。衍生工具部分按公允值計量，而公允值變動於損益確認。

與發行可換股貸款票據有關的交易成本按其相對公允值的比例分配至債務及衍生工具部分。有關衍生工具部分的交易成本即時於損益扣除。與債務部分有關的交易成本計入債務部分的賬面值，並採用實際利率法於可換股貸款票據期限內攤銷。

衍生金融工具

衍生工具初步按訂立衍生工具合約當日的公允值確認，其後則按報告期末的公允值重新計量。所產生收益或虧損於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

A modification of a financial liability occurs if the contractual cash flows are renegotiated or otherwise modified.

2.4 主要會計政策概要(續)

金融工具(續)

終止確認

本集團僅在獲取金融資產所產生現金流量的合約權利到期，或將金融資產及該資產擁有權絕大部分風險及回報轉讓予另一實體時，方會終止確認金融資產。倘本集團既無轉讓亦無保留該擁有權的絕大部分風險及回報並繼續控制所轉讓資產，則本集團會確認其於該資產的保留權益及就其或須支付的款項確認相關負債。倘本集團保留所轉讓金融資產擁有權的絕大部分風險及回報，本集團繼續確認金融資產，亦就已收取的所得款項確認有抵押借款。

終止確認按攤銷成本計量的金融資產時，該資產的賬面值與已收及應收代價的總和之間的差額於損益中確認。

本集團僅於其責任獲解除、註銷或已到期時，方會終止確認金融負債。已終止確認金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

倘合約現金流量被重新磋商或以其他方式修改，則金融負債會被修改。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.4 主要會計政策概要(續)

金融工具(續)

終止確認(續)

當金融負債的合約條款被修訂時，本集團會考慮所有相關事實及情況(包括定性因素)，評估經修訂條款是否導致對原有條款作出重大修訂。倘定性評估並非最終定論，倘新條款項下現金流量的貼現現值(包括任何已付費用減任何已收費用，並使用原實際利率貼現)與原金融負債剩餘現金流量的貼現現值相差至少10%，則本集團認為有關條款存在重大差異。

就並無導致終止確認的金融負債的非重大修訂而言，相關金融負債賬面值將以按金融負債原實際利率折現的經修訂合約現金流量現值計算。產生的交易成本或費用調整至經修訂金融負債的賬面值，並在剩餘期限內攤銷。對金融負債賬面值的任何調整均於修訂日期於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 主要會計政策概要(續)

金融工具(續)

抵銷金融工具

倘現時有可執行的合法權利抵銷已確認金額且有意按淨額基準結算，或同時變現資產及結算負債，則金融資產與金融負債可抵銷且淨額於財務狀況表呈報。

存貨

存貨以成本與可變現淨值兩者中的較低者列賬。存貨成本按加權平均法釐定。可變現淨值指存貨估計售價減完成之全部估計成本及銷售所需成本。進行銷售所需成本包括直接歸屬於銷售的增量成本及本集團為進行銷售所須承擔的非增量成本。

現金及現金等價物

綜合現金流量表的現金及現金等價物包括手頭現金與活期存款，以及可隨時轉換為已知現金金額、價值變動風險不大且購買時一般具有不超過三個月短暫有效期的短期高流通投資，再扣除須於要求時償還且構成本集團現金管理一部分的銀行透支。

綜合財務狀況表的現金及現金等價物包括不限用途的手頭現金及銀行現金（包括定期存款及性質與現金相似的資產）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of sofas, sofa cover and other furniture products are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

2.4 主要會計政策概要(續)

撥備

倘因過往事件而須承擔現時責任(法定或推定)，而履行該責任可能導致未來資源外流，且該責任所涉金額能夠可靠估計，則確認撥備。

倘貼現影響重大，則確認撥備的金額為預期履行責任所需未來開支於各報告期末的現值。貼現現值隨時間增加的金額計入損益中的融資成本。

根據與客戶就銷售沙發、沙發套及其他家具產品訂立的相關合約，保證型保修責任的預期成本撥備於銷售相關產品日期按董事對履行本集團責任所需開支的最佳估計確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Income tax

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

2.4 主要會計政策概要(續)

或然負債

或然負債指由過去的事件引起的現有義務，但並無被確認，因為不可能需要體現經濟利益的資源流出以履行該義務。

倘本集團對某項義務負有連帶責任，預計將由其他各方履行的該部分義務被視為或然負債，而該負債不在綜合財務報表中確認。

本集團不斷進行評估，以確定體現經濟利益的資源外流是否已成為可能。倘以前作為或然負債處理的項目很可能需要未來經濟利益的流出，則在可能性發生變化的報告期內在綜合財務報表中確認撥備，但在極其罕見的情況下無法作出可靠的估計時除外。

所得稅

所得稅包括即期及遞延稅項。並非於損益確認的項目相關的所得稅不會於損益確認，而於其他全面收益或直接於權益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要(續)

所得稅(續)

即期稅項資產及負債根據截至各報告期末已頒佈或實際已頒佈的稅率(及稅法)，並考慮到本集團經營所在國家現行的詮釋及慣例，按預計可自稅務機關收回或應付稅務機關的金額計量。

遞延稅項以負債法就報告期末資產及負債的稅基與其用作財務申報賬面值之間的所有暫時差額計提撥備。

除下列情況外，就所有應課稅暫時差額確認遞延稅項負債：

- 倘遞延稅項負債來自首次確認的商譽或非業務合併交易中的資產或負債，且於交易時不影響會計溢利亦不影響應課稅溢利或虧損；及
- 對於與投資附屬公司有關的應課稅暫時差額，倘能夠控制撥回暫時差額的時間，且於可見將來可能不會撥回暫時差額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產就所有可扣減暫時差額、結轉的未動用稅項抵免及未動用稅項虧損確認。倘有可用以抵銷可動用可扣減暫時差額、結轉的未動用稅項抵免及未動用稅項虧損的應課稅溢利，則會確認遞延稅項資產，惟以下情況除外：

- 因於一宗並非業務合併的交易中首次確認的資產或負債且於交易時並不影響會計溢利亦不影響應課稅溢利或虧損而產生可扣減暫時差額的遞延稅項資產；及
- 就與附屬公司投資有關的可扣減暫時差額而言，僅於暫時差額可能於可見將來撥回及將有應課稅溢利抵銷可動用暫時差額的情況下，方會確認遞延稅項資產。

遞延稅項資產的賬面值於各報告期末檢討，倘不可能有足夠應課稅溢利以動用全部或部分遞延稅項資產，則相應調減。未確認的遞延稅項資產於各報告期末重新評估，如可能有足夠應課稅溢利以收回全部或部分遞延稅項資產，則確認相關的金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

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

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

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

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產及負債根據於各報告期末已頒佈或實際已頒佈的稅率(及稅法)，按預期適用於變現資產或償還負債期間的稅率計量。

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先會確定課稅所得額扣除數是否可歸因於使用權資產或租賃負債。

就稅項扣減歸屬於租賃負債之租賃交易而言，本集團將香港會計準則第12號*所得稅*之規定分別應用於使用權資產及租賃負債。由於應用初步確認豁免，故與使用權資產及租賃負債相關之暫時差額不會於初步確認時及於租期內確認。因重新計量租賃負債及租賃修訂而對使用權資產及租賃負債的賬面值進行後續修訂所產生的暫時差額(不受初始確認豁免規限)於重新計量或修訂日期確認。

倘且僅倘本集團有法定可執行權利抵銷即期稅項資產與即期稅項負債，且遞延稅項資產及遞延稅項負債與相同稅務機關就相同納稅實體或不同納稅實體(而該等實體在預期清償或收回大筆款項的遞延稅項負債或資產的每段未來期間內，有意按淨額基準結算即期稅項負債與資產或同時變現資產及結算負債)徵收的所得稅相關，則可抵銷遞延稅項資產與遞延稅項負債。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

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

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

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

Employee benefits

Pension schemes

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

2.4 主要會計政策概要(續)

政府補助

在合理保證本集團將遵守政府補助的附帶條件及將會得到補助後，政府補助方會予以確認。

政府補助於本集團確認補助擬補償的相關成本為開支的期間有系統地於損益確認。具體而言，以要求本集團購買、建造或以其他方式收購非流動資產為主要條件的政府補助乃於綜合財務狀況表確認為遞延收入，並於相關資產的可使用年期內有系統及合理地轉撥至損益。

作為已產生開支或虧損的補償或向本集團提供即時財務資助(並無日後相關成本)而可收取的收入相關政府補助，乃於其成為可收取的期間於損益中確認。有關補助列於「其他收入及收益」下的「政府補貼」下。

僱員福利

退休金計劃

本集團遵照強制性公積金計劃條例為合資格參與強制性公積金計劃(「**強積金計劃**」)的僱員在香港設立一項定額供款強積金退休福利計劃。供款按僱員基本薪酬的某一百分比計算，並於根據強積金計劃規則規定需要支付時自損益扣除。強積金計劃資產與本集團資產分開以獨立管理基金持有。本集團按強積金計劃作出的僱主供款全數歸屬於僱員。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

Pension schemes (Continued)

The employees of the Group's operations in Mainland China are required to participate in central pension schemes operated by the local municipal governments, the assets of which are held separately from those of the Group. Contributions are made by the Group based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The Group's employer contributions vest fully once made.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

2.4 主要會計政策概要(續)

僱員福利(續)

退休金計劃(續)

本集團於中國內地業務的僱員須參加由當地市政府營辦的中央退休金計劃，該等計劃的資產與本集團資產分開持有。供款乃由本集團根據中央退休金計劃的規則按參與僱員薪金的某一百分比計算，並於應付時自損益扣除。本集團的僱主供款於其作出供款時即全面歸屬。

短期及其他長期僱員福利

短期僱員福利於僱員提供服務時按預期將支付福利的未貼現金額確認。所有短期僱員福利確認為開支，除非另一項香港財務報告準則規定或允許將福利計入資產成本。

經扣除任何已付金額後，僱員應得的福利(如工資及薪金、年假及病假)確認為負債。

就其他長期僱員福利確認的負債按本集團預期在截至報告日期就僱員所提供服務的估計未來現金流出現值計量。任何因服務成本、利息及重新計量而產生的負債賬面值變動於損益中確認，除非另一香港財務報告準則要求或允許將其納入資產成本則作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they are incurred.

Segment reporting

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

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

Foreign currencies

The Company's functional currency is the United States dollar ("US\$"). Because most of the subsidiaries' functional currencies are RMB, the consolidated financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.4 主要會計政策概要(續)

借款成本

借款成本包括一家實體在借入資金時所產生的利息及其他成本。借款成本於其產生期間內列作開支。

分部報告

經營分部及綜合財務報表所呈報各分部項目金額，乃根據就分配資源予本集團各項業務及地區分部並評估其表現而定期向本集團最高級行政管理人員提供的財務資料確定。

就財務報告而言，除非分部具備相似經濟特徵以及在產品及服務性質、生產工序性質、客戶類型或類別、用作分配產品或提供服務的方法及監管環境性質方面相似，否則個別重大經營分部不予合併計算。倘個別非重大的經營分部符合上述大部分標準，則可合併計算。

外幣

本公司的功能貨幣為美元(「美元」)。由於大多數附屬公司的功能貨幣為人民幣，故綜合財務報表以人民幣呈列。本集團各實體自行釐定其各自的功能貨幣，而各實體的綜合財務報表項目乃以該功能貨幣計量。本集團實體錄得的外幣交易初步按交易當日適用的各功能貨幣匯率入賬。以外幣計值的貨幣資產及負債，按有關功能貨幣於各報告期末的適用匯率換算。結算或換算貨幣項目產生的差額在損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and certain subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is not recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of subsidiaries with functional currencies other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 主要會計政策概要(續)

外幣(續)

以外幣按歷史成本計量的非貨幣項目，採用初步交易日期的匯率換算。以外幣按公允值計量的非貨幣項目，採用計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按與確認該項目的公允值變動的收益或虧損一致的方法處理(即公允值收益或虧損於其他全面收益或損益確認的項目的換算差額亦分別於其他全面收益或損益確認)。

本公司及若干附屬公司的功能貨幣為人民幣以外的貨幣。於各報告期末，該等實體的資產及負債以各報告期末的適用匯率換算為人民幣，其收益或虧損以年內加權平均匯率換算為人民幣。所產生的匯兌差額於其他全面收益內確認，並於匯兌波動儲備內累計。出售外國業務時，與該項業務有關的其他全面收益部分不於損益確認。

就綜合現金流量表而言，功能貨幣為人民幣以外的附屬公司的現金流量按現金流量日期適用的匯率換算為人民幣。該等附屬公司於年內經常產生的現金流量以年內加權平均匯率換算為人民幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Provision against obsolete and slow-moving inventories

The Group reviews an ageing analysis of its inventories and the condition of its inventories at the end of each reporting period, and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use in the production. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in the future is different from the original estimates, such differences will have an impact on the carrying value of inventories and the write-down of inventories recognised in the reporting period in which such estimate is changed.

3. 重大會計判斷及估計

編製本集團綜合財務報表需要管理層作出判斷、估計及假設，而該等判斷、估計及假設影響收入、開支、資產及負債的呈報金額及其相關披露，以及或然負債的披露。此等假設及估計的不明朗因素可引致日後需對受影響的資產或負債的賬面值作出重大調整。

對綜合財務報表所確認金額具有最重大影響及具有導致資產及負債賬面值於下一個財政年度出現重大調整的重大風險的主要判斷、估計及假設載列如下：

陳舊及積壓存貨撥備

本集團於各報告期末審查其存貨的賬齡分析及存貨狀況，並對確定為不再適合銷售或用作生產的陳舊及積壓存貨項目作出撥備。管理層主要根據最新發票價格及當前市況估計該等存貨的可變現淨值。

陳舊及積壓存貨撥備需要採用判斷及估計。倘實際結果或未來預期與原定估計不同，該差額將對存貨的賬面值及有關估計出現變動的報告期間確認的存貨撇減造成影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Allowance for expected credit loss for financial assets under HKFRS 9

The Group makes loss allowance on receivables including trade and bills receivables, deposit and other receivables based on various factors including the aging of the receivables, historical write-off experience and forward looking information. The identification of impairment of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying amounts of receivables and the allowance for credit losses on receivables is recognised in the years in which such estimates have been changed. Due to greater financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could lead to increased credit default rates. See note 37 for further discussion.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's manufacturing operation.

