



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

2023
ANNUAL 年
REPORT 報

EXQUISITE
TEMORRISOFA

精緻慕容



CONTENTS 目錄

2	Corporate Information	公司資料
5	Financial Highlights	財務摘要
6	Chairman's Statement	主席報告
9	Profile of Directors and Senior Management	董事及高級管理層履歷
17	Management Discussion and Analysis	管理層討論及分析
27	Principal Risks and Uncertainties	主要風險及不確定因素
30	Corporate Governance Report	企業管治報告
53	Directors' Report	董事會報告
83	Independent Auditors' Report	獨立核數師報告
95	Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面 收益表
97	Consolidated Statement of Financial Position	綜合財務狀況表
99	Consolidated Statement of Changes in Equity	綜合權益變動表
100	Consolidated Statement of Cash Flows	綜合現金流量表
102	Notes to the Consolidated Financial Statements	綜合財務報表附註
232	Five-Year Financial Summary	五年財務概要

BOARD OF DIRECTORS

Executive Directors

Mr. TSE Kam Pang (*Chairman*)
Mr. CHONG Tsz Ngai (*Chief Executive Officer*)
Mr. ZOU Gebing (*resigned on 8 January 2024*)

Non-executive Directors

Mr. TSE Hok Kan
Ms. WU Xiangfei

Independent Non-executive Directors

Prof. KWAN Pun Fong Vincent
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

AUDIT COMMITTEE

Prof. KWAN Pun Fong Vincent (*Chairman of committee*)
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

REMUNERATION COMMITTEE

Prof. KWAN Pun Fong Vincent (*Chairman of committee*)
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

NOMINATION COMMITTEE

Prof. KWAN Pun Fong Vincent (*Chairman of committee*)
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

董事會

執行董事

謝錦鵬先生(*主席*)
莊子毅先生(*行政總裁*)
鄒格兵先生(*於2024年1月8日辭任*)

非執行董事

謝學勤先生
鄔向飛女士

獨立非執行董事

關品方教授
李焯芬教授
陳建花女士
薛永恒教授(*於2023年7月5日獲委任*)

審核委員會

關品方教授(*委員會主席*)
李焯芬教授
陳建花女士
薛永恒教授(*於2023年7月5日獲委任*)

薪酬委員會

關品方教授(*委員會主席*)
李焯芬教授
陳建花女士
薛永恒教授(*於2023年7月5日獲委任*)

提名委員會

關品方教授(*委員會主席*)
李焯芬教授
陳建花女士
薛永恒教授(*於2023年7月5日獲委任*)

CORPORATE INFORMATION (CONTINUED)
公司資料(續)

COMPANY SECRETARY

Mr. LAM Hoi Lun

公司秘書

林海麟先生

AUTHORISED REPRESENTATIVES

Mr. CHONG Tsz Ngai

Mr. LAM Hoi Lun

授權代表

莊子毅先生

林海麟先生

AUDITORS

HLB Hodgson Impey Cheng Limited

核數師

國衛會計師事務所有限公司

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

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

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

香港股份過戶登記分處

卓佳證券登記有限公司

香港夏慤道16號

遠東金融中心17樓

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

註冊辦事處

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS IN THE PRC

No. 258, Shengli Road, Maqiao Street
Haining City, Jiaxing City
Zhejiang Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

No. 52, Fu Hang Road
Tuen Mun
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China
Bank of Jiaxing Company Limited
Agricultural Bank of China Limited
Taishin International Bank
China Merchants Bank Co., Ltd.
Bank of Ningbo Co., Ltd.
China Citic Bank Corporation Limited
Zhejiang Haining Rural Commercial Bank Company Limited
Bank of Huzhou Company Limited

STOCK CODE

1575

WEBSITE

www.morrishome.com.hk

中國總部

中國浙江省
嘉興市海寧市馬橋街道
勝利路258號

香港主要營業地點

香港
屯門
虎坑路52號

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
嘉興銀行股份有限公司
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
中信銀行有限公司
浙江海寧農村商業銀行股份有限公司
湖州銀行股份有限公司

股份代號

1575

公司網站

www.morrishome.com.hk

FINANCIAL HIGHLIGHTS

財務摘要

- Revenue increased by approximately 42.4% to approximately RMB188.0 million in 2023 (2022: approximately RMB132.0 million)
- The Group recorded a gross profit of approximately RMB69.5 million in 2023 (2022: approximately RMB2.0 million)
- The Group's loss for the year decreased by approximately 87.1% to approximately RMB26.1 million in 2023 (2022: approximately RMB202.6 million)
- Basic loss per share was approximately RMB0.92 cents in 2023 as compared with basic loss per share of approximately RMB13.99 cents in 2022
- The Board did not recommend the payment of a final dividend (2022: RMBnil) for the year ended 31 December 2023
- 2023年收入增加約42.4%至約人民幣188.0百萬元(2022年:約人民幣132.0百萬元)
- 本集團於2023年錄得毛利約人民幣69.5百萬元(2022年:約人民幣2.0百萬元)
- 本集團年內虧損減少約87.1%至2023年的約人民幣26.1百萬元(2022年:約人民幣202.6百萬元)
- 與2022年每股基本虧損約人民幣13.99分比較,2023年每股基本虧損約為人民幣0.92分
- 董事會不建議就截至2023年12月31日止年度派付任何末期股息(2022年:無)

Dear shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Morris Home Holdings Limited (the “**Company**” or “**Morris Home**”), I am pleased to present the annual report of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (“**2023**” or the “**Reporting Period**”) to shareholders of the Company (the “**Shareholders**”).

2023 was a transformative year for Morris Home. PRC government lifted all epidemic prevention measures and global economic activities were gradually recovering. Capitalizing on this opportune moment, we initiated a wide range of strategic changes, including enhanced product innovation, diversified market reach, stringent cost control and reinforced internal governance, with the aim to bolster our products' brand value, improving operational efficiency and driving overall business performance. The newly appointed Independent Executive Directors also dedicated efforts to drive our operations forward smoothly, establishing a solid foundation for the Company's long-term success.

Our proactive management team, alongside the unwavering devotion of our employees, led to a considerable year-on-year sales growth of 45.5% in the Reporting Period. This accomplishment was attributed to our strategy of introducing fashionable sofa and furniture offerings in line with various markets trends. In particular, we entrusted product designs to local designers of the target markets, aligned with the production capabilities of the factories to develop products that are cost-effective in terms of logistics and market benefits. During the year, we have designed vacuum-sealed sofas and sofa products which can be easily assembled by customers for the advantage of convenient transportation.

各位股東：

本人謹代表慕容家居控股有限公司(「本公司」或「慕容家居」)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2023年12月31日止年度(「2023年」或「報告期間」)的年報。

對慕容家居而言，2023年是變革的一年。中國政府取消了所有疫情防控措施，全球經濟活動逐步復甦。藉此機遇，我們展開了一系列戰略變革，包括加強產品創新、拓展多元化市場、嚴格控制成本及加強內部管治，致力於提升我們產品的品牌價值，改善運營效率及促進整體業務表現。新任命的獨立非執行董事亦努力推動我們的業務平穩進行，為本公司的長遠成功奠定了堅實的基礎。

在積極進取的管理團隊以及僱員的不懈努力下，報告期間的銷售額同比大幅增長45.5%。這一成功歸因於我們根據不同市場趨勢推出了年輕時尚的沙發及家具產品的戰略。具體而言，我們將產品設計委託予目標市場的當地設計師，並結合工廠的產能，開發出在物流及市場利益方面具成本效益的產品。年內，我們設計出真空密封沙發及沙發產品，客戶能夠輕鬆組裝，且便於運輸。

CHAIRMAN'S STATEMENT (CONTINUED) 主席報告(續)

In times of post-COVID recovery, as economic activities gradually regain momentum, we have acknowledged the importance to pursue global market opportunities. Therefore, we participated in the influential furniture exhibitions across different regions, including the United States, the United Kingdom, Indonesia, and Shenzhen. These exhibitions have helped us expand into broader markets with our latest product series, promote our brand, and gain insights into the needs of potential buyers. In Asia, we have strategically established a sales network in Hong Kong, including five company-owned stores and 7 distributors, to stay attuned to the needs of the predominantly Hong Kong and Mainland China consumer groups.

Amidst the dynamic and ever-evolving environment, the Group has committed to maintaining financial stability through strengthened inventory and management practices. Notably, we have tactically managed our warehouses in UK to achieve elevated operational effectiveness and streamlined processes, resulting in significant cost savings.

Looking ahead to 2024, we will embrace market challenges and opportunities with a pragmatic and steady attitude. For years of operation, we have garnered a wealth of experience and insights to recognise the significance of product quality in business. Therefore, we will not stop contributing resources on innovation and investment in product development. In addition, we will proactively explore production opportunities in other countries to strategically align with our export business footprints. We can also benefit from potential cost advantages, such as lower labor or manufacturing expenses, while simultaneously minimizing the impact of trade restrictions imposed by other countries. This strategy allows us to optimise our supply chain, enhance competitiveness, and navigate the complexities of the global marketplace more effectively.

於疫情後恢復時期，隨著經濟活動逐漸重獲活力，我們認識到抓住全球市場機遇的重要性。因此，我們參加不同地區的具有影響力的家博會，包括美國、英國、印度尼西亞及深圳。這些博覽會幫助我們以最新的產品系列開拓更廣闊的市場，推廣我們的品牌，並深入了解潛在買家的需求。在亞洲，我們於香港戰略性地建立了銷售網絡，包括5家公司自營店及7家分銷商，以滿足以香港及中國內地為主的消費群體的需求。

在動態而又不斷變化的環境中，本集團通過加強庫存及管理實務來維持財務穩定性。尤其是，我們有技巧性地管理於英國的倉庫，實現了運營效率提升及流程簡化，從而大大節約了成本。

展望2024年，我們將以務實穩健的態度來迎接市場挑戰與機遇。經過多年的運營，我們已經積累了豐富的經驗與知識，意識到產品質素對企業的重要性。因此，我們將繼續投入資源用於創新並投資產品開發。此外，我們將積極探索於其他國家的生產機遇，在策略上跟我們的出口業務足跡保持一致。我們亦能夠自潛在的成本優勢中獲益，例如較低的勞工或生產開支，同時將其他國家施加的貿易限制影響降至最低。這一策略使我們能夠優化供應鏈，提高競爭力，更有效地應對全球市場的複雜局面。

Meanwhile, we also observed the rapidly changing consumer demands, including the growing inclination towards portable, versatile furniture products that seamlessly fit into compact spaces with multi-functions, increasing awareness on eco-friendly furniture to reduce the carbon impact on the world. These evolving trends push us to constantly evolve, reflect on areas for improvement in our business model, optimise the supply chain and sales channels, and keeping abreast of market needs.

We will maintain relentless pursuit of excellence on the business, whilst strengthening internal management, enhancing operational efficiency, and controlling costs to achieve a healthy cash flow that supports sustainable development in the long-run.

Chairman and Executive Director

Tse Kam Pang

Hong Kong, 28 March 2024

同時，我們亦觀察到消費者需求的快速變化，包括消費者越來越傾向於便攜式、多功能的家具產品，這些產品能夠完美融入緊湊的空間，人們對環保家具的意識不斷提高以減少對世界的碳影響。該等變革趨勢推動著我們不斷發展，反思業務模式需要改進之處，優化供應鏈與銷售渠道，緊貼市場需求。

我們將堅持不懈地追求業務卓越，並加強內部管理，提升營運效率，控制成本，以實現能夠支持長遠可持續發展的穩健現金流。

主席兼執行董事

謝錦鵬

香港，2024年3月28日

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Mr. Tse Kam Pang, aged 69, is the chairman of the Group and was appointed as an executive Director on 17 October 2022. He is responsible for providing leadership to the Board. Mr. Tse is also a director of certain subsidiaries of the Company.

He is a founder, the chairman of the board of directors and an executive director of Royale Home Holdings Limited (“**Royale Home**”), a company the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1198). He is also a controlling shareholder of Royale Home who is deemed to be interested in approximately 74.86% of the issued share capital of Royale Home. He held the position of Deputy Managing Director at Ultronics International Holdings Limited (currently known as DreamEast Group Limited), a company the shares of which are listed on the Stock Exchange (Stock Code: 0593), from 1993 to 1995. He has over 30 years of experience in the international trade and China trade business.

Mr. Tse Kam Pang is a vice chairman of Hong Kong Furniture Association and has extensive experience in the manufacture and sale of furniture business. Mr. Tse Kam Pang is the father of Mr. Tse Hok Kan, a non-executive Director and the father-in-law of Mr. Chong Tsz Ngai, an executive Director and the chief executive officer of the Company.

Mr. Tse is the sole shareholder and sole director of Century Icon, being the beneficial owner of 1,300,038,000 Shares, representing approximately 47.27% of the issued share capital.

Mr. Chong Tsz Ngai, aged 35, is the chief executive officer of the Group and was appointed as an executive Director on 17 October 2022. He is responsible for the overall management of the operations of the Group. Mr. Chong is a director of all subsidiaries of the Company.

Prior to joining the Group, he was a director of debt capital markets (DCM) at United Overseas Bank Limited, Hong Kong Branch from 2021 to 2022. He was a vice president of DCM of CNCB (Hong Kong) Capital from 2019 to 2021 and was previously a vice president of the fixed income, currency and commodities department of GF Global Capital Limited from March to December 2019.

執行董事

謝錦鵬先生，69歲，為本集團主席，於2022年10月17日獲委任為執行董事。彼負責領導董事會。謝先生亦為本公司若干附屬公司的董事。

彼為皇朝家居控股有限公司（「**皇朝家居**」）的創辦人、董事會主席兼執行董事，該公司的股份於聯交所主板上市（股份代號：1198）。彼亦為皇朝家居的控股股東，被視為於皇朝家居已發行股本約74.86%中擁有權益。彼曾於1993年至1995年出任Ultronics International Holdings Limited（現稱夢東方集團有限公司）的副董事總經理，該公司的股份於聯交所上市（股份代號：0593）。彼於國際貿易及中國貿易業務方面擁有逾30年經驗。

謝錦鵬先生為香港傢俬協會副會長，在生產及銷售家具業務方面擁有豐富經驗。謝錦鵬先生為非執行董事謝學勤先生之父及本公司執行董事兼行政總裁莊子毅先生的岳父。

謝先生為Century Icon的唯一股東及唯一董事，即為1,300,038,000股股份（佔已發行股本的約47.27%）的實益擁有人。

莊子毅先生，35歲，為本集團行政總裁，於2022年10月17日獲委任為執行董事。彼負責本集團的整體運營管理。莊先生亦為本公司全部附屬公司的董事。

於加入本集團之前，彼於2021年至2022年擔任大華銀行有限公司香港分行債務資本市場主管，於2019年至2021年擔任信銀（香港）資本有限公司債務資本市場副總裁，自2019年3月至12月曾任廣發全球資本有限公司固定收益、貨幣及商品部副總裁。

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

Mr. Chong Tsz Ngai has over ten years of experience in the corporate finance industry. Mr. Chong Tsz Ngai holds a Master's Degree in Finance from Imperial College London and was awarded a Bachelor's Degree in accounting and finance with first-class honour by Lancaster University. Mr. Chong Tsz Ngai is a son-in-law of Mr. Tse Kam Pang, the chairman of the Board, an executive Director and a controlling shareholder of the Company.

Mr. Zou Gebing, aged 47, was appointed as an executive Director on 18 March 2016 and resigned on 8 January 2024. Prior to his resignation, he was the chairman and chief executive officer of the Group from 2016 to 2022 and responsible for the sales and marketing of the Group.

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 is a non-executive Director.

莊子毅先生於企業融資業界擁有逾十年經驗。莊子毅先生持有倫敦帝國學院的金融碩士學位，並獲蘭卡斯特大學頒授的一級榮譽會計及金融學士學位。莊子毅先生為董事會主席、本公司執行董事及控股股東謝錦鵬先生的女婿。

鄒格兵先生，47歲，於2016年3月18日獲委任為執行董事，於2024年1月8日辭任。辭任前，彼於2016年至2022年擔任本集團主席兼行政總裁，負責本集團的銷售及營銷。

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。鄒先生的配偶鄔向飛女士為非執行董事。

NON-EXECUTIVE DIRECTORS

Mr. Tse Hok Kan, aged 40, was appointed as a non-executive Director on 17 October 2022.

He holds a Master of Science degree in Accounting from The Hong Kong Polytechnic University and a Bachelor of Business Administration degree – joint major in accounting and finance from Simon Fraser University.

Prior to joining the Group, he had held the position of executive director of Royale Home from 2016 to 2019. He has extensive experience in production, development, marketing of furniture and Hong Kong and China trade businesses. Mr. Tse Hok Kan is a son of Mr. Tse Kam Pang, the chairman of the Board, an executive Director and a controlling shareholder of the Company.

Ms. Wu Xiangfei, aged 46, was appointed as a non-executive Director on 9 November 2022.

She has vast experience in the furniture business. Ms. Wu Xiangfei has been the vice chairman of the board of directors of Morris Group Company Limited since 2018, during which she has accumulated experience and gained knowledge in manufacturing and sales of sofas, sofa covers and other furniture products.

Ms. Wu Xiangfei is the spouse of Mr. Zou Gebing, an executive Director resigned on 8 January 2024 and a substantial shareholder of the Company.

非執行董事

謝學勤先生，40歲，於2022年10月17日獲委任為非執行董事。

彼持有香港理工大學會計學碩士學位及西門菲莎大學工商管理學士學位(會計及金融雙主修)。

於加入本集團之前，彼曾於2016年至2019年擔任皇朝家居的執行董事。彼於家具生產、開發、營銷及中港貿易方面擁有豐富經驗。謝學勤先生為董事會主席、本公司執行董事及控股股東謝錦鵬先生之子。

鄔向飛女士，46歲，於2022年11月9日獲委任為非執行董事。

彼在家具業務擁有豐富經驗。鄔向飛女士自2018年起擔任慕容集團有限公司董事會副主席，期間彼在沙發、沙發套及其他家具產品的製造及銷售方面累積了經驗及獲得了知識。

鄔向飛女士為本公司執行董事(於2024年1月8日辭任)及主要股東鄒格兵先生的配偶。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Kwan Pun Fong Vincent, aged 73, was appointed as an independent non-executive Director on 17 October 2022. He is mainly responsible for supervising and providing independent judgement to the Board. He is also the chairman of each of the Audit Committee, Nomination Committee and Remuneration Committee.

He served as the vice president of the Hong Kong Shipping Department (香港區船舶部) of Citibank (花旗銀行), the vice president of the Asia Pacific Elevator Department of United Technologies Company (聯合技術公司), the managing director of Hintful Capital Group (興科融資集團), professor of Beijing Normal University – Hong Kong Baptist University (北京師範大學－香港浸會大學) United International College, executive dean of the HKU Zhejiang Institute of Research and Innovation (香港大學浙江科學技術研究院). He is currently a member of the Executive Committee of Hong Kong Economic Association (香港經濟學會), the chief advisor of the think tank of Qingshanhu Scitech City in Hangzhou, Zhejiang (浙江杭州青山湖科技城), the president of Zhuhai Chuangke Yinlian Business Consulting Co., Ltd (珠海創科引聯商務諮詢有限公司), the vice chairman of Shanghai Qiaoyue IoT Technology Co., Limited (橋悅(上海)物聯網科技有限公司), a Director of Hong Kong Economic Trading International Association (香港國際經貿合作協會) and the chairman of the Education and Training Committee (教育培訓委員會).

獨立非執行董事

關品方教授，73歲，於2022年10月17日獲委任為獨立非執行董事。彼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、提名委員會及薪酬委員會之主席。

彼曾任花旗銀行香港區船舶部副總裁、聯合技術公司亞太區電梯部副總裁、興科融資集團董事總經理、北京師範大學－香港浸會大學聯合國際學院教授、香港大學浙江科學技術研究院執行院長，現為香港經濟學會行政委員會成員、浙江杭州青山湖科技城智庫首席顧問、珠海創科引聯商務諮詢有限公司總裁、橋悅(上海)物聯網科技有限公司副董事長、香港國際經貿合作協會理事及教育培訓委員會主席。

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

Professor Kwan Pun Fong Vincent is an independent director of China Zheshang Bank Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601916) and the Stock Exchange (stock code: 2016). He was the chief financial officer of Yew Chung Education Foundation in Hong Kong from 2001 to 2013. From 2010 to 2015, he served as an independent non-executive director of Link-Asia International MedTech Group Limited, a company listed on the Stock Exchange (stock code: 1143). Dr. Kwan Pun Fong Vincent was an independent director of Jiangling Motors Corporation Limited, a company listed on the Shenzhen Stock Exchange from 2008 to 2012 and a non-executive director of Finet Group Limited (stock code: 8317), a company listed on the GEM of the Stock Exchange from 2002 to 2008. Dr. Kwan Pun Fong Vincent is a Certified Practising Accountant of CPA Australia. Dr. Kwan Pun Fong Vincent obtained a Doctoral Degree in Business Administration from the University of Western Sydney in Australia in May 2004, a Master's Degree in Commerce from the University of Hitotsubashi in Japan in March 1981, and a Bachelor's Degree in Social Sciences from The University of Hong Kong in November 1973.

Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.*, aged 78, was appointed as an independent non-executive Director on 9 November 2022. He 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.

He taught at the University of Western Ontario and the University of Toronto, before starting a long career with Ontario Hydro in Canada more than 20 years, where he worked on a variety of projects that included water resources management, hydropower and nuclear power. He joined the University of Hong Kong in 1994 as a professor of the Department of Civil Engineering, and successively as chair professor of geotechnical engineering, Pro-Vice-Chancellor (Vice-President) and Director of the School of Professional and Continuing Education (HKU SPACE). He has also served as a specialist consultant or an advisor to many international bodies such as the United Nations Development Plan, World Bank and Asian Development Bank on numerous energy and infrastructure projects in many parts of the world.

關品方教授為中國浙商銀行股份有限公司獨立董事，該公司於上海證券交易所(股份代號：601916)及聯交所(股份代號：2016)上市。彼曾於2001年至2013年出任香港耀中教育機構財務總監，於2010年至2015年出任聯交所上市公司環亞國際醫療科技集團有限公司(股份代號：1143)的獨立非執行董事。關品方博士曾於2008年至2012年擔任深圳證券交易所上市公司江鈴汽車股份有限公司的獨立董事，並於2002年至2008年擔任聯交所GEM上市公司財華社集團有限公司(股份代號：8317)的非執行董事。關品方博士為澳洲會計師公會的執業會計師。關品方博士於2004年5月獲澳洲西悉尼大學頒授工商管理博士學位，於1981年3月獲日本一橋大學頒授商科碩士學位，並於1973年11月獲香港大學頒授社會科學學士學位。

李焯芬教授，*金紫荊星章、銀紫荊星章、太平紳士*，78歲，於2022年11月9日獲委任為獨立非執行董事。彼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、提名委員會及薪酬委員會成員。

彼曾在西安大略大學及多倫多大學任教，之後在加拿大安大略水電局展開長達超過20年的職業生涯，期間參與了包括水資源管理、水電及核電等多個項目。彼於1994年加入香港大學，擔任土木工程系教授，並先後擔任岩土工程系講座教授、副校長及香港大學專業進修學院(HKU SPACE)院長。彼亦曾擔任聯合國開發計劃署、世界銀行及亞洲開發銀行等多個國際組織的專家顧問或顧問，為世界各地許多能源及基礎設施項目提供意見。

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

Professor Lee Chack Fan is an internationally renowned expert in geotechnical engineering. He served as a consultant and technical adviser to numerous energy and infrastructure projects in China and overseas, including the construction of the Three Gorges Dam of the Yangtze River. Professor Lee Chack Fan's eminent achievement in civil engineering has been highly recognised. He was awarded the K. Y. Lo Medal in 2001 by the Engineering Institute of Canada, was elected a Fellow of the Canadian Academy of Engineering and a Fellow of the Hong Kong Academy of Engineering Science in 2001, and an Academician of the Chinese Academy of Engineering in 2003.

Professor Lee Chack Fan is also the Chairman of the Board of the Hong Kong Institute for Promotion of Chinese Culture; the Jao Tsung-I Academy Management Board; Director of the Jao Tsung-I Petite Ecole, University of Hong Kong; member of the Commission on Strategic Development; etc. He previously served as the Chairman of the Council of the Lord Wilson Heritage Trust; the Harbourfront Enhancement Committee and the Veterinary Surgeons Board and was a member of the Board of the West Kowloon Cultural District Authority and the Culture and Heritage Commission.

Professor Lee Chack Fan was appointed a Justice-of-the-Peace in 2003 and awarded the Silver Bauhinia Star and the Gold Bauhinia Star in 2005 and 2013 respectively. He was also a recipient of the K. Y. Lo Medal of the Engineering Institute of Canada in 2001; Fulbright Distinguished Scholar in 2005; Gold Medal of the Hong Kong Institution of Engineers in 2008; Queen Elizabeth II's Diamond Jubilee Medal in 2012; as well as honorary Doctor of Science degrees from the University of Western Ontario (2006), Plymouth University (2012), Edinburgh Napier University (2012) and the University of Macau (2014).