3. 重大會計判斷及估計(續)

根據香港財務報告準則第9號金融資產的預期信貸虧損撥備

本集團根據應收款項賬齡、過往撇銷經驗及前瞻性資料等多項因素，就應收款項(包括貿易應收款項及應收票據、存款及其他應收款項)計提虧損撥備。確定應收款項減值需要運用判斷及估計。倘預期與原先估計有別，則有關差額將影響應收款項賬面值，而應收款項信貸虧損撥備於該等估計出現變動的年度確認。由於COVID-19疫情引發更大財務不確定性，本集團已增加本年度的預期虧損率，原因為長期疫情可能導致信貸違約率增加的風險上升。有關進一步討論，請參閱附註37。

非金融資產減值

於各報告期末，本集團評估所有非金融資產是否有任何減值跡象。非金融資產於有跡象表明賬面值未必可收回時進行減值測試。當資產或現金產生單位的賬面值超過其可收回金額(即公允值減出售成本及使用價值兩者中的較高者)時，則存在減值。公允值減出售成本乃根據類似資產公平交易之具有約束力的銷售交易所得的數據或可觀察市場價格減去出售資產的增量成本而計算。當計算使用價值時，管理層必須估計預期未來來自資產或現金產生單位的現金流量，同時選擇適當的貼現率計算該等現金流量的現值。此外，由於COVID-19疫情的進展及演變的不確定性以及金融市場的波動(包括本集團製造業務的潛在中斷)，本年度的現金流量預測、增長率及貼現率受更多不明朗因素影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Derecognition of factored trade receivables and discounted/endorsed bills receivable

The Group has entered into arrangements with its bankers in respect of the factoring of trade receivables and discounting of bills receivable, or endorsed certain of its bills receivable accepted by banks to certain of its suppliers in order to settle the trade payables due to such suppliers. Based on an evaluation of the terms and conditions of the arrangements and the credit quality and settlement pattern of the factored trade receivables and discounted/endorsed bills receivable, management has to determine whether the Group has retained substantially the risks and rewards of certain receivables, which include default risks relating to such receivables. Details of the transfers of financial assets are included in note 35 to the financial statements.

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- a. Retail segment
- b. Manufacturing segment

3. 重大會計判斷及估計(續)

終止確認保理貿易應收款項及已貼現／已背書應收票據

本集團已就保理貿易應收款項及貼現應收票據與銀行訂立安排，或將銀行收取的若干應收票據背書予本集團若干供應商，以結算結欠該等供應商的貿易應付款項。根據對上述安排的條款及條件，以及已保理貿易應收款項及已貼現／已背書應收票據的信貨質素及結算方式作出的評估，管理層須釐定本集團是否已保留若干應收款項的絕大部分風險及回報，包括與該等應收款項有關的違約風險。金融資產轉移詳情載於財務報表附註35。

4. 分部資料

向董事會(即主要營運決策者)就資源分配及分部表現評估而報告的資料集中於所交付或提供的貨品或服務種類。其亦為本集團組織及管理的基準。

具體而言，本集團根據香港財務報告準則第8號劃分的可呈報分部如下：

- a. 零售分部
- b. 生產分部

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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4. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

		Retail segment 零售分部		Manufacturing segment 生產分部		Elimination of intersegment sales 分部間銷售對銷		Total 總計	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Segment revenue	分部收入								
External sales	外部銷售	216,304	183,671	286,628	422,692	-	-	502,932	606,363
Internal sales	內部銷售	-	-	106,739	103,046	(106,739)	(103,046)	-	-
		216,304	183,671	393,367	525,738	(106,739)	(103,046)	502,932	606,363
Segment loss	分部虧損	(27,583)	(31,576)	(82,755)	(121,688)	-	(1,078)	(110,338)	(154,342)
Interest income	利息收入							529	1,107
Fair value change on contingent consideration receivables	應收或然代價的公允值變動							-	9,411
Loss on derivative financial instruments	衍生金融工具虧損							(78)	-
Gain on modification of convertible loan	修訂可換股貸款的收益							-	11,503
Gain on disposal of subsidiaries	出售附屬公司收益							8,250	57,761
Unallocated corporate expenses	未分配公司開支							(15,522)	(11,002)
Unallocated finance costs	未分配融資成本							(3,127)	(2,278)
Loss before tax	除稅前虧損							(120,286)	(87,840)

Segment loss represents the loss from each segment without allocation of interest income, loss on derivative financial instruments, fair value change on contingent consideration receivables, gain on modification of convertible loan, gain on disposal of subsidiaries, unallocated corporate expenses, and unallocated finance costs. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

4. 分部資料(續)

分部收入及業績

以下為本集團按可呈報及經營分部劃分的收入及業績分析：

分部虧損指各分部所產生虧損，而並無分配利息收入、衍生金融工具虧損、應收或然代價的公允值變動、修訂可換股貸款收益、出售附屬公司收益、未分配公司開支及未分配融資成本。此乃就資源分配及表現評估向董事會呈報的方法。

分部間銷售按現行市場扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

		Retail segment 零售分部		Manufacturing segment 生產分部		Consolidated 綜合	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Segment assets	分部資產	48,067	114,632	294,912	554,890	342,979	669,522
Unallocated corporate assets	未分配公司資產					31,903	7,330
Consolidated assets	綜合資產					374,882	676,852
Segment liabilities	分部負債	37,241	54,386	304,202	459,944	341,443	514,330
Unallocated corporate liabilities	未分配公司負債					84,610	85,779
Consolidated liabilities	綜合負債					426,053	600,109

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of amounts due from related parties, amount due from a shareholder and other unallocated corporate assets); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amounts due to related companies, derivative financial instruments, convertible loan and other unallocated corporate liabilities).

為監察分部表現及於各分部之間分配資源：

- 除未分配公司資產(主要包括若干應收關聯方款項、應收一名股東款項及其他未分配公司資產)外，所有資產均分配至經營分部；及
- 除未分配公司負債(主要包括應付關聯公司款項、衍生金融工具、可換股貸款及其他未分配公司負債)外，所有負債均分配至經營分部。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

4. SEGMENT INFORMATION (CONTINUED)

Other segment information

4. 分部資料(續)

其他分部資料

		Retail segment 零售分部		Manufacturing segment 生產分部		Unallocated 未分配		Total 總計	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Addition of right-of-use assets	添置使用權資產	-	30,596	4,637	-	-	-	4,637	30,596
Addition of property, plant and equipment	添置物業、廠房及設備	1,444	2,539	1,070	65,502	-	-	2,514	68,041
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,765	3,002	965	5,218	-	-	2,730	8,220
Depreciation of right-of-use assets	使用權資產折舊	8,138	26,941	844	4,721	-	-	8,982	31,662
(Reversal)/provision against obsolete and slow-moving inventories	陳舊及滯銷存貨(撥回)/撥備	57	291	(38,454)	39,557	-	-	(38,397)	39,848
Allowance for/(reversal of allowance for) expected credit losses in respect of trade receivables, net	貿易應收款項預期信貸虧損撥備/(撥備撥回)淨額	(345)	223	4,931	(11,031)	-	-	4,586	(10,808)
(Reversal of)/allowance for expected credit losses in respect of on prepayments, deposits and other receivables, net	有關預付款項、按金及其他應收款項的預期信貸虧損(撥回)/撥備淨額	29	(41)	(119)	140	(4)	4	(94)	103
Allowance for expected credit losses in respect of amounts due from related parties, net	應收關聯方款項的預期信貸虧損撥備淨額	-	-	552	474	-	-	552	474
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	80	1,489	4,766	11,465	-	-	4,846	12,954
Impairment loss on right-of-use assets	使用權資產減值虧損	-	8,350	3,821	9,734	-	-	3,821	18,084
Gain on disposal of subsidiaries	出售附屬公司的收益	-	-	-	-	(8,250)	(57,761)	(8,250)	(57,761)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	1,080	-	86	15,677	-	-	1,166	15,677
Loss on disposal of right-of-use assets	出售使用權資產的虧損	-	-	-	5,086	-	-	-	5,086
Finance costs	融資成本	977	5,767	18,364	9,545	3,127	2,278	22,468	17,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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4. SEGMENT INFORMATION (CONTINUED)

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year and the Group's non-current assets.

(a) Revenue from external customers

The geographical locations of the customers are determined based on the locations of customer.

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
People's Republic of China (including Hong Kong)	中華人民共和國(包括香港)	71,869	16,890
The United States of America ("US" or "U.S.")	美利堅合眾國(「美國」)	246,050	466,088
Europe (Note (a))	歐洲(附註(a))	166,937	110,693
Others	其他	18,076	12,692
		502,932	606,363

Note:

- (a) Europe mainly include France, Norway, Spain, Ireland and United Kingdom.

4. 分部資料(續)

地區資料

下表載列年內本集團來自外部客戶的收益及本集團非流動資產的地理位置資料。

(a) 來自外部客戶的收益

客戶的地區位置乃根據客戶所在地釐定。

附註：

- (a) 歐洲主要包括法國、挪威、西班牙、愛爾蘭及英國。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

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4. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
The People's Republic of China (including Hong Kong)	中華人民共和國(包括香港)	5,068	17,260
Cambodia	柬埔寨	—	32,233
The U.S.	美國	71	—
The United Kingdom ("U.K.")	英國(「英國」)	3,570	6,272
		8,709	55,765

The non-current asset information above is presented based on the locations of the assets and excludes deferred tax assets.

以上非流動資產資料乃根據資產的位置呈列，不包括遞延稅項資產。

Information about major customers

Revenue from major customers with did not consist any related parties of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

有關主要客戶的資料

於相關年度佔本集團總收入10%以上的主要客戶(不包括任何關聯方)收入如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Customer 1	客戶1	140,930	89,985
Customer 2	客戶2	61,793	76,798
Customer 3	客戶3	52,419	88,192
Customer 4	客戶4	65,410	70,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax.

An analysis of revenue, other income and gains is as follows:

5. 收入、其他收入及收益

收入指所銷售貨品扣除退貨、貿易折扣及增值稅撥備後的發票淨值。

收入、其他收入及收益分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue	收入		
<i>Recognised at a point of time:</i>	<i>於某一時間點確認：</i>		
Manufacture and sales of sofas, sofa cover and other furniture products	生產及銷售沙發、沙發套及其他家具產品	502,225	605,901
Commission income	佣金收入	707	462
		502,932	606,363
Other income and gains	其他收入及收益		
Interest income	利息收入	529	1,107
Exchange gains	匯兌收益	—	2,585
Government subsidies (Note (a))	政府補貼(附註(a))	3,057	6,279
Gain on modification of convertible loan	修訂可換股貸款的收益	—	11,503
Gain on remeasurement of leases	重新計量租賃的收益	—	4,832
Gain on disposal of subsidiaries	出售附屬公司的收益	8,250	57,761
Rental income	租金收入	844	5,549
Covid-19-related rent concessions	Covid-19相關租金優惠	—	501
Sales of raw materials	銷售原材料	—	407
Repair service income	維修服務收入	—	1,759
Compensation on factory relocation (Note (b))	廠房搬遷補償(附註(b))	—	18,683
Fair value change on contingent consideration receivables	應收或然代價的公允值變動	—	9,411
Compensation income	補償收入	3,259	—
Waiver of other payables	豁免其他應付款項	7,759	—
Others	其他	196	131
		23,894	120,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Notes:

- (a) During the year ended 31 December 2021, the Group recognised local governments in Zhejiang Province of approximately RMB3,057,000 (2020: RMB4,543,000) in respect of the Group's contribution to the industry. During the year ended 31 December 2021, the Group recognised government subsidies of approximately RMB nil (2020: RMB1,401,000) in respect of Covid-19-related subsidies, of which approximately RMB nil (2020: RMB983,000) related to Employment Support Scheme and Anti-epidemic Fund Retail Sector Subsidy provided by the Government of the Hong Kong Special Administrative Region, and approximately RMB nil (2020: RMB418,000) in respect of Coronavirus Job Retention Scheme provided by Her Majesty's Revenue and Customs in UK.
- (b) During the year ended 31 December 2020, the Group received compensation on factory relocation from Morris Group Co., Ltd. ("Morris PRC") due to consider possible losses about factories relocation in peak season. Therefore, the Group recognised compensation on factory relocation of approximately RMB18,683,000.

As at 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation under the Group's existing manufacture and sales of sofa, sofa covers and other furniture products is approximately RMB9,858,000 (2020: approximately RMB13,239,000) and the Group will recognised this revenue in 2022.

6. FINANCE COSTS

5. 收入、其他收入及收益(續)

附註：

- (a) 截至2021年12月31日止年度，本集團確認浙江省地方政府就本集團為行業所做貢獻補貼約人民幣3,057,000元(2020年：人民幣4,543,000元)。截至2021年12月31日止年度，本集團就Covid-19相關補貼確認政府補助約人民幣零元(2020年：人民幣1,401,000元)，其中約人民幣零元(2020年：人民幣983,000元)與香港特別行政區政府提供的保就業計劃及防疫抗疫基金零售業補助有關，及約人民幣零元(2020年：人民幣418,000元)與英國女皇陛下稅務海關總署提供的冠狀病毒保就業計劃有關。
- (b) 截至2020年12月31日止年度，由於考慮到旺季工廠搬遷的可能損失，本集團收到來自慕容集團有限公司(「慕容中國」)的工廠搬遷補償。因此，本集團確認廠房搬遷補償約人民幣18,683,000元。

於2021年12月31日，分配至本集團現有生產及銷售沙發、沙發套及其他家具產品項下餘下履約責任的交易價總額約為人民幣9,858,000元(2020年：約人民幣13,239,000元)，而本集團將於2022年確認此項收入。

6. 融資成本

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Interest on bank borrowing	銀行借款利息	15,791	7,577
Interest on discount trade bills	貼現貿易票據利息	2,009	1,332
Interest on convertible loan	可換股貸款利息	3,127	2,278
Interest on lease liabilities	租賃負債利息	1,541	6,403
		22,468	17,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

7. 除稅前虧損

本集團的除稅前虧損乃經扣除／(計入)下列各項：

	Notes 附註	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cost of inventories sold (Reversal)/provision against obsolete and slow-moving inventories	已售存貨成本 陳舊及積壓存貨(撥回)／ 撥備	441,673 (38,397)	507,749 39,848
Cost of sales	銷售成本	403,276	547,597
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,730	8,220
Depreciation of right-of-use assets	使用權資產折舊	8,982	31,662
Expense relating to short-term lease	有關短期租賃開支	19,956	12,478
Impairment loss on property, plant and equipment	物業、廠房及設備減值 虧損	4,846	12,954
Impairment loss on right-of-use assets	使用權資產減值虧損	3,821	18,084
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的 虧損	1,166	15,677
Loss on disposal of right-of-use assets	出售使用權資產的虧損	—	5,086
Auditors' remuneration:	核數師酬金：		
Audit and audit related services	審計及審計相關服務	1,304	1,415
Non-audit services	非審計服務	204	248
		1,508	1,663
Employee benefit expenses (excluding directors' and Chief executives remuneration (note 8)):	僱員福利開支(不包括董 事及主要行政人員酬金 (附註8))：		
Salaries, wages and benefits in kind	薪金、工資及實物利益	63,443	51,950
Pension scheme contributions*	退休計劃供款*	16,388	8,626
		79,831	60,576
Allowance for/(reversal of) expected credit losses in respect of trade receivables, net	貿易應收款項預期信貸虧 損撥備／(撥回)淨額	4,586	(10,808)
(Reversal of)/allowance for expected credit losses in respect of prepayments, deposits and other receivables, net	預付款項、按金及其他應 收款項的預期信貸虧損 (撥回)／撥備淨額	(94)	103
Allowance for expected credit losses in respect of amounts due from related companies, net	應收關聯公司款項的預期 信貸虧損撥備淨額	552	474
Product warranty additional provision	產品保修額外撥備	2,908	3,268
Gain on modification of convertible loan	修訂可換股貸款的收益	—	(11,503)
Loss on derivative financial instruments	衍生金融工具虧損	78	311
Loss on sales of raw materials**	銷售原材料虧損**	24,093	—
Exchange losses	匯兌虧損	456	8,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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7. LOSS BEFORE TAX (CONTINUED)

* At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2020: Nil).

** The above items are included in "Other expenses and losses" on the face of the consolidated statement of profit or loss and other comprehensive income.

7. 除稅前虧損(續)

* 於2021年12月31日，本集團並無已沒收供款可供扣減其未來年度的退休計劃供款(2020年：無)。

** 以上項目計入綜合損益及其他全面收益表的「其他開支及虧損」內。

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. 董事及主要行政人員酬金

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規則第2部，本年度董事及主要行政人員酬金披露如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Fees	袍金	2,286	1,346
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	4,215	2,201
Discretionary bonuses	酌情花紅	6,722	1,574
Pension scheme contribution	退休計劃供款	229	106
		11,166	3,881
		13,452	5,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Mr. Liu Haifeng	劉海峰先生	149	160
Mr. Pang Wing Hong (i)	彭永康先生(i)	—	133
Mr. Chu Guodi	褚國弟先生	149	160
Mr. Qian Jun (ii)	錢俊先生(ii)	179	96
		477	549

Notes:

- (i) Mr. Pang Wing Hong was appointed as an independent non-executive director of the Company on 12 April 2019 and resigned on 31 July 2020.
- (ii) Mr. Qian Jun was appointed as an independent non-executive director of the Company on 31 July 2020 and resigned on 14 April 2022.
- (iii) There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

8. 董事及主要行政人員酬金
(續)

(a) 獨立非執行董事

年內支付予獨立非執行董事的袍金載列如下：

附註：

- (i) 彭永康先生於2019年4月12日獲委任為本公司獨立非執行董事，並於2020年7月31日辭任。
- (ii) 錢俊先生於2020年7月31日獲委任為本公司獨立非執行董事並於2022年4月14日辭任。
- (iii) 概無其他年內應付獨立非執行董事之薪酬(2020年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (CONTINUED)

(b) The chief executive officer, and executive directors

The remuneration of each of these executive directors is set out below:

		Salaries, allowances, and benefits in kind					Discretionary bonuses	Pension scheme contributions		Total remuneration
		Fees	薪金、津貼及實物利益	RMB'000	人民幣千元	袍金		退休計劃供款	RMB'000	
		RMB'000	RMB'000	RMB'000	人民幣千元	袍金	RMB'000	人民幣千元	RMB'000	人民幣千元
Year ended 31 December 2021	截至2021年12月31日止年度									
Executive Directors:	執行董事：									
Mr. Zou	鄒先生	1,261	2,751	5,394	68	9,474				
Mr. Zeng Jin (i)	曾金先生(i)	97	193	–	25	315				
Mr. Wu Yuming	吳月明先生	340	931	1,129	68	2,468				
Mr. Shen Zhidong	沈志東先生	111	340	199	68	718				
		1,809	4,215	6,722	229	12,975				

Note:

(i) Mr. Zeng Jin resigned as executive director on 8 June 2021.

附註：

(i) 曾金先生於2021年6月8日辭任執行董事。

		Salaries, allowances, and benefits in kind 薪金、津貼 及實物利益	Discretionary bonuses 酌情花紅	Pension scheme contributions 退休計劃 供款	Total remuneration 酬金總額
	Fees 袍金 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Year ended 31 December 2020	截至2020年12月31日止年度				
Executive Directors:	執行董事：				
Mr. Zou	鄒先生	—*	1,196	890	2,117
Mr. Zeng Jin	曾金先生	285	316	228	852
Mr. Wu Yuming	吳月明先生	285	373	228	907
Mr. Shen Zhidong	沈志東先生	227	316	228	802
		797	2,201	1,574	4,678

* Mr. Zou was agreed to waive his director's fee for the year ended 31 December 2020.

* 鄒先生同意放棄其截至2020年12月31日止年度的董事袍金。

8. 董事及主要行政人員酬金
(續)

(b) 行政總裁及執行董事

該等執行董事各自的酬金載列如下：

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綜合財務報表附註(續)

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 2 directors (2020: 1), details of whose remuneration are set out in note 8 above. Details of the remuneration of the five highest paid employees are as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Fees	袍金	1,601	–
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	8,169	5,807
Discretionary bonuses	酌情花紅	6,523	890
Pension Scheme contributions	退休計劃供款	226	274
		16,519	6,971

The number of highest paid employees whose remuneration fell within the following bands is as follows:

		2021 2021年	2020 2020年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	2	3
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	–	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	–	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	2	–
HK\$11,000,001 to HK\$11,500,000	11,000,001港元至11,500,000港元	1	–
		5	5

During the year, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

9. 五名最高薪僱員

年內五名最高薪僱員包括兩名董事(2020年：一名)，有關其酬金的詳情載於上文附註8。五名最高薪僱員的薪酬詳情如下：

薪酬介乎下列範圍的最高薪僱員數目如下：

於年內，本集團概無向任何五名最高薪僱員支付酬金，作為吸引其加入本集團或加入本集團時的獎勵或作為離職補償(2020年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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10. INCOME TAX EXPENSES

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% during the year (2020: 25%). Pursuant to the relevant laws and regulations in the PRC, Zhejiang Morris Fashion Home Co., Ltd. (“**Fashion home**”) and Zhejiang Apollo Leather Products Co., Ltd. (“**Apollo**”), which qualified as High and New Technology Enterprises (“**HNTE**”) in November 2018, were entitled to a reduced enterprise income tax rate of 15%. During the years ended 31 December 2021 and 2020, Fashion Home and Apollo applied the qualification of HNTE and are entitled to the reduced tax rate of 15% until the year ended 16 December 2024.

10. 所得稅開支

根據開曼群島及英屬處女群島(「**英屬處女群島**」)的規則及規例，本集團毋須於開曼群島及英屬處女群島繳納任何所得稅。

根據香港利得稅兩級制利得稅率制度，合資格集團實體首2,000,000港元的溢利將按8.25%的稅率徵稅，而超過2,000,000港元的溢利則按16.5%的稅率徵稅。不符合兩級制利得稅率制度資格的集團實體的溢利將繼續按16.5%的固定稅率徵稅。因此，合資格集團實體首2,000,000港元估計應課稅溢利按8.25%的稅率繳納香港利得稅，而2,000,000港元以上之估計應課稅溢利則按16.5%的稅率繳稅。

年內，中國附屬公司須按25%(2020年：25%)稅率繳納中國企業所得稅。根據中國相關法律及法規，於2018年11月符合高新技術企業(「**高新技術企業**」)資格的浙江慕容時尚家居有限公司(「**時尚家居**」)及浙江阿波羅皮革製品有限公司(「**阿波羅**」)，有權享有減免企業所得稅稅率15%。截至2021年及2020年12月31日止年度，時尚家居及阿波羅已申請高新技術企業資格，並有權享有減免稅率15%，直至截至2024年12月16日止年度為止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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10. INCOME TAX EXPENSES (CONTINUED)

The U.S. corporate tax rate is 21% for the year ended 31 December 2021 in accordance to the Tax Cuts and Jobs Act. The U.S. income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2021 (2020: a fixed rate of 21%) on the estimated U.S. federal taxable income and (b) state income tax to calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

A change to the main U.K. corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes are calculated based on the rates enacted in respect of future periods as at the reporting date. Pursuant to the income tax rules and regulations of U.K., the subsidiary comprising the Group in U.K. is liable to U.K. at a tax rate of 19% for the year ended 31 December 2021 and 2020.

Pursuant to the relevant laws and regulations in Cambodia, the tax of the Cambodia subsidiary is 20% during the years ended 31 December 2021 and 2020.

10. 所得稅開支(續)

根據減稅與就業法案，截至2021年12月31日止年度的美國企業稅率為21%。美國所得稅包括(a)就估計美國聯邦所得稅收入按截至2021年12月31日止年度21%的固定稅率(2020年：21%的固定稅率)計算的聯邦所得稅及(b)於兩個期間內就各州的估計州應課稅收入，按不同州所得稅率計算的州所得稅。特定州份的應課稅收入(即州應課稅收入)按經作出州份稅項調整(其後分配或按比例分派至各州)的聯邦應課稅收入(即按比例分派或特別分配至本集團經營所在相關州份的應課稅收入百分比)，根據先前年度的州報稅表提供的分配因素而計算得出。

於2020年3月11日的預算案中公佈的英國主要公司稅率變動已於2020年3月17日實質實施。自2020年4月1日起適用的稅率現維持於19%，而非先前頒佈的下調至17%。遞延所得稅乃根據於報告日期就未來期間頒佈的稅率計算。根據英國所得稅規則及法規，截至2021年及2020年12月31日止年度，本集團於英國的附屬公司須按19%的稅率繳納英國所得稅。

根據柬埔寨相關法律法規，截至2021年及2020年12月31日止年度，柬埔寨附屬公司的稅率為20%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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10. INCOME TAX EXPENSES (CONTINUED)

10. 所得稅開支(續)

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Current – PRC	即期－中國		
– Charge for the year	－年內支出	–	2,954
– (Over)/under-provision in prior year	－過往年度(超額撥備)/ 撥備不足	(1,194)	155
Current – Hong Kong	即期－香港		
– Charge for the year	－年內支出	255	86
– Over-provision in prior year	－過往年度超額撥備	–	(2,807)
Current – Other	即期－其他		
– Charge for the year	－年內支出	–	331
– Under-provision in prior year	－過往年度撥備不足	–	60
Deferred tax (note 25)	遞延稅項(附註25)	4,055	2,111
Tax expenses for the year	年內稅項開支	3,116	2,890

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綜合財務報表附註(續)

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10. INCOME TAX EXPENSES (CONTINUED)

A reconciliation of the tax expenses applicable to loss before tax at the statutory rates for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the tax expense at the Group's effective tax rate is as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(120,286)	(87,840)
Tax calculated at domestic tax rates applicable to profit in the respective jurisdiction	按有關司法權區溢利適用本地稅率計算的稅項	(28,759)	(22,038)
Adjustments in respect of current tax previous periods	就過往期間即期稅項的調整	(1,194)	(2,592)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	本集團中國附屬公司可分配溢利徵收預扣稅的影響	—	2,817
Expenses not deductible for tax	不可扣稅開支	24,472	21,958
Super-deduction of eligible research development expenditure	合資格研發開支超額抵扣	(4,268)	(5,877)
Tax effect of deductible temporary difference	可扣減暫時差額的稅務影響	4,054	2,111
Income tax on concessionary rate	按優惠稅率計算的所得稅	(2,818)	(1,827)
Income not subject to tax	毋須課稅收入	(20,363)	(11,685)
Tax reduction for the year	年內稅項減免	(8)	(18)
Tax losses not recognised	未確認稅項虧損	32,000	20,041
Tax expenses for the year	年內稅項開支	3,116	2,890

The weighted average applicable tax rate was 23.9% (2020: 25.1%). The change in the weighted average applicable tax rate was caused by a change in the profitability of certain subsidiaries of the Company in the respective jurisdictions.

10. 所得稅開支(續)

按本公司大部分附屬公司註冊成立司法權區的法定稅率計算的除稅前虧損適用的稅項開支與按本集團實際稅率計算的稅項開支對賬如下：

加權平均適用稅率為23.9% (2020年：25.1%)。加權平均適用稅率變動乃由於本公司若干附屬公司於相關司法權區的盈利能力發生變動所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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11. DIVIDEND

The board of directors did not recommend the payment of dividend of the year ended 31 December 2021 (2020: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amount for the year ended 31 December 2021 was based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB121,508,000 (2020: approximately RMB91,192,000), and the weighted average number of ordinary shares of 924,188,000 after excluding treasury shares (2020: 953,526,940) in issue during the year.

For the year ended 31 December 2021, no adjustment has been made to the basic loss per share amounts as the Group had no potentially dilutive ordinary shares in issue.

Diluted loss per share amounts for the year ended 31 December 2020 are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible loan is assumed to have been converted into ordinary shares, and the loss for the year ended 31 December 2020 is adjusted to exclude the interest expense on the convertible loan and gain on modification of convertible loan less tax effect, if any.

11. 股息

董事會不建議派付截至2021年12月31日止年度的股息(2020年：無)。

12. 本公司普通權益持有人應佔每股虧損

截至2021年12月31日止年度，每股基本虧損乃根據本年度本公司普通權益持有人應佔虧損約人民幣121,508,000元(2020年：約人民幣91,192,000元)以及年內已發行普通股的加權平均數924,188,000股(扣除庫存股份後)(2020年：953,526,940股)計算。

截至2021年12月31日止年度，由於本集團並無已發行潛在攤薄普通股，故並未就每股基本虧損金額作出調整。

截至2020年12月31日止年度的每股攤薄虧損金額乃透過調整發行在外普通股加權平均數以假設轉換所有潛在攤薄普通股而計算。假設可換股貸款已轉換為普通股，而截至2020年12月31日止年度之虧損已作出調整，以撇除可換股貸款之利息開支及修訂可換股貸款之收益減稅務影響(如有)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

12. LOSS PER SHARE ATTRIBUTABLE TO
ORDINARY EQUITY HOLDERS OF THE
COMPANY (CONTINUED)

The calculation of basic and diluted loss per share is based on the following:

12. 本公司普通權益持有人應
佔每股虧損(續)

每股基本及攤薄虧損乃根據以下各項
計算：

		2020 2020年 RMB'000 人民幣千元
Loss for the purpose calculating basic loss per share (loss for the year attributable to the owners of the Company)	計算每股基本虧損的虧損 (本公司擁有人應佔年內虧損)	(91,192)
Interest on the convertible loan	可換股貸款利息	2,278
Gain on modification of convertible loan	修訂可換股貸款的收益	(11,503)
Loss attributable to the owners of the Company, used in the diluted loss per share calculation	用於計算每股攤薄虧損的本公司 擁有人應佔虧損	(100,417)
		2020 2020年
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	用於計算每股基本盈利的已發行普通股 加權平均數	953,526,940
Effect of dilutive – weighted average number of ordinary shares:	攤薄影響 – 普通股加權平均數：	
Convertible loan	可換股貸款	49,985,193
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	計算每股攤薄盈利的普通股加權平均數	1,003,512,133

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綜合財務報表附註(續)