李焯芬教授是國際知名的岩土工程專家。彼曾擔任中國及海外多個能源及基礎設施項目的顧問及技術顧問，包括長江三峽大壩的建設。李焯芬教授在土木工程中的傑出成就備受高度認可。2001年，彼獲加拿大工程院頒授K. Y. Lo獎章，2001年當選加拿大工程院院士及香港工程科學院院士，2003年當選中國工程學院院士。

李焯芬教授亦擔任香港中華文化促進中心理事會主席；饒宗頤文化館管理委員會主席；香港大學饒宗頤學術館館長；策略發展委員會成員等。彼曾任衛奕信勳爵文物信託理事會主席；共建維港委員會及香港獸醫管理局主席，並為西九文化區管理局董事及文化委員會委員。

李焯芬教授於2003年獲委任為太平紳士，並分別於2005及2013年獲頒銀紫荊星章及金紫荊星章。彼亦於2001年獲加拿大工程院頒授K. Y. Lo獎章；2005年獲美國富布爾特傑出學人獎；2008年獲香港工程師學會金章；2012年獲英女皇伊利沙伯二世鑽禧獎章；以及獲加拿大西安大略大學(2006年)、英國普利茅斯大學(2012年)、愛丁堡納皮爾大學(2012年)及澳門大學(2014年)頒授榮譽理學博士學位。

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

Professor Lee Chack Fan is currently a non-executive director of Zhaobangji Properties Holdings Limited (stock code: 1660) and an independent non-executive director of Hui Xian Real Estate Investment Trust (stock code: 87001), both of which are listed on the Stock Exchange. He also served in the following companies the shares of which are or were listed on the Stock Exchange, as an independent non-executive director of South Shore Holdings Limited (stock code: 577) from 2005 to 2021, AID Life Science Holdings Limited (known as 8088 Investment Holdings Limited when it was delisted in 2022) (stock code: 8088) from 2015 to 2017 and Shimao International Holdings Limited (stock code: 649) from 2004 to its withdrawal of listing in 2007.

Professor Lee Chack Fan graduated from the University of Hong Kong with a Bachelor's degree in Civil Engineering in 1968, and a Master's degree in 1970. He received his Doctor of Philosophy degree from the University of Western Ontario in 1972, in the field of geotechnical engineering.

Ms. Chen Jianhua, aged 54, was appointed as an independent non-executive Director on 17 October 2022. She is mainly responsible for supervising and providing independent judgement to the Board. She is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee.

Ms. Chen Jianhua has vast experience in the furniture and household business. Ms. Chen Jianhua has held management positions in Nantong Eastern Yisidun Furniture Co., Ltd.* (南通東方伊斯頓傢俱有限公司) since 2000, during which she has accumulated experience and gained knowledge in operations and sales and marketing fields. Ms. Chen Jianhua specializes in franchising operations and has represented various furniture brands in the PRC. She has gained deep knowledge and understanding in retail distribution and business management and valuable insight in the furniture industry.

* For identification purpose only

李焯芬教授現為兆邦地產控股有限公司(股份代號: 1660)的非執行董事及匯賢產業信託(股份代號: 87001)的獨立非執行董事, 該兩間公司均於聯交所上市。彼亦曾於以下公司(其股份現時或曾經在聯交所上市)任職: 於2005年至2021年出任南岸集團有限公司(股份代號: 577)的獨立非執行董事, 於2015年至2017年出任滙友生命科學控股有限公司(在2022年除牌時稱為八零八八投資控股有限公司)(股份代號: 8088)的獨立非執行董事, 以及自2004年起出任世茂國際控股有限公司(股份代號: 649)的獨立非執行董事, 直至該公司於2007年退市。

李焯芬教授於1968年在香港大學畢業, 持有土木工程學士學位, 並於1970年取得碩士學位。彼於1972年在西安大略大學取得岩土工程哲學博士學位。

陳建花女士, 54歲, 於2022年10月17日獲委任為獨立非執行董事。彼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、提名委員會及薪酬委員會成員。

陳建花女士於傢俱及家居業界擁有豐富經驗。陳建花女士自2000年起在南通東方伊斯頓傢俱有限公司擔任管理職務, 在此期間, 彼於營運銷售及市場領域積累了經驗和知識。陳建花女士專門從事特許經營業務, 並在中國代理各種家具品牌。彼在零售分銷及商業管理方面具備深厚知識和了解, 並對家具行業有寶貴的見解。

Professor Sit Wing Hang, Alfred, G.B.S., J.P., aged 62, was appointed as an independent non-executive Director on 5 July 2023. He 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.

Professor Sit Wing Hang, Alfred joined the Hong Kong Government in 1984 and was promoted to the Director of Electrical and Mechanical Services and Electrical & Mechanical Services Trading Fund General Manager in 2017. He was in charge of electrical and mechanical safety and energy efficiency and preservation and the provision of engineering services for electrical and mechanical assets of the Hong Kong Government. He served as Secretary for Innovation and Technology of the Hong Kong Government from April 2020 to 30 June 2022. Professor Sit was awarded the Gold Bauhinia Medal and was appointed as a Justice of the Peace by the Hong Kong Government.

Professor Sit is currently an Adjunct Professor of the Hong Kong Polytechnic University. He is currently also the Chief Executive and Secretary of the Hong Kong Institution of Engineers and a Senior Advisor to the President and Vice-Chancellor of Hong Kong Baptist University.

Professor Sit is an electrical engineer by profession and has over 40 years of experience in public administration. He is a fellow member of the Hong Kong Institution of Engineers. He was the President of the Hong Kong Institution of Facility Management and Chairman of the Biomedical Division of the Hong Kong Institution of Engineers.

薛永恒教授，金紫荊星章、太平紳士，62歲，於2023年7月5日獲委任為獨立非執行董事。彼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、提名委員會及薪酬委員會成員。

薛永恒教授於1984年加入香港政府，並於2017年晉升為機電工程署署長兼機電工程營運基金總經理，負責香港的機電安全、能源效益和節約工作，以及為香港政府的機電資產提供工程服務。彼於2020年4月至2022年6月30日期間擔任香港政府創新及科技局局長。薛永恒教授獲香港特區政府頒授金紫荊星章，並獲委任為太平紳士。

薛教授現為香港理工大學的兼職教授。彼目前亦為香港工程師學會秘書長，以及為香港浸會大學校長資深顧問。

薛教授是一名專業電機工程師，在公共行政方面擁有超過40年的經驗。彼為香港工程師學會資深會員。彼曾任香港設施管理學會會長，以及香港工程師學會生物醫學部主席。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Throughout the Reporting Period, market demand has not fully returned to pre-pandemic levels. Additionally, the impact of US tariffs on our products and the cautious ordering habits of downstream customers continued to affect overall revenue. Despite facing dynamic market environment and operational challenges, the Group remained resilient and committed to overcoming these obstacles. With a determined outlook, it has been steadily returning to the right track of growth and progress.

The Group capitalized on the opportunities arising from the recovery of global economic activities and took several strategic measures to strengthen its operating performance. These initiatives encompassed the exploration of new markets, securing additional orders from existing customers through innovative product designs, and fostering continuous innovation across their product lines.

Recognizing the evolving market dynamics, the group proactively identified and pursued new market segments to expand its customer base. It further expanded into the US and Europe markets covering United Kingdom, France, Norway, Spain and Ireland. By closely collaborating with existing customers and increasing marketing efforts in the target markets, the Group gained valuable insights into the evolving needs to develop a series of innovative sofa products that addressed specific customer requirements, thereby solidifying their position as a trusted partner for the customers.

The Group's total revenue increased by 42.4%, which was mainly attributed to the increase in orders from US market and Europe, which contributed to 32.2% and 26.6% of total revenue respectively. PRC market including Hong Kong contributed to 35.1% of total revenue. Due to the increased revenue contribution and the stringent cost control measures, the net loss of the Group was narrowed down by 87.1% when compared with year 2022, and amounted to approximately RMB26.1 million (2022: approximately RMB202.6 million).

業務回顧

報告期間，市場需求尚未完全恢復至疫情前水平。此外，美國關稅對我們產品的影響以及下游客戶審慎的訂購模式仍然對我們整體收入有所影響。儘管面對反覆的市場環境和營運挑戰，本集團仍然堅持不懈，致力跨過重重障礙，有著堅定的發展前景，穩步重回成長進步的正確軌道。

本集團把握全球經濟復甦的機遇，採取多項策略措施增強營運表現，包括開拓新市場、憑藉創新的產品設計向現有客戶爭取額外訂單，以及推動各產品線持續創新等。

面對著瞬息萬變的市況，本集團積極物色開拓新市場分部，以擴大客戶群。本集團已進一步擴展至美國及歐洲市場，包括英國、法國、挪威、西班牙和愛爾蘭等。通過與現有客戶緊密合作，加強在目標市場的營銷力度，本集團洞悉不斷變化的需求，開發了一系列針對特定客戶需求的創新沙發產品，成為更值得客戶信賴的合作夥伴。

本集團的總收入增加42.4%，主要是由於美國及歐洲市場的訂單增加，分別為總收入貢獻32.2%及26.6%，而包括香港在內的中國市場則佔總收入35.1%。由於收入貢獻上升，加上嚴謹的成本控制措施，本集團的虧損淨額較2022年減少87.1%，約為人民幣26.1百萬元（2022年：約人民幣202.6百萬元）。

Business development in the U.S. and Europe

The U.S. and Europe remained as our major markets. Rebuilding customer confidence was not only crucial but also a significant accomplishment of our company's team efforts in these markets throughout the year. We have actively worked towards nurturing relationships with key customers, aiming to regain their confidence and establish a stable cooperation.

During the year, the Group continued to showcase its exceptional furniture and sofas at the High Point Market in the United States, the largest home furnishings industry trade show. It has also been reassuring the customers in the U.K. that the factory in PRC has restored to normal operation after the temporary suspension in 2022.

By implementing effective communication strategies, providing attentive customer service, along with a well-established supply chain and delivery of high-quality products, we have successfully rebuilt trust, forged stronger connections, resulting in a resurgence of new orders.

Retail business development in China and Hong Kong

As of 31 December 2023, the Group had a total of one flagship showroom and one self-operated retail store in Mainland China. In Hong Kong, the Group had a total of five self-operated retail stores in Sha Tin, Tsuen Wan, Kowloon Bay, Tseung Kwan O and Tai Kok Tsui, respectively and eight points of consignment sales in Tuen Mun, Kowloon Bay, Kwun Tong, Yuen Long, Wan Chai, Tsuen Wan, Fo Tan 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 the Hong Kong market.

於美國及歐洲的業務發展

美國及歐洲仍然是我們的主要市場。重建客戶信心不僅至關重要，亦是本公司團隊全年在該等市場努力取得的重大成就。我們持續積極維繫與重要客戶的關係，務求令彼等重拾信心，並建立穩定的合作關係。

年內，本集團繼續在美國最大的家居用品行業展銷會－高點傢俱展(High Point Market)上展出優質的傢俱及沙發，同時亦向英國客戶保證，中國的廠房在2022年短暫停工後已恢復正常營運。

我們透過有效的溝通策略、周到的客戶服務、完善的供應鏈和高質的產品交付，成功重拾客戶的信任，建立更鞏固的聯繫，從而帶來更多新訂單。

於中國及香港的零售業務發展

截至2023年12月31日，本集團在國內共有1間旗艦展廳和1間自營零售店。於香港，本集團分別於沙田、荃灣、九龍灣、將軍澳及大角咀設有5間自營零售店，並於屯門、九龍灣、觀塘、元朗、灣仔、荃灣、火炭及荔枝角設有8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。

FINANCIAL REVIEW

For the year of 2023, the principal business activities of the 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 RMB188.0 million (2022: approximately RMB132.0 million), representing an increase of approximately 42.4% as compared with last year, which was mainly due to the overall improvement in global containment of COVID-19 pandemic, widespread vaccination efforts, and the subsequent economic recovery, which led to an increased demand for furniture products. Consequently, the Group achieved substantial improvements in operating results compared with the same period last year.

The net loss of the Group amounted to approximately RMB26.1 million during the year, representing a decrease of approximately 87.1% as compared with the net loss of RMB202.6 million in last year. The decrease in net loss were mainly attributable to the gain on restructuring approximately RMB92.4 million. If excluding the one-off gain on restructuring, the net loss would decreased by approximately 41.5% from approximately RMB202.6 million in 2022 to approximately RMB118.5 million in 2023.

The Company's basic and diluted loss per ordinary share was approximately RMB0.92 cents for the year of 2023 (2022: loss per ordinary share RMB13.99 cents) based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB24.7 million (2022: loss for the year RMB199.7 million), and the weighted average number of ordinary shares of 2,674,188,000 for the year of 2023 (2022: 1,427,475,671).

Cost of sales

The cost of sales of the Group decreased by approximately 8.8% from approximately RMB130.0 million in 2022 to approximately RMB118.5 million in 2023, which was primarily due to the decrease in the direct labour cost and the increase in discount given by the supplier.

財務回顧

於2023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188.0百萬元(2022年：約人民幣132.0百萬元)，較去年增加約42.4%，主要由於全球在遏制COVID-19疫情方面獲得全面進展、疫苗得到廣泛接種、隨後經濟得以復甦，導致傢俱產品的需求上升。因此，與去年同期相比，本集團的經營業績大有改善。

年內，本集團的淨虧損約為人民幣26.1百萬元，較去年虧損淨額人民幣202.6百萬元減少約87.1%。淨虧損的減少主要由於重組收益約人民幣92.4百萬元。倘剔除一次性重組收益，則虧損淨額將由2022年約人民幣202.6百萬元減少約41.5%至2023年約人民幣118.5百萬元。

本公司於2023年的每股普通股基本及攤薄虧損為約人民幣0.92分(2022年：每股普通股虧損為人民幣13.99分)，乃根據本公司普通權益持有人應佔年內虧損約人民幣24.7百萬元(2022年：年內虧損為人民幣199.7百萬元)以及於2023年的普通股加權平均數2,674,188,000股(2022年：1,427,475,671股)計算。

銷售成本

本集團銷售成本由2022年約人民幣130.0百萬元減少約8.8%至2023年約人民幣118.5百萬元，主要是由於直接勞工成本有所減少及供應商提供的折扣增加。

Gross profit

The Group's gross profit for the year was approximately RMB69.5 million (2022: approximately RMB2.0 million), representing an increase of approximately 3,375% as compared with last year. The gross profit margin increased from 1.5% in 2022 to 37.0% in 2023. This increase is primarily attributable to the recovery of export business and resumption of manufacturing activities following the temporary suspension of the factories in PRC during 2022.

Other income and gains, net and gain on debt restructuring

The other income and gains, net and gain on debt restructuring of the Group increased from approximately RMB34.6 million in 2022 to approximately RMB95.4 million in 2023. Such increase was primarily due to the gain on debt restructuring and gain on termination of lease in 2023.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 34.2% from approximately RMB36.3 million in 2022 to approximately RMB48.7 million in 2023. Such increase was primarily due to the increase in marketing and promotion expenses. In particular, there was an increase in the expenditure of expanding and strengthening our sales channels network in our major markets after the resumption of manufacturing activities in the PRC during the 2023.

Administrative expenses

The administrative expenses of the Group decreased by approximately 57.0% from approximately RMB150.8 million in 2022 to approximately RMB64.9 million in 2023, which was primarily attributed to the one-off redundancy payment due to the suspension of the Group in PRC and administrator fees of restructuring plan in 2022.

毛利

本集團年內毛利約人民幣69.5百萬元(2022年：約人民幣2.0百萬元)，較去年增加約3,375%。毛利率由2022年的1.5%增加至2023年的37.0%，主要由於出口業務復甦，以及中國工廠於2022年暫時停工後恢復製造活動所致。

其他收入及收益淨額以及債務重組收益

本集團其他收入及收益淨額以及債務重組收益由2022年約人民幣34.6百萬元增加至2023年約人民幣95.4百萬元。有關增加主要是由於2023年債務重組的收益及終止租賃的收益所致。

銷售及分銷開支

本集團銷售及分銷開支由2022年約人民幣36.3百萬元增加約34.2%至2023年約人民幣48.7百萬元。該增加主要是由於營銷及推廣開支增加。具體而言，中國於2023年恢復製造活動後，有關擴大及鞏固我們於主要市場的銷售渠道網絡的開支增加。

行政開支

本集團行政開支由2022年約人民幣150.8百萬元減少約57.0%至2023年約人民幣64.9百萬元，主要歸因於2022年本集團於中國停工之一次性遣散費及重組計劃之行政費。

Finance costs

The finance costs of the Group increased by approximately 86.7% from approximately RMB7.5 million in 2022 to approximately RMB14.0 million in 2023, which was primarily due to the increase in interest on bank and other borrowings.

Income tax credit

The income tax credit of the Group was approximately RMB0.1 million in 2023 (2022: approximately RMB0.8 million). The income tax credit in 2023 was mainly attributable to the over-provision in prior year.

LIQUIDITY AND CAPITAL RESOURCES

Borrowing and pledge of assets

As at 31 December 2023, the Group's interest-bearing bank and other borrowings amounted to approximately RMB163.2 million, of which RMB67.5 million were shareholder loan with unsecured and repayable within one year or on demand. The bank and other borrowings' interest rates ranged between 5.0% to 8.0% 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 2023 and 2022.

Capital commitments

The Group did not have any capital commitment as at 31 December 2023 and 2022.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2023.

融資成本

本集團融資成本由2022年約人民幣7.5百萬元增加約86.7%至2023年約人民幣14.0百萬元，主要是由於銀行及其他借款利息有所增加。

所得稅抵免

本集團於2023年錄得所得稅抵免約人民幣0.1百萬元(2022年：約人民幣0.8百萬元)。2023年所得稅抵免乃主要由於過往年度超額撥備。

流動資金及資本來源

借款及資產抵押

於2023年12月31日，本集團的計息銀行及其他借款約為人民幣163.2百萬元，其中人民幣67.5百萬元為無抵押股東貸款並須於一年內或按要求償還。銀行及其他借款年利率介乎5.0%至8.0%。

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2023年及2022年12月31日，本集團之資產負債比率不適用。

資本承擔

本集團於2023年及2022年12月31日並無任何資本承擔。

或然負債

本集團於2023年12月31日並無任何重大或然負債。

Trade receivables

The trade receivables of the Group decreased to approximately RMB17.4 million (2022: approximately RMB33.1 million) as at 31 December 2023, primarily due to the increase in allowance for expected credit losses from approximately RMB19.0 million in 2022 to approximately RMB35.4 million in 2023.

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB46.1 million (2022: approximately RMB143.9 million) as at 31 December 2023, primarily due to the debt reduction after the completion of restructuring proposal during 2023.

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 2023, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Pursuant to a stock purchase agreement dated 16 May 2023, the Company has subscribed for 423 shares of Series Angel Preferred Stock in Charme Inc. for the consideration of US\$1,600,000. Upon completion, the Company holds 15.9804% of the shares in Charme Inc.. Charme Inc. is principally engaged in developing and sales of adjustable beds and medical beds to overseas markets. For more details, please refer to the Company's announcements dated 16 May 2023 and 7 July 2023. Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during 2023.

貿易應收款項

本集團於2023年12月31日的貿易應收款項減少至約人民幣17.4百萬元(2022年：約人民幣33.1百萬元)，主要是由於就預期信貸虧損撥備由2022年的約人民幣19.0百萬元增加至2023年的約人民幣35.4百萬元。

貿易應付款項及應付票據

本集團於2023年12月31日的貿易應付款項及應付票據減少至約人民幣46.1百萬元(2022年：約人民幣143.9百萬元)，主要是由於在2023年完成重組方案後使負債有所減少。

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2023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。

重大收購和處置附屬公司、聯營公司和合營公司

根據日期為2023年5月16日的購股協議，本公司以代價1,600,000美元認購Charme Inc. 423股天使輪優先股。完成後，本公司將持有Charme Inc. 15.9804%的股份。Charme Inc.主要從事開發及向海外市場銷售可調式床及醫療床的業務。詳情請參閱本公司日期為2023年5月16日及2023年7月7日的公告。除上文所述者外，於2023年，本集團並無任何重大收購及出售附屬公司、聯營公司及合營公司。

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments as at 31 December 2023 save as those disclosed in this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no plan authorised by the Board for material investments or additions of capital assets at the date of this report.

GOING CONCERN

The Group incurred a loss attributable to owners of the Company of approximately RMB24,728,000 for the year ended 31 December 2023 and as at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB111,024,000 and RMB152,531,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

In view of the above circumstances, the directors of the Company 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 substantial shareholder of the Company, Mr. Tse Kam Pang, has provided to the Company an unsecured loan facility in the principal amount of up to HK\$200,000,000 to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due. For further details please refer to the Company's announcement dated on 5 May 2023. As at 31 December 2023, the Group had unutilised loan facility amounting to approximately HK\$125.9 million;

重大投資

除本報告所披露者外，於2023年12月31日，本集團並無持有任何重大投資。

重大投資或資本資產的未來計劃

於本報告日期，董事會並無授權進行重大投資或增加資本資產的計劃。

持續經營

截至2023年12月31日止年度，本集團產生本公司擁有人應佔虧損約人民幣24,728,000元，而於2023年12月31日，本集團的流動負債淨額及負債淨額分別約為人民幣111,024,000元及人民幣152,531,000元。該等狀況顯示存在重大不明朗因素，或會對本集團之持續經營能力產生重大疑問。因此，本集團可能無法於其日常業務過程中變現其資產及清償其負債。董事基於以下假設及措施，已按持續經營基準編製綜合財務報表：

鑑於此等情況，本公司董事已審慎考慮本集團未來的流動資金及財務狀況以及其可用資金來源，以評估本集團是否有足夠財務資源按持續經營基準繼續運作。已採取若干計劃及措施以減輕流動資金壓力及改善本集團的財務狀況，包括但不限於下列各項：

- (i) 本公司主要股東謝錦鵬先生，向本公司提供本金額最高為200,000,000港元的無抵押貸款融資，以使本集團能夠持續經營並在負債到期時結清。詳情請參閱本公司日期為2023年5月5日的公告。截至2023年12月31日，本集團未動用貸款融資約為125.9百萬港元；

- | | |
|--|--|
| (ii) The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group; | (ii) 本集團將採取措施獲得外部資金，以改善本集團的營運資金、流動資金及現金流量狀況； |
| (iii) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations; | (iii) 本集團正採取措施加強成本控制，旨在實現業務的正向現金流； |
| (iv) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavoring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules to be agreed with them; and | (iv) 本集團目前正與若干債務人重新協商還款安排，致力於要求彼等按照與彼等擬協定之還款安排償還貿易應收款項、其他應收款項及應收關聯公司款項；及 |
| (v) The Group has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder's loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group. | (v) 本集團積極與持份者協商，以便在必要時獲得進一步融資，包括但不限於股東貸款、股權融資、銀行借款及發行新的可換股債券，提高本集團的流動資金。 |

The directors of the Company 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.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material 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 meet its future working capital and financing requirements.

本公司董事認為，經考慮上述計劃及措施，本集團將擁有充足營運資金為其營運提供資金及履行其自綜合財務報表批准日期起十二個月內到期的財務責任。因此，本公司董事信納按持續經營基準編製綜合財務報表屬適當。

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準繼續經營，將視乎本集團能否滿足其未來營運資金及融資需求的能力。

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. The effect of these adjustments has not been reflected in the consolidated financial statements.

While the above indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, the Company understands that the opinion of the Company's auditor is not modified in respect of this matter.

The views of the management and the audit committee on the material uncertainty 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) the Directors succeeding in strengthening the capital base of the Company including but not limited to, seeking new investment and business opportunities; (iii) the shareholder of the Company, Century Icon Holdings 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; and (iv) 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. 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 2023. 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 material uncertainty on going concern.

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。該等調整的影響並未反映於綜合財務報表中。

儘管上述表明存在重大不明朗因素可能導致本集團的持續經營能力產生重大疑慮，但本公司理解，本公司核數師的意見並無就此事項作出修訂。

管理層及審核委員會的有關持續經營重大不確定性意見的看法

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)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；(iii)本公司股東Century Icon Holdings Limited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；及(iv)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。經考慮上述假設，本公司董事認為本集團從2023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重大不確定性。

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 judgements regarding the going concern basis of the financial statements.

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 2023, the Group employed 338 employees (31 December 2022: 350 employees). The total annual salary and related costs (excluding directors' remuneration) for 2023 were approximately RMB53.9 million (2022: RMB111.5 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 2023 and there were no outstanding share options under the share option scheme as at 31 December 2023 and the date of this report.

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。

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2023年12月31日，本集團僱用338名僱員（2022年12月31日：350名僱員）。2023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53.9百萬元（2022年：人民幣111.5百萬元）。

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2023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2023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。

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 2023, 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 2023, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

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2023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2023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 54.7% and 60.5% of the Group's total trade receivables as at 31 December 2023 and 2022 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.

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2023年及2022年12月31日分別約佔本集團貿易應收款項總額的約54.7%及60.5%。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。

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)
主要風險及不確定因素(續)

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.

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 principle of the Company's corporate governance is to promote effective internal control and risk management measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects, and to ensure that its affairs are conducted in accordance with applicable laws and regulations. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies. 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during 2023 and up to the date of this report.

Code Provision 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。本公司的企業管治原則旨在推廣有效的內部控制及風險管理措施，在各方面貫徹高標準的道德、透明度、責任及誠信操守，並確保其事務按照適用法律法規進行。董事會認為，良好的企業管治標準對本公司提供可保障股東權益、提升企業價值及制定業務策略及政策的框架而言至關重要。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，於2023年及直至本報告日期，本公司已遵守載列於聯交所證券上市規則（「**上市規則**」）附錄C1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）。

企業管治守則守則條文D.1.2規定，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市規則第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 C3 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C3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. TSE Kam Pang (*Chairman*)
Mr. CHONG Tsz Ngai (*Chief Executive Officer*)
Mr. ZOU Gebing (*resigned on 8 January 2024*)

Non-executive Directors

Mr. TSE Hok Kan
Ms. WU Xiangfei

Independent Non-executive Directors

Prof. KWAN Pun Fong Vincent
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

The biographies of the Directors are set out in "Profile of Directors and Senior Management" on pages 9 to 16 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

謝錦鵬先生(主席)
莊子毅先生(行政總裁)
鄒格兵先生(於2024年1月8日辭任)

非執行董事

謝學勤先生
鄔向飛女士

獨立非執行董事

關品方教授
李焯芬教授
陳建花女士
薛永恒教授(於2023年7月5日獲委任)

董事履歷載於本年報第9至16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：

Name of Director	董事姓名	Number of meetings attended/eligible to attend during the Reporting Period				
		Remuneration Committee	Nomination Committee	Audit Committee	Board	General Meeting
		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. Tse Kam Pang	謝錦鵬先生	N/A不適用	N/A不適用	N/A不適用	5/5	1/1
Mr. Chong Tsz Ngai	莊子毅先生	N/A不適用	N/A不適用	N/A不適用	5/5	1/1
Mr. Zou Gebing (resigned on 8 January 2024)	鄒格兵先生 (於2024年1月8日辭任)	N/A不適用	N/A不適用	N/A不適用	5/5	1/1
Non-executive Directors 非執行董事						
Mr. Tse Hok Kan	謝學勤先生	N/A不適用	N/A不適用	N/A不適用	5/5	1/1
Ms. Wu Xiangfei	鄒向飛女士	N/A不適用	N/A不適用	N/A不適用	5/5	1/1
Independent non-executive Directors 獨立非執行董事						
Prof. Kwan Pun Fong Vincent	關品方博士	2/2	2/2	3/3	5/5	1/1
Prof. Lee Chack Fan	李焯芬教授	2/2	2/2	3/3	5/5	1/1
Ms. Chen Jianhua	陳建花女士	2/2	2/2	3/3	5/5	1/1
Prof. Sit Wing Hang Alfred (appointed on 5 July 2023)	薛永恒教授 (於2023年7月5日獲委任)	0/0*	0/0*	1/1	1/1	0/0*

* No meeting was held during the Directors' tenure of office.

* 該董事任期內並未舉行任何會議。

The non-executive Directors (including the independent non-executive Directors) have been appointed for a specific term of three years and are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company.

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.

非執行董事(包括獨立非執行董事)的指定任期為三年，並須根據本公司組織章程細則最少每三年輪值告退一次。

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。

Prof. Sit Wing Hang, Alfred was appointed on 5 July 2023. Prof. Sit will retire and offer himself for re-election as an independent non-executive Director, Mr. Tse Kam Pang and Mr. Chong Tsz Ngai will retire and offer himself for re-election as an executive Director and Mr. Tse Hok Kan will retire and offer himself for re-election as a non-executive Director of the Company at the coming annual general meeting of the Company held on 21 June 2024. Please refer to “Corporate Governance Practices” on pages 30 to 52 of this report for further details.

Board independence

The Company recognizes the Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanism to ensure independent views and input from any Director.

The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination Committee, to ensure their effectiveness:

1. Four out of the eight Directors are Independent Non-Executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.
2. The Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive Director before appointment and also the continued independence of existing Independent non-executive Directors and their time commitments annually. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number of nature of offices held by them in public companies or organizations and other significant commitments.

薛永恒教授於2023年7月5日獲委任。薛教授將退任並依願獲重選為獨立非執行董事。謝錦鵬先生及莊子毅先生將於本公司於2024年6月21日舉行的應屆股東週年大會退任並依願獲重選為本公司執行董事，而謝學勤先生將退任並依願獲重選為非執行董事。有關進一步詳情，請參閱本報告第30至52頁的「企業管治常規」。

董事獨立性

本公司認識到董事會的獨立性對於良好的公司治理和董事會有效性至關重要。董事會已建立機制以確保任何董事的獨立意見和建議。

董事會每年通過其提名委員會審查治理框架和以下機制，以確保其有效性：

1. 八名董事中有四名獨立非執行董事，符合上市規則董事會必須至少有三名獨立非執行董事，且必須委任至少三分之一的獨立非執行董事的要求。
2. 提名委員會將在任命前評估被提名為新獨立非執行董事的候選人的獨立性、資格和時間投入，以及現有獨立非執行董事的持續獨立性和彼等每年的時間投入。所有獨立非執行董事均每年均須根據上市規則第3.13條以書面形式確認其符合獨立性規定，並披露其在公眾公司或組織及其他機構擔任職務的性質及重大承諾。

- | | |
|--|--|
| 3. External independent professional advice is available as and when required by individual Directors and/or committee of the Board as prescribed in the terms of reference of such committees. | 3. 根據個別董事和／或董事會委員會職權範圍的規定，可在需要時尋求外部獨立專業意見。 |
| 4. All Directors are encouraged to express freely and their independent views and constructive challenges during the Board/Board Committee meetings. | 4. 鼓勵所有董事在董事會／董事會委員會會議期間自由表達彼等之獨立觀點和建設性挑戰。 |
| 5. No equity-based remuneration with performance-related elements will generally be granted to independent non-executive Directors. | 5. 獨立非執行董事一般不會獲授與表現掛鈎的股權薪酬。 |
| 6. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same. | 6. 在合約、安排或其他建議中擁有重大利益的董事(包括獨立非執行董事)，不得就批准該等事項的任何董事會決議案投票或計入法定人數。 |

The Board has reviewed the implementation of the above mechanism(s) to ensure independent views and input are available to the Board for the year ended 31 December 2023 and is satisfied that such mechanisms remain to be effective.

董事會審查了上述機制的實施情況，以確保董事會能夠獲得截至2023年12月31日止年度的獨立意見和意見，並仍信服此類機制仍然有效。

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.

As at the date of this report, the Board consists of eight Directors, of which two Directors are female. The Board values gender diversity is mindful of the objectives for the factors as set out in the Board Diversity Policy for assessing the candidacy of the Board members and will ensure that any successors to the Board shall follow the Board Diversity Policy and that gender diversity will be achieved in respect of the Board. The Board considers that the Board is sufficiently diverse and will regularly review diversity and consider implementing measurable objective where appropriate. Similar considerations will also be in place to assess the candidacy of the senior management team from time to time.

The Group has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The male to female ratio in the workforce of the Group including senior management as at 31 December 2023 is approximately 3:2 which is in line with the gender ratio in the industry in which the Group operates. The Group considers a number of factor when hiring employees including gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service. The Board considers that the gender diversity in workforce (including senior management) is currently achieved.

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。

截至本報告日期，本董事會由八名董事組成，其中兩名董事為女性。本董事會重視性別多元化，並謹記董事會多元化政策所設定的評估董事會成員候選人的因素目標，將確保任何接任董事會的人員都遵循董事會多元化政策，並實現董事會的性別多元化。董事會認為董事會足夠多元化，並將定期審查多元化並考慮在適當的時候實施可衡量的目標。類似的考慮也將用於不時評估高級管理團隊的候選人。

本集團也已經採取了，並繼續採取措施，在其員工階層中推廣多樣性。機會均對所有符合條件的員工開放，不歧視任何人的就業、培訓和職業發展機會。截至2023年12月31日，集團工作人員(包括高級管理層)男女比例約為3:2，與集團所在行業的性別比例相符。集團在招聘員工時考慮了多種因素，包括性別、年齡、文化和教育背景、資格、種族、職業經驗、技能、知識和服務年限。董事會認為，目前已經實現了員工階層(包括高級管理層)的性別多樣性。

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.

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 Prof. Kwan Pun Fong Vincent (Chairman), Ms. Chen Jianhua, Prof. Lee Chack Fan and Prof. Alfred Sit Wing Hang. They are all independent non-executive Directors.

The Audit Committee reviewed, among other things, the audited financial statements for 2023 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 Prof. Kwan Pun Fong Vincent, Ms. Chen Jianhua, Prof. Lee Chack Fan and Prof. Alfred Sit Wing Hang. Prof. Kwan Pun Fong Vincent 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.

審核委員會成員為關品方教授(主席)、陳建花女士、李焯芬教授及薛永恒教授。彼等均為獨立非執行董事。

審核委員會已審閱(其中包括)2023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關品方教授、陳建花女士、李焯芬教授及薛永恒教授組成。關品方教授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。

Remuneration policy

The principles of the Group's remuneration policy:

1. were applied to all Directors and senior management of the Group for the Year and, so far as practicable, shall be applied to them for subsequent years;
2. were sufficiently flexible taking into account future changes in the Company's business environment and remuneration practice;
3. allowed remuneration arrangement to be designed to support the business strategy of the Group and to align with the interests of the Group's shareholders; and
4. aimed at setting appropriate reward levels to reflect the competitiveness in the market in which comparable companies and the Group had been operating during the Year so as to retain individuals with outstanding performance.

The remuneration package of each executive Director and senior management of the Group during the Year was structured to include:

- (a) an appropriate rate of base compensation for the job of each Executive Director and senior management of the Group;
- (b) competitive benefit programs; and
- (c) sets of performance measures and targets for performance-related annual and long-term incentive plans based on the appropriate independent advice and/or an assessment of the interests of shareholders of the Company and taking into account an appropriate balance of risk and reward for the Directors and other participants.

薪酬政策

本集團的報酬政策原則為：

1. 該原則適用於本年度所有董事和高級管理層，並在實際可行的情況下，適用於以後的年度；
2. 該原則具有足夠的靈活性，考慮到公司未來的業務環境和報酬實踐；
3. 該原則允許設計報酬安排以支持集團的業務戰略，並與集團股東的利益保持一致；及
4. 該原則旨在設置適當的獎勵水平，以反映在本年度可比公司和集團所經營的市場中的競爭力，以挽留出色表現的個人。

本集團每位執行董事和高級管理層在本年度的報酬結構包括：

- (a) 基於每位執行董事和高級管理層的職位而定的適當基本薪酬率；
- (b) 具有競爭力的福利計劃；及
- (c) 根據適當的獨立建議及／或股東利益評估，考慮到董事和其他參與者的適當風險和回報平衡，為績效相關的年度和長期激勵計劃設定績效指標和目標。

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 2022 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 Prof. Kwan Pun Fong Vincent, Ms. Chen Jianhua, Prof. Lee Chack Fan and Prof. Alfred Sit Wing Hang. Prof. Kwan Pun Fong Vincent currently serves as the chairman 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2022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關品方教授、陳建花女士、李焯芬教授及薛永恒教授組成。關品方教授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.

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.

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。

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 2023, the total fees paid/payable in respect of services provided by the Group's external auditors are set out below:

		2023 2023年 RMB'000 人民幣千元
Audit and audit related services	審計及審計相關服務	1,466
Non-audit services: Taxation and other professional services	非審計服務：稅務及其他專業服務	-
		1,466

核數師酬金

於2023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. 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。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) alternatives to strengthen the capital base; (iii) financial support from the ultimate holding company; and (iv) re-negotiation with debtors. 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)加強資本基礎的方法；(iii)來自最終控股公司的財務支持；及(vi)與債務人重新協商。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。

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 pages 83 to 94 of this annual report.

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.

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83至94頁的獨立核數師報告。

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. Chong Tsz Ngai
Telephone: (852) 2106 3288
Email: Anthony.chong@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: No. 52, Fu Hang Road, Tuen Mun, 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: 17/F, Far East Finance Centre, 16 Harcourt Road,
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：莊子毅先生
電話：(852) 2106 3288
電郵：Anthony.chong@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：香港屯門虎坑路52號

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：香港夏愨道16號遠東金融中心
17樓
電話：(852) 2980 1333
傳真：(852) 2810 8185
電郵：is-enquiries@hk.tricorglobal.com

Communication with shareholders

Under its shareholders' communication policy, 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.

The Board has reviewed the implementation and effectiveness of the Company's shareholders' communication policy including steps taken at the general meetings the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered the Company's shareholders' communication policy has been properly implemented during the year and under review and is effective.

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

根據其股東溝通政策，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。

董事會已審閱本公司股東溝通政策的執行情況及成效，包括股東大會上所採取措施、所接獲查詢(如有)的處理以及多種溝通及參與渠道的落實情況，並認為本公司股東溝通政策於本年度內得到適當執行及審閱並屬有效。

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 2023.

BUSINESS REVIEW

The review of business performance of the Group, the Group's business prospect and the financial key performance indicators during 2023 are set out in the sections headed "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis" on page 5, pages 6 to 8 and pages 17 to 26 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 27 to 29 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 2023, 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 C2 to the Listing Rules will be published on the Investor Relations section of the Company's (<http://www.morrishome.com.hk/>) and the Stock Exchange's (<https://www.hkexnews.hk/>) websites at the same time as the publication of the Company's annual report.

董事謹此提呈本公司的2023年年報及經審核綜合財務報表。

業務回顧

本集團於2023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8頁的「主席報告」及第17至26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27至29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2023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C2編製，並將在公佈本公司年報的同一時間分別在本公司網站(<http://www.morrishome.com.hk/>)投資者關係部分及聯交所網站(<https://www.hkexnews.hk/>)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 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 95 to 96 of this annual report.

The Board did not recommend the payment of any dividend for the year ended 31 December 2023. As at the date of this annual report, the Board was not aware that any shareholders of the Company had waived or agreed to any arrangement to waive dividends.

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 2023 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 28 to the Company's financial statements.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during 2023.

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2023年的業績載於本年報第95至96頁的綜合損益及其他全面收益表。

董事會不建議就截至2023年12月31日止年度派付任何股息。於本年報日期，董事會並不知悉本公司任何股東已豁免或同意任何協議豁免股息。

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2023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28。

購買、出售或贖回本公司的上市證券

於2023年，本公司及其附屬公司概無購買、出售或贖回任何本公司的上市證券。

USE OF PROCEEDS

The net proceeds after deducting all relevant costs and expenses of the subscription of 1,300,000,000 shares by Century Icon Holdings Limited and the placing of 250,000,000 shares to places completed on 10 October 2022 were approximately HK\$105.4 million (the "Subscription and Placing"). The details of the proposed use of net proceeds and the actual use of proceeds during the Reporting Period are as follows:

所得款項用途

有關 Century Icon Holdings Limited 認購 1,300,000,000 股股份及向承配人配售 250,000,000 股股份的事項(「認購及配售事項」)已於2022年10月10日完成，所得款項淨額(扣除所有相關成本及開支)約為 105,400,000 港元。報告期間所得款項淨額建議用途及實際使用情況如下：

Proposed use of proceeds	所得款項建議用途	Allocation of the net proceeds	Revised allocation of the net proceeds	Net proceeds				Expected timeline
				Unutilised proceeds as at 1 January 2023	utilised during the year ended 31 December 2023	Net proceeds utilised up to 31 December 2023	Unutilised proceeds as at 31 December 2023	
		分配所得款項淨額	所得款項淨額經修訂分配	於2023年1月1日的未動用所得款項	於2023年12月31日止年度已動用的所得款項淨額	於2023年12月31日已動用的所得款項淨額	於2023年12月31日未動用的所得款項	
		(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
		(百萬港元)	(百萬港元)	(百萬港元)	(百萬港元)	(百萬港元)	(百萬港元)	
Repayment of indebtedness	償還債務							
- repayment of indebtedness under the Restructuring	- 根據重組償還債務	43.5	70.1	-	-	70.1	-	-
- partial repayment of the overdue amount under the Convertible Loan	- 一部分償還可換股貸款項下的逾期款項	56.5	20.8	8.5	8.5	20.8	-	-
Replenishment of general working capital	補充一般營運資金	5.4	14.5	-	-	14.5	-	-
Total	總計	105.4	105.4	8.5	8.5	105.4	-	

All the net proceeds from the Subscription and Placing have been fully utilized as at 31 December 2023.

於2023年12月31日，認購及配售事項之所有所得款項淨額經已悉數動用。

SPECIFIC PERFORMANCE OBLIGATIONS ON THE CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

On 21 December 2022, the Company (as borrower) and International Finance Corporation (“**IFC**”) (as lender), Mr. Zou Gebing (as guarantor) and other parties entered into the Amendment Agreement to amend the principal terms and conditions of the Convertible Loan under a convertible loan agreement dated 5 January 2018 (“**Convertible Loan Agreement**”). Pursuant to the Amendment Agreement, the amount of default interests due and payable by the Company to IFC pursuant to the Convertible Loan Agreement for the period starting from 2 August 2022 (inclusive) and ending on 15 September 2022 (exclusive) is HK\$207,667.24. The amount of redemption premium due and payable by the Company to IFC pursuant to the Convertible Loan Agreement as of the date of the Amendment Agreement is HK\$2,191,768.50. The outstanding principal amount of the Convertible Loan as of 29 September 2022 is HK\$81,439,030.80 and the amount of due but unpaid jeopardy expenses as of 29 August 2022 in connection with the Convertible Loan is US\$92,383.

Under the Amendment Agreement, upon the occurrence of any of the following:

- (i) at any time and for any reason, Mr. Tse Kam Pang (謝錦鵬) (“**Mr. Tse**”) and Mr. Zou Gebing (as a whole) cease to directly or indirectly own at least 51%, of both the economic and voting interests in the Company’s share capital (determined on a fully diluted basis),
- (ii) any person or group other than Mr. Zou Gebing shall have obtained the power (whether or not exercised) to elect a majority of the board of directors of Morris Capital, or any person or group other than Mr. Tse shall have obtained the power (whether or not exercised) to elect a majority of the board of directors of Century Icon Holdings Limited,

上市規則第13.18條項下控股股東的特定履職責任

於2022年12月21日，本公司(作為借款人)與國際金融公司(「**國際金融公司**」)(作為貸款人)、鄒格兵先生(作為擔保人)及其他各方訂立了修訂協議，以修訂日期為2018年1月5日的可換股貸款協議(「**可換股貸款協議**」)項下之可換股貸款的主要條款及條件。根據修訂協議，本公司於2022年8月2日(含)至2022年9月15日(不含)期間根據可換股貸款協議到期應付國際金融公司的違約利息金額為207,667.24港元。截至修訂協議日期，本公司根據可換股貸款協議到期應付國際金融公司的贖回溢價為2,191,768.50港元。截至2022年9月29日，可換股貸款的未償還本金為81,439,030.80港元，截至2022年8月29日與可換股貸款有關的到期但未支付的風險費用為92,383美元。

根據修訂協議，在出現下列任何一種情況時：

- (i) 在任何時間以任何理由，謝錦鵬先生(「**謝先生**」)和鄒格兵先生(作為整體)在公司股本中的權益(在完全攤薄的基礎上確定)不再直接或間接擁有至少51%的經濟和表決權，
- (ii) 鄒格兵先生以外的任何個人或團體應已獲得選舉慕容資本董事會多數成員的權力(無論是否行使)，或謝先生以外的任何人或團體應已獲得(不論是否行使)選舉Century Icon Holdings Limited董事會多數成員的權力，

- (iii) any person or group other than Century Icon Holdings Limited and the Morris Capital (as a whole) shall have obtained the power (whether or not exercised) to elect a majority of the Board,
- (iv) with effect from the closing of the general offer arising from the completion of the Share Subscription, the Board shall cease to consist of a majority of continuing directors or
- (v) a "change of control" or similar event shall occur as provided in any other loan or preferred stock documentation relating to the Company.
- (iii) 除 Century Icon Holdings Limited 及 Morris Capital(整體)以外的任何個人或團體應已獲得選舉董事會多數成員的權力(無論是否行使)。
- (iv) 自完成股份認購所產生的全面要約交割後，董事會將不再由多數持續董事組成或
- (v) 與公司有關的任何其他貸款或優先股文件中規定的「控制權變更」或類似事件應發生。

IFC may serve a written notice (a "**Prepayment Notice**") on the Company requiring the Company to prepay any portion or all of the outstanding Convertible Loan in full within 10 days of the date of the Prepayment Notice under the Convertible Loan Agreement (as amended by the Amendment Agreement).

國際金融公司可向公司發出書面通知(「**提前還款通知**」)，要求公司根據可換股貸款協議(經由修訂協議修訂)於付款通知日期起10日內償還部分或全部餘下可換股貸款。

Further details of the Facilities are set out in the Company's announcements dated 5 January 2018, 24 January 2018, 10 October 2019 and 30 December 2022.

有關融資的更多詳情載於本公司日期為2018年1月5日、2018年1月24日、2019年10月10日及2022年12月30日的公告。

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no reserves available for distribution (31 December 2022: Nil).

可供分派儲備

於2023年12月31日，本公司並無可供分派儲備(2022年12月31日：無)。

FIVE-YEAR FINANCIAL SUMMARY

Five year financial summary are set in the section headed "Five Year Financial Summary" on page 232 of this annual report.

五年財務概要

五年財務概要載於本年報第232頁的「五年財務概要」一節。

DIRECTORS

The Directors during 2023 and up to the date of this annual report were:

Executive Directors

Mr. TSE Kam Pang (*Chairman*)
Mr. CHONG Tsz Ngai (*Chief Executive Officer*)
Mr. ZOU Gebing (*resigned on 8 January 2024*)

Non-executive Directors

Mr. TSE Hok Kan
Ms. WU Xiangfei

Independent Non-executive Directors

Prof. KWAN Pun Fong Vincent
Prof. LEE Chack Fan
Ms. CHEN Jianhua
Prof. SIT Wing Hang, Alfred (*appointed on 5 July 2023*)

董事

於2023年及截至本年報日期的董事如下：

執行董事

謝錦鵬先生(主席)
莊子毅先生(行政總裁)
鄒格兵先生(於2024年1月8日辭任)

非執行董事

謝學勤先生
鄔向飛女士

獨立非執行董事

關品方教授
李焯芬教授
陳建花女士
薛永恒教授(於2023年7月5日獲委任)

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

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.

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

The Directors do not have subsisting service agreements with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation). Save as disclosed in note 8 to the financial statements, there were no other emoluments, pension and any compensation arrangements for the Directors and past Directors as are specified on section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap 32).

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a fixed term of three years commencing from 9 November 2022 (which shall continue for further successive periods until terminated by either party giving at least three months' prior written notice). They are subject to retirement by rotation and re-election at AGM of the Company at least once every three years and until terminated.

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。

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

董事與本公司並無訂立僱主不可於一年內終止而毋須支付賠償(法定賠償除外)而仍然存續的服務合約。除財務報表附註8所披露者外，概無就現任董事及前董事作出香港法例第622章新香港《公司條例》附表11第78條(參照香港法例第32章前香港《公司條例》第161條)所指的其他薪酬、退休金及其他賠償安排。

每名非執行董事及獨立非執行董事已與本公司訂立委任函，固定任期為自2022年11月9日開始起計三年(可繼續進一步續期直至一方發出至少三個月的事先書面通知終止為止)。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。

No Directors proposed for re-election at the forthcoming annual general meeting 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).

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there were no changes in Directors' information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules.

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 2023 or at any time during 2023.