For the year ended 31 December 2021
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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
		建築物	租賃物業裝修	廠房及機器	家具、傢俬及辦公設備	汽車	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
31 December 2021	2021年12月31日							
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日							
Cost	成本	31,119	22,717	20,795	9,640	4,192	1,221	89,684
Accumulated depreciation and impairment	累計折舊及減值	(6,211)	(20,798)	(16,550)	(8,957)	(3,631)	(1,221)	(57,368)
Net carrying amount	賬面淨值	24,908	1,919	4,245	683	561	-	32,316
At 1 January 2021, net of accumulated depreciation and impairment	於2021年1月1日，扣除累計折舊及減值	24,908	1,919	4,245	683	561	-	32,316
Additions	添置	-	1,088	534	590	17	285	2,514
Disposal/written-off	出售/撇銷	-	(1,070)	(99)	(93)	(18)	(175)	(1,455)
Depreciation charge during the year	年內折舊開支	(257)	(1,499)	(619)	(242)	(113)	-	(2,730)
Impairment loss	減值虧損	-	(165)	(4,038)	(451)	(82)	(110)	(4,846)
Disposal of subsidiaries (note 28(b))	出售附屬公司(附註28(b))	(24,452)	-	-	(10)	-	-	(24,462)
Exchange realignment	匯兌調整	(199)	(33)	(1)	(15)	(21)	-	(269)
At 31 December 2021, net of accumulated depreciation and impairment	於2021年12月31日，扣除累計折舊及減值	-	240	22	462	344	-	1,068
At 31 December 2021: Cost	於2021年12月31日：成本	-	19,195	17,364	9,904	3,459	1,331	51,253
Accumulated depreciation and impairment	累計折舊及減值	-	(18,955)	(17,342)	(9,442)	(3,115)	(1,331)	(50,185)
Net carrying amount	賬面淨值	-	240	22	462	344	-	1,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

13. 物業、廠房及設備(續)

		Buildings	Leasehold improvements 租賃物業裝修	Plant and machinery 廠房及機器	Furniture, fixtures and office equipment 家具、傢俬及辦公設備	Motor vehicles 汽車	Construction in progress 在建工程	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
31 December 2020	2020年12月31日							
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日							
Cost	成本	33,212	27,416	22,797	15,822	3,682	18,076	121,005
Accumulated depreciation and impairment	累計折舊及減值	(4,969)	(18,049)	(13,258)	(11,444)	(1,805)	–	(49,525)
Net carrying amount	賬面淨值	28,243	9,367	9,539	4,378	1,877	18,076	71,480
At 1 January 2020, net of accumulated depreciation and impairment	於2020年1月1日，扣除累計折舊及減值	28,243	9,367	9,539	4,378	1,877	18,076	71,480
Additions	添置	–	1,811	578	408	520	64,724	68,041
Disposal/written-off (note (b))	出售/撇銷(附註(b))	–	–	(315)	–	–	(81,579)	(81,894)
Depreciation charge during the year	年內折舊開支	(1,644)	(3,578)	(1,392)	(959)	(647)	–	(8,220)
Impairment loss	減值虧損	–	(4,447)	(4,250)	(1,837)	(1,199)	(1,221)	(12,954)
Disposal of subsidiaries (note 28(a))	出售附屬公司(附註28(a))	–	(1,023)	–	(1,318)	–	–	(2,341)
Exchange realignment	匯兌調整	(1,691)	(211)	85	11	10	–	(1,796)
At 31 December 2020, net of accumulated depreciation and impairment	於2020年12月31日，扣除累計折舊及減值	24,908	1,919	4,245	683	561	–	32,316
At 31 December 2020:	於2020年12月31日：							
Cost	成本	31,119	22,717	20,795	9,640	4,192	1,221	89,684
Accumulated depreciation and impairment	累計折舊及減值	(6,211)	(20,798)	(16,550)	(8,957)	(3,631)	(1,221)	(57,368)
Net carrying amount	賬面淨值	24,908	1,919	4,245	683	561	–	32,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

- (a) Assumptions were used in the value-in-use or fair value less cost of disposal calculation of the above cash-generating units as at 31 December 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of property, plant and equipment and right-of-use assets. The annual growth rates of each CGUs are based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value-in-use calculations relate to the estimation of cash flows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

The pre-tax discount rate applied for the cash flow projections is 10.84% to 11.06% (2020: 10.46% to 12.39%). Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the CGUs to exceed their respective recoverable amount.

- (b) On 19 June 2020, Zhejiang Morris Fashion Home Co., Ltd., one of a wholly-owned subsidiary of the Company (the “Vendor”) and Zhejiang Haining Warp Knitting Industrial Zone Development Co., Ltd. (the “Purchaser”) entered into the project land transfer agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, leasehold land under right-of-use assets (note 14) and the construction in progress (note 13), were amounted to approximately RMB26,813,000 and RMB81,579,000 respectively, for the aggregate consideration of approximately RMB95,736,000. Further detail of disposal of property, plant and equipment and right-of-use assets was set out in the announcement of the Company dated 21 June 2020.

13. 物業、廠房及設備(續)

附註：

- (a) 計算上述現金產生單位於2021年及2020年12月31日的使用價值或公允值減出售成本時已使用假設。下文載述管理層基於其現金流量預測進行物業、廠房及設備以及使用權資產減值測試所依據的各項主要假設。各現金產生單位的年增長率乃基於相關行業增長預測，且不過過相關行業的平均長期增長率。使用價值計算的其他主要假設與現金流量估計有關，包括預算銷售及毛利率，有關估計乃基於單位的過往表現及管理層對市場發展的預期而作出。

現金流量預測所用稅前貼現率為10.84%至11.06%(2020年：10.46%至12.39%)。管理層相信，任何該等假設的任何合理可能變動將不會導致各現金產生單位的賬面值超過其各自的可收回金額。

- (b) 於2020年6月19日，本公司全資附屬公司之一浙江慕容時尚家居有限公司(「賣方」)與浙江海寧經編產業園區發展有限公司(「買方」)訂立項目土地轉讓協議，據此，賣方同意出售而買方同意收購使用權資產項下的租賃土地(附註14)及在建工程(附註13)分別約人民幣26,813,000元及人民幣81,579,000元，總代價約為人民幣95,736,000元。有關出售物業、廠房及設備以及使用權資產的進一步詳情載於本公司日期為2020年6月21日的公告。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

14. RIGHT-OF-USE ASSETS

14. 使用權資產

		Leasehold land 租賃土地 RMB'000 人民幣千元	Leased properties 租賃物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	35,000	192,972	227,972
Additions	添置	–	30,596	30,596
Depreciation charge during the year (note 7)	年內折舊費用(附註7)	(363)	(31,299)	(31,662)
Remeasurement of leases (note)	重新計量租賃(附註)	–	(53,914)	(53,914)
Disposal during the year (note 13(b))	年內出售(附註13(b))	(26,813)	–	(26,813)
Disposal of subsidiaries (note 28(a))	出售附屬公司(附註28(a))	–	(105,603)	(105,603)
Impairment loss (note 7)	減值虧損(附註7)	–	(18,084)	(18,084)
Exchange realignment	匯兌調整	(508)	1,465	957
As at 31 December 2020 and as at 1 January 2021	於2020年12月31日及 2021年1月1日	7,316	16,133	23,449
Additions	添置	–	4,637	4,637
Depreciation charge during the year (note 7)	年內折舊費用(附註7)	(28)	(8,954)	(8,982)
Disposal of subsidiaries (note 28(b))	出售附屬公司(附註28(b))	(7,230)	–	(7,230)
Impairment loss (note 7)	減值虧損(附註7)	–	(3,821)	(3,821)
Exchange realignment	匯兌調整	(58)	(354)	(412)
As at 31 December 2021	於2021年12月31日	–	7,641	7,641

Lease liabilities of approximately RMB25,002,000 (2020: approximately RMB38,893,000) are recognised with related right-of-use assets of approximately RMB7,641,000 (2020: approximately RMB16,133,000) as at 31 December 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of total cash outflow of leases is set out in the consolidated cash flow statements.

於2021年12月31日，租賃負債約人民幣25,002,000元(2020年：約人民幣38,893,000元)確認為相關使用權資產約人民幣7,641,000元(2020年：約人民幣16,133,000元)。除出租人所持租賃資產的保證權益外，租賃協議並無施加任何條款。租賃資產不得用作借款的擔保品。

租賃的現金流出總額詳情載於綜合現金流量表。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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14. RIGHT-OF-USE ASSETS (CONTINUED)

During the years ended 31 December 2021 and 2020, the Group leased properties for own use. Lease contracts are entered into for fixed term of one to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of impairment assessment on right-of-use assets please refer to note 13(a).

Note: Remeasurement of leases was mainly due to termination of leased properties agreements under Jennifer Convertibles Inc. and its subsidiaries during the year ended 31 December 2020.

14. 使用權資產(續)

於截至2021年及2020年12月31日止年度，本集團租賃物業作自用。租賃合約的固定年期為一至十年。租賃條款乃在個別基礎上協商，並包含各種不同的條款及條件。於釐定租期及評估不可撤回期間的長度時，本集團應用合約的定義並釐定合約可強制執行的期間。

有關使用權資產減值評估的詳情，請參見附註13(a)。

附註：重新計量租賃乃主要由於截至2020年12月31日止年度終止Jennifer Convertibles Inc.及其附屬公司項下租賃物業協議。

15. INVENTORIES

15. 存貨

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Raw materials	原材料	27,181	41,121
Work in progress	在製品	22,448	30,128
Finished goods	製成品	33,548	99,980
		83,177	171,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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16. TRADE RECEIVABLES

16. 貿易應收款項

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade receivables from third parties	來自第三方的貿易應收款項	51,480	147,401
Less: allowance for expected credit losses	減：預期信貸虧損撥備	(11,607)	(7,021)
		39,873	140,380

The Group's trading terms with its customers are mainly on credit. The credit period for customers of the manufacturing segment is generally one to two months, extending up to three to four months for major customers, the credit period for customers of the retail segment is within one month. The Group does not hold any collateral over its trade receivables balances. Trade receivables are non-interest bearing.

本集團與其客戶的貿易賬期以信貸為主。生產分部客戶的信貸期一般為一至兩個月，主要客戶的信貸期延長至最多三至四個月，而零售分部客戶的信貸期則為一個月內。本集團並無就其貿易應收款項結餘持有任何抵押品。貿易應收款項為不計息。

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

於本報告期末，按發票日期和扣除撥備呈列的貿易應收款項的賬齡分析如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 3 months	3個月內	32,955	134,551
4 to 6 months	4至6個月	6,290	5,628
7 to 12 months	7至12個月	628	201
		39,873	140,380

Details of the ECL assessment was set out in Note 37.

有關預期信貸虧損評估詳情載於附註37。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

17. 預付款項、按金及其他應收款項

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Advances to suppliers	預付供應商款項	6,668	60,969
Other prepayments	其他預付款項	2,320	5,551
Deposits and other receivables	按金及其他應收款項	26,121	39,764
		35,109	106,284

Details of the ECL assessment was set out in Note 37.

有關預期信貸虧損評估的詳情載於附註37。

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

18. 現金及現金等價物以及已抵押存款

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	28,190	106,207
Less: Pledged deposits for bills payment (note 19)	減：應付票據的已抵押存款 (附註19)	(14,705)	(70,238)
Cash and cash equivalents	現金及現金等價物	13,485	35,969
Cash and bank balances denominated in:	現金及銀行結餘按以下 貨幣計值：		
RMB	人民幣	17,638	76,159
Hong Kong dollars ("HK\$")	港元(「港元」)	3,521	6,046
US\$	美元	4,725	8,812
British Pound	英磅	2,306	15,190
		28,190	106,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

As at the end of the reporting period, the cash and cash equivalents denominated in RMB amounted to approximately RMB17,638,000 (2020: approximately RMB76,159,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18. 現金及現金等價物以及已 抵押存款(續)

於報告期末，以人民幣計值的現金及現金等價物約為人民幣17,638,000元(2020年：約為人民幣76,159,000元)。人民幣不可自由兌換為其他貨幣，然而，根據中國內地外匯管制法規及結匯、售匯及付匯管理規定，本集團獲准透過獲授權開展外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存放於近期無違約記錄且信譽良好的銀行。

19. TRADE AND BILLS PAYABLES

19. 貿易應付款項及應付票據

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade payables to third parties	應付第三方的貿易款項	91,982	113,039
Bills payables	應付票據		
– arising from intra-group purchases (note)	– 來自集團內部購買(附註)	67,348	54,098
– arising from third party purchases	– 來自第三方購買	19,815	98,100
		179,145	265,237

Note: The balance represented bills payables which were issued among subsidiaries of the Group for intra-group transactions whereby the corresponding bills receivables have been discounted or endorsed to third parties prior to the maturity dates of the bills.

附註：結餘為本集團附屬公司之間就集團內部交易而發行的應付票據，而相應的應收票據已貼現或背書予第三方至票據到期日。

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綜合財務報表附註(續)

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19. TRADE AND BILLS PAYABLES (CONTINUED)

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Within 1 month	1個月內	15,187	100,252
1 to 3 months	1至3個月	7,772	44,978
4 to 6 months	4至6個月	60,700	48,014
Over 6 months	超過6個月	95,486	71,993
		179,145	265,237

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days while bills payables are settled on a term of 90 to 270 days.

Certain bills payables were secured by pledged deposits with aggregate carrying amounts as listed below:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Pledged deposits of the Group (note 18)	本集團的已抵押存款 (附註18)	14,705	70,238

As at 31 December 2021 and 2020, certain bills payables were secured by corporate guarantees provided by independent third parties.

19. 貿易應付款項及應付票據
(續)

於報告期末，按發票日期呈列的貿易應付款項及應付票據的賬齡分析如下：

貿易應付款項及應付票據為不計息。貿易應付款項通常於30至180日內結算，而應付票據則於90至270日內結算。

若干應付票據由已抵押存款作抵押，其總賬面值載列如下：

於2021年及2020年12月31日，若干應付票據由獨立第三方提供的公司擔保作抵押。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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For the year ended 31 December 2021
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20. OTHER PAYABLES AND ACCRUALS/ CONTRACT LIABILITIES

20. 其他應付款項及應計費用／合約負債

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Other payables	其他應付款項	32,298	38,532
Accruals (Note (i))	應計費用(附註(i))	11,022	11,234
		43,320	49,766
Contract liabilities (Note (ii))	合約負債(附註(ii))	9,858	13,239

Notes:

- (i) As at 31 December 2021, default interest on convertible loan of approximately RMB2,898,000.
- (ii) Contract liabilities represent contract amounts received in advance of delivery of goods.

There were no significant changes in the contract liabilities balances during the reporting period.