擬在應屆股東週年大會上重選連任之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。

董事資料變動

根據上市規則第13.51B(1)條，根據上市規則第13.51(2)條(a)至(e)及(g)段，須予披露的董事資料並無變動。

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2023年12月31日或於2023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。

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2023, 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 (附註1)	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 (Note 2)	Interest of controlled corporation	666,500,000 shares (L)	24.24%
鄒格兵先生(附註2)	受控法團權益	666,500,000股(L)	
Ms. Wu Xianqfei (Note 2)	Interest of spouse	666,500,000 shares (L)	24.24%
鄒向飛女士(附註2)	配偶權益	666,500,000股(L)	
Mr. Tse Kam Pang (Note 3)	Interest of controlled corporation	1,300,038,000 shares (L)	47.27%
謝錦鵬先生(附註3)	受控法團權益	1,300,038,000股(L)	
Notes:		附註：	
1. The letter "L" denotes the person's long position in such Shares.		1. 字母「L」代表該名人士於該等股份的好倉。	
2. Morris Capital Limited ("Morris Capital") is owned as to 85% by Mr. Zou Gebing and as to 15% of its share by Ms. Zou Gebing's spouse, Ms. Wu Xianqfei. Under the SFO, Mr. Zou Gebing and Ms. Wu Xianqfei will therefore be deemed, or taken to be, interested in the same number of Shares in which Morris Capital is interested.		2. 慕容資本有限公司(「慕容資本」)由鄒格兵先生擁有85%，由鄒格兵先生之配偶鄒向飛女士擁有15%。根據證券及期貨條例，鄒格兵先生及鄒向飛女士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。	
3. Century Icon Holdings Limited ("Century Icon") is owned as to 100% by Mr. Tse Kam Pang. Under the SFO, Mr. Tse Kam Pang will therefore be deemed, or taken to be, interested in the same number of shares in which Century Icon is interested.		3. Century Icon Holdings Limited(「Century Icon」)由謝錦鵬先生擁有100%。根據證券及期貨條例，謝錦鵬先生將因此被視為或被當作於Century Icon 擁有的權益的同等數目股份中擁有權益。	

董事於證券的權益

於2023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

Name of Director/ chief executive	Nature of Interest	Number of securities (Note 1) 證券數目 (附註1)	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 (Note 2)	Interest of controlled corporation	666,500,000 shares (L)	24.24%
鄒格兵先生(附註2)	受控法團權益	666,500,000股(L)	
Ms. Wu Xianqfei (Note 2)	Interest of spouse	666,500,000 shares (L)	24.24%
鄒向飛女士(附註2)	配偶權益	666,500,000股(L)	
Mr. Tse Kam Pang (Note 3)	Interest of controlled corporation	1,300,038,000 shares (L)	47.27%
謝錦鵬先生(附註3)	受控法團權益	1,300,038,000股(L)	
Notes:		附註：	
1. The letter "L" denotes the person's long position in such Shares.		1. 字母「L」代表該名人士於該等股份的好倉。	
2. Morris Capital Limited ("Morris Capital") is owned as to 85% by Mr. Zou Gebing and as to 15% of its share by Ms. Zou Gebing's spouse, Ms. Wu Xianqfei. Under the SFO, Mr. Zou Gebing and Ms. Wu Xianqfei will therefore be deemed, or taken to be, interested in the same number of Shares in which Morris Capital is interested.		2. 慕容資本有限公司(「慕容資本」)由鄒格兵先生擁有85%，由鄒格兵先生之配偶鄒向飛女士擁有15%。根據證券及期貨條例，鄒格兵先生及鄒向飛女士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。	
3. Century Icon Holdings Limited ("Century Icon") is owned as to 100% by Mr. Tse Kam Pang. Under the SFO, Mr. Tse Kam Pang will therefore be deemed, or taken to be, interested in the same number of shares in which Century Icon is interested.		3. Century Icon Holdings Limited(「Century Icon」)由謝錦鵬先生擁有100%。根據證券及期貨條例，謝錦鵬先生將因此被視為或被當作於Century Icon 擁有的權益的同等數目股份中擁有權益。	

(ii) Morris Capital

Name of director/chief executive	Nature of Interest	Number of securities (Note 1) 證券數目 (附註1)	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	Beneficial owner	85 shares of US\$1 each (L)	85%
鄒格兵先生	實益擁有人	85股每股面值1美元的股份(L)	
Ms. Wu Xiangfei	Beneficial owner	15 shares of US\$1 each (L)	15%
鄒向飛女士	實益擁有人	15股每股面值1美元的股份(L)	

Note:

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

(ii) 慕容資本

Name of director/chief executive	Nature of Interest	Number of securities (Note 1) 證券數目 (附註1)	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	Beneficial owner	85 shares of US\$1 each (L)	85%
鄒格兵先生	實益擁有人	85股每股面值1美元的股份(L)	
Ms. Wu Xiangfei	Beneficial owner	15 shares of US\$1 each (L)	15%
鄒向飛女士	實益擁有人	15股每股面值1美元的股份(L)	

附註：

1. 字母「L」代表該名人士於該等股份的好倉。

(iii) Century Icon (Note 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. Tse Kam Pang	Beneficial owner	100 shares of US\$1 each (L)	100%
謝錦鵬	實益擁有人	100股每股面值1美元的股份(L)	

Notes:

1. Century Icon holds 47.27% of the Shares. Therefore, Century Icon is the holding company and an associated corporation of the Company.
2. The letter "L" denotes the person's long position in such shares.

(iii) Century Icon (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. Tse Kam Pang	Beneficial owner	100 shares of US\$1 each (L)	100%
謝錦鵬	實益擁有人	100股每股面值1美元的股份(L)	

附註：

1. Century Icon 持有 47.27% 的股份。因此，Century Icon 為本公司的控股公司及相關法團。
2. 字母「L」代表該名人士於該等股份的好倉。

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

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 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2023, 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		
Century Icon (Note 2)	Beneficial owner	1,300,038,000 shares (L)	47.27% (L)
Century Icon(附註2)	實益擁有人	1,300,038,000股 (L)	
Morris Capital (Note 3)	Beneficial owner	666,500,000 shares (L)	24.24% (L)
慕容資本(附註3)	實益擁有人	666,500,000股 (L)	

Notes:

- The letter "L" denotes the person's long position in such Shares.
- Century Icon is owned as to 100% by Mr. Tse Kam Pang.
- Morris Capital is owned as to 85% by Mr. Zou Gebing and 15% by Ms. Wu Xiangfei.

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 2023.

除上文所披露者外，於2023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。

主要股東的權益

於2023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：

附註：

- 字母「L」代表該名人士於該等股份的好倉。
- Century Icon由謝錦鵬先生擁有100%。
- 慕容資本由鄒格兵先生擁有85%及由鄔向飛女士擁有15%。

除上文所披露者外，於2023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。

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 2023.

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").

Purpose

The specific objectives of the Award Scheme are: 1. to provide the Selected Participants (as defined below) with an opportunity to acquire a proprietary interest in the Group; 2. to encourage and retain such individuals to work with the Group; 3. to provide additional incentive for Selected Participants (as defined below) to achieve performance goals with a view to achieve the objectives of increasing the value of the Group; and 4. to align the interests of the Selected Participants (as defined below) directly to the Shareholders through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in the value of the Shares.

管理合約

於2023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」)。

目的

獎勵計劃的具體目標是：1. 為選定參與者(定義見下文)提供獲得本集團所有權權益的機會；2. 鼓勵和挽留該等人士在本集團工作；3. 為選定參與者(定義見下文)提供額外激勵以實現績效目標，以實現增加本集團價值的目標；及4. 通過股份所有權、股息和股份支付的其他分配和/或股份價值的增加，使選定參與者(定義見下文)的利益直接與股東保持一致。

Participants

The Board may, from time to time, select and approve any individual, being an employee, director, officer, consultant, agent, adviser or business partner of any member of the Group or any Affiliate (including nominees and/or trustees of any employee benefit trust established for them) and any other person as determined by the Board who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group (the **"Eligible Persons"**) for participation in the Award Scheme and grant awards to such Eligible Persons (the **"Selected Participants"**).

Scheme mandate

The Board will not make any further grant of award which will result in the aggregate number of Shares underlying all grants made pursuant to the Award Scheme (excluding award shares that have been forfeited in accordance with the Award Scheme) to exceed 9.9% of the total number of issued Shares as at the Adoption Date (i.e. 99,000,000 Shares, representing 3.6% of the issued shares of the Company as at the date of this report) (the **"Scheme Mandate"**) without approval by a Board resolution. As at the date of this report, awards in respect of 99,000,000 Shares may be granted pursuant to the Scheme Mandate.

Maximum entitlement of each participant

The maximum number of award shares which may be awarded to a Selected Participant under the Award Scheme in aggregate shall not exceed 5.0% of the total number of issued Shares as at the Adoption Date.

Exercise period

As the Award Scheme is a Award Scheme of the Company instead of a share option scheme, the awards granted under the Award Scheme are not subject to any exercise period nor are the Selected Participants entitled to any exercise rights.

參與者

董事會可不時選擇和批准董事會或其代表全權酌情認為已經或將向集團作出貢獻的任何個人(身為本集團任何成員或任何關聯公司的員工、董事、高級職員、顧問、代理人、顧問或業務夥伴(包括為彼等建立的任何僱員福利信託的代名人及/或信託人)和任何其他人士)(「合資格人士」)參與獎勵計劃，並向此類合資格人士授予獎勵(「選定參與者」)。

計劃授權

董事會不會再發放任何額外的獎勵，以免根據獎勵計劃所授予的所有獎勵中所隱含的股票總數(不包括根據獎勵計劃被沒收的獎勵股份)超過採納日期時已發行的股份總數的9.9%，即99,000,000股股份(佔截至本報告日期本公司已發行股份3.6%)(「計劃授權」)，除非經過董事會決議批准。於本報告日期，與獎勵有關的99,000,000股股份可根據計劃授權授出。

每個參與者的最大權利

根據獎勵計劃可授予選定參與者的獎勵股份的最高數目合計不得超過採納日期已發行股份總數的5.0%。

行權期

由於獎勵計劃為本公司的一項獎勵計劃而非購股權計劃，獎勵計劃項下授出的獎勵不受任何行使期限限制，選定參與者亦無權享有任何行使權。

Vesting period

The Board or the committee of the Board or person(s) to which the Board delegated its authority may, from time to time, while the Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested pursuant to the Award Scheme.

Subscription/purchase price

No subscription/purchase price is payable by the Eligible Persons upon acceptance of awards granted under the Award Scheme.

The Board or the committee of the Board or person(s) to which the Board delegated its authority may, from time to time, determine any purchase price of shares awarded pursuant to the Award Scheme.

Term

The Award Scheme shall commence on the Adoption Date and terminate upon the earlier of (i) the end of the period of ten (10) years commencing on the Adoption Date; or (ii) such date of early termination as determined by the Board.

歸屬期

董事會或董事會委員會或董事會授予其權力的人可以不時地，在獎勵計劃有效並遵守所有適用法律的情況下，確定此類歸屬標準和條件或期限根據獎勵計劃授予的獎勵。

認購／購買價格

合資格人士在接受獎勵計劃授予的獎勵後無需支付認購／購買價格。

董事會或董事會委員會或董事會授予其權力的人可以不時地確定根據獎勵計劃授予的獎勵股份購買價格。

條款

獎勵計劃應從採納日期開始，並在以下日期終止(以較早者為準)(i)從採納日期開始的十(10)年期限結束時；或(ii)董事會確定的提前終止日期。

Movement and position

The number of awards that were available for grant under the Scheme Mandate as at the beginning of the financial year ended 31 December 2023 was 99,000,000 Shares and as at the end of the financial year ended 31 December 2023 was 73,000,000 Shares.

變動及情況

於截至2023年12月31日止財政年度初及截至2023年12月31日止財政年度末，根據計劃授權可予授出獎勵數目分別為99,000,000股股份及73,000,000股股份。

Director		Date of Grant	Number of awards unvested as at 1 January 2023	Number of awards granted during the year	Fair value of awards at the date of grant	Number of awards vested during the year	Number of awards cancelled during the year	Number of awards lapsed during the year	Number of awards unvested as at 31 December 2023	Closing price of shares immediately before the date on which awards were granted	Vesting Period	Purchase Price
	董事	授出日期	於2023年1月1日未歸屬獎勵數目	年內授出獎勵數目	於授出日期獎勵的公允價值 (HKD) (港元)	年內歸屬獎勵數目	年內註銷獎勵數目	年內失效獎勵數目	於2023年12月31日未歸屬獎勵數目	緊接授出獎勵日期前股份收市價 (HKD) (港元)	歸屬期	購買價格 (HKD) (港元)
CHONG Tsz Ngai	莊子毅	2 October 2023 2023年10月2日	-	8,000,000	0.13	-	-	-	8,000,000	0.18	02/10/2023 - 31/12/2025	0.18
Five highest paid individuals	五名最高薪酬人士	2 August 2023 2023年8月2日	-	5,000,000	0.12	-	-	-	5,000,000	0.18	03/08/2023 - 02/08/2024	0.18
Other grantees	其他承授人	2 October 2023 2023年10月2日	-	8,000,000	0.13	-	-	-	5,000,000	0.18	02/10/2023 - 31/12/2025	0.18
		2 October 2023 2023年10月2日	-	5,000,000	0.13	-	-	-	5,000,000	0.18	02/10/2023 - 31/12/2025	0.18

Notes:

- (1) For details of the basis of measurement for the fair value of the restricted share awards granted, please refer to note 29 headed "Reserves" of the Financial Statements in this annual report.
- (2) Awards were granted to Employee Participants under the Award Scheme without performance targets. In view that (i) the grantees are employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant is a recognition for the grantees' past contributions to the Group; (iii) the award are subject to vesting period and also a purchase price and hence the value of the awards to be vested in the grantees is linked to the future price of the shares of the Company; and (iv) the awards granted are subject to clawback, which already cover situations where the award will lapse in the event that the grantees cease to be employees of the Group.

附註：

- (1) 有關已授出受限制股份獎勵公允價值的計量準則，請參閱本年報財務報表附註29「儲備」一節。
- (2) 獎勵乃根據獎勵計劃授予僱員參與者，並無設定表現目標。鑑於(i)承授人為本集團僱員，將直接對本集團的整體業務表現、可持續發展及／或良好的企業管治作出貢獻；(ii)向承授人授出獎勵乃對彼等過往對本集團所作貢獻的認可；(iii)獎勵設有歸屬期及購買價格，因此歸屬予承授人的獎勵價值與本公司未來的股份價格掛鈎；及(iv)授出的獎勵可予撤回，已涵蓋承授人不再為本集團僱員時獎勵將失效的情況。

Details of the remuneration of the Directors for 2023 are set out in note 8 to the consolidated financial statements of this annual report.

2023年的董事薪酬詳情載於本年報綜合財務報表附註8。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

購買股份或債權證的安排

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.

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。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

董事於競爭業務的權益

There were no competing business of which a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2023 or at any time during 2023.

於2023年12月31日或於2023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。

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

關連交易及持續關連交易

Set out below are the connected transactions (including continuing connected transactions) that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules

下文載列未豁免遵守上市規則第14A章年度報告規定的關連交易(包括持續關連交易)

Continuing connected transactions

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:

Lease agreements 租賃協議	Term 期限	Tenant 租客	Landlord 業主	Leased area 租賃面積 (sq.m.) (平方米)	Rent per annum 年租 (RMB) (人民幣元)
Property A Lease Agreement 物業A租賃協議	1 January 2016 to 1 January 2026 (both days inclusive) 2016年1月1日至2026年1月1日 (包括首尾兩日)	Zhejiang Apollo Leather Products 浙江阿波羅皮革製品	Morris PRC 慕容中國	40,226.08	2,896,277.76
Property B Lease Agreement 物業B租賃協議	1 January 2016 to 1 January 2026 (both days inclusive) 2016年1月1日至2026年1月1日 (包括首尾兩日)	Zhejiang Morris Fashion Home (formerly known as "Haining Gelin Furniture") 浙江慕容時尚家居 (前稱「海寧格林家具」)	Morris PRC 慕容中國	19,990.35	1,439,305.20

持續關連交易

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 租賃面積 (sq.m.) (平方米)	Rent per annum 年租 (RMB) (人民幣元)
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		
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		

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 租賃面積 (sq.m.) (平方米)	Rent per annum 年租 (RMB) (人民幣元)
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:

Premises	物業	Lease area 租賃面積 (sq.m.) (平方米)	Old annual rents	New annual rents
			under 2017 Lease Agreements 根據2017年租賃協議的舊年租 (RMB) (人民幣元)	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

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：

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 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.

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.

Connected transactions

On 16 May 2023, the Company, Uphonest Capital III, L.P. ("**Uphonest Capital**"), Fortune Future Group Limited ("**Fortune Future**"), Charme Inc. (the "**Target Company**"), Mr. Zou Gebing, Mr. Xie Ying (謝穎) and Mr. Ma Qiang (馬強), Morris International Limited, LX International Limited ("**Morris International**") and JohnM International Limited entered into a stock purchase agreement (the "**Stock Purchase Agreement**"), pursuant to which, among others, the Target Company as issuer agreed to issue an aggregate of 847 shares of series angel preferred stock and the Company, Uphonest Capital and Fortune Future as subscribers agreed to subscribe for 423, 265 and 159 shares of series angel preferred stock, for a respective consideration of US\$1,600,000, US\$650,000 and US\$600,000, respectively.

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。

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。

關連交易

於2023年5月16日，本公司、Uphonest Capital III, L.P. (「**Uphonest Capital**」)、Fortune Future Group Limited (「**Fortune Future**」)、Charme Inc. (「**目標公司**」)、鄒格兵先生、謝穎先生、馬強先生、Morris International Limited、LX International Limited (「**Morris International**」)及JohnM International Limited訂立了購股協議(「**購股協議**」)，據此(其中包括)，目標公司(作為發行人)同意發行合共847股天使輪優先股，而本公司、Uphonest Capital及Fortune Future(作為認購人)同意分別認購423、265及159股天使輪優先股，代價分別為1,600,000美元、650,000美元及600,000美元。

Mr. Zou Gebing is (through Morris Capital) indirectly interested in 666,500,000 shares, representing approximately 24.24% of the issued shares and is therefore a substantial shareholder of the Company (who is also an executive Director). As Mr. Zou Gebing is (through Morris International) interested in 70% of the issued share capital of the Target Company, the Target Company is an associate of Mr. Zou and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Mr. Tse (the chairman of the Company and an executive Director) is indirectly interested in 1,300,038,000 Shares, representing approximately 47.27% of the issued Shares, and is therefore a controlling shareholder of the Company. As Fortune Future (being one of the investors) is wholly owned by Mr. Tse, Fortune Future is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. In view of the above, the Stock Purchase Agreement and the transactions contemplated thereunder constituted a connected transaction of the Company.

During the year, related party transactions are disclosed in note 33 to the consolidated financial statements. Save as disclosed above in respect of which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with, other related party transactions disclosed in note 33 to the consolidated financial statements do not constitute connected transactions or continuing connected transaction which are subject to reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

鄒格兵先生(透過慕容資本)間接擁有666,500,000股股份(相當於已發行股份約24.24%)的權益,因此為本公司主要股東(亦為執行董事)。由於鄒格兵先生(透過Morris International)擁有目標公司70%的已發行股本的權益,目標公司為鄒先生的聯繫人,因此為本公司在上市規則第14A章項下的關連人士。

謝先生(本公司主席兼執行董事)間接擁有1,300,038,000股股份(相當於已發行股份約47.27%)的權益,因此為本公司控股股東。由於Fortune Future(該等投資者之一)由謝先生全資擁有,因此Fortune Future在上市規則第14A章項下被視為本公司關連人士。鑒於上文所述者,購股協議及其項下擬進行的交易構成本公司關連交易。

於本年度內,關聯方交易於綜合財務報表附註33中予以披露。除上文所披露者符合上市規則第14A章的披露規定外,綜合財務報表附註33所披露的其他關聯方交易並不構成須根據上市規則第14A章項下的申報、公告、年度審閱及獨立股東批准規定的關連交易或持續關連交易。

本公司已遵守上市規則第14A章的披露規定。

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 30 to 52 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During 2023, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 45.9% and 49% of the total revenue and purchases for the year, respectively. The Group's largest customer accounted for around 25.0% of the total revenue for the year. The Group's largest supplier accounted for around 25.0% of the total purchase for the year.

None of the Directors; their close associates; or any shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) have any interest in the largest and five largest suppliers or customers disclosed above.

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 2023 or subsisted as at 31 December 2023.

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30至52頁的「企業管治報告」一節。

主要客戶及供應商

於2023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45.9%及49%。本集團最大客戶佔本年度總收益約25.0%。本集團最大供應商佔本年度總採購額約25.0%。

概無董事或彼等之緊密聯繫人士或任何股東(據董事所知，擁有本公司已發行股份數目之5%以上)於前述最大或前五大供應商及客戶中擁有任何權益。

獲准許的彌償條文

根據細則，每名董事均有權就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從本公司的資產中獲得彌償。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2023年訂立或於2023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 2023 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 3.6% of the issued Shares as at 31 December 2023 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2023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股股份，相當於2023年12月31日或本報告日期已發行股份的3.6%。

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.
- The exercise of an option may be subject to the achievement of performance target and/or any other conditions (e.g. vesting period) to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.
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。
- 董事會可全權酌情決定，由董事會向各參與人士告知行使購股權前可能須達致的表現目標及／或任何其他條件(即歸屬期)。
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 2023 and there were no outstanding share options under the share option scheme as at 31 December 2023 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 for the year ended 31 December 2023 and up to the date of this report.

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 five years.

The consolidated financial statements of the Company for the years ended 31 December 2023 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2023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2023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，本公司於截至2023年12月31日止年度直至本報告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五年概無其他變動。

本公司截至2023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.

On 21 December 2022, the Company renegotiated with IFC for the rescheduled repayment schedule. Based on the rescheduled repayment instalment schedule, the maturity date of the new repayment schedule is 18 June 2025. Further details of the Amendment Agreement was disclosed in the Company's announcement dated 30 December 2022.

As at 31 December 2023, the principal amount and accrued interest under the Convertible Loan amounted to HK\$47,451,731. There were no conversion of the Convertible Loan for the year ended 31 December 2023. The Company had repaid the convertible Loan in installments as agreed in the Amendment Agreement. A total of HK\$25,484,760 was repaid to IFC during the year ended 31 December 2023.

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。

於2022年12月21日，本公司與國際金融公司就重訂還款時間表進行重新磋商。根據重訂分期還款時間表，新還款時間表的到期日為2025年6月18日。修訂協議的進一步詳情已於本公司日期為2022年12月30日的公告中披露。

於2023年12月31日，可換股貸款的本金及應計利息為47,451,731港元。截至2023年12月31日止年度，概無轉換可換股貸款。本公司已按修訂協議的約定分期償還可換股貸款。於截至2023年12月31日止年度，償還予國際金融公司的款項共計為25,484,760港元。

APPRECIATION

The Company would like to take this opportunity to thank the 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

TSE Kam Pang

Chairman and Executive Director

Hong Kong, 28 March 2024

致謝

本公司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

謝錦鵬

香港，2024年3月28日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



TO THE SHAREHOLDERS OF MORRIS HOME HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Morris Home Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 95 to 231, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

致慕容家居控股有限公司股東
(於開曼群島註冊成立之有限公司)

保留意見

我們獲委聘審計列載於第95至231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2023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，包括重大會計政策資料及其他說明資料。

我們認為，除我們的報告保留意見基準一節所述事項的可能影響外，該等綜合財務報表已根據香港會計師公會(「**香港會計師公會**」)頒佈的香港財務報告準則(「**香港財務報告準則**」)真實而中肯地反映了 貴集團於2023年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港公司條例的披露要求妥為擬備。

BASIS FOR QUALIFIED OPINION

Scope limitation on amounts due from and to related parties

As disclosed in Notes 23 and 33(c), included in amounts due from related companies and amounts due to related companies as at 31 December 2023 were balances of approximately RMB176,199,000 and RMB44,534,000 respectively which are the carrying amounts of the balances due from and to, respectively, entities which are controlled by an executive director of the Company who also has shareholding interests of 24.24% in the Company (the “**Related Parties**”).

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the carrying amounts of the balances due from and to the Related Parties as at 31 December 2023 were not materially misstated because we were unable to obtain direct confirmations from the Related Parties or have access to the management or relevant personnel of the Related Parties. There were no other alternative audit procedures that we could carry out to obtain sufficient and appropriate audit evidence to satisfy ourselves about the existence, accuracy, valuation and completeness of these balances as at 31 December 2023.

Further, the Group has recognized allowance for expected credit loss on the balances due from the Related Parties of approximately RMB182,000 for the year ended 31 December 2023 and RMB1,241,000 as at 31 December 2023. We were not provided by management of the Company with the necessary financial, corporate, operating and business information about the Related Parties to support the impairment assessment of the balances due from the Related Parties as at 31 December 2023.

保留意見基準

對應收及應付關聯方款項的範圍限制

按附註23及33(c)所披露，於2023年12月31日的應收關聯公司款項及應付關聯公司款項包括應收及應付 貴公司執行董事(其亦持有 貴公司24.24%股權)所控制實體(「**關聯方**」)之結餘的賬面值分別約人民幣176,199,000元及人民幣44,534,000元。

由於我們無法獲得關聯方的直接確認或接觸關聯方的管理層或相關人員，因此，我們無法取得充分適當的審核證據，令我們信納於2023年12月31日應收及應付關聯方結餘的賬面值不存在重大錯誤陳述。我們無法採取其他替代審核程序來獲取充分恰當的審核證據，以令我們信納該等結餘於2023年12月31日的存在性、準確性、估值及完整性。

此外，貴集團已就截至2023年12月31日止年度及於2023年12月31日的應收關聯方結餘分別確認預期信貸虧損撥備約人民幣182,000元及人民幣1,241,000元。貴公司管理層並無向我們提供有關關聯方的必要財務、公司、運營及業務資料，以支持對於2023年12月31日的應收關聯方結餘進行減值評估。

BASIS FOR QUALIFIED OPINION (CONTINUED)

Scope limitation on amounts due from and to related parties (Continued)

Accordingly, we were unable to satisfy ourselves as to whether the amounts due from and to the Related Parties were fairly stated. Any adjustments found to be necessary to the carrying amounts of the balances due from and to the Related Parties as at 31 December 2023 may also have a consequential significant impact on the expected credit loss on the balances due from the Related Parties of approximately RMB182,000 for the year ended 31 December 2023 that was recognized in consolidated profit or loss, the loss of the Group for the year ended 31 December 2023 and the Group's net liabilities as at 31 December 2023 and the related elements presented or disclosed in the consolidated financial statements.

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

保留意見基準(續)

對應收及應付關聯方款項的範圍限制(續)

因此，我們無法信納應收及應付關聯方款項是否公允陳述。任何對於2023年12月31日之應收及應付關聯方結餘的賬面值所作必要調整均可能對於綜合損益確認的截至2023年12月31日止年度的應收關聯方結餘之預期信貸虧損約人民幣182,000元、貴集團截至2023年12月31日止年度的虧損、貴集團於2023年12月31日的負債淨額及綜合財務報表所呈列或披露的相關要素產生重大影響。

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在我們的報告核數師對綜合財務報表審核的責任一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，我們獨立於貴集團，並已履行守則中的其他道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的保留意見提供基礎。

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Group incurred a loss attributable to owners of the Company of approximately RMB24,728,000 for the year ended 31 December 2023 and as at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB111,024,000 and RMB152,531,000 respectively. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not contribute to our issuance of qualified audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern* sections, we have determined that matters described below to be the key audit matters to be communicated in our report.

與持續經營有關的重大不確定性

我們提請垂注綜合財務報表附註2.1，其中表明貴集團在截至2023年12月31日止年度內產生貴公司擁有人應佔虧損約人民幣24,728,000元，於2023年12月31日，貴集團之流動負債淨額及負債淨額分別約為人民幣111,024,000元及人民幣152,531,000元。誠如附註2.1所述，該等事件或情況連同載於附註2.1的其他事項，表明存在重大不確定性，其可能會對貴集團持續經營的能力構成重大疑慮。我們並非就此事項發出保留審計意見。

關鍵審計事項

關鍵審核事項是根據我們的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。在我們審核整體綜合財務報表及就其形成我們意見時處理該等事項。我們不會對該等事項提供單獨意見。除保留意見基準及與持續經營有關的重大不確定性章節所述事項外，我們已釐定下述事項為將於本報告中交付的關鍵審計事項。

KEY AUDIT MATTERS (CONTINUED)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

Expected credit loss ("ECL") assessment of trade receivables

貿易應收款項的預期信貸虧損(「預期信貸虧損」)評估

Refer to notes 17 and 36 to the consolidated financial statements and accounting policies on note 2.4 to the consolidated financial statements

茲提述綜合財務報表附註17及36以及綜合財務報表附註2.4所載會計政策

As at 31 December 2023, the Group had trade receivables of gross carrying amount of approximately RMB52,817,000 and allowance for ECL of approximately RMB35,405,000, the net carrying amount of trade receivables account for 6.13% of the Group's total assets.

於2023年12月31日，貴集團貿易應收款項的賬面總值約為人民幣52,817,000元及預期信貸虧損撥備約人民幣35,405,000元，貿易應收款項的賬面淨值佔貴集團資產總值的6.13%。

How our audit addressed the key audit matter

本行如何處理關鍵審計事項

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

有關管理層所進行的減值評估，我們進行的程序包括：

- Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk;
- 了解並評估貴集團管理及監察其信貸風險所實施的關鍵控制；
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2023 to the underlying financial records and post year end settlements to bank receipts;
- 抽樣檢查於2023年12月31日的貿易應收款項賬齡與相關財務記錄，以及年末後銀行收據的結算狀況；

KEY AUDIT MATTERS (CONTINUED)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

本行如何處理關鍵審計事項

Expected credit loss ("ECL") assessment of trade receivables (Continued)

貿易應收款項的預期信貸虧損(「預期信貸虧損」)評估(續)

Refer to notes 17 and 36 to the consolidated financial statements and accounting policies on note 2.4 to the consolidated financial statements (Continued)

茲提述綜合財務報表附註17及36以及綜合財務報表附註2.4所載會計政策(續)

In general, the trade receivables credit terms granted by the Group to the customers ranged between one to four months. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

一般而言，貴集團向客戶授出的貿易應收款項信貸期介乎一至四個月。管理層根據不同客戶信貸概況、貿易應收款項賬齡、過往結算記錄、後續結算狀況、預期時間及未償還結餘變現金額等資料，以及與相關客戶的持續貿易關係，定期評估貿易應收款項的可收回性及減值撥備是否充足。管理層亦已考慮可能影響客戶償還未償還結餘能力的前瞻性資料，以估計減值評估的預期信貸虧損。

- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, check historical and subsequent settlement records of and other correspondence with the customers; and
- 向管理層查詢於年末逾期的各項重大貿易應收款項的狀況，並以支持證據證明管理層的有關解釋，例如根據交易記錄了解與客戶的持續業務關係、檢查過往及其後結算記錄，以及與客戶的其他通訊；及

KEY AUDIT MATTERS (CONTINUED)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

本行如何處理關鍵審計事項

Expected credit loss ("ECL") assessment of trade receivables (Continued)

貿易應收款項的預期信貸虧損(「預期信貸虧損」)評估(續)

Refer to notes 17 and 36 to the consolidated financial statements and accounting policies on note 2.4 to the consolidated financial statements (Continued)

茲提述綜合財務報表附註17及36以及綜合財務報表附註2.4所載會計政策(續)

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

我們關注該領域乃由於根據預期信貸虧損模式進行貿易應收款項減值評估涉及運用重大管理層判斷及估計。

- Assessing the appropriateness of the expected credit loss provisioning methodology, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses and using valuation experts engaged by us.
- 評估預期信貸虧損撥備方法是否適當，並質疑用於釐定預期信貸虧損及使用我們委聘估值專家的假設(包括過往及前瞻性資料)。

Based on the procedures performed, we consider management's judgement and estimates in the ECL assessment of trade receivables to be supported by the available evidence.

根據已進行的程序，我們認為，管理層於貿易應收款項預期信貸虧損評估的判斷及估計具備可得證據支持。

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about certain corresponding figures included in the consolidated financial statements. Accordingly, we are unable to conclude whether or not the Other Information is materially misstated with respect to these matters.

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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

其他信息

董事須對其他信息負責。其他信息(「其他信息」)包括刊載於年報內的信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。誠如上文保留意見基準章節所述，我們未能獲得有關計入綜合財務報表之若干相應數據的足夠適當證據。因此，我們無法判斷其他信息是否存在有關該事項的重大錯誤陳述。

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頒佈的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。

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

董事及審核委員會就綜合財務報表承擔的責任(續)

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。

核數師對綜合財務報表審核的責任

我們的目標是對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅根據所商定的委聘條款對全體股東(作為整體)報告我們的意見，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，總能發現某一存在的重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 核數師對綜合財務報表審核的責任(續)
- 在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：
- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
 - 了解與審計相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
 - 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
 - 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師對綜合財務報表審核的 責任(續)

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排及重大審計發現等，包括我們在審計中識別出內部監控的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與彼等溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，為消除威脅採取的行動或防範措施。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF
THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

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

The engagement 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, 28 March 2024

核數師對綜合財務報表審核的
責任(續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

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，2024年3月28日

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

For the year ended 31 December 2023
截至2023年12月31日止年度

		Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Revenue	收入	5	187,975	132,013
Cost of sales	銷售成本		(118,511)	(130,013)
Gross profit	毛利		69,464	2,000
Other income and gains, net	其他收入及收益淨額	5	2,969	34,574
Gain on debt restructuring	債務重組收益	5	92,434	–
Allowance for 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，淨額		(32,605)	(19,166)
Fair value change on financial asset at fair value through profit or loss (“FVTPL”)	按公允值計入損益(「按公允值計入損益」)之金融資產的公允值變動		(9,712)	–
Selling and distribution expenses	銷售及分銷開支		(48,743)	(36,342)
Administrative expenses	行政開支		(64,910)	(150,842)
Other expenses and losses	其他開支及虧損		(21,038)	(26,141)
Finance costs	融資成本	6	(13,989)	(7,501)
Loss before tax	除稅前虧損	7	(26,130)	(203,418)
Income tax credit	所得稅抵免	10	68	832
Loss for the year	年內虧損		(26,062)	(202,586)
Other comprehensive income:	其他全面收益：			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目：</i>			
Exchange differences on translation of financial statements	換算財務報表的匯兌差額		1,171	4,315
<i>Item that was reclassified to profit or loss:</i>	<i>已重新分類至損益的項目：</i>			
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		3,321	–
Other comprehensive income for the year, net of income tax	年內其他全面收益，扣除所得稅		4,492	4,315
Total comprehensive loss for the year	年內全面虧損總額		(21,570)	(198,271)

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

For the year ended 31 December 2023
截至2023年12月31日止年度

		Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Loss attributable to:	應佔虧損：			
Owners of the Company	本公司擁有人		(24,728)	(199,679)
Non-controlling interests	非控股權益		(1,334)	(2,907)
			(26,062)	(202,586)
Total comprehensive loss attributable to:	應佔全面虧損總額：			
Owners of the Company	本公司擁有人		(19,726)	(195,464)
Non-controlling interests	非控股權益		(1,844)	(2,807)
			(21,570)	(198,271)
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	(0.92)	(13.99)
Diluted (RMB cents)	攤薄(人民幣分)	12	(0.92)	(13.99)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2023
於2023年12月31日

		Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022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	5,802	6,505
Financial asset at FVTPL	按公允值計入損益之金融資產	14	1,604	–
Right-of-use assets	使用權資產	15	35,628	43,656
Total non-current assets	非流動資產總值		43,034	50,161
CURRENT ASSETS	流動資產			
Inventories	存貨	16	26,917	25,411
Trade receivables	貿易應收款項	17	17,412	33,142
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	18	15,584	64,695
Amount due from a shareholder	應收一名股東款項	33(b)	–	345
Amounts due from related companies	應收關聯公司款項	33(c)	176,258	185,527
Pledged deposits	已抵押存款	19	21	33
Cash and cash equivalents	現金及現金等價物	19	4,753	7,590
Total current assets	流動資產總值		240,945	316,743
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	20	46,073	143,936
Contract liabilities	合約負債	21	7,210	11,052
Other payables and accruals	其他應付款項及應計費用	21	93,437	100,260
Amounts due to related companies	應付關聯公司款項	23	44,534	62,173
Interest-bearing bank and other borrowings	計息銀行及其他借款	24	109,457	69,235
Warranty provision	保修撥備	25	943	455
Lease liabilities	租賃負債	22	20,738	25,133
Derivative financial instruments	衍生金融工具	27	75	372
Convertible loan	可換股貸款	27	26,567	21,492
Income tax payables	應付所得稅		2,935	2,863
Total current liabilities	流動負債總額		351,969	436,971
NET CURRENT LIABILITIES	流動負債淨額		(111,024)	(120,228)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		(67,990)	(70,067)

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

At 31 December 2023
於2023年12月31日

		Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	24	53,696	–
Convertible loan	可換股貸款	27	13,487	39,073
Lease liabilities	租賃負債	22	17,358	22,319
Total non-current liabilities	非流動負債總額		84,541	61,392
Net liabilities	負債淨額		(152,531)	(131,459)
EQUITY	權益			
Share capital	股本	28	19,212	19,212
Reserves	儲備	29	(165,462)	(146,234)
Equity attributable to owners of the Company	本公司擁有人應佔權益		(146,250)	(127,022)
Non-controlling interests	非控股權益		(6,281)	(4,437)
Total equity	權益總額		(152,531)	(131,459)

Approved by and authorised for issue by the board of directors on 28 March 2024 and signed on its behalf by:

經董事會於2024年3月28日核准並授權刊發，並由以下人士代表簽署：

Tse Kam Pang
謝錦鵬
Director
董事

Chong Tsz Ngai
莊子毅
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

For the year ended 31 December 2023
截至2023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	Share award scheme reserve	Exchange fluctuation reserve	Reserve funds	Accumulated losses	Total	Non-controlling interest	Total equity
		股本	股份溢價	其他儲備	庫存股份	計劃儲備	匯兌波動儲備	儲備資金	累計虧損	總計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	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	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note 28)	(note 29(i))	(note 29(v))	(note 29(ii))	(note 29(vii))	(note 29(iii))	(note 29(iv))	(note 29(v))	(note 29(vi))	(note 29(viii))	(note 29(ix))
		(附註28)	(附註29(i))	(附註29(v))	(附註29(ii))	(附註29(vii))	(附註29(iii))	(附註29(iv))	(附註29(v))	(附註29(vi))	(附註29(viii))	(附註29(ix))
As at 1 January 2022	於2022年1月1日	6,914	153,071*	(731)*	(8,992)*	-*	(15,797)*	60,528*	(244,534)*	(49,541)	(1,630)	(51,171)
Loss for the year	年內虧損	-	-	-	-	-	-	-	(199,679)	(199,679)	(2,907)	(202,586)
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	-	-	-	-	-	4,215	-	-	4,215	100	4,315
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	4,215	-	(199,679)	(195,464)	(2,807)	(198,271)
Placing and subscription of shares	配售及認購股份	12,298	107,032	-	-	-	-	-	-	119,330	-	119,330
Transaction costs attributable to placing and subscription of shares	配售及認購股份應佔交易成本	-	(1,347)	-	-	-	-	-	-	(1,347)	-	(1,347)
As at 31 December 2022 and 1 January 2023	於2022年12月31日及2023年1月1日	19,212	258,756*	(731)*	(8,992)*	-*	(11,582)*	60,528*	(444,213)*	(127,022)	(4,437)	(131,459)
Loss for the year	年內虧損	-	-	-	-	-	-	-	(24,728)	(24,728)	(1,334)	(26,062)
Other comprehensive (loss)/ income for the year:	年內其他全面(虧損)/收入：											
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	-	1,681	-	-	1,681	(510)	1,171
Reclassification of cumulative exchange fluctuation reserve upon deregistration of a subsidiary	於一間附屬公司取消註冊時將累計匯兌波動儲備重新分類	-	-	-	-	-	3,321	-	-	3,321	-	3,321
Total comprehensive (loss)/ income for the year	年內全面(虧損)/收入總額	-	-	-	-	-	5,002	-	(24,728)	(19,726)	(1,844)	(21,570)
Grant of shares under share award scheme	根據股份獎勵計劃授出股份	-	-	-	-	498	-	-	-	498	-	498
As at 31 December 2023	於2023年12月31日	19,212	258,756*	(731)*	(8,992)*	498*	(6,580)*	60,528*	(468,941)*	(146,250)	(6,281)	(152,531)

* These reserve accounts comprise the consolidated reserves of approximately RMB165,462,000 (2022: approximately RMB146,234,000) 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165,462,000元(2022年:約人民幣146,234,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2023
截至2023年12月31日止年度

	Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022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	(26,130)	(203,418)
Adjustments for:	調整項目：		
Interest income	利息收入	(63)	(133)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	3,707	3,547
Depreciation of right-of-use assets	使用權資產折舊	26,329	10,748
Loss on written off items of property, plant and equipment	撤銷物業、廠房及設備項目的虧損	102	3,378
Fair value change on financial asset at FVTPL	按公允值計入損益之金融資產的公允值變動	9,712	–
Loss/(gain) on disposal of items of property, plant and equipment, net	出售物業、廠房及設備項目的虧損／(收益)，淨額	478	(2,132)
Gain on termination of leases	終止租賃的收益	(1,299)	(8,460)
Loss on deregistration of a subsidiary	一間附屬公司取消註冊的虧損	3,952	15
(Gain)/loss on derivative financial instruments	衍生金融工具(收益)／虧損	(305)	293
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，淨額	16,449	7,349
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備／(撥回)，淨額	15,974	11,783
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	182	34
Gain on debt restructuring	債務重組收益	(92,434)	–
Gain on modification of convertible loan	修訂可換股貸款的收益	–	(5,597)
Gain on modification of lease	修訂租賃的收益	(187)	–
(Reversal)/provision against obsolete and slow-moving inventories	陳舊及積壓存貨(撥回)／撥備	(27,621)	20,123
Equity-settled share-based payment	以權益結算以股份為基礎的付款	498	–
Product warranty additional provision	產品保修額外撥備	943	461
Finance costs	融資成本	13,989	7,501
Operating cash flow before movements in working capital	營運資金變動前經營現金流量	(55,724)	(154,508)
Decrease in inventories	存貨減少	26,189	38,095
Decrease in trade receivables	貿易應收款項減少	77	1,590
Decrease/(increase)in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少／(增加)	33,482	(39,563)
Decrease in trade payables	貿易應付款項減少	(24,617)	(35,365)
Increase in other payables and accruals	其他應付款項及應計費用增加	9,540	50,423
(Decrease)/increase in contract liabilities	合約負債(減少)／增加	(4,057)	834
Utilisation of warranty provision	動用保修撥備	(470)	(3,059)
Cash used in operations	經營所用現金	(15,580)	(141,553)
Income tax refund	退回所得稅	68	–
Net cash flows used in operating activities	經營活動所用現金流量淨額	(15,512)	(141,553)

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

For the year ended 31 December 2023
截至2023年12月31日止年度

	Notes 附註	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Cash flows from investing activities	投資活動所得現金流量		
Purchase of financial assets at FVTPL	購買按公允值計入損益的金融資產	(11,148)	-
Payment for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的付款	(3,994)	(12,590)
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	468	2,345
Interest received	已收利息	63	133
Decrease in pledged deposits	已抵押存款減少	12	14,672
Repayment from related companies	來自關聯公司的還款	15,524	21,835
Advance to related companies	向關聯公司墊款	(16,186)	(18,499)
Net cash (used in)/generated from investing activities	投資活動(所用)/所得現金淨額	(15,261)	7,896
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	155,182	44,760
Repayment of bank and other borrowings	償還銀行及其他借款	(61,236)	(43,455)
Advance from related companies	來自關聯公司的墊款	-	47,288
Repayment to related companies	向關聯公司還款	(18,727)	(13,866)
Repayment of convertible loan	償還可換股貸款	(19,547)	(9,716)
Repayment of lease liabilities	償還租賃負債	(30,765)	(18,314)
Proceeds from placing and subscription of shares	配售及認購股份所得款項	-	119,330
Transaction costs attributable to placing and subscription of shares	配售及認購股份應佔交易成本	-	(1,347)
Interest paid	已付利息	(5,887)	(1,888)
Net cash flows generated from financing activities	融資活動所得現金流量淨額	19,020	122,792
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(11,753)	(10,865)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	7,590	13,485
Effect of foreign exchange rate changes, net	外幣匯率變動的影響，淨額	8,916	4,970
Cash and cash equivalents at end of year	年末現金及現金等價物	4,753	7,590
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	19	4,753

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 2023
截至2023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 No. 52, Fu Hang Road, Tuen Mun, 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 Century Icon Holdings Limited, which is incorporated in the British Virgin Islands (the “**BVI**”) and the ultimate controlling party is Mr. Tse Kam Pang, who is also the Chairman and an executive director of the Company.

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屯門虎坑路52號。

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Century Icon Holdings Limited，該公司於英屬處女群島(「**英屬處女群島**」)註冊成立，最終控股方為本公司主席兼執行董事謝錦鵬先生。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2023
截至2023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:

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 已發行普通股本/ 繳足註冊股本	Percentage of equity attributable to the Company 本公司應佔權益百分比				Principal country of operation 主要營運國家	
				2023 2023年		2022 2022年			
				Direct 直接	Indirect 間接	Direct 直接	Indirect 間接		
Mstar International Trading (HK) Limited 美星國際貿易(香港)有限公司	Hong Kong/ United States 香港/美國	Limited liability company 有限公司	HK\$100 100港元	-	100%	-	100%	Trading of sofas, sofa covers and other furniture Products 買賣沙發、沙發套及其他家具產品	Hong Kong 香港
Morris Fashion Home HK Limited 香港慕容時尚家居有限公司	Hong Kong 香港	Limited liability company 有限公司	HK\$10,000 10,000港元	-	100%	-	100%	Retailing of sofas and investment 沙發零售及投資控股	Hong Kong 香港
Zhejiang Apollo Leather Products Co., Ltd. 浙江阿波羅皮革製品有限公司	The People's Republic of China ("PRC") 中華人民共和國 (「中國」)	Sino-foreign equity joint venture 中外合資合營 企業	US\$615,000 615,000美元	-	100%	-	100%	Manufacture and sale of sofa covers 生產及銷售沙發套	The PRC 中國
Zhejiang Morris Fashion Home Co., Ltd.* 浙江慕容時尚家居有限公司*	The PRC 中國	Wholly foreign owned enterprise 外商獨資企業	US\$41,470,000 41,470,000美元	-	100%	-	100%	Manufacturing and sale of upholstered sofas 生產及銷售軟體沙發	The PRC 中國
Zhejiang Muhua Home Furnishing Co., Ltd.* 浙江慕華家居有限公司	The PRC 中國	Wholly foreign owned enterprise 外商獨資企業	US\$35,000,000 35,000,000 美元	-	100%	-	100%	Manufacturing and sale of upholstered sofas 生產及銷售軟體沙發	The PRC 中國
Royale Home Living Limited Royale Home Living Limited (前稱「MorriSofa Europe Limited」)	The United Kingdom ("UK") 英國(「英國」)	Limited liability company 有限公司	GBP1,000 1,000英鎊	70%	-	70%	-	Wholesale of furniture products 批發家具產品	U.K. 英國
Guangzhou Shengbo Home Furnishing Co., Ltd. 廣州盛博家居有限公司	The PRC 中國	Wholly foreign owned enterprise 外商獨資企業	US\$5,000,000 5,000,000美元	-	100%	-	-	Trading of sofas, sofa covers and other furniture products 買賣沙發、沙發套及其他家具產品	The PRC 中國

* 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.

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：

* 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 2023
截至2023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 2023
截至2023年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern

The Group incurred a loss attributable to owners of the Company of approximately RMB24,728,000 for the year ended 31 December 2023 and as at 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB111,024,000 and RMB152,531,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

In view of the above circumstances, the directors of the Company 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 substantial shareholder of the Company, Mr. Tse Kam Pang, has provided to the Company an unsecured loan facility in the principal amount of up to HK\$200,000,000 to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due. For further details please refer to the Company's announcement dated on 5 May 2023. As at 31 December 2023, the Group had unutilised loan facility amounting to approximately HK\$125,869,000;
- (ii) The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group;

2.1 編製基準(續)

持續經營

截至2023年12月31日止年度，本集團產生本公司擁有人應佔虧損約人民幣24,728,000元，而於2023年12月31日，本集團的流動負債淨額及負債淨額分別約為人民幣111,024,000元及人民幣152,531,000元。該等狀況顯示存在重大不明朗因素，或會對本集團之持續經營能力產生重大疑問。因此，本集團可能無法於其日常業務過程中變現其資產及清償其負債。董事基於以下假設及措施，已按持續經營基準編製綜合財務報表：

鑑於此等情況，本公司董事已審慎考慮本集團未來的流動資金及財務狀況以及其可用資金來源，以評估本集團是否有足夠財務資源按持續經營基準繼續運作。已採取若干計劃及措施以減輕流動資金壓力及改善本集團的財務狀況，包括但不限於下列各項：

- (i) 本公司主要股東謝錦鵬先生，向本公司提供本金額最多200,000,000港元的無抵押貸款融資，以使本集團能夠持續經營並清償到期負債。更多詳情請參閱本公司日期為2023年5月5日的公告。截至2023年12月31日，本集團尚未動用的貸款融資金額約為125,869,000港元；
- (ii) 本集團將採取措施取得外部融資，以改善本集團的營運資金、流動資金及現金流量狀況；

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

- (iii) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations;
- (iv) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavoring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules to be agreed with them; and
- (v) The Group has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder's loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

The directors of the Company 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.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material 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 meet its future working capital and financing requirements.

2.1 編製基準(續)

持續經營(續)

- (iii) 本集團正採取措施加強成本控制，以實現業務正向現金流；
- (iv) 本集團目前正與若干債務人重新協商還款安排，致力要求彼等按照與彼等擬協定的還款安排償還貿易應收款項、其他應收款項及應收關聯公司款項；及
- (v) 本集團積極與持份者協商，以便在必要時獲得進一步融資，包括但不限於股東貸款、股權融資、銀行借款及發行新的可換股債券，提高本集團的流動資金。

本公司董事認為，經考慮上述計劃及措施，本集團將擁有充足營運資金為其營運提供資金及履行其自綜合財務報表批准日期起十二個月內到期的財務責任。因此，本公司董事信納按持續經營基準編製綜合財務報表屬適當。

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準繼續經營，將視乎本集團能否滿足其未來營運資金及融資需求的能力。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

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. The effect of these adjustments has not been reflected in the consolidated financial statements.

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.