The following table shows how much of the revenue recognised in the current reporting period relates to brought forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

附註：

- (i) 於2021年12月31日，可換股貸款的違約利息約人民幣2,898,000元。
- (ii) 合約負債指交付貨物前收到的合約金額。

合約負債結餘於報告期內並無顯著變化。

下表列示本報告期間確認的收入與結轉合約負債的相關程度。本報告期間概無確認與過往年度達成的履約責任有關的收益。

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綜合財務報表附註(續)

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20. OTHER PAYABLES AND ACCRUALS/ CONTRACT LIABILITIES (CONTINUED)

The Group's revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Amounts received in advance of delivery of goods 於交付貨品前收取的款項	13,239	24,844

Note: Contract liabilities in relation to sales of finished goods are expected to be settled within one year. The entire amount of contract liabilities as at 1 January 2021 (2020: all) is all recognised as revenue during current year.

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

20. 其他應付款項及應計費用／合約負債(續)

本集團於期初計入合約負債結餘的已確認收益：

附註：與成品銷售有關的合約負債預期將於一年內償還。於2021年1月1日(2020年：全數)的全數合約負債均於本年度確認為收入。

其他應付款項及應計費用為免息及通常須按要求償還。

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綜合財務報表附註(續)

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21. LEASE LIABILITIES

21. 租賃負債

		As at 31 December 2021 於2021年12月31日		As at 31 December 2020 於2020年12月31日	
		Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元	Present value of the minimum lease payments 最低租賃 付款現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元
Within 1 year	1年內	13,032	14,012	17,259	18,680
After 1 year but within 2 years	1至2年內	8,977	9,399	11,121	11,905
After 2 years but within 5 years	2至5年內	1,673	1,953	8,304	8,848
After 5 years	超過5年	1,320	1,383	2,209	2,388
		11,970	12,735	21,634	23,141
		25,002	26,747	38,893	41,821
Less: total future interest expenses	減：未來利息開支總額		(1,745)		(2,928)
Present value of lease obligations	租賃承擔現值		25,002		38,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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21. LEASE LIABILITIES (CONTINUED)

Analysed for reporting purposes as:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Current liabilities	流動負債	13,032	17,259
Non-current liabilities	非流動負債	11,970	21,634
		25,002	38,893

21. 租賃負債(續)

就報告目的分析如下：

22. AMOUNT DUE TO RELATED COMPANIES

The related parties are companies controlled by the controlling shareholders. The amount due to related companies are unsecured, interest-free and repayable on demand.

22. 應付關聯公司款項

關聯方為由控股股東控制的公司。應付關聯公司款項為無抵押、免息及須按要求償還。

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23. INTEREST-BEARING BANK AND OTHER
BORROWINGS

23. 計息銀行及其他借款

		2021 2021年			2020 2020年		
		Effective interest rate 實際利率	Maturity 到期	RMB'000 人民幣千元	Effective interest rate 實際利率	Maturity 到期	RMB'000 人民幣千元
Current – secured	即期 – 有抵押						
Bank loans	銀行貸款	4.5%–6.5%	2022	50,669	3.1%–6.5%	2021	94,734
Current – unsecured	即期 – 無抵押						
Other borrowings	其他借款	4.9%–9.0%	2022	13,947	N/A不適用	N/A不適用	–
				64,616			
							94,734

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Analysed into:	分析為以下各項：		
Bank and other borrowings repayable within one year or on demand	於一年內或按要求償還的 銀行及其他借款	64,616	94,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) Certain of the Group's secured bank loans are secured by:
- (i) pledges of certain parcels of land and buildings which were provided by Morris PRC, a common shareholder as at 31 December 2021 and 2020;
 - (ii) personal guarantees provided by the Controlling Shareholders as at 31 December 2021 and 2020;
 - (iii) corporate guarantees provided by Morris PRC, a common shareholder as at 31 December 2021 and 2020;
 - (iv) corporate guarantees provided by Morris Real Estate, a company controlled by the Controlling Shareholders as at 31 December 2021 and 2020;
 - (v) corporate guarantees provided by independent third parties as at 31 December 2021 and 2020; and
 - (vi) pledges of certain properties which were provided by Morris Real Estate, a company controlled by the Controlling Shareholders as at 31 December 2021 and 2020.
- (b) The Group's bank and other borrowings were denominated in the following currencies:

23. 計息銀行及其他借款(續)

附註：

- (a) 本集團的若干已抵押銀行貸款以下列各項作抵押：
- (i) 於2021年及2020年12月31日，以慕容中國(一名共同股東)提供的若干幅土地及建築物作抵押；
 - (ii) 控股股東於2021年及2020年12月31日提供的個人擔保；
 - (iii) 慕容中國(一名共同股東)於2021年及2020年12月31日提供的公司擔保；
 - (iv) 控股股東控制的公司慕容地產於2021年及2020年12月31日提供的公司擔保；
 - (v) 獨立第三方於2021年及2020年12月31日提供的公司擔保；及
 - (vi) 以控股股東控制的公司慕容地產於2021年及2020年12月31日提供的若干物業作抵押。
- (b) 本集團的銀行及其他借款按下列貨幣計值：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
RMB	人民幣	27,520	61,000
US\$	美元	37,096	33,734
		64,616	94,734

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綜合財務報表附註(續)

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24. WARRANTY PROVISION

24. 保修撥備

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
At beginning of year	年初	3,124	4,689
Additional provision (note 7)	額外撥備(附註7)	2,908	3,268
Amount utilised during the year	年內已動用款項	(3,055)	(4,644)
Exchange realignment	匯兌調整	(70)	(189)
At end of year	年末	2,907	3,124

The Group provides one-year warranties to certain customers on its products, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

本集團向若干客戶提供一年的產品保修服務，據此有缺陷的產品將獲得維修或更換。保修撥備金額將根據銷量及過往維修及退貨水平進行估計。本集團將持續檢討估算基準，並適時作出修訂。

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綜合財務報表附註(續)

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25. DEFERRED TAX

Deferred tax assets

		Unrealised profit arising from intra-group transactions 集團內部 交易產生的 未變現溢利 RMB'000 人民幣千元	Impairment losses on inventories and receivables 存貨及 應收款項 減值虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	1,670	7,350	9,020
Charged to profit or loss during the year	年內自損益扣除	(25)	(4,853)	(4,878)
At 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	1,645	2,497	4,142
Charged to profit or loss during the year	年內自損益扣除	(1,645)	(2,497)	(4,142)
At 31 December 2021	於2021年12月31日	-	-	-

The Group has unused tax losses arising of approximately RMB262,510,000 (2020: approximately RMB112,770,000) that available for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. 遞延稅項

遞延稅項資產

本集團的未動用稅項虧損約為人民幣262,510,000元(2020年：約為人民幣112,770,000元)，可用於抵銷未來應課稅溢利。由於產生遞延稅項資產的附屬公司已虧損一段時間，而應課稅溢利被認為不可能用以抵銷可動用稅項虧損，故概無就該等虧損確認遞延稅項資產。

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25. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
At beginning of year	年初	123	2,888
Credited to profit or loss during the year	年內計入損益	(87)	(2,767)
Exchange realignment	匯兌調整	(2)	2
At end of year	年末	34	123

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirements is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, during the year ended 31 December 2021 the applicable rate is 5% (2020: 5%). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. 遞延稅項(續)

遞延稅項負債

根據中國企業所得稅法，於中國成立的外國投資企業向外國投資者分派股息，需按10%的稅率繳納預扣稅。該規定自2008年1月1日起生效，並適用於2007年12月31日之後產生的盈利。倘中國與外國投資者所在司法權區訂有相關稅務協議，則可採用較低的預扣稅率。就本集團而言，截至2021年12月31日止年度的適用稅率為5%(2020年：5%)。因此，本集團須就中國內地成立的該等附屬公司就2008年1月1日起產生的盈利分派的股息繳納預扣稅。

本公司向其股東派付股息不會產生所得稅後果。

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26. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible loan

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Liability component of the Convertible loan	可換股貸款的負債部分	69,977	84,356

Analysed for reporting purpose as:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Liability component of the Convertible loan:	可換股貸款的負債部分：		
Current liabilities	流動負債	69,977	84,356

On 5 January 2018, the Company entered into a convertible loan (the “**Convertible Loan**”) agreement (the “**Convertible Loan Agreement**”) with International Finance Corporation (“**IFC**”), pursuant to which IFC agreed to lend, and the Company agreed to borrow, the Convertible Loan in an aggregate principal amount of HK\$200,000,000. IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan into shares of the Company at an initial conversion price of HK\$2.22 per conversion share (subject to adjustments as set out in the Convertible Loan Agreement). The outstanding principal of the Convertible Loan bears interest at a rate of 1.25% per annum above 6 months HIBOR. Interest period of the Convertible Loan shall be a period of six months in each case beginning on an interest payment date and ending on the day immediately before the next following interest payment date.

26. 可換股貸款／衍生金融工具

(a) 可換股貸款

就申報目的分析如下：

於2018年1月5日，本公司與國際金融公司(「國際金融公司」)訂立一份可換股貸款(「可換股貸款」)協議(「可換股貸款協議」)，根據該協議，國際金融公司同意出借及本公司同意借入本金總額為200,000,000港元的可換股貸款。國際金融公司有權按每股換股股份2.22港元的初始換股價將全部或部分可換股貸款未償還本金額轉換成本公司股份(可根據可換股貸款協議所載作出調整)。可換股貸款未償還本金額按年利率1.25%(高於六個月香港銀行同業拆息)計息。於各種情況下，可換股貸款的利息期為六個月，自付息日期起至緊接下一個付息日期前一日止。

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綜合財務報表附註(續)

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26. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Convertible loan (Continued)

Unless previously converted, the Company shall repay 50% of the non-converted portion of the Convertible Loan outstanding as at fourth anniversary of the date of the Convertible Loan (the “**First Repayment Instalment Date**”).

Subject to any repayment to be made on the First Repayment Instalment Date as set out above, the outstanding amount of the non-converted portion of the Convertible Loan shall be repaid on the fifth anniversary of the date of the Convertible Loan (the “**Maturity Date**”) together with a redemption premium (the “**Redemption Premium**”) which is an amount equal to 3.25% per annum of such portion of the principal amount of the Convertible Loan to be repaid or prepaid in respect of the period beginning on the date of the disbursement and ending on the day immediately before the date of repayment or prepayment. Any amount of the Convertible Loan which is redeemed by the Company will forthwith be cancelled.

In the year 2020, the Convertible Loan was defaulted due to the Company failed to repay the instalment in accordance with the repayment schedule. On 29 May 2020, the Company was granted a temporary waiver by IFC to postpone the instalments. At the same time, the repayment schedule of the Convertible Loan was amended from original Maturity Date to on/prior to 28 December 2021. The Company recorded gain on modification of the Convertible Loan of approximately RMB11,503,000. A new Convertible Loan was recognised with effective interest rate with 6.99%, where fair value of derivative financial instruments were Nil.

During the year ended 31 December 2021, the Convertible Loan was matured and fell due for repayment. The total outstanding principals amount and related overdue interests of approximately RMB72,875,000 were not repaid as at 31 December 2021.

26. 可換股貸款／衍生金融工具(續)

(a) 可換股貸款(續)

除先前轉換外，本公司須償還於可換股貸款日期滿四週年當日(「**首次分期還款日**」)未轉換可換股貸款的50%未轉換部分。

根據上文所載首次分期還款日作出的任何還款，可換股貸款未轉換部分的未償還金額連同贖回溢價(「**贖回溢價**」)(就於發放之日起計至緊接還款或提前還款日期前一日止期間將予還款或提前還款的可換股貸款本金額有關部分每年3.25%的等值金額)須於可換股貸款日期滿五週年當日(「**到期日**」)償還。本公司贖回的任何金額的可換股貸款將立即註銷。

於2020年度，因本公司未能按還款時間表償還分期付款，可換股貸款已屬違約。於2020年5月29日，本公司獲國際金融公司授出臨時豁免，以將分期付款項延遲支付。同時，可換股貸款之還款期時間表已修訂為於原定到期日至2021年12月28日／之前。本公司錄得修訂可換股貸款收益約人民幣11,503,000元。新可換股貸款按6.99%的實際利率確認，而衍生金融工具的公允值為零。

截至2021年12月31日止年度，可換股貸款已到期並須進行清償。未償還本金總額及約人民幣72,875,000元的相關逾期權益於2021年12月31日尚未清償。

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For the year ended 31 December 2021
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26. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Convertible loan (Continued)

The Convertible Loan recognised in the consolidated statement of financial position of the Group is bifurcated into two components for accounting purpose, namely the liability component and the derivative component, and the movements of these components during the reporting period are as follows:

		Liability component 負債部分 RMB'000 人民幣千元	Derivative financial instrument 衍生金融工具 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	109,588	—	109,588
Repayment of Convertible Loan	償還可換股貸款	(8,310)	—	(8,310)
Amortisation of liability component of the Convertible Loan	可換股貸款負債部分的攤銷	2,278	—	2,278
Accrual interest	應計利息	(2,343)	—	(2,343)
Gain on modification of Convertible Loan [#]	修訂可換股貸款的收益 [#]	(11,503)	—	(11,503)
Exchange difference	匯兌差額	(5,354)	—	(5,354)
As at 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	84,356	—	84,356
Repayment of Convertible Loan	償還可換股貸款	(11,737)	—	(11,737)
Amortisation of liability component of the Convertible Loan	可換股貸款負債部分的攤銷	178	—	178
Accrual interest	應計利息	(371)	—	(371)
Fair value change	公允值變動	—	78	78
Exchange difference	匯兌差額	(2,449)	—	(2,449)
As at 31 December 2021	於2021年12月31日	69,977*	78	70,055

[#] During the year ended 31 December 2020, the Company re-negotiate with the holder of the Convertible Loan to renew the repayment schedule. As the modification of the Convertible Loan does not result in derecognition, the Company record gain on modification of the Convertible Loan of approximately RMB11,503,000.

^{*} During the year ended 31 December 2021, the Group's convertible loan matured and fell due for repayment. The outstanding principal amount of convertible loan is repayable on demand plus redemption premium and according to the Convertible Loan Agreement, IFC has the right to convert unless the Company has repaid the Convertible Loan in full.

26. 可換股貸款／衍生金融工具(續)

(a) 可換股貸款(續)

於本集團綜合財務狀況表確認的可換股貸款分為兩個會計部分，即負債部分及衍生部分，於報告期間的該等部分變動如下：

[#] 截至2020年12月31日止年度，本公司與可換股貸款持有人重新磋商以重續還款時間表。由於修訂可換股貸款不會導致終止確認，本公司錄得修訂可換股貸款的收益約人民幣11,503,000元。

^{*} 截至2021年12月31日止年度，本集團可換股貸款到期及應予償還。可換股貸款的未償還本金額加上贖回溢價須按要求償還且根據可換股貸款協議，國際金融公司有權進行換股，惟本公司悉數償還可換股貸款。

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26. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Forward exchange contracts

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Forward exchange contracts	遠期外匯合約	—	313

During the year ended 31 December 2020, the Group entered into forward exchange contracts, the notional amount of forward exchange contracts were US\$800,000 and US\$500,000 with exchange rate of US\$1.3011 per GBP and US\$1.2903 per GBP, respectively.