2.1 編製基準(續)

持續經營(續)

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。該等調整的影響並未反映於綜合財務報表中。

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)。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and 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.

2.2 會計政策及披露之變動

於本年度強制生效的新訂及經修訂香港財務報告準則

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本集團於2023年1月1日或之後開始的年度期間強制生效的新訂及經修訂香港財務報告準則，以編製綜合財務報表：

香港財務報告準則第17號 (包括2020年10月及 2022年2月的香港財務 報告準則第17號(修訂本))	保險合約
香港會計準則第8號(修訂本)	會計估計的定義
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
香港會計準則第12號 (修訂本)	國際稅務改革 – 第二支柱 模型規則
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

於本年度應用新訂及經修訂香港財務報告準則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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.3 AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS 7	Non-current Liabilities with Covenants ² Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all 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香港財務報告準則修訂本

本集團並無提早應用以下已頒佈但尚未生效的經修訂香港財務報告準則：

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 ¹
香港財務報告準則第16號(修訂本)	售後租回之租賃負債 ²
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
香港會計準則第1號(修訂本)	附帶契諾的非流動負債 ²
香港會計準則第7號及香港財務報告準則第7號(修訂本)	供應商財務安排 ²
香港會計準則第21號(修訂本)	缺乏可交換性 ³

¹ 於待定期限或之後開始的年度期間生效。

² 於2024年1月1日或之後開始的年度期間生效。

³ 於2025年1月1日或之後開始的年度期間生效。

本公司董事預期應用所有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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023.

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

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.

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.

2.4 重大會計政策資料概要

綜合基準

綜合財務報表包括本集團截至2023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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

綜合基準(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

綜合基準(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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.

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 a net basis.

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

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

2.4 重大會計政策資料概要(續)

收入確認(續)

客戶合約收入(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

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.

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.

2.4 重大會計政策資料概要(續)

收入確認(續)

客戶合約收入(續)

具有多項履約責任的合約(包括分配交易價格)(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

收入確認(續)

客戶合約收入(續)

委託人或代理人(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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*.

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

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

2.4 重大會計政策資料概要(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement (Continued)

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 重大會計政策資料概要(續)

公允值計量(續)

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 重大會計政策資料概要(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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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;

2.4 重大會計政策資料概要(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；

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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)
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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 重大會計政策資料概要(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)
 - (vi) 實體受(a)所識別人士控制或共同控制；
 - (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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 recognizes 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 重大會計政策資料概要(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期內將各物業、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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 重大會計政策資料概要(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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 重大會計政策資料概要(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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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.

2.4 重大會計政策資料概要(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。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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

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.

2.4 重大會計政策資料概要(續)

租賃(續)

本集團作為承租人(續)

使用權資產(續)

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognizes 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.

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

2.4 重大會計政策資料概要(續)

租賃(續)

本集團作為承租人(續)

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。

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

租賃(續)

本集團作為承租人(續)

租賃負債(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability 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.

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.

2.4 重大會計政策資料概要(續)

租賃(續)

本集團作為承租人(續)

租賃修訂(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

租賃(續)

本集團作為承租人(續)

Covid-19相關租金優惠(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

金融工具(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

金融工具(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

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)。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

*Classification and subsequent measurement of financial assets
(Continued)*

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.

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.

2.4 重大會計政策資料概要(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(續)

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。

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期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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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;

2.4 重大會計政策資料概要(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

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。

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；

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

- 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;
- 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 重大會計政策資料概要(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)

- 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；
- 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理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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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;
- (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;

2.4 重大會計政策資料概要(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；
- (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；

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets (Continued)

- (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.

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.

2.4 重大會計政策資料概要(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)

- (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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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.

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.

2.4 重大會計政策資料概要(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)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

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.

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 重大會計政策資料概要(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)

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。

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义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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (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 重大會計政策資料概要(續)

金融工具(續)

金融負債及股本(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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (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 重大會計政策資料概要(續)

金融工具(續)

金融負債及股本(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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 重大會計政策資料概要(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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

2.4 重大會計政策資料概要(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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realizable 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

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

2.4 重大會計政策資料概要(續)

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

綜合財務狀況表所列現金及現金等價物包括：

- (a) 現金，包括手頭現金及活期存款，但不包括受監管限制而導致有關結餘不再符合現金定義的銀行結餘；及
- (b) 現金等價物，包括短期(通常原到期日為三個月或更短)、可隨時轉換為已知金額的現金且價值變動風險不大的高流動性投資。現金等價物持作滿足短期現金承擔，而非用於投資或其他目的。

就綜合現金流量表而言，現金及現金等價物包括上文所定義的現金及現金等價物，扣除須應要求償還的未償還銀行透支，並構成本集團現金管理的組成部分。該等透支於綜合財務狀況表呈列為短期借款。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

2.4 重大會計政策資料概要(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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Contingent liabilities (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

或然負債(續)

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有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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

所得稅(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

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

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

2.4 重大會計政策資料概要(續)

所得稅(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

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

Government grants

Government grants are 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 recognizes 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".

2.4 重大會計政策資料概要(續)

所得稅(續)

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。

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限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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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.

2.4 重大會計政策資料概要(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits (Continued)

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.

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.

2.4 重大會計政策資料概要(續)

僱員福利(續)

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。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Segment reporting (Continued)

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 重大會計政策資料概要(續)

分部報告(續)

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 2023
截至2023年12月31日止年度

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (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 nonmonetary 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 重大會計政策資料概要(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 2023
截至2023年12月31日止年度

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 2023
截至2023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 and amounts due from related companies 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. See note 36 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.

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以及應收關聯公司款項)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。更多討論載於附註36。

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獲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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of non-financial assets (Continued)

The fair value measurement of financial asset at FVTPL were categorized within Level 3 of the fair value hierarchy, which determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details are set out in Note 35 to the consolidated 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)

非金融資產減值(續)

按公允值計入損益之金融資產的公允值計量分類為公允值層級之第三級，乃基於重大不可觀察輸入數據使用估值技術釐定。確定相關估值技術及相關輸入數據需要作出判斷及估計。與該等因素相關之假設的變動可能導致須對該等工具的公允值作出重大調整。詳情載於綜合財務報表附註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 2023
截至2023年12月31日止年度

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

		Retail segment		Manufacturing segment		Elimination of intersegment sales		Total	
		零售分部	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元	生產分部	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元	分部間銷售對銷	2023 2023年 RMB'000 人民幣千元
Segment revenue	分部收入								
External sales	外部銷售	58,644	70,351	129,331	61,662	-	-	187,975	132,013
Internal sales	內部銷售	-	2,472	4,311	5,641	(4,311)	(8,113)	-	-
		58,644	72,823	133,642	67,303	(4,311)	(8,113)	187,975	132,013
Segment profit/(loss)	分部溢利/(虧損)	(11,673)	(20,632)	19,859	(170,759)	-	-	8,186	(191,391)
Interest income	利息收入							63	133
Gain/(loss) on derivative financial instruments	衍生金融工具收益/(虧損)							305	(293)
Gain on modification of convertible loan	修訂可換股貸款的收益							-	5,597
Loss on deregistration of a subsidiary	一間附屬公司取消註冊的虧損							(3,952)	(15)
Fair value change on financial asset at FVTPL	按公允價值計入損益之金融資產的公允價值變動							(9,712)	-
Unallocated corporate expenses	未分配公司開支							(17,479)	(13,871)
Unallocated finance costs	未分配融資成本							(3,541)	(3,578)
Loss before tax	除稅前虧損							(26,130)	(203,418)

Segment profit/(loss) represents the profit/(loss) from each segment without allocation of interest income, gain/(loss) on derivative financial instruments, gain on modification of convertible loan, loss on deregistration of a subsidiary, fair value change on financial asset at FVTPL, 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：

分部溢利/(虧損)指各分部所產生溢利/(虧損)，而並無分配利息收入、衍生金融工具收益/(虧損)、修訂可換股貸款的收益、一間附屬公司取消註冊的虧損、按公允價值計入損益之金融資產的公允價值變動、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 2023
截至2023年12月31日止年度

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

4. 分部資料(續)

分部資產及負債

		Retail segment		Manufacturing segment		Consolidated	
		零售分部		生產分部		綜合	
		2023	2022	2023	2022	2023	2022
		2023年	2022年	2023年	2022年	2023年	2022年
		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
Segment assets	分部資產	29,677	37,507	216,186	300,828	245,863	338,335
Unallocated corporate assets	未分配公司資產					38,116	28,569
Consolidated assets	綜合資產					283,979	366,904
Segment liabilities	分部負債	32,535	40,141	335,039	379,304	367,574	419,445
Unallocated corporate liabilities	未分配公司負債					68,936	78,918
Consolidated liabilities	綜合負債					436,510	498,363

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, financial asset at FVTPL 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、按公允值計入損益之金融資產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 2023
截至2023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		Manufacturing segment		Unallocated		Total	
	零售分部		生產分部		未分配		總計	
	2023	2022	2023	2022	2023	2022	2023	2022
	2023年	2022年	2023年	2022年	2023年	2022年	2023年	2022年
	RMB'000	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	人民幣千元
Addition of right-of-use assets	7,510	17,329	16,320	29,217	-	-	23,830	46,546
Addition of property, plant and equipment	135	1,395	3,859	11,195	-	-	3,994	12,590
Depreciation of property, plant and equipment	517	688	3,190	2,859	-	-	3,707	3,547
Depreciation of right-of-use assets	10,355	8,313	15,974	2,435	-	-	26,329	10,748
(Reversal)/provision against obsolete and slow-moving inventories	(11)	(5,176)	(27,610)	25,299	-	-	(27,621)	20,123
Allowance for/(reversal of allowance for) expected credit losses in respect of trade receivables, net	(60)	432	16,509	6,917	-	-	16,449	7,349
Allowance for/(reversal of allowance for) expected credit losses in respect of on prepayments, deposits and other receivables, net	(16)	941	15,989	10,830	1	12	15,974	11,783
Allowance for expected credit losses in respect of amounts due from related parties, net	-	-	134	34	48	-	182	34
Written off of property, plant and equipment	102	-	-	3,378	-	-	102	3,378
Loss/(gain) on disposal of property, plant and equipment	(61)	(68)	539	(2,064)	-	-	478	(2,132)
Gain on termination of leases	-	(4,011)	(1,299)	(4,449)	-	-	(1,299)	(8,460)
Finance costs	1,702	1,233	8,746	2,690	3,541	3,578	13,989	7,501

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

For the year ended 31 December 2023
截至2023年12月31日止年度

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.

		2023 2023年 RMB'000 人民幣千元	2022 2022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)	65,947	65,764
The United States of America ("US" or "U.S.")	美利堅合眾國 (「美國」)	60,471	42,952
Europe (Note (a))	歐洲(附註(a))	50,012	19,018
Others	其他	11,545	4,279
		187,975	132,013

Note:

(a) Europe mainly include France, Norway, Spain, Ireland and United Kingdom.

附註：

(a) 歐洲主要包括法國、挪威、西班牙、愛爾蘭及英國。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

4. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

(b) Non-current assets

		2023 2023年 RMB'000 人民幣千元	2022 2022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)	39,485	49,065
The U.S.	美國	3,438	—
The United Kingdom ("U.K.")	英國(「英國」)	111	1,096
		43,034	50,161

The non-current asset information above is presented based on the locations of the assets.

以上非流動資產資料乃根據資產的位置呈列。

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:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Customer 1	客戶1	N/A不適用*	18,607
Customer 2	客戶2	46,951	33,891

* Revenue from the customer is less than 10% of the total revenue of the Group.

* 來自該客戶的收益小於本集團總收益的10%。

4. 分部資料(續)

地區資料(續)

(b) 非流動資產

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:

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING

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、其他收入及收益淨額以及債務重組收益

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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Revenue	收入		
<i>Recognised at a point of time:</i>	於某一時間點確認：		
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	187,967	131,725
Commission income	佣金收入	8	288
		187,975	132,013
Other income and gains, net	其他收入及收益淨額		
Interest income	利息收入	63	133
Gain on termination of leases	終止租賃的收益	1,299	8,460
(Loss)/gain on disposal of property, plant and equipment	出售物業、廠房及設備的(虧損)/收益	(478)	2,132
Gain on modification of convertible loan	修訂可換股貸款的收益	-	5,597
Gain on modification of lease	修訂租約的收益	187	-
Government subsidies (Note (a))	政府補貼(附註(a))	17	4,412
Rental income	租金收入	-	150
Compensation income (Note (b))	補償收入(附註(b))	-	13,370
Bad debt recovery	收回壞賬	1,506	-
Others	其他	375	320
		2,969	34,574

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING (CONTINUED)

Notes:

- (a) During the year ended 31 December 2023, the Group recognised local governments in Zhejiang Province of approximately RMB17,000 (2022: RMB2,013,000) in respect of the Group's contribution to the industry. During the year ended 31 December 2023, the Group recognised government subsidies of approximately RMB nil (2022: RMB2,399,000) in respect of Covid-19-related subsidies, of which approximately RMB nil (2022: RMB492,000) 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 (2022: RMB1,907,000) in respect of the Employee Retention Credit Scheme provided by the federal government in United States. There are no unfulfilled conditions or contingencies relating to these grants.
- (b) During the year ended 31 December 2022, 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 RMB13,366,000.

As at 31 December 2023, 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 RMB7,210,000 (2022: approximately RMB11,052,000) and the Group will recognised this revenue in 2024.

5. 收入、其他收入及收益淨 額以及債務重組收益(續)

附註：

- (a) 截至2023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17,000元(2022年：人民幣2,013,000元)。截至2023年12月31日止年度，本集團並無就Covid-19相關補貼確認政府補助(2022：人民幣2,399,000元)，其中並無(2022年：人民幣492,000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，及並無(2022年：人民幣1,907,000元)與美國聯邦政府提供的保留員工紓困金計劃有關。概無與該等補助有關的未達成條件或有事項。
- (b) 截至2022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13,366,000元。

於2023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7,210,000元(2022年：約人民幣11,052,000元)，而本集團將於2024年確認此項收入。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING (CONTINUED)

Gain on debt restructuring

In relation to the pre-restructuring applications filed by Zhejiang Apollo Leather Products Co., Ltd. (浙江阿波羅皮革製品有限公司) and Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (collectively, the “**Relevant Subsidiaries**”) with the People’s Court of Haining City (the “**Court**”) on 19 January 2022 for the formulation of pre-restructuring plans to resolve their debt positions.

Upon the pre-restructuring application and the appointment of the provisional administrators by the Court, on 13 May 2022, the Court accepted the restructuring application of the Relevant Subsidiaries on a consolidated basis (the “**Restructuring**”).

The proposal for the Restructuring of the Relevant Subsidiaries (the “**Restructuring Proposal**”) will become effective and binding on the Relevant Subsidiaries and all creditors subject to (a) the approval by a simple majority in number of the creditors present and voting at each of the creditors’ class meetings, and the amount of debts of which creditors representing more than two-thirds in the total amount of debts in each of the classes of creditors; (b) the entering into of the subscription agreement between the potential subscriber and the Company; and (c) the approval of the Court. If the Restructuring Proposal is not passed at the creditors’ meeting, or the Restructuring Proposal passed at the creditors’ meeting is not approved by the Court, the Court will terminate the Restructuring procedures and declare the Relevant Subsidiaries insolvent.

5. 收入、其他收入及收益淨 額以及債務重組收益(續)

債務重組收益

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「**相關附屬公司**」)於2022年1月19日就有關解決債務狀況而制定預重組計劃向海寧市人民法院(「**法院**」)提交預重組申請。

於預重組申請及法院委任臨時管理人後，法院於2022年5月13日接受相關附屬公司在合併基礎上的重組申請(「**重組**」)。

相關附屬公司重組方案(「**重組方案**」)將在達成下列條件後生效並對相關附屬公司及所有債權人具有約束力：(a) 獲得出席各債權人類別大會並參加表決的債權人簡單多數批准，而債權人所代表的債務總額超過各類別債權人債務總額的三分之二；(b) 潛在認購者與本公司訂立認購協議；(c) 法院批准。倘債權人會議未通過重組方案，或債權人會議通過的重組方案未獲法院批准，則法院將終止重組程序，並宣告相關附屬公司破產。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING (CONTINUED)

Gain on debt restructuring (Continued)

The Group's Restructuring Proposal was passed by the requisite majority of creditors of the Relevant Subsidiaries at the meeting of Restructuring Proposal. The Restructuring Proposal has been sanctioned by the People's Court of Haining City in the PRC on 5 August 2022. Since then, the Restructuring Proposal became effective on 5 August 2022. The Restructuring Proposal administrators have received the preference indication forms from all Restructuring Proposal creditors and the admitted claims have been allocated in the following manner:

Under the terms of the Restructuring Proposal ("Option A"), full repayment of admitted claims will be made to the Option A creditors and the repayment date will be extended for a period of eight years beginning from the effective date on 5 August 2022. The Company will repay the outstanding debt by the repayment schedule of the following: In the sixth year, the Company shall make a repayment of not less than 20% of the remaining debt. In the seventh year, the Company shall make a repayment of not less than 30% of the remaining debt. In the eighth year, the Company shall repay the remaining outstanding debt.

5. 收入、其他收入及收益淨 額以及債務重組收益(續)

債務重組收益(續)

本集團的重組方案已在重組方案會議上取得相關附屬公司債權人法定多數通過。重組方案已於2022年8月5日獲得中國海寧市人民法院批准。自此，重組方案於2022年8月5日生效。重組方案管理人已收到所有重組方案債權人的優先指示表，而已承認的索賠已按下列方式分配：

根據重組方案(「選項A」)的條款，將向選項A債權人全額償還已承認的索賠且償還日期將自2022年8月5日生效之日起延長八年。本公司將按照下列還款安排償還未償還的債務：第六年，本公司須償還剩餘債務不少於20%。第七年，本公司須償還剩餘債務不少於30%。第八年，本公司須償還剩餘的未償還債務。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS, NET AND GAIN ON DEBT RESTRUCTURING (CONTINUED)

Gain on debt restructuring (Continued)

Under the terms of the Restructuring Proposal (“**Option B**”), (1) for each creditor with a debt amount of less than RMB30,000 will be fully repaid in cash within three months from the date of court approval of the Restructuring Proposal; (2) for creditors with a debt amount of RMB30,000 or more, 20% of the portion exceeding RMB30,000 (excluding the principal) will be repaid. The Company will repay this portion in cash, based on a 20% proportion, within three months from the date of court approval of the restructuring plan; (3) any remaining unpaid debts will be transferred to a designated third party, as agreed upon by the transferring creditors. The transferring creditors agreed to transfer their rights and interests related to the unpaid portion of debts (including related joint guarantee rights and other subsidiary rights) to the designated third party assigned by Mr. Zou. Mr. Zou and the designated third party are willing to pay 30% of the transfer amount as the purchase price for the transferred debts. The specific payment method, deadline, and other details will be governed by the agreement between the creditors and Mr. Zou, and it is not within the scope of this restructuring plan’s execution.

Under the terms of the Restructuring Proposal (“**Option C**”), (1) for each creditor with a debt amount of less than RMB30,000 will be fully repaid in cash within three months from the date of court approval of the Restructuring Proposal; (2) for creditors with a debt amount of RMB30,000 or more, 20% of the portion exceeding RMB30,000 (excluding the principal) will be repaid. The Company will repay this portion in cash, based on a 20% proportion, within three months from the date of court approval of the restructuring plan.

5. 收入、其他收入及收益淨 額以及債務重組收益(續)

債務重組收益(續)

根據重組方案(「**選項B**」)的條款，(1)對於債務金額低於人民幣30,000元的每名債權人，將在法院批准重組方案之日起三個月內以現金獲全額償還；(2)對於債務金額為人民幣30,000元或以上的債權人，超過人民幣30,000元的部分的20%(不包括本金)將獲償還。本公司將在法院批准重組方案之日起三個月內以20%的比例以現金償還該部分；(3)任何剩餘未清償的債務將按轉讓債權人的協定轉讓予指定的第三方。轉讓債權人同意將其與未清償部分債務相關的權利及權益(包括相關連帶擔保權及其他附屬權利)轉讓予鄒先生指定的第三方。鄒先生及指定第三方願意支付轉讓金額的30%作為轉讓債務的購買價。具體支付方式、期限等細節須受債權人與鄒先生訂立的協議規管，不屬於本重組方案的執行範圍。

根據重組方案(「**選項C**」)的條款，(1)對於債務金額低於人民幣30,000元的每名債權人，將在法院批准重組方案之日起三個月內以現金獲全額償還；(2)對於債務金額為人民幣30,000元或以上的債權人，超過人民幣30,000元的部分的20%(不包括本金)將獲償還。本公司將在法院批准重組方案之日起三個月內以20%的比例以現金償還該部分。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

5. REVENUE, OTHER INCOME AND GAINS,
NET AND GAIN ON DEBT RESTRUCTURING
(CONTINUED)

Gain on debt restructuring (Continued)

Pursuant to the Restructuring Proposal, the liabilities of the Restructuring Proposal, amounted to approximately RMB292,290,000 have been discharged and allocated into Option A, B or C. Accordingly, a gain on debt restructuring of approximately RMB92,434,000 has been recognised for the year ended 31 December 2023.

For more details, please refer to the announcements of the Company dated 19 January 2022, 22 April 2022, 13 May 2022 and 18 August 2022.