The forward exchange contracts was non-hedging derivative and was classified as current liabilities, with length of up to 12 months and a maximum total volume of GBP4,000,000 with an initial margin requirement of 3% of the total traded volume and maximum credit limit of GBP80,000.

26. 可換股貸款／衍生金融工具(續)

(b) 遠期外匯合約

截至2020年12月31日止年度，本集團訂立遠期外匯合約，遠期外匯合約的名義金額為800,000美元及500,000美元，匯率分別為每英鎊兌1.3011美元及每英鎊兌1.2903美元。

遠期外匯合約為非對沖衍生工具，並分類為流動負債，期限最長為12個月，最高總交易量為4,000,000英鎊，初始保證金要求為總交易量的3%及最高信貸限額為80,000英鎊。

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27. SHARE CAPITAL

27. 股本

		2021 2021年		2020 2020年	
		US\$'000 千美元	RMB'000 人民幣千元 Equivalent 等值	US\$'000 千美元	RMB'000 人民幣千元 Equivalent 等值
Authorised:	法定：				
10,000,000,000 ordinary shares of US\$0.001 each (2020: 10,000,000,000 ordinary shares of US\$0.001 each)	10,000,000,000股每股面值0.001美元的普通股(2020年：10,000,000,000股每股面值0.001美元的普通股)	10,000		10,000	
Issued and fully paid:	已發行及繳足：				
1,000,000,000 ordinary shares of US\$0.001 each (2020: 1,000,000,000 ordinary shares of US\$0.001 each)	1,000,000,000股每股面值0.001美元的普通股(2020年：1,000,000,000股每股面值0.001美元的普通股)	1,000	6,914	1,000	6,914

The movements in the Company's issued share capital during the year are as follows:

本公司於本年度內的已發行股本變動如下：

		Number of ordinary shares in issue 已發行 普通股數目	Issued capital 已發行資本 RMB'000 人民幣千元
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	於2020年1月1日、2020年 12月31日、2021年1月1日 及2021年12月31日	1,000,000,000	6,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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28. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Jennifer Convertibles Inc.

Under the sale and purchase agreement dated 4 July 2018 entered into among the Company, Morris PRC and Mr. Zou Gebing, the Company has the right to require Morris PRC to repurchase all the issued and outstanding common stock of Jennifer Convertibles Inc. at the Exit Price of US\$35 million when Jennifer Convertibles Inc. and its subsidiaries records an audited net loss after tax (excluding profits and losses not arising from the ordinary and usual course of business) for any of the two years ended 31 December 2019 or 2020 ("Put Option"). On 31 March 2020, the Company served the Option Notice on Morris PRC and Mr. Zou stating its decision to exercise the Put Option to require Morris PRC to repurchase Jennifer Convertibles at the Exit Price of US\$35 million. The Option Notice was accepted by Morris PRC and the Warrantor on the same date. The exercise of the Put Option and the Receivables Disposal constitute discloseable and connected transactions for the Company. The transaction was completed on 14 August 2020. The net liabilities of Jennifer Convertibles Inc. and its subsidiaries at the date of disposal were as follows:

28. 出售附屬公司

(a) 出售Jennifer Convertibles Inc.

根據本公司、慕容中國及鄒格兵先生訂立日期為2018年7月4日的買賣協議，當Jennifer Convertibles Inc.及其附屬公司於截至2019年或2020年12月31日止兩個年度任何一年錄得經審核除稅後虧損淨額(不包括並非於日常及一般業務過程中產生的溢利及虧損)，本公司有權要求慕容中國按35百萬美元的平倉價購回Jennifer Convertibles Inc.的全部已發行及發行在外普通股(「認沽選擇權」)。於2020年3月31，本公司向慕容中國及鄒先生遞交選擇權通知，表明其決定行使認沽選擇權要求慕容中國按35百萬美元的平倉價回購Jennifer Convertibles。選擇權通知於同日獲慕容中國及保證人接納，行使認沽選擇權及應收款項出售事項構成本公司的須予披露及關連交易。該交易已於2020年8月14日完成。Jennifer Convertibles Inc.及其附屬公司於出售日期的負債淨額如下：

		2020
		2020年
		RMB'000
		人民幣千元
Consideration received:	所收取代價：	
Cash received	所收現金	104,212
Amount due from a related company	應收一間關聯公司款項	138,949
		243,161
Less: contingent consideration receivables	減：應收或然代價	(243,161)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

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28. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Jennifer Convertibles Inc.
(Continued)

28. 出售附屬公司(續)

(a) 出售Jennifer
Convertibles Inc.(續)

		2020 2020年 RMB'000 人民幣千元
Analysis of assets and liabilities over which control was lost:	分析失去控制權之資產及負債：	
Property, plant and equipment	物業、廠房及設備	2,341
Right-of-use assets	使用權資產	105,603
Other receivables	其它應收款項	11,826
Prepayments	預付款項	5
Pledged deposits	已抵押按金	1,072
Cash and cash equivalents	現金及現金等價物	1,386
Trade payables	應付貿易款項	(20,021)
Contract liabilities	合約負債	(11,656)
Other payables and accruals	其他應付款項及應計費用	(1,126)
Amounts due to shareholders	應付股東款項	(10,602)
Lease liabilities	租賃負債	(124,704)
Net liabilities disposed of	所出售之負債淨值	(45,876)
Gain on disposal of subsidiaries:	出售附屬公司之收益：	
Fair value of the consideration	代價的公允值	—
Net liabilities disposed of	所出售之負債淨值	45,876
Exchange fluctuation reserve	外匯波動儲備	11,885
		57,761
Net cash inflow arising on disposal:	出售產生的現金流入淨額：	
Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:	出售附屬公司之現金流量淨額 分析如下：	
Cash received	所收現金	104,212
Less: cash and cash equivalents disposed of	減：所出售的現金及現金等價物	(1,386)
		102,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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28. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of Masia Investment Limited and its subsidiary

On 9 March 2021, Morris International Group Limited, a direct wholly-owned subsidiary of the Company, entered into share purchase agreement with Morris Capital Limited. Pursuant to the share purchase agreement, Morris Capital Limited agreed to acquire 100% issued share capital in Masia Investment Limited and its subsidiary held by Morris International Group Limited at the transfer consideration of approximately RMB35,056,000 (equivalent to US\$5.513 million). After completion of the above disposal on 9 March 2021, Masia Investment Limited and its subsidiary ceased to be subsidiaries of the Company.

Consideration received:

		2021 2021年 RMB'000 人民幣千元
Cash received	所收現金	9,538
Amount due from related companies	應收關聯公司款項	25,518
Total consideration received	所收取總代價	35,056

Analysis of assets and liabilities over which control was lost:

		9 March 2021 2021年3月9日 RMB'000 人民幣千元
Property and equipment	物業及設備	24,462
Right-of-use assets	使用權資產	7,230
Cash and cash equivalents	現金及現金等價物	833
Other payable and accruals	其他應付款項及應計費用	(3,741)
Net assets disposed of	所出售之負債淨值	28,784

28. 出售附屬公司(續)

(b) 出售美亞投資有限公司及其附屬公司

於2021年3月9日，本公司之直接全資附屬公司慕容國際集團有限公司與慕容資本有限公司訂立股份購買協議，根據股份購買協議，慕容資本有限公司同意以約人民幣35,056,000元（相當於5.513百萬美元）的轉讓代價收購慕容國際集團有限公司持有的美亞投資有限公司及其附屬公司100%的已發行股本。於2021年3月9日完成上述出售後，美亞投資有限公司及其附屬公司不再為本公司之附屬公司。

所收取代價：

分析失去控制權之資產及負債：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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28. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of Masia Investment Limited and its subsidiary (Continued)

Gain on disposal of a subsidiary:

		9 March 2021 2021年3月9日 RMB'000 人民幣千元
Consideration received and receivable	所收取及應收取的代價	35,056
Net assets disposed of	所出售之負債淨值	(28,784)
Exchange fluctuation reserve	外匯波動儲備	1,978
Gain on disposal	出售之收益	8,250

Net cash inflow arising on disposal:

Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:

		RMB'000 人民幣千元
Cash consideration	現金代價	9,538
Less: bank balances and cash disposed of	減：所出售銀行結餘及現金	(833)
		8,705

28. 出售附屬公司(續)

(b) 出售美亞投資有限公司及其附屬公司(續)

出售一間附屬公司之收益：

		9 March 2021 2021年3月9日 RMB'000 人民幣千元
Consideration received and receivable	所收取及應收取的代價	35,056
Net assets disposed of	所出售之負債淨值	(28,784)
Exchange fluctuation reserve	外匯波動儲備	1,978
Gain on disposal	出售之收益	8,250

出售產生的現金流入淨額：

出售附屬公司之現金流量淨額分析如下：

		RMB'000 人民幣千元
Cash consideration	現金代價	9,538
Less: bank balances and cash disposed of	減：所出售銀行結餘及現金	(833)
		8,705

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綜合財務報表附註(續)

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29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Share premium

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, share premium of the Company is available for paying distributions and dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distributions or dividend payments, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Treasury shares

As at 31 December 2021, 75,812,000 (2020: 75,812,000) ordinary shares acquired under the Restricted Share Award Scheme were deemed to be held in treasury, representing 7.58% of the shares in issue as at 31 December 2021. The nominal value of shares held in treasury was approximately RMB8,992,000 (2020: approximately RMB8,992,000).

29. 儲備

本集團於本年度及過往年度的儲備及變動數額呈列於綜合權益變動表。

(i) 股份溢價

根據開曼群島公司法(經修訂)第22章，須按組織章程大綱及細則的規定將本公司股份溢價用作向股東支付分派及股息，而前提條件是緊隨分派或股息付款後，本公司能夠支付其常規業務過程中到期的債務。

(ii) 庫存股份

於2021年12月31日，受限制股份獎勵計劃下收購的75,812,000股(2020年：75,812,000股)普通股被視為以庫存方式持有，佔於2021年12月31日已發行股份的7.58%。以庫存方式持有的股份的面值約為人民幣8,992,000元(2020年：約為人民幣8,992,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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29. RESERVES (CONTINUED)

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of the Company and subsidiaries with functional currencies other than RMB.

(iv) Reserve funds

The transfers from retained profits to the reserve funds were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC.

(v) Other reserve

Other reserve represents the merge effect for acquisition of additional equity interest in subsidiaries without the overall change in the control in that subsidiaries and surplus of investment in subsidiaries before the merging.

29. 儲備(續)

(iii) 匯兌波動儲備

匯兌波動儲備包括換算本公司及附屬公司財務報表內人民幣以外的功能貨幣產生的所有相關匯兌差額。

(iv) 儲備資金

根據有關中國規則及法規以及本公司於中國成立的附屬公司的組織章程細則將保留溢利轉撥為儲備資金。

(v) 其他儲備

其他儲備指收購附屬公司額外股權的合併影響，而並無對該附屬公司的控制權及合併前於附屬公司的投資盈餘作出整體變動。

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30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Change in liabilities arising from financing activities:

2021

30. 融資活動所產生的負債對賬

融資活動所產生的負債變動：

2021年

		Amounts due to related companies 應付關聯 公司款項 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Convertible Loan 可換股貸款 RMB'000 人民幣千元	Interest- bearing bank and other borrowings 計息銀行 及其他借款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2021	於2021年1月1日	46,575	38,893	84,356	94,734	264,558
New bank borrowings made during the year	年內新增銀行借款	-	-	-	160,915	160,915
Financing cash inflows	融資現金流入	28,268	-	-	-	28,268
New lease entered	新訂立租約	-	4,637	-	-	4,637
Interest charged	利息支出	-	1,541	178	15,791	17,510
Repayment during the year	年內還款	(46,166)	(19,599)	(11,737)	(190,540)	(268,042)
Interest paid and payable	已付及應付利息	-	-	(371)	(15,790)	(16,161)
Exchange realignment	匯兌調整	(943)	(470)	(2,449)	(494)	(4,356)
As at 31 December 2021	於2021年12月31日	27,734	25,002	69,977	64,616	187,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2020

		Amount	Amounts due to a shareholder	Amounts due to related companies	Lease liabilities	Convertible Loan	Interest-bearing bank and other borrowings	Total
			應付一名股東款項	應付關連公司款項	租賃負債	可換股貸款	計息銀行及其他借款	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2020	於2020年1月1日	10,107	80,310	223,213	109,588	220,815	644,033	
New bank borrowings made during the year	年內新增銀行借款	-	-	-	-	335,212	335,212	
Financing cash inflows	融資現金流入	-	331,633	-	-	-	331,633	
Covid-19-related rent concessions	Covid-19相關租金優惠	-	-	(501)	-	-	(501)	
Interest charged	所收取利息	-	-	6,403	2,278	7,577	16,258	
Remeasurement of leases	重新計量租賃	-	-	(58,746)	-	-	(58,746)	
Disposal of subsidiaries	出售附屬公司	(10,602)	(104,212)	(124,704)	-	-	(239,518)	
Gain on modification of Convertible Loan	修訂可換股貸款的收益	-	-	-	(11,503)	-	(11,503)	
Repayment during the year	年內還款	-	(359,595)	(38,613)	(8,310)	(459,433)	(865,951)	
Interest paid and payable	已付及應付利息	-	-	-	(2,343)	(7,577)	(9,920)	
New lease entered	新訂立租賃	-	-	30,596	-	-	30,596	
Non-cash changes	非現金變動	324	92,995	-	-	-	93,319	
Exchange realignment	匯兌調整	171	5,444	1,245	(5,354)	(1,860)	(354)	
As at 31 December 2020	於2020年12月31日	-	46,575	38,893	84,356	94,734	264,558	

30. 融資活動所產生的負債對賬(續)

2020年

31. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the end of the reporting period.

31. 或然負債

本集團於本報告期末並無任何重大或然負債。

32. COMMITMENTS

The Group did not have any capital commitment as at 31 December 2021 and 2020.

32. 承擔

本集團於2021年及2020年12月31日並無任何資本承擔。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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33. RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Morris PRC	慕容中國		
Rental expenses (note (a))	租賃開支(附註(a))	15,754	11,670
Compensation on factory relocation (note 5)	廠房搬遷補償(附註5)	—	18,683
Consideration on disposal of subsidiaries	出售附屬公司代價	—	243,161
Morris Capital Limited	慕容資本有限公司		
Consideration on disposal of subsidiaries	出售附屬公司代價	35,056	—

The above related parties are companies controlled by the Controlling Shareholders. The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Note:

- (a) These related party transactions also constitute non-exempt continuing connected transactions as defined under Chapter 14A of the Listing Rules.

33. 關聯方交易

(a) 與關聯方的交易

除財務報表其他部分詳述的交易外，本集團於本年度與關聯方進行以下重大交易：

上述關聯方均為由控股股東控制的公司。該等交易乃根據相關訂約方相互協定的條款及條件進行。

附註：

- (a) 該等關聯方交易亦構成上市規則第14A章定義的不獲豁免持續關連交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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33. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amount due from a shareholder

An analysis of the balances with shareholder is as follows:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Mr. Zou	鄒先生	322	324

(c) Amounts due from related parties

As at the end of the reporting period, the Group had the following material balance with its related parties:

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Morris PRC *	慕容中國*	180,359	92,833
Haining Morris Trading Co., Ltd.	海寧慕容貿易有限公司	162	162
Masia Investment Limited	美亞投資有限公司	7	—
		180,528	92,995
Less: allowance for expected credit loss (Note 37)	減：預期信貸虧損撥備(附註37)	(1,026)	(474)
		179,502	92,521

* The balance was mainly due to prepayment of rental expenses, details please refer to note 33(a).

The above related parties are companies controlled by the Controlling Shareholders. Amounts due from the related parties are unsecured, interest-free and recoverable on demand.

33. 關聯方交易(續)

(b) 應收一名股東款項

與股東的結餘分析如下：

	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Mr. Zou	322	324

(c) 應收關聯方款項

於報告期末，本集團與關聯方之間存在以下重大結餘：

	2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Morris PRC *	180,359	92,833
Haining Morris Trading Co., Ltd.	162	162
Masia Investment Limited	7	—
	180,528	92,995
Less: allowance for expected credit loss (Note 37)	(1,026)	(474)
	179,502	92,521

* 結餘主要由於預付租賃開支，詳情請見附註33(a)。

上述關聯方為控股股東控制的公司。應收關聯方款項為無抵押、免息及按要求收回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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33. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel of the Group

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Fees	袍金	2,286	1,346
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,664	3,371
Discretionary bonuses	酌情花紅	6,722	1,643
Pension scheme contributions	退休計劃供款	312	140
Total compensation paid to key management personnel	支付予主要管理人員的薪酬總額	14,984	6,500

Further details of directors' emoluments are included in note 8 to the financial statements.

33. 關聯方交易(續)

(d) 本集團主要管理人員的薪酬

董事酬金的進一步詳情載於財務報表附註8。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2021

Financial assets

34. 按類別劃分的金融工具

各類金融工具於報告期末的賬面值載列如下：

2021年

金融資產

		Financial assets at amortised cost 按攤銷成本計量的金融資產	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	39,873	140,380
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收款項的金融資產	26,121	39,764
Amount due from a shareholder	應收一名股東款項	322	324
Amounts due from related parties	應收關聯方款項	179,502	92,521
Pledged deposits	已抵押存款	14,705	70,238
Cash and cash equivalents	現金及現金等價物	13,485	35,969
		274,008	379,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

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34. FINANCIAL INSTRUMENTS BY CATEGORY
(CONTINUED)

Financial liabilities

34. 按類別劃分的金融工具(續)

金融負債

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及應付票據	179,145	265,237
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費 用的金融負債	43,320	49,766
Amounts due to related parties	應付關聯方款項	27,734	46,575
Lease liabilities	租賃負債	25,002	38,893
Convertible Loan	可換股貸款	69,977	84,356
Interest-bearing bank and other borrowings	計息銀行及其他借款	64,616	94,734
		409,794	579,561

		Derivative financial instruments 衍生金融工具	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	78	313

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, the Group discounted and endorsed certain bills receivable accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain banks in order to obtain additional financing or certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of approximately RMB73,322,000 (2020: approximately RMB27,765,000). The Derecognised Bills had a maturity of one to nine months (2020: one to six months) at 31 December 2021. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). The Derecognised Bills were honoured by reputable banks in the PRC, such as China Merchants Bank, Industrial and Commercial Bank of China and other reputable banks rating at A- and A respectively by national credit rating agencies. In the opinion of the directors, these banks have good reputation and credit quality, and the risk of default of these bills receivable on maturity is remote, and therefore, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills since after the transfer the Group’s exposure to the variability in the amounts of the net cash flows of the transferred asset is not significant. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated liabilities. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

35. 轉讓金融資產

完全終止確認的已轉讓金融資產

於2021年12月31日，本集團向若干銀行或其若干供應商貼現及背書中國內地銀行接納的若干賬面值總額分別約為人民幣73,322,000元(2020年：約為人民幣27,765,000元)的應收票據(「**終止確認票據**」)，以獲得額外融資或結算應付該等供應商的貿易應付款項。終止確認票據於2021年12月31日起計一至九個月(2020年：一至六個月)到期。根據中華人民共和國票據法，倘各中國銀行違約，終止確認票據持有人有權向本集團追索(「**繼續參與**」)。終止確認票據乃由中國的知名銀行承兌，如招商銀行、中國工商銀行及國家信貸評級機構分別給予A-及A評級的其他知名銀行。董事認為，該等銀行聲譽及信貸質素俱佳，且該等應收票據的到期違約風險甚微，故本集團已轉移終止確認票據相關的絕大部分風險及回報，而自此轉移後，本集團所承受已轉讓資產淨現金流量數額變動的風險並不重大，故終止確認終止確認票據及相關負債的全部賬面值。本集團繼續參與終止確認票據所面臨最大損失風險以及購回該等終止確認票據的未貼現現金流量相等於其賬面值。董事認為，本集團繼續參與終止確認票據的公允值並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank and other borrowings and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

36. 金融工具的公允值及公允值層級

本集團金融工具的賬面值及公允值與公允值合理相若。

管理層已評估現金及現金等價物、已抵押存款、貿易應收款項及應收票據、計入預付款項、按金及其他應收款項的金融資產、貿易應付款項及應付票據、計入其他應付款項及應計費用的金融負債、計息銀行及其他借款及應收／應付關聯方款項的公允值與其賬面值相若，主要由於該等工具短期內到期。

本集團旗下由財務經理帶領的企業融資團隊負責就金融工具的公允值計量制定政策及程序。企業融資團隊直接向首席財務官匯報。於各報告日期，企業融資團隊分析金融工具價值變動及釐定應用於估值的主要輸入數據。估值已由首席財務官審閱及批准。

金融資產及負債的公允值以自願交易方(強迫或清盤出售者除外)當前交易中該工具的可交易金額入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

During the year, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. 金融工具的公允值及公允值層級(續)

年內金融資產及金融負債第1級及第2級公允值計量之間並無轉移，亦無轉入或轉出第3級的情況(2020年：無)。

下表提供於初始確認後按公允值計量並根據公允值的可觀察程度分類為第1至3級的金融工具分析。

- 第1級公允值計量基於相同資產或負債於活躍市場的報價(未經調整)得出。
- 第2級公允值計量基於直接(即價格)或間接(即自價格計算得出)輸入數據(第1級所包括資產或負債的可觀察報價除外)得出。
- 第3級公允值計量乃自估值技術計算得出，其中包括資產或負債並非基於可觀察市場數據(不可觀察輸入數據)的輸入數據。

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF
FINANCIAL INSTRUMENTS (CONTINUED)

Financial asset and liabilities measured at fair
value

36. 金融工具的公允值及公允
值層級(續)

按公允值計量的金融資產及負
債

		2021 2021年			
		Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Liabilities	負債				
Derivative financial instruments	衍生金融工具	-	-	78	78

		2020 2020年			
		Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Liabilities	負債				
Derivative financial instruments	衍生金融工具	-	313	-	313

Fair value of financial liabilities that are not measured at fair
value (but fair value disclosure are required):

未按公允值計量(惟須作出公允值披
露)的金融負債公允值:

		2020 2020年			
		Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Convertible Loan	可換股貸款	-	-	91,119	91,119

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF
FINANCIAL INSTRUMENTS (CONTINUED)

Information about Level 3 fair value
measurements

The fair value of derivative and liability component of Convertible Loan was valued by an independent valuer. It was calculated by discounting the future cash-flow at market rate and including some unobservable inputs. See note 26 for the detailed information and the movement of the fair value of derivative financial instruments.

Below is a summary of the valuation technique used and the key inputs to the valuation of derivative financial instruments:

36. 金融工具的公允值及公允
值層級(續)

有關第3級公允值計量的資料

可換股貸款衍生及負債部分的公允值由獨立估值師估值，乃透過按市場利率及計入部分不可觀察輸入數據貼現未來現金流量計算。有關衍生金融工具的詳細資料及公允值變動，請參閱附註26。

以下概述衍生金融工具估值所用估值技術及主要輸入數據：

	Fair value hierarchy 公允價值層級	Valuation technique 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	2021 2021年	2020 2020年
Convertible Loan 可換股貸款	Level 3 第三層	Binomial pricing model 二項式定價模式	Risk-free rate 無風險利率	0.25%	0.11%
			Volatility 波幅	112.22%	86.90%
			Discount rate 貼現率	11.42%	13.90%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade receivables, deposits and other receivables, amount due from a shareholder, amounts due from related parties, trade and bills payables, other payables and accruals, amounts due to related parties, convertible loan, lease liabilities, interest-bearing bank and other borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Company's policy to keep its borrowings at fixed rates of interests so as to minimise the fair value interest rate risk.

The Company has no significant interest-bearing liabilities except for interest-bearing bank and other borrowings and lease liabilities, details of which have been disclosed in notes 23 and 21 respectively.

The Company has no significant interest rate risk during the year.

37. 財務風險管理目標及政策

本集團的主要金融工具包括貿易應收款項、按金及其他應收款項、應收一名股東款項、應收關聯方款項、貿易應付款項及應付票據、其他應付款項及應計費用、應付關聯方款項、可換股貸款、租賃負債、計息銀行及其他借款、現金及現金等價物及已抵押存款。該等金融工具的主要目的是為本集團的營運籌措資金。本集團有多種直接自其業務營運產生的其他金融資產及負債，如貿易應收款項及應收票據以及貿易應付款項及應付票據。

本集團金融工具產生的主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事檢討及議定管理各項風險的政策，有關政策概述如下。

利率風險

現金流量利率風險主要與浮息借款有關。本公司之政策為維持其借貸按固定利率計息，以將公允值利率風險降至最低。

除計息銀行及其他借款及租賃負債（詳情分別於附註23及21披露）外，本公司並無重大計息負債。

本公司於年內並無重大利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Foreign currency risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arose from changes in exchange rates.

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no material impact on other components of the Group's equity.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises. Under the forward exchange contract, the financial impact arising from changes in exchange rates between GBP and US\$ is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

37. 財務風險管理目標及政策(續)

外匯風險

外匯風險指金融工具的公允值或未來現金流量因匯率變動而波動的風險。

本集團承受交易貨幣風險。該等風險乃因經營單位以單位的功能貨幣以外的貨幣進行買賣而產生。

下表闡述在所有其他變量保持不變的情況下，貨幣(相關經營單位的功能貨幣除外)匯率的合理可能變動對本集團除稅前溢利(基於貨幣資產及負債的公允值變動)的敏感度分析。本集團權益的其他部分並無受到重大影響。

本集團目前並無外匯對沖政策。然而，本集團管理層監察外匯風險，並將於有需要時考慮對沖重大外匯風險。根據遠期外匯合約，預期來自英鎊與美元匯率變動產生的財務影響並不重大，因此並無編製相應的敏感度分析。

		Increase/ (decrease) in exchange rates 匯率上升/ (下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加/(減少) RMB'000 人民幣千元
2021	2021年		
If RMB weakens against US\$	倘人民幣兌美元貶值	5	5,367
If RMB strengthens against US\$	倘人民幣兌美元升值	(5)	(5,367)
2020	2020年		
If RMB weakens against US\$	倘人民幣兌美元貶值	5	6,679
If RMB strengthens against US\$	倘人民幣兌美元升值	(5)	(6,679)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The credit risk of the Group mainly arises from bank balances and deposits, trade receivables, deposit and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2021 and 2020.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss for all trade receivables and general model provision for all deposits and other receivables. To measure the expected credit losses by applied simplified approach, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. For the deposits and other receivables, the Group assessed the expected loss rate by applying general model. The expected credit loss rate under general model was determined by referencing of the market credit rating data and the probability of default rate. It considers available reasonable and supportive forwarding-looking information.

37. 財務風險管理目標及政策(續)

信貸風險

本集團的信貸風險主要來自銀行結餘及存款、貿易應收款項、按金及其他應收款項。該等結餘的賬面值乃本集團就金融資產承擔的最大信貸風險。

存置於銀行的現金方面，信貸風險被認為相當低，原因為對手方乃信譽良好的銀行。現有對手方過往並無違約。因此，銀行現金的估計信貸虧損率被評為近乎零，故於2021年及2020年12月31日並無計提撥備。

本集團按香港財務報告準則第9號規定應用簡化法計提預期信貸虧損撥備，該準則規定就所有貿易應收款項使用全期預期信貸虧損及就所有按金及其他應收款項使用一般模式撥備。貿易應收款項已根據共同信貸風險特徵進行分類，以應用簡化法計量預期信貸虧損。本集團已進行歷史分析並識別影響信貸風險及預期信貸虧損的主要經濟變量。就按金及其他應收款項方面，本集團應用一般模式評估預期虧損率。一般模式項下預期信貸虧損率乃參考市場信貸評級數據及違約率概率後釐定。其考慮可取得的合理有理據前瞻性資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

As at 31 December 2021 and 2020, trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

Majority of the Group's revenue is received from individual customers in relation to manufacture and sales of sofa, sofa covers and other furniture products and are transacted in cash or credit. The Group's trade receivables arise from manufacture and sales of sofa, sofa covers. As at the end of the year, the top five debtors and the largest debtor accounted for approximately of 52.6% and 20.8% (2020: 76.5% and 27.9%) of the Group's trade receivables balance. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired trade receivables disclosed in the below. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

37. 財務風險管理目標及政策(續)

信貸風險(續)

於2021年及2020年12月31日，個別重大的貿易應收款項已作獨立減值評估。本集團根據客戶的背景及信譽、過往結算紀錄及過往經驗，對應收款項的可收回性進行定期評估。

本集團大部分收益來自與生產及銷售沙發、沙發套及其他家具產品有關的個別客戶，並以現金或信貸進行交易。本集團的貿易應收款項產生自生產及銷售沙發及沙發套。於年末，五大債務人及最大債務人佔本集團貿易應收款項結餘約52.6%及20.8%（2020年：76.5%及27.9%）。鑑於與債務人的過往商業交易及應收彼等的款項的穩健收回紀錄，管理層相信本集團應收該等債務人的未償還應收款項結餘並無重大既有信貸風險，惟與下文所披露已減值貿易應收款項有關的債務人除外。管理層根據債務人的過往付款紀錄、逾期時長、財務實力及與債務人之間是否存在任何糾紛，就貿易及其他應收款項的可收回性進行定期評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 120 days from the date of billing.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

37. 財務風險管理目標及政策 (續)

信貸風險(續)

個別信貸評估按對所有需要超過一定金額信貸的客戶進行。該等評估專注於客戶到期付款的過往紀錄及現時的支付能力，並考慮有關客戶及客戶經營所在經濟環境有關的特定資料。貿易應收款項於發票日期起計30至120日內到期。

本集團按相等於全期預期信貸虧損的金額計量貿易應收款項的虧損撥備，有關金額使用撥備矩陣計算。由於本集團的過往信貸虧損經驗並未顯示不同客戶分部的虧損模式存在重大差異，故根據逾期情況劃分的虧損撥備並無按本集團不同客戶基礎作進一步區分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Provision of ECL on trade receivables

On that basis, the provision of trade receivables as at 31 December 2021 and 2020 was determined as follows:

31 December 2021		No past due	More than 1 day but less than 1 year past due	Credit-impaired (note)	Total
2021年12月31日		未逾期	逾期超過1日但少於1年	信貸減值(附註)	總計
Expected credit loss rate	預期信貸虧損率	2.22%	5.26%	100%	
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)				
– Trade receivables	– 貿易應收款項	27,524	13,680	10,276	51,480
Provision for ECL	預期信貸虧損撥備	(611)	(720)	(10,276)	(11,607)
31 December 2020		No past due	More than 1 day but less than 1 year past due	Credit-impaired (note)	Total
2020年12月31日		未逾期	逾期超過1日但少於1年	信貸減值(附註)	總計
Expected credit loss rate	預期信貸虧損率	1.48%	4.73%	100%	
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)				
– Trade receivables	– 貿易應收款項	124,848	18,239	4,314	147,401
Provision for ECL	預期信貸虧損撥備	(1,844)	(863)	(4,314)	(7,021)

Note: Trade receivables with more than 1 year past due are considered as credit impaired, with ECL provision of approximately RMB10,276,000 (2020: RMB4,314,000) were assessed individually.