5. 收入、其他收入及收益淨
額以及債務重組收益(續)

債務重組收益(續)

根據重組方案，重組方案的負債約人民幣292,290,000元已解除，並分配至選項A、B或C。因此，截至2023年12月31日止年度已確認債務重組收益約人民幣92,434,000元。

更多詳情請參閱本公司日期為2022年1月19日、2022年4月22日、2022年5月13日及2022年8月18日的公告。

		RMB'000 人民幣千元
<hr/>		
Liabilities assumed pursuant to the Restructuring Proposal:	根據重組方案承擔的負債：	
Trade and bills payable	貿易應付款項及應付票據	(50,751)
Other payables and accruals	其他應付款項及應計費用	(82,261)
Borrowings	借款	(66,844)
		<hr/>
		(199,856)
<hr/>		
Liabilities discharged pursuant to the Restructuring Proposal:	根據重組方案解除的負債：	
Trade and bills payable	貿易應付款項及應付票據	124,134
Other payables and accruals	其他應付款項及應計費用	101,312
Borrowings	借款	66,844
		<hr/>
		292,290
<hr/>		
Gain on debt restructuring	債務重組收益	92,434
<hr/>		

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

For the year ended 31 December 2023
截至2023年12月31日止年度

6. FINANCE COSTS

6. 融資成本

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Interest on bank and other borrowings	銀行及其他借款利息	5,887	1,490
Interest on discount trade bills	貼現貿易票據利息	–	398
Interest on convertible loan	可換股貸款利息	3,541	3,578
Interest on lease liabilities	租賃負債利息	4,561	2,035
		13,989	7,501

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

For the year ended 31 December 2023
截至2023年12月31日止年度

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:

			2023 2023年 RMB'000 人民幣千元	2022 2022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		146,132	109,890
			(27,621)	20,123
Cost of sales	銷售成本		118,511	130,013
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13	3,707	3,547
Depreciation of right-of-use assets	使用權資產折舊	15	26,329	10,748
Expense relating to short-term lease	有關短期租賃開支		1,360	18,417
Written off of property, plant and equipment**	撇銷物業、廠房及 設備**	13	102	3,378
Auditors' remuneration: Audit and audit related services	核數師酬金: 審計及審計相關服務		1,446	1,433
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		48,374	103,840
Share-based payment	以股份為基礎付款		392	-
Pension scheme contributions*	退休計劃供款*		5,044	7,669
			53,810	111,509
Allowance for expected credit losses in respect of trade receivables, net	貿易應收款項預期信貸 虧損撥備淨額		16,449	7,349
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 虧損撥備淨額		15,974	11,783
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		182	34
Product warranty additional provision	產品保修額外撥備		943	461
Loss on deregistration of a subsidiary	一間附屬公司的取消 註冊虧損		3,952	15
(Gain)/loss on derivative financial instruments	衍生金融工具(收益)/ 虧損		(305)	293
Loss on sales of raw materials**	銷售原材料虧損**		16,488	11,509
Exchange (gain)/losses**	匯兌(收益)/虧損**		(151)	7,183

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

For the year ended 31 December 2023
截至2023年12月31日止年度

7. LOSS BEFORE TAX (CONTINUED)

- * At 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2022: RMBnil).
- ** 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2023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(2022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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Fees	袍金	2,006	1,767
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	9,045	7,182
Share-based payment	以股份為基礎的付款	106	-
Pension scheme contribution	退休計劃供款	16	131
		9,167	7,313
		11,173	9,080

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

For the year ended 31 December 2023
截至2023年12月31日止年度

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:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Mr. Liu Haifeng (i)	劉海峰先生(i)	–	61
Mr. Chu Guodi (i)	褚國弟先生(i)	–	61
Mr. Qian Jun (ii)	錢俊先生(ii)	–	56
Professor Kwan Pun Fong Vincent (iii)	關品方教授(iii)	217	44
Professor Lee Chack Fan (iv)	李焯芬教授(iv)	217	31
Ms. Chen Jianhua (iii)	陳建花女士(iii)	217	44
Ms. Zhao Hongyan (v)	趙紅岩女士(v)	–	115
Mr. Tan Tianhong (v)	檀天紅先生(v)	–	115
Ms. Wu Weixia (v)	吳偉霞女士(v)	–	115
Professor Sit Wing Hang, Alfred (vi)	薛永恒教授(vi)	108	–
		759	642

Notes:

- (i) Mr. Liu Haifeng and Mr. Chu Guodi resigned as independent non-executive directors of the Company on 16 May 2022.
- (ii) Mr. Qian Jun resigned on 14 April 2022.
- (iii) Professor Kwan Pun Fong Vincent and Ms. Chen Jianhua were appointed as independent non-executive directors of the Company on 17 October 2022.
- (iv) Professor Lee Chack Fan was appointed as an independent non-executive director of the Company on 9 November 2022.
- (v) Ms. Zhao Hongyan, Mr. Tan Tianhong and Ms. Wu Weixia resigned as independent non-executive directors of the Company on 9 November 2022.
- (vi) Professor Sit Wing Hang, Alfred was appointed as an independent non-executive director of the Company on 5 July 2023.
- (vii) There were no other emoluments payable to the independent non-executive directors during the year (2022: RMB 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：

	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Mr. Liu Haifeng (i)	–	61
Mr. Chu Guodi (i)	–	61
Mr. Qian Jun (ii)	–	56
Professor Kwan Pun Fong Vincent (iii)	217	44
Professor Lee Chack Fan (iv)	217	31
Ms. Chen Jianhua (iii)	217	44
Ms. Zhao Hongyan (v)	–	115
Mr. Tan Tianhong (v)	–	115
Ms. Wu Weixia (v)	–	115
Professor Sit Wing Hang, Alfred (vi)	108	–
	759	642

附註：

- (i) 劉海峰先生及褚國弟先生於2022年5月16日辭任本公司獨立非執行董事。
- (ii) 錢俊先生於2022年4月14日辭任。
- (iii) 關品方教授及陳建花女士於2022年10月17日獲委任為本公司獨立非執行董事。
- (iv) 李焯芬教授於2022年11月9日獲委任為本公司獨立非執行董事。
- (v) 趙紅岩女士、檀天紅先生及吳偉霞女士於2022年11月9日辭任本公司獨立非執行董事。
- (vi) 薛永恒教授於2023年7月5日獲委任為本公司獨立非執行董事。
- (vii) 概無其他年內應付獨立非執行董事之薪酬(2022年：無)。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (CONTINUED)

(b) The chief executive officer, non-executive
directors and executive directors

The remuneration of each of these executive directors and
non-executive directors are set out below:

Year ended	截至2023年 12月31日止年度	Salaries, allowances, and benefits				Discretionary bonuses	Share-based payment	Pension scheme contributions	Total remuneration
		Fees	in kind						
		袍金	薪金、津貼 及實物利益	酌情花紅	以股份為基礎 的付款	退休計劃 供款	酬金總額		
		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	
Executive Directors:	執行董事：								
Mr. Zou Gebing ("Mr. Zou") (i)	鄒格兵先生 (「鄒先生」)(i)	271	5,937	-	-	-	6,208		
Mr. Chong Tsz Ngai (Chief Executive Officer)	莊子毅先生 (行政總裁)	271	940	-	106	16	1,333		
Mr. Tse Kam Pang	謝錦鵬先生	271	2,168	-	-	-	2,439		
		813	9,045	-	106	16	9,980		
Non-executive Directors:	非執行董事：								
Mr. Tse Hok Kan	謝學勤先生	217	-	-	-	-	217		
Ms. Wu Xiangfei	鄔向飛女士	217	-	-	-	-	217		
		434	-	-	-	-	434		

Note:

(i) Mr. Zou resigned as executive directors on 8 January 2024.

附註：

(i) 鄒先生於2024年1月8日辭任執行董事。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

8. DIRECTORS' AND CHIEF EXECUTIVE'S
REMUNERATION (CONTINUED)

(b) The chief executive officer, non-executive
directors and executive directors (Continued)

		Salaries, allowances, and benefits	Discretionary bonuses	Pension scheme contributions	Total remuneration	
	Fees	in kind				
	袍金	及實物利益	酌情花紅	退休計劃 供款	酬金總額	
	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	
Year ended 31 December 2022	截至2022年12月31日止年度					
Executive Directors:	執行董事：					
Mr. Zou Gebing ("Mr. Zou")	鄒格兵先生(「鄒先生」)	45	5,335	-	49	5,429
Mr. Wu Yueming (i)	吳月明先生(i)	615	313	-	15	943
Mr. Shen Zhidong (i)	沈志東先生(i)	278	111	-	14	403
Mr. Chong Tsz Ngai (Chief Executive Officer) (ii)	莊子毅先生 (行政總裁)(ii)	56	464	-	4	524
Mr. Tse Kam Pang (ii)	謝錦鵬先生(ii)	55	445	-	-	500
		1,049	6,668	-	82	7,799
Non-executive Directors:	非執行董事：					
Mr. Tse Hok Kan (iii)	謝學勤先生(iii)	45	-	-	-	45
Ms. Wu Xiangfei (iv)	鄒向飛女士(iv)	31	514	-	49	594
		76	514	-	49	639

Notes:

- (i) Mr. Wu Yueming and Mr. Shen Zhidong resigned as executive directors on 9 November 2022.
- (ii) Mr. Chong Tsz Ngai and Mr. Tse Kam Pang were appointed as executive directors on 17 October 2022.
- (iii) Mr. Tse Hok Kan was appointed as non-executive director on 17 October 2022.
- (iv) Ms. Wu Xiangfei was appointed as non-executive director on 9 November 2022.

附註：

- (i) 吳月明先生及沈志東先生於2022年11月9日辭任執行董事。
- (ii) 莊子毅先生及謝錦鵬先生於2022年10月17日獲委任為執行董事。
- (iii) 謝學勤先生於2022年10月17日獲委任為非執行董事。
- (iv) 鄒向飛女士於2022年11月9日獲委任為非執行董事。

8. 董事及主要行政人員酬金
(續)

(b) 行政總裁、非執行董事及
執行董事(續)

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

For the year ended 31 December 2023
截至2023年12月31日止年度

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 2 directors (2022: 2), details of whose remuneration are set out in note 8 above. Details of the remuneration of the five highest paid employees are as follows:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Fees	袍金	542	660
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	13,757	8,616
Share-based payment	以股份為基礎的付款	219	–
Pension Scheme contributions	退休計劃供款	–	118
		14,518	9,394

The number of highest paid employees whose remuneration fell within the following bands is as follows:

		2023 2023年	2022 2022年
Nil to HK\$1,000,000	零至1,000,000港元	–	1
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	3
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	2	–
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	2	–
HK\$6,000,001 to HK\$6,500,000	6,000,001港元至6,500,000港元	–	1
HK\$6,500,001 to HK\$7,000,000	6,500,001港元至7,000,000港元	1	–
		5	5

During the year ended 31 December 2023, remuneration was paid by the Group to the Directors or five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office of approximately RMB nil (2022: RMB178,500). There has been no arrangement under which a director has waived or agreed to waive any emoluments.

9. 五名最高薪僱員

年內五名最高薪僱員包括兩名(2022年：兩名)董事，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：

於截至2023年12月31日止年度，本集團向任何董事或五名最高薪僱員支付酬金約人民幣零元，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(2022年：人民幣178,500元)。概無董事已豁免或同意豁免任何酬金的安排。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

10. INCOME TAX CREDIT

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 (2022: 25%).

10. 所得稅抵免

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% (2022年：25%) 稅率繳納中國企業所得稅。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

10. INCOME TAX CREDIT (CONTINUED)

The U.S. corporate tax rate is 21% for the year ended 31 December 2023 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 2023 (2022: 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 years ended 31 December 2023 and 2022.

10. 所得稅抵免(續)

根據減稅與就業法案，截至2023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2023年12月31日止年度21%的固定稅率(2022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2023年及2022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。

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Current – Hong Kong	即期－香港		
– Over-provision in prior year	– 過往年度超額撥備	(68)	(798)
Deferred tax	遞延稅項	–	(34)
Tax credit for the year	年內稅項抵免	(68)	(832)

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

For the year ended 31 December 2023
截至2023年12月31日止年度

10. INCOME TAX CREDIT (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:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(26,130)	(203,418)
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	3,990	(47,132)
Adjustments in respect of current tax previous periods	就過往期間即期稅項的調整	(68)	(798)
Expenses not deductible for tax	不可扣稅開支	8,313	22,584
Super-deduction of eligible research development expenditure	合資格研發開支超額抵扣	-	(213)
Tax effect of deductible temporary difference	可扣減暫時差額的稅務影響	-	(34)
Income not subject to tax	毋須課稅收入	(36,586)	(6,579)
Tax losses not recognised	未確認稅項虧損	24,283	31,340
Tax credit for the year	年內稅項抵免	(68)	(832)

The weighted average applicable tax rate was 15.3% (2022: 23.2%). 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. 所得稅抵免(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15.3% (2022年：23.2%)。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 2023
截至2023年12月31日止年度

11. DIVIDEND

The board of directors did not recommend the payment of dividend for the year ended 31 December 2023 (2022: RMBnil).

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 2023 was based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB24,728,000 (2022: approximately RMB199,679,000), and the weighted average number of ordinary shares of 2,674,188,000 after excluding treasury shares (2022: 1,427,475,671) in issue during the year.

For the years ended 31 December 2023 and 2022, no adjustment has been made to the basic loss per share amounts as the Group had no potentially dilutive ordinary shares in issue.

11. 股息

董事會不建議派付截至2023年12月31日止年度的股息(2022年：無)。

12. 本公司普通權益持有人應佔每股虧損

截至2023年12月31日止年度，每股基本虧損乃根據本公司普通權益持有人應佔年內虧損約人民幣24,728,000元(2022年：約人民幣199,679,000元)以及年內已發行普通股的加權平均數2,674,188,000股(扣除庫存股份後)(2022年：1,427,475,671股)計算。

截至2023年及2022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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture, fixtures and office equipment 家具、傢俬及辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2023	2023年12月31日						
At 31 December 2022 and 1 January 2023	於2022年12月31日及2023年1月1日						
Cost	成本	22,271	15,213	13,638	2,022	1,328	54,472
Accumulated depreciation and impairment	累計折舊及減值	(18,292)	(13,202)	(13,338)	(1,807)	(1,328)	(47,967)
Net carrying amount	賬面淨值	3,979	2,011	300	215	-	6,505
At 1 January 2023, net of accumulated depreciation and impairment	於2023年1月1日，扣除累計折舊及減值	3,979	2,011	300	215	-	6,505
Additions	添置	3,269	352	309	64	-	3,994
Disposal	出售	-	(802)	(4)	(140)	-	(946)
Depreciation charge during the year	年內折舊開支	(3,321)	(151)	(192)	(43)	-	(3,707)
Written-off	撇銷	-	-	(102)	-	-	(102)
Exchange realignment	匯兌調整	26	5	23	4	-	58
At 31 December 2023, net of accumulated depreciation and impairment	於2023年12月31日，扣除累計折舊及減值	3,953	1,415	334	100	-	5,802
At 31 December 2023:	於2023年12月31日：						
Cost	成本	18,115	14,582	12,864	1,328	944	47,833
Accumulated depreciation and impairment	累計折舊及減值	(14,162)	(13,167)	(12,530)	(1,228)	(944)	(42,031)
Net carrying amount	賬面淨值	3,953	1,415	334	100	-	5,802

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

For the year ended 31 December 2023
截至2023年12月31日止年度

13. PROPERTY, PLANT AND EQUIPMENT
(CONTINUED)

13. 物業、廠房及設備(續)

		Leasehold improvements 租賃 物業裝修 RMB'000 人民幣千元	Plant and machinery 廠房及 機器 RMB'000 人民幣千元	Furniture, fixtures and office equipment 家具、傢俬 及辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2022	2022年12月31日						
At 31 December 2021 and 1 January 2022	於2021年12月31日及 2022年1月1日						
Cost	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
At 1 January 2022, net of accumulated depreciation and impairment	於2022年1月1日， 扣除累計折舊及減值	240	22	462	344	-	1,068
Additions	添置	4,964	2,008	5,469	149	-	12,590
Disposal	出售	-	-	-	(213)	-	(213)
Depreciation charge during the year	年內折舊開支	(1,206)	(17)	(2,264)	(60)	-	(3,547)
Written-off	撇銷	-	-	(3,378)	-	-	(3,378)
Exchange realignment	匯兌調整	(19)	(2)	11	(5)	-	(15)
At 31 December 2022, net of accumulated depreciation and impairment	於2022年12月31日， 扣除累計折舊及減值	3,979	2,011	300	215	-	6,505
At 31 December 2022:	於2022年12月31日：						
Cost	成本	22,271	15,213	13,638	2,022	1,328	54,472
Accumulated depreciation and impairment	累計折舊及減值	(18,292)	(13,202)	(13,338)	(1,807)	(1,328)	(47,967)
Net carrying amount	賬面淨值	3,979	2,011	300	215	-	6,505

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

For the year ended 31 December 2023
截至2023年12月31日止年度

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 14. 按公允值計入損益的金融資產

		2023 2023年 RMB'000 人民幣千元
Financial assets at FVTPL	按公允值計入損益的金融資產	
Unlisted equity securities (Note (i))	未上市權益證券(附註(i))	1,604

Note:

- (i) On 16 May 2023, the Company entered into the Stock Purchase Agreement whereby Charme Inc. (the “**Target Company**”), as issuer agreed to issue an aggregate of 847 shares of Series Angel Preferred Stock and the Company as subscribers agreed to subscribe 423 shares for consideration of US\$1,600,000. The stock subscription was completed on 16 May 2023 and as a result, the Company holds 15.9804% of the issued shares of all classes of stocks of the Target Company. Further details were set out in the Company’s announcement dated 16 May 2023 and 7 July 2023.

Details of fair value measurements of unlisted equity securities are set out in Note 35.

附註：

- (i) 於2023年5月16日，本公司訂立購股協議，Charme Inc.（「**目標公司**」）作為發行人同意發行合共847股天使輪優先股，而本公司作為認購人同意認購423股股份，代價為1,600,000美元。股份認購事項已於2023年5月16日完成，因此，本公司持有目標公司所有類別已發行股份的15.9804%。進一步詳情載於本公司日期為2023年5月16日及2023年7月7日的公告。

未上市權益證券的公允值計量詳情載於附註35。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

15. RIGHT-OF-USE ASSETS

15. 使用權資產

		Leased properties 租賃物業 RMB'000 人民幣千元
As at 1 January 2022	於2022年1月1日	7,641
Additions	添置	46,546
Depreciation charge during the year (note 7)	年內折舊費用(附註7)	(10,748)
Exchange realignment	匯兌調整	217
As at 31 December 2022 and as at 1 January 2023	於2022年12月31日及2023年1月1日	43,656
Additions	添置	23,830
Depreciation charge during the year (note 7)	年內折舊費用(附註7)	(26,329)
Modification	修訂	(5,970)
Exchange realignment	匯兌調整	441
As at 31 December 2023	於2023年12月31日	35,628

Lease liabilities of approximately RMB38,096,000 (2022: approximately RMB47,452,000) are recognised with related right-of-use assets of approximately RMB35,628,000 (2022: approximately RMB43,656,000) as at 31 December 2023. 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 are set out in the consolidated cash flow statements.

於2023年12月31日，租賃負債約人民幣38,096,000元(2022年：約人民幣47,452,000元)確認為相關使用權資產約人民幣35,628,000元(2022年：約人民幣43,656,000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 2023
截至2023年12月31日止年度

15. RIGHT-OF-USE ASSETS (CONTINUED)

During the years ended 31 December 2023 and 2022, 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.

16. INVENTORIES

15. 使用權資產(續)

於截至2023年及2022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。

16. 存貨

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Raw materials	原材料	7,412	10,070
Work in progress	在製品	1,941	2,565
Finished goods	製成品	17,564	12,776
		26,917	25,411

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

For the year ended 31 December 2023
截至2023年12月31日止年度

17. TRADE RECEIVABLES

17. 貿易應收款項

		2023 2023年 RMB'000 人民幣千元	2022 2022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	52,817	52,098
Less: allowance for expected credit losses	減：預期信貸虧損撥備	(35,405)	(18,956)
		17,412	33,142

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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Within 3 months	3個月內	16,708	29,777
4 to 6 months	4至6個月	686	1,389
7 to 12 months	7至12個月	18	1,976
		17,412	33,142

Details of the ECL assessment are set out in note 36.

有關預期信貸虧損評估詳情載於附註36。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

18. 預付款項、按金及其他應收款項

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Advances to suppliers	預付供應商款項	4,244	7,461
Other prepayments	其他預付款項	1,136	4,920
Deposits and other receivables (Note (i))	按金及其他應收款項(附註(i))	10,204	52,314
		15,584	64,695

Note:

- (i) As at 31 December 2022, the amount was mainly represented the receivable control under the administrator due to the restructuring of two subsidiaries of approximately RMB21,160,000.

附註：

- (i) 於2022年12月31日，該款項主要指因重組兩間附屬公司而受管理的應收控制款項約人民幣21,160,000元。

Details of the ECL assessment are set out in note 36.

有關預期信貸虧損評估的詳情載於附註36。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

19. CASH AND CASH EQUIVALENTS AND
PLEGDED DEPOSITS

19. 現金及現金等價物以及已
抵押存款

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	4,774	7,623
Less: Pledged deposits for bills payment (note 20)	減：應付票據的已抵押存款 (附註20)	(21)	(33)
Cash and cash equivalents	現金及現金等價物	4,753	7,590
Cash and bank balances denominated in:	現金及銀行結餘按以下 貨幣計值：		
RMB	人民幣	585	2,079
Hong Kong dollars ("HK\$")	港元(「港元」)	1,734	1,833
US\$	美元	2,424	3,421
British Pound	英磅	31	290
		4,774	7,623

As at the end of the reporting period, the cash and cash equivalents denominated in RMB amounted to approximately RMB585,000 (2022: approximately RMB2,079,000). 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.

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585,000元(2022年：約為人民幣2,079,000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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

20. TRADE AND BILLS PAYABLES

20. 貿易應付款項及應付票據

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Trade payables to third parties	應付第三方的貿易款項	46,073	84,941
Bills payables	應付票據		
– arising from intra-group purchases (Note)	– 來自集團內部公司購買的 應付票據(附註)	–	58,995
		46,073	143,936

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於票據到期日前貼現或背書予第三方。

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:

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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Within 1 month	1個月內	17,778	18,156
1 to 3 months	1至3個月	7,167	440
4 to 6 months	4至6個月	3,533	1,699
Over 6 months	超過6個月	17,595	123,641
		46,073	143,936

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.

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

20. TRADE AND BILLS PAYABLES (CONTINUED)

Certain bills payables were secured by pledged deposits with aggregate carrying amounts as listed below:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Pledged deposits of the Group (note 19)	本集團的已抵押存款 (附註19)	21	33

As at 31 December 2023 and 2022, certain bills payables were secured by corporate guarantees provided by independent third parties.

21. OTHER PAYABLES AND ACCRUALS/
CONTRACT LIABILITIES

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Other payables (Note (i))	其他應付款項(附註(i))	85,168	88,277
Accruals	應計費用	8,269	11,983
		93,437	100,260
Contract liabilities (Note (ii))	合約負債(附註(ii))	7,210	11,052

Notes:

(i) As at 31 December 2023, redundancy payable due to the suspension of factories and rental payable was approximately RMB54,090,000 (2022: RMB46,009,000) and RMB7,345,000 (2022: RMB10,770,000) respectively.

(ii) Contract liabilities represent contract amounts received in advance of delivery of goods.

20. 貿易應付款項及應付票據
(續)

若干應付票據由已抵押存款作抵押，其總賬面值載列如下：

	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Pledged deposits of the Group (note 19)	21	33

於2023年及2022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。

21. 其他應付款項及應計費用／合約負債

	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Other payables (Note (i))	85,168	88,277
Accruals	8,269	11,983
	93,437	100,260
Contract liabilities (Note (ii))	7,210	11,052

附註：

(i) 於2023年12月31日，因工廠停工，而應付的遣散費及應付租金分別為約人民幣54,090,000元(2022年：人民幣46,009,000元)及人民幣7,345,000元(2022年：人民幣10,770,000元)。

(ii) 合約負債指交付貨物前收到的合約金額。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

21. OTHER PAYABLES AND ACCRUALS/
CONTRACT LIABILITIES (CONTINUED)

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.

The Group's revenue recognised that was included in the contract liabilities balance at the beginning of the period:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Amounts received in advance of delivery of goods (Note)	於交付貨品前收取的款項(附註)	11,052	9,858

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 2023 (2022: all) is all recognised as revenue during current year.

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

21. 其他應付款項及應計費用／合約負債(續)

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。

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2023年1月1日(2022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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

22. LEASE LIABILITIES

22. 租賃負債

		As at 31 December 2023 於2023年12月31日		As at 31 December 2022 於2022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	20,738	23,200	25,133	28,319
After 1 year but within 2 years	1至2年內	9,093	10,097	18,940	20,179
After 2 years but within 5 years	2至5年內	3,015	3,974	3,379	3,502
After 5 years	超過5年	5,250	6,285	-	-
		17,358	20,356	22,319	23,681
		38,096	43,556	47,452	52,000
Less: total future interest expenses	減：未來利息開支總額		(5,460)		(4,548)
Present value of lease obligations	租賃承擔現值		38,096		47,452

The incremental borrowing rates applied to lease liabilities range from 2.99% to 13.06% (2022: range from 2.99% to 13.06%).

適用於租賃負債的增量借款利率介乎2.99%至13.06% (2022年：介乎2.99%至13.06%)。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

22. LEASE LIABILITIES (CONTINUED)

Analysed for reporting purposes as:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Current liabilities	流動負債	20,738	25,133
Non-current liabilities	非流動負債	17,358	22,319
		38,096	47,452

22. 租賃負債(續)

就報告目的分析如下：

23. AMOUNTS DUE TO RELATED COMPANIES

The related companies to whom these amounts are due to companies controlled by Mr. Zou Gebing (“Mr. Zou”), an executive director of the Company who indirectly had shareholding interests in 24.24% of the Company during the years ended 31 December 2023 and 2022. The amounts due to these related companies are unsecured, interest-free and repayable on demand.

23. 應付關聯公司款項

該等款項應予付的關聯公司乃由本公司執行董事鄒格兵先生(「鄒先生」)控制，而鄒先生於截至2023年及2022年12月31日止年度間接持有本公司24.24%股權。應付該等關聯公司款項為無抵押、免息及須按要求償還。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

24. INTEREST-BEARING BANK AND OTHER
BORROWINGS

24. 計息銀行及其他借款

		2023 2023年			2022 2022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	6.61%	2024	14,790	4.5%–6.6%	2022–2023	69,235
Current-unsecured	即期—無抵押						
Other borrowings (note (c))	其他借款(附註(c))	6.0%–8.0%	2024	94,667	N/A 不適用	N/A 不適用	–
Non-current – secured	非即期—有抵押						
Bank loans	銀行貸款	5.0%–6.5%	2031	53,696	N/A 不適用	N/A 不適用	–
				163,153			69,235

		2023 2023年	2022 2022年
		RMB'000 人民幣千元	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	109,457	69,235
Bank and other borrowings repayable within over one year	於一年內償還的銀行及其他 借款	53,696	–
		163,153	69,235

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

For the year ended 31 December 2023
截至2023年12月31日止年度

24. 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 company controlled by Mr. Zou as at 31 December 2023 and 2022;
 - (ii) personal guarantees provided by the Mr. Zou as at 31 December 2023 and 2022;
 - (iii) corporate guarantees provided by Morris PRC, a company controlled by Mr. Zou as at 31 December 2023 and 2022;
 - (iv) corporate guarantees provided by Zhejiang Murong Shijia Real Estate Co., Ltd, a company controlled by Mr. Zou as at 31 December 2023 and 2022;
 - (v) corporate guarantees provided by independent third parties as at 31 December 2023 and 2022; and
 - (vi) pledges of certain properties which were provided by Zhejiang Murong Shijia Real Estate Co., Ltd, a company controlled by Mr. Zou as at 31 December 2023 and 2022.
- (b) The Group's bank and other borrowings were denominated in the following currencies:

24. 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2023年及2022年12月31日，以鄒先生控制的慕容中國提供的若干幅土地及建築物作抵押；
 - (ii) 鄒先生於2023年及2022年12月31日提供的個人擔保；
 - (iii) 鄒先生控制的慕容中國於2023年及2022年12月31日提供的公司擔保；
 - (iv) 鄒先生控制的公司浙江慕容世家地產有限公司於2023年及2022年12月31日提供的公司擔保；
 - (v) 獨立第三方於2023年及2022年12月31日提供的公司擔保；及
 - (vi) 以鄒先生控制的公司浙江慕容世家地產有限公司於2023年及2022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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
RMB	人民幣	105,686	39,775
HKD	港元	57,467	-
US\$	美元	-	29,460
		163,153	69,235

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

For the year ended 31 December 2023
截至2023年12月31日止年度

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (c) As at 31 December 2023, the amount of approximately RMB67,467,000 represented loan from substantial shareholder of the Group, Mr. Tse Kam Pang was unsecured, with annual interest 6%, and repayable within 1 year.