37. 財務風險管理目標及政策(續)

信貸風險(續)

貿易應收款項預期信貸虧損撥備

按該基準，於2021年及2020年12月31日的貿易應收款項撥備釐定如下：

附註：已逾期一年以上的貿易應收款項被視為信貸減值，預期信貸虧損撥備約人民幣10,276,000元（2020年：人民幣4,314,000元）已作個別評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
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37. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (CONTINUED)

Credit risk (Continued)

Provision of ECL on trade receivables (Continued)

The provision of ECL for trade receivables as at 31 December 2021 and 2020 was as follows:

37. 財務風險管理目標及政策
(續)

信貸風險(續)

貿易應收款項預期信貸虧損撥備
(續)

於2021年及2020年12月31日的貿易
應收款項預期信貸虧損撥備如下：

		Lifetime ECL – not credit- impaired 全期預期信貸 虧損 – 未發生 信貸減值 RMB'000 人民幣千元	Lifetime ECL – credit- impaired 全期預期信貸 虧損 – 已發生 信貸減值 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	5,431	12,398	17,829
Reversal of provision for the year	年內撥備撥回	(2,724)	(8,084)	(10,808)
As at 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	2,707	4,314	7,021
Provision/(reversal) for the year	年內撥備/(撥回)	(1,376)	5,962	4,586
As at 31 December 2021	於2021年12月31日	1,331	10,276	11,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Provision of ECL on deposits and other receivables

The provision for deposits and other receivables as at 31 December 2021 and 2020 was as follows:

		12m ECL	Lifetime ECL – not credit- impaired	Lifetime ECL – credit- impaired	Total
		12個月 預期信貸虧損	全期預期信貸 虧損 – 未發生 信貸減值	全期預期信貸 虧損 – 已發生 信貸減值	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2020	於2020年1月1日	81	–	–	81
Provision for the year	年內撥備	103	–	–	103
As at 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	184	–	–	184
Reversal of provision for the year	年內撥備撥回	(94)	–	–	(94)
As at 31 December 2021	於2021年12月31日	90	–	–	90

37. 財務風險管理目標及政策(續)

信貸風險(續)

按金及其他應收款項預期信貸虧損撥備

於2021年及2020年12月31日的按金及其他應收款項撥備如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (CONTINUED)

Credit risk (Continued)

Deposit and other receivables

Deposits and other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or nonresponse to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for expected credit losses by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

Provision of ECL on amounts due from related parties

The provision for amounts due from related parties as at 31 December 2021 and 2020 was as follows:

		12m ECL	Lifetime ECL – not credit- impaired	Lifetime ECL – credit- impaired	Total
		12個月 預期信貸虧損	全期預期信貸 虧損 – 未發生 信貸減值	全期預期信貸 虧損 – 已發生 信貸減值	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2020	於2020年1月1日	–	–	–	–
Provision for the year	年內撥備	474	–	–	474
As at 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	474	–	–	474
Provision for the year	年內撥備	552	–	–	552
As at 31 December 2021	於2021年12月31日	1,026	–	–	1,026

37. 財務風險管理目標及政策
(續)

信貸風險(續)

按金及其他應收款項

與長期逾期的重大款項、已知無力償債或對收款行動不作回應的賬戶有關的按金及其他應收款項，將個別評估減值撥備。本集團透過評估債務人的信貸風險特徵、貼現率及收回的可能性並考慮當時的經濟狀況，確認預期信貸虧損撥備。

應收關聯方款項的預期信貸虧損撥備

於2021年及2020年12月31日的應收關聯方款項撥備如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Amounts due from related parties

For amounts due from related parties, the management makes periodic individual assessment on the recoverability of amount due from related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

37. 財務風險管理目標及政策(續)

信貸風險(續)

應收關聯方款項

就應收關聯方款項而言，管理層根據歷史結算記錄、過往經驗及合理有關據前瞻性資料之定量及定性資料，定期對應收關聯方款項之可收回性進行個別評估。管理層認為，自初步確認後，該等金額之信貸風險並無顯著增加，本集團按十二個月預期信貸虧損計提減值撥備。

流動資金風險

本集團的目標為保持審慎的財務政策，以根據風險限額監控流動資金比率及維持資金應急計劃，從而確保本集團有充足現金達到其流動資金要求。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The following table details the remaining contractual maturities for its financial liabilities and derivative financial instruments at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates and based on rates at the end of the reporting period) and the earliest date that the Group could be required to repay:

37. 財務風險管理目標及政策(續)

流動資金風險(續)

下表詳列於本集團金融負債報告期末金融負債及衍生金融工具的餘下合約到期情況，此乃根據合約未貼現現金流量(包括使用合約利率及根據報告期末的利率計算的利息支出)及本集團可被要求償還的最早日期而得出：

		Within 1 year or on demand 於1年內或按要求	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及應付票據	179,145	265,237
Financial liabilities included in other payable and accruals	計入其他應付款項及應計費用的金融負債	43,320	49,766
Amounts due to related companies	應付關聯公司款項	27,734	46,575
Derivative financial instruments	衍生金融工具	78	313
Lease liabilities	租賃負債	13,032	18,680
Convertible Loan	可換股貸款	69,977	84,356
Interest-bearing bank and other borrowings	計息銀行及其他借款	64,616	94,734
		397,902	559,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

37. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (CONTINUED)

Liquidity risk (Continued)

37. 財務風險管理目標及政策
(續)

流動資金風險(續)

		After 1 year but within 2 years 1至2年內	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Lease liabilities	租賃負債	9,399	11,905

		After 2 years but within 5 years 2至5年內	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Lease liabilities	租賃負債	1,953	8,848

		After 5 years 超過5年	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Lease liabilities	租賃負債	1,383	2,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is the total debts (comprised of amounts due to related companies, lease liabilities, Convertible Loan and interest-bearing bank and other borrowings) divided by the total equity. Total equity refers to equity attributable to owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

37. 財務風險管理目標及政策(續)

資金管理

本集團資金管理的主要目標為保障本集團的持續經營能力，以及維持穩健的資金比率，以支持其業務。

本集團根據經濟狀況的變化來管理和調整其資本架構。為維持或調整資本架構，本集團可能對派發予股東的股息作出調整、向股東返還資本或發行新股份。截至2021年及2020年12月31日止年度，管理資本的目標、政策或程序概無任何變動。

本集團使用資本負債比率(即債務總額(包括應付關聯公司款項、租賃負債、可換股貸款及計息銀行及其他借款)除以權益總額)監控資本。權益總額指本公司擁有人應佔權益。於各報告期末的資產負債比率如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Total debts	債務總額	187,329	264,558
Equity attributable to owners of the Company	本公司擁有人應佔權益	(49,541)	76,567
Gearing ratio	資產負債比率	N/A 不適用	345.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

38. EVENTS AFTER THE REPORTING PERIOD

- (a) On 19 January 2022, Zhejiang Apollo Leather Products Co., Ltd. and Zhejiang Morris Fashion Home Co., Ltd. (collectively, the “**Relevant Subsidiaries**”), both being indirect wholly-owned subsidiaries of the Group, filed pre-restructuring applications with the People’s Court of Haining City (the “**Court**”) to request the Court to allow the Relevant Subsidiaries to formulate pre-restructuring plans to resolve their debt positions. Further details were set out in the announcements of the Company dated 19 January 2022.
- (b) On 25 February 2022, the Company and the placing agent entered into the placing agreement pursuant to which the Company appointed the placing agent to place, subject to the fulfillment of the conditions precedent to the placing, a maximum of 200,000,000 placing shares to not less than six independent placees at a price of HK\$0.12 per placing share. The placing shares was completed on 23 March 2022. Further details were set out in the announcements of the Company dated 25 February 2022, 28 February 2022 and 23 March 2022.
- (c) On 22 April 2022, the Company and a potential subscriber (“**Potential Subscriber**”) entered into a memorandum of understanding, pursuant to which the Potential Subscriber intends to subscribe for and the Company intends to allot and issue 1,300,000,000 new shares of the Company. Further details were set out in the announcements of the Company dated 22 April 2022.

38. 報告期後事項

- (a) 於2022年1月19日，浙江阿波羅皮革製品有限公司及浙江慕容時尚家居有限公司（統稱為「**相關附屬公司**」），均為本集團的間接全資附屬公司，向海寧市人民法院（「**法院**」）提出預重整申請，請求法院允許相關附屬公司製定預重整方案以解決其債務狀況。有關進一步詳情載於本公司日期為2022年1月19日的公告。
- (b) 於2022年2月25日，本公司與配售代理訂立配售協議，據此，本公司已委任配售代理按待配售事項之先決條件獲達成後，以每股配售股份0.12港元的價格向不少於六名獨立承配人配售最多200,000,000股配售股份。配售股份已於2022年3月23日完成。進一步詳情載於本公司日期為2022年2月25日、2022年2月28日及2022年3月23日的公告。
- (c) 於2022年4月22日，本公司與一名潛在認購者（「**潛在認購者**」）訂立一項諒解備忘錄，據此，潛在認購者擬認購而本公司擬配發及發行本公司1,300,000,000股新股份。進一步詳情載於本公司日期為2022年4月22日之公告。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

39. 本公司財務狀況表

有關本公司於報告期末的財務狀況表的資料如下：

		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Non-current asset	非流動資產		
Investments in subsidiaries	於附屬公司的投資	6	6
Current assets	流動資產		
Other receivables	其他應收款項	18	110
Amounts due from subsidiaries	應收附屬公司款項	7,744	173,285
Amounts due from related companies	應收關聯公司款項	6,451	6,528
Cash and cash equivalents	現金及現金等價物	204	23
Total current assets	流動資產總值	14,417	179,946
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	4,429	1,407
Other borrowings	其他借款	10,126	—
Convertible loan	可換股貸款	69,977	84,356
Total current liabilities	流動負債總額	84,532	85,763
Net current (liabilities)/assets	流動(負債)/資產淨額	(70,115)	94,183
Total assets less current liabilities	資產總值減流動負債	(70,109)	94,189
Net (liabilities)/assets	(負債)/資產淨值	(70,109)	94,189
Equity	權益		
Share capital	股本	6,914	6,914
Reserves (note)	儲備(附註)	(77,023)	87,275
Total equity	權益總額	(70,109)	94,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2021
截至2021年12月31日止年度

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

39. 本公司財務狀況表(續)

附註：

本公司儲備概述如下：

		Share premium	Treasury shares	Exchange fluctuation reserve	Accumulated losses	Total
		股份溢價 RMB'000 人民幣千元	庫存股份 RMB'000 人民幣千元	匯兌波動 儲備 RMB'000 人民幣千元	累計虧損 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
As at 1 January 2020	於2020年1月1日	153,071	(2,269)	(6,723)	(45,335)	98,744
Loss for the year	年內虧損	—	—	—	(994)	(994)
Other comprehensive income for the year:	年內其他全面收益：					
Exchange differences on translation of financial statements	換算財務報表的 匯兌差額	—	—	(3,752)	—	(3,752)
Total comprehensive loss for the year	年內全面虧損總額	—	—	(3,752)	(994)	(4,746)
Share repurchased	已購回股份	—	(6,723)	—	—	(6,723)
As at 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	153,071	(8,992)	(10,475)	(46,329)	87,275
Loss for the year	年內虧損	—	—	—	(150,723)	(150,723)
Other comprehensive loss for the year:	年內其他全面虧損：					
Exchange differences on translation of financial statements	換算財務報表的 匯兌差額	—	—	(13,575)	—	(13,575)
Total comprehensive loss for the year	年內全面虧損總額	—	—	(13,575)	(150,723)	(164,298)
At as 31 December 2021	於2021年12月31日	153,071	(8,992)	(24,050)	(197,052)	(77,023)

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 10 May 2022.

40. 財務報表核准

財務報表已於2022年5月10日獲董事會核准並授權刊發。

FIVE YEAR FINANCIAL SUMMARY

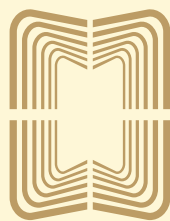
五年財務概要

For the year ended 31 December 2021
截至2021年12月31日止年度

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

下文所載為本集團最近五個財政年度已公布業績以及資產及負債之概要，乃摘錄自經審核財務報表：

		Year ended 31 December 截至12月31日止年度				
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元	2017 2017年 RMB'000 人民幣千元 (Restated) (經重列)
RESULTS	業績					
Revenue	收入	502,932	606,363	980,298	1,610,043	1,416,395
Cost of sales	銷售成本	(403,276)	(547,597)	(877,211)	(1,181,999)	(937,864)
Gross profit	毛利	99,656	58,766	103,087	428,044	478,531
(Loss)/profit before tax	除稅前(虧損)/溢利	(120,286)	(87,840)	(178,943)	100,286	184,043
Income tax (expenses)/credit	所得稅(開支)/抵免	(3,116)	(2,890)	38,253	(13,881)	(38,348)
(Loss)/profit for the year	年內(虧損)/溢利	(123,402)	(90,730)	(140,690)	86,405	145,695
		Year ended 31 December 截至12月31日止年度				
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元	2017 2017年 RMB'000 人民幣千元 (Restated) (經重列)
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	374,882	676,852	1,344,964	1,432,152	1,142,847
Total liabilities	總負債	(426,053)	(600,109)	(1,147,997)	(1,064,831)	(802,688)
		(51,171)	76,743	196,967	367,321	340,159



MORRIS
HOME HOLDINGS LIMITED

MORRIS HOME HOLDINGS LIMITED
慕容家居控股有限公司