As at 31 December 2023, the amount of approximately RMB17,000,000 represented loan from related companies which the controlling shareholder of the related companies is Mr. Tse Kam Pang was unsecured, with annual interest 8%, and repayable on demand within 1 year.

As at 31 December 2023, the amount of approximately RMB10,200,000 represented loan from a third party was unsecured, with annual interest 6–8%, and repayable on demand within 1 year.

24. 計息銀行及其他借款(續)

附註：(續)

- (c) 於2023年12月31日，約人民幣67,467,000元的款項指來自本集團主要股東謝錦鵬先生的貸款，該款項無抵押、年利率為6%，且須於一年內償還。

於2023年12月31日，約人民幣17,000,000元的款項指來自關聯公司的貸款，該關聯公司的控股股東為謝錦鵬先生，該款項無抵押、年利率為8%，且須於一年內按要求償還。

於2023年12月31日，約人民幣10,200,000元的款項指來自第三方的貸款，該款項無抵押、年利率為6–8%，且須於一年內按要求償還。

25. WARRANTY PROVISION

25. 保修撥備

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
At beginning of year	年初	455	2,907
Additional provision (note 7)	額外撥備(附註7)	943	461
Amount utilised during the year	年內已動用款項	(470)	(3,059)
Exchange realignment	匯兌調整	15	146
At end of year	年末	943	455

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

26. DEFERRED TAX

The Group has unused tax losses arising of approximately RMB 457,730,000 (2022: approximately RMB364,477,000) 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.

Deferred tax liabilities

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
At beginning of year	年初	-	34
Credited to profit or loss during the year	年內計入損益	-	(34)
Exchange realignment	匯兌調整	-	-
At end of year	年末	-	-

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 2023 the applicable rate is 5% (2022: 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.

26. 遞延稅項

本集團的未動用稅項虧損約為人民幣457,730,000元(2022年：約為人民幣364,477,000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。

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2023年12月31日止年度的適用稅率為5%(2022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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

27. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS

Convertible loan

	2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Liability component of the Convertible loan 可換股貸款的負債部分	40,054	60,565

Analysed for reporting purpose as:

	2023 2023年 RMB'000 人民幣千元	2022 2022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	26,567	21,492
Non-current liabilities 非流動負債	13,487	39,073

On 5 January 2018, the Company entered into a convertible loan (the “**Convertible Loan I**”) agreement (the “**Convertible Loan I Agreement**”) with International Finance Corporation (“**IFC**”), pursuant to which IFC agreed to lend, and the Company agreed to borrow, the Convertible Loan I 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 I 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 I Agreement). The outstanding principal of the Convertible Loan I bears interest at a rate of 1.25% per annum above 6 months HIBOR. Interest period of the Convertible Loan I 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.

27. 可換股貸款／衍生金融工具

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I」)協議(「可換股貸款I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I。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I未償還本金額轉換成本公司股份(可根據可換股貸款I協議所載作出調整)。可換股貸款I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I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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

27. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Convertible loan (Continued)

Unless previously converted, the Company shall repay 50% of the non-converted portion of the Convertible Loan I outstanding as at fourth anniversary of the date of the Convertible Loan I (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 I shall be repaid on the fifth anniversary of the date of the Convertible Loan I (the “**Maturity Date I**”) 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 I 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 I which is redeemed by the Company will forthwith be cancelled.

In the year 2020, the Convertible Loan I 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 I was amended from original Maturity Date I to on/prior to 28 December 2021. The Company recorded gain on modification of the Convertible Loan I of approximately RMB11,503,000. A new Convertible Loan I 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 I 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.

27. 可換股貸款／衍生金融工具(續)

可換股貸款(續)

除先前轉換外，本公司須償還於可換股貸款I日期滿四週年當日(「**首次分期還款日**」)未轉換可換股貸款I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I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I本金額有關部分每年3.25%的等值金額)須於可換股貸款I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I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I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，以將分期款項延遲支付。同時，可換股貸款I之還款期時間表已修訂為於原定到期日I至2021年12月28日／之前。本公司錄得修訂可換股貸款I收益約人民幣11,503,000元。新可換股貸款I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I已到期並須進行清償。未償還本金總額及約人民幣72,875,000元的相關逾期利息於2021年12月31日尚未清償。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

27. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Convertible loan (Continued)

On 21 December 2022, the Company entered into a amendment agreement (the “**Convertible Loan II**”) to amend the principal terms and conditions of the Convertible Loan I, pursuant to which IFC agreed to lend, and the Company agreed to borrow, the Convertible Loan II in an outstanding principal amount of the Convertible Loan II is approximately HK\$73,439,000. IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan II 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 II Agreement). The outstanding principal of the Convertible Loan II bears interest at a rate of 2.75% per annum above one month HIBOR. Interest period of the Convertible Loan II shall be a period of one month in each case beginning on an interest payment date and ending on the day immediately before the next following interest payment date.

Subject to the rescheduled repayment instalment, the rescheduled maturity date is 28 June 2025 (the “**Maturity Date II**”) together with the accumulated redemption premium which is an amount of approximately HK\$2,192,000.

27. 可換股貸款／衍生金融工具(續)

可換股貸款(續)

於2022年12月21日，本公司訂立修訂協議(「**可換股貸款II**」)，以修訂可換股貸款I的主要條款及條件，根據該協議，國際金融公司同意出借及本公司同意借入未償還本金約為73,439,000港元的可換股貸款II。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II未償還本金額轉換成io公司股份(可根據可換股貸款II協議所載作出調整)。可換股貸款II未償還本金額按年利率2.75%(高於一個月香港銀行同業拆息)計息。於各種情況下，可換股貸款II的利息期為一個月，自付息日期起至緊接下一個付息日期前一日止。

根據重訂的分期還款，重訂到期日為2025年6月28日(「**到期日II**」)連同累計贖回溢價其金額約為2,192,000港元。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

27. CONVERTIBLE LOAN/DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Convertible loan (Continued)

The Convertible Loan I and II 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 of Convertible Loan I	Liability component of Convertible Loan II	Derivative financial instrument I	Derivative financial instrument II	Total
		可換股貸款I的負債部分	可換股貸款II的負債部分	衍生金融工具I	衍生金融工具II	總計
		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
As at 1 January 2022	於2022年1月1日	69,977*	-	78	-	70,055
Repayment of Convertible Loan	償還可換股貸款	(7,163)	(2,553)	-	-	(9,716)
Amortisation of liability component of the Convertible Loan	可換股貸款負債部分的攤銷	556	35	-	-	591
Accrual interest	應計利息	(795)	(133)	-	-	(928)
Derecognition of the Convertible Loan I	終止確認可換股貸款I	(69,434)	-	(469)	-	(69,903)
Liabilities component at date of modification	於修訂日期的負債部分	-	63,837	-	469	64,306
Fair value change	公允值變動	-	-	386	(93)	293
Exchange difference	匯兌差額	6,859	(621)	5	(4)	6,239
As at 31 December 2022 and 1 January 2023	於2022年12月31日及2023年1月1日	-	60,565	-	372	60,937
Repayment of Convertible Loan	償還可換股貸款	-	(19,547)	-	-	(19,547)
Amortisation of liability component of the Convertible Loan	可換股貸款負債部分的攤銷	-	1,039	-	-	1,039
Accrual interest	應計利息	-	(3,477)	-	-	(3,477)
Fair value change	公允值變動	-	-	-	(305)	(305)
Exchange difference	匯兌差額	-	1,474	-	8	1,482
As at 31 December 2023	於2023年12月31日	-	40,054	-	75	40,129

27. 可換股貸款／衍生金融工具(續)

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I及II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：

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

For the year ended 31 December 2023
截至2023年12月31日止年度

28. SHARE CAPITAL

28. 股本

		2023 2023年		2022 2022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 (2022: 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(2022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：				
2,750,000,000 ordinary shares of US\$0.001 each (2022: 1,000,000,000 ordinary shares of US\$0.001 each)	2,750,000,000股每股面值0.001美元的普通股(2022年：1,000,000,000股每股面值0.001美元的普通股)	2,750	19,212	2,750	19,212

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 2022	於2022年1月1日的結餘	1,000,000,000	6,914
Share issued upon share subscription (Note (a))	於股份認購時發行股份(附註(a))	1,300,000,000	9,248
Share issued upon placing (Note (b))	於配售時發行股份(附註(b))	450,000,000	3,050
Balance as at 31 December 2022 and 31 December 2023	於2022年12月31日及2023年12月31日的結餘	2,750,000,000	19,212

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

For the year ended 31 December 2023
截至2023年12月31日止年度

28. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 10 October 2022, the Company was subscribed 1,300,000,000 shares at a subscription price of HK\$0.063 per share. The proceeds will be used to repay indebtedness of the Group under the Convertible Loan and make settlements for the subsidiaries' indebtedness under the restructuring.
- (b) On 23 March 2022, the Company placed 200,000,000 new shares at the placing price of HK\$0.12 per placing share to not less than six places. Further details were set out in the Company's announcement dated 23 March 2022. On 10 October 2022, the Company placed 250,000,000 new shares at the placing price of HK\$0.11 per placing share. Further details were set out in the Company's announcement dated 10 October 2022.

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 2023, 75,812,000 (2022: 75,812,000) ordinary shares acquired under the Restricted Share Award Scheme were deemed to be held in treasury, representing 2.76% of the shares in issue as at 31 December 2023. The nominal value of shares held in treasury was approximately RMB8,992,000 (2022: approximately RMB8,992,000).

28. 股本(續)

附註：

- (a) 於2022年10月10日，本公司認購1,300,000,000股股份，每股認購價格0.063港元。所得款項將用於償還本集團於可轉換貸款項下的債務以及清償附屬公司於重組項下的債務。
- (b) 於2022年3月23日，本公司向不少於6位承售人配售200,000,000股新股，每股配售股份之配售價為0.12港元。進一步詳情載於本公司日期為2022年3月23日的公告。於2022年10月10日，本公司配售250,000,000股新股，每股配售股份之配售價為0.11港元。進一步詳情載於本公司日期為2022年10月10日的公告。

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2023年12月31日，受限制股份獎勵計劃下收購的75,812,000股(2022年：75,812,000股)普通股被視為以庫存方式持有，佔於2023年12月31日已發行股份的2.76%。以庫存方式持有的股份的面值約為人民幣8,992,000元(2022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 2023
截至2023年12月31日止年度

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.

(vi) Share award scheme reserve

The restricted share award scheme (the "**Award Scheme**") was adopted by the Board on 29 August 2019 (the "**Adoption Date**").

The specific objectives of the Award Scheme are: (1) to provide the Selected Participants (as defined below) with an opportunity to acquire a proprietary interest in the Group; (2) to encourage and retain such individuals to work with the Group; (3) to provide additional incentive for Selected Participants to achieve performance goals with a view to achieve the objectives of increasing the value of the Group; and (4) to align the interests of the Selected Participants directly to the Shareholders through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in the value of the Shares.

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。

(vi) 股份獎勵計劃儲備

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**」)。

獎勵計劃的具體目標是：(1)為選定參與者(定義見下文)提供獲得本集團所有權權益的機會；(2)鼓勵和挽留該等人士在本集團工作；(3)為選定參與者提供額外激勵以實現績效目標，以實現增加本集團價值的目標；及(4)通過股份所有權、股息和股份支付的其他分配和/或股份價值的增加，使選定參與者的利益直接與股東保持一致。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

29. RESERVES (CONTINUED)

(vi) Share award scheme reserve (Continued)

The Board may, from time to time, select and approve any individual, being an employee, director, officer, consultant, agent, adviser or business partner of any member of the Group or any Affiliate (including nominees and/or trustees of any employee benefit trust established for them) and any other person as determined by the Board who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group (the “**Eligible Persons**”) for participation in the Award Scheme and grant awards to such Eligible Persons (the “**Selected Participants**”).

The Board will not make any further grant of award which will result in the aggregate number of Shares underlying all grants made pursuant to the Award Scheme (excluding award shares that have been forfeited in accordance with the Award Scheme) to exceed 9.9% of the total number of issued Shares as at the Adoption Date (i.e. 99,000,000 Shares) (the “**Scheme Mandate**”) without approval by a Board resolution. As at the date of this report, awards in respect of 99,000,000 Shares may be granted pursuant to the Scheme Mandate.

The maximum number of award shares which may be awarded to a Selected Participant under the Award Scheme in aggregate shall not exceed 5.0% of the total number of issued Shares as at the Adoption Date.

The Board or the committee of the Board or person(s) to which the Board delegated its authority may, from time to time, while the Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested pursuant to the Award Scheme.

29. 儲備(續)

(vi) 股份獎勵計劃儲備(續)

董事會可不時選擇和批准董事會或其代表全權酌情認為已經或將向集團作出貢獻的任何個人(身為本集團任何成員或任何關聯公司的員工、董事、高級職員、顧問、代理人、顧問或業務夥伴(包括為彼等建立的任何僱員福利信託的代名人及/或信託人)和任何其他人士)(「**合資格人士**」)參與獎勵計劃，並向此類合資格人士授予獎勵(「**選定參與者**」)。

董事會不會再發放任何額外的獎勵，以免根據獎勵計劃所授予的所有獎勵相關的股份總數(不包括根據獎勵計劃被沒收的獎勵股份)超過採納日期時已發行的股份總數的9.9%，即99,000,000股股份(「**計劃授權**」)，除非經過董事會決議批准。於本報告日期，與獎勵有關的99,000,000股股份可根據計劃授權授出。

根據獎勵計劃可授予一名選定參與者的獎勵股份的最高數目合計不得超過採納日期已發行股份總數的5.0%。

董事會或董事會委員會或董事會授予其權力的人士可以不時地在獎勵計劃有效且遵守所有適用法律的情況下，確定根據獎勵計劃將予歸屬的獎勵的相關歸屬標準和條件或期限。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

29. RESERVES (CONTINUED)

(vi) Share award scheme reserve (Continued)

Details of specific categories of Award Scheme are as follows:

	Date of grant	Exercise Date/ period	Exercise price per share	Number of share award 股份獎勵數目				
				Outstanding as at 1 January 2023	Grant during the year ended 31 December 2023	Exercised during the year ended 31 December 2023	Lapsed during the year ended 31 December 2023	Outstanding as at 31 December 2023
	授出日期	行使日期/ 期間	每股行使價	於2023年 1月1日未行使	截至2023年 12月31日止年度 期間授出	截至2023年 12月31日止年度 期間行使	截至2023年 12月31日止年度 期間失效	於2023年 12月31日未行使
2023 Awarded Shares	2 August 2023	(note 1)	HK\$0.18	-	5,000,000	-	-	5,000,000
2023年獎勵股份	2023年8月2日	(附註1)	0.18港元					
2023 Awarded Shares	2 October 2023	(note 2)	HK\$0.18	-	21,000,000	-	-	21,000,000
2023年獎勵股份	2023年10月2日	(附註2)	0.18港元					
Total 總計				-	26,000,000	-	-	26,000,000

Notes:

- Subject to fulfillment of the pre-determined vesting conditions, the restricted share award scheme shall be vested and exercisable from 2 August 2024 to 1 August 2033.
- Subject to fulfillment of the pre-determined vesting conditions, the restricted share award scheme shall be vested and exercisable from 31 December 2025 to 1 October 2033.

The fair value of the Award Scheme granted during the year was RMB3,070,000 (HK\$0.13 and HK\$0.12 each), of which the Group recognized a Award Scheme expense of RMB498,000 during the year ended 31 March 2023.

29. 儲備(續)

(vi) 股份獎勵計劃儲備(續)

獎勵計劃的特定組別詳情如下：

	Date of grant	Exercise Date/ period	Exercise price per share	Number of share award 股份獎勵數目				
				Outstanding as at 1 January 2023	Grant during the year ended 31 December 2023	Exercised during the year ended 31 December 2023	Lapsed during the year ended 31 December 2023	Outstanding as at 31 December 2023
	授出日期	行使日期/ 期間	每股行使價	於2023年 1月1日未行使	截至2023年 12月31日止年度 期間授出	截至2023年 12月31日止年度 期間行使	截至2023年 12月31日止年度 期間失效	於2023年 12月31日未行使
2023 Awarded Shares	2 August 2023	(note 1)	HK\$0.18	-	5,000,000	-	-	5,000,000
2023年獎勵股份	2023年8月2日	(附註1)	0.18港元					
2023 Awarded Shares	2 October 2023	(note 2)	HK\$0.18	-	21,000,000	-	-	21,000,000
2023年獎勵股份	2023年10月2日	(附註2)	0.18港元					
Total 總計				-	26,000,000	-	-	26,000,000

附註：

- 待預定歸屬條件達成後，限制性股份獎勵計劃將會歸屬並可於2024年8月2日至2033年8月1日期間行使。
- 待預定歸屬條件達成後，限制性股份獎勵計劃將會歸屬並可於2025年12月31日至2033年10月1日期間行使。

年內授出的獎勵計劃公允值為人民幣3,070,000元(每股0.13港元及0.12港元)，本集團已於截至2023年3月31日止年度確認獎勵計劃開支人民幣498,000元。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

29. RESERVES (CONTINUED)

(vi) Share award scheme reserve (Continued)

The fair value of share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

		Share option granted in 2023 2023年授出的 購股權 HK\$ 港元
Fair value of the Company's shares as at the grant date	本公司股份於授出日期的公允值	0.12–0.13
Expected volatility (%)	預期波幅(%)	100.2–101.3
Expected dividend (%)	預期股息率(%)	0.00
Exercise multiple	行使倍數	2.47
Exercise price	行使價	0.18
Risk-free interest rate (%)	無風險利率(%)	3.92–4.16

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

預期波幅反映歷史波幅能作為未來趨勢指標(但不一定為實際結果)的假設。

29. 儲備(續)

(vi) 股份獎勵計劃儲備(續)

年內授出的購股權公允值於授出日期採用二項式模型估計，並計及授出購股權的條款及條件。下表列出所用模型的輸入數據：

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

For the year ended 31 December 2023
截至2023年12月31日止年度

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Change in liabilities arising from financing activities:

2023

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：

2023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 2023	於2023年1月1日	62,173	47,452	60,565	69,235	239,425
New bank borrowings made during the year	年內新增銀行借款	-	-	-	155,182	155,182
New lease entered	新訂立租約	-	23,830	-	-	23,830
Interest charged	利息支出	-	4,561	3,541	5,887	13,989
Termination of lease	終止租賃	-	(1,299)	-	-	(1,299)
Repayment during the year	年內還款	(18,727)	(30,765)	(19,547)	(61,236)	(130,275)
Modification of lease	修訂租賃	-	(6,157)	-	-	(6,157)
Interest paid and payable	已付及應付利息	-	-	(5,979)	(5,887)	(11,866)
Exchange realignment	匯兌調整	1,088	474	1,474	(28)	3,008
As at 31 December 2023	於2023年12月31日	44,534	38,096	40,054	163,153	285,837

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

For the year ended 31 December 2023
截至2023年12月31日止年度

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2022

		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 2022	於2022年1月1日	27,734	25,002	69,977	64,616	187,329
New bank borrowings made during the year	年內新增銀行借款	-	-	-	44,760	44,760
Financing cash inflows	融資現金流入	47,288	-	-	-	47,288
New lease entered	新訂立租約	-	46,546	-	-	46,546
Interest charged	利息支出	-	2,035	591	1,490	4,116
Termination of lease	終止租賃	-	(8,460)	-	-	(8,460)
Repayment during the year	年內還款	(13,866)	(18,314)	(9,716)	(43,455)	(85,351)
Gain on modification of Convertible Loan	修訂可換股貸款的收益	-	-	(5,597)	-	(5,597)
Interest paid and payable	已付及應付利息	-	-	(928)	(1,490)	(2,418)
Exchange realignment	匯兌調整	1,017	643	6,238	3,314	11,212
As at 31 December 2022	於2022年12月31日	62,173	47,452	60,565	69,235	239,425

30. 融資活動所產生的負債對賬(續)

2022年

31. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the end of the reporting period.

32. COMMITMENTS

The Group did not have any capital commitment as at 31 December 2023 and 2022.

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. 承擔

本集團於2023年及2022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)

For the year ended 31 December 2023
截至2023年12月31日止年度

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:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Morris PRC (note (ii))	慕容中國 (附註(ii))		
Rental expenses (note (a))	租賃開支(附註(a))	-	9,176
Compensation on factory relocation (note 5)	廠房搬遷補償(附註5)	-	13,366
Guangzhou Wanlibao Industrial Holding Co., Ltd (note (i))	廣州萬利寶實業控股有限公司 (附註(i))		
Sales of product	銷售產品	-	143
Wanlibao (Guangzhou) Furniture Co., Ltd (note (i))	萬利寶(廣州)家具有限公司 (附註(i))		
Purchase of raw materials	購買原材料	-	8,297
Guangzhou Fuli Furniture Company Limited (note (i))	Guangzhou Fuli Furniture Company Limited (附註(i))		
Sales of product	銷售產品	48	-
Guangzhou Royal Furniture Company Limited (note (i))	Guangzhou Royal Furniture Company Limited (附註(i))		
Purchase of product	購買產品	15	-

The above related parties are companies controlled by Mr. Tse Kam Pang (note (i)) and Mr. Zou (note (ii)). 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：

上述關聯方均為由謝錦鵬先生(附註(i))及鄒先生(附註(ii))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 2023
截至2023年12月31日止年度

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amount due from a shareholder

An analysis of the balances with shareholder is as follows:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Mr. Zou	鄒先生	-	345

(c) Amounts due from related parties

As at the end of the reporting period, the Group had the following material balances with its related parties:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Morris PRC * (note (ii))	慕容中國*(附註(ii))	169,404	186,343
Zhejiang Murong Shijia Real Estate Co., Ltd (note (ii))	浙江慕容世家地產有限公司(附註(ii))	-	27
Shanghai Murong Digital Intelligence Technology Co., Ltd (note (ii))	上海慕容數智科技有限公司(附註(ii))	-	34
Guangzhou Wanlibao Industrial Holding Co., Ltd (note (i))	廣州萬利寶實業控股有限公司(附註(i))	-	162
Masia Investment Limited (note (ii))	美亞投資有限公司(附註(ii))	36	21
Guangzhou Royal Furniture Company Limited (note (i))	Guangzhou Royal Furniture Company Limited(附註(i))	5	-
Guangzhou Fuli Furniture Company Limited (note (i))	Guangzhou Fuli Furniture Company Limited(附註(i))	55	-
Zhejiang Jujueyun Technology Co., Ltd. (note (ii))	Zhejiang Jujueyun Technology Co., Ltd. (附註(ii))	8,000	-
		177,500	186,587
Less: allowance for expected credit loss for companies controlled by Mr. Tse (Note 36)	減：就謝先生控制的公司作出的預期信貸虧損撥備(附註36)	(1)	(1)
allowance for expected credit loss for companies controlled by Mr. Zou (Note 36)	就鄒先生控制的公司作出的預期信貸虧損撥備(附註36)	(1,241)	(1,059)
		(1,242)	(1,060)
		176,258	185,527

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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Mr. Zou	鄒先生	-	345

(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：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Morris PRC * (note (ii))	慕容中國*(附註(ii))	169,404	186,343
Zhejiang Murong Shijia Real Estate Co., Ltd (note (ii))	浙江慕容世家地產有限公司(附註(ii))	-	27
Shanghai Murong Digital Intelligence Technology Co., Ltd (note (ii))	上海慕容數智科技有限公司(附註(ii))	-	34
Guangzhou Wanlibao Industrial Holding Co., Ltd (note (i))	廣州萬利寶實業控股有限公司(附註(i))	-	162
Masia Investment Limited (note (ii))	美亞投資有限公司(附註(ii))	36	21
Guangzhou Royal Furniture Company Limited (note (i))	Guangzhou Royal Furniture Company Limited(附註(i))	5	-
Guangzhou Fuli Furniture Company Limited (note (i))	Guangzhou Fuli Furniture Company Limited(附註(i))	55	-
Zhejiang Jujueyun Technology Co., Ltd. (note (ii))	Zhejiang Jujueyun Technology Co., Ltd. (附註(ii))	8,000	-
		177,500	186,587
Less: allowance for expected credit loss for companies controlled by Mr. Tse (Note 36)	減：就謝先生控制的公司作出的預期信貸虧損撥備(附註36)	(1)	(1)
allowance for expected credit loss for companies controlled by Mr. Zou (Note 36)	就鄒先生控制的公司作出的預期信貸虧損撥備(附註36)	(1,241)	(1,059)
		(1,242)	(1,060)
		176,258	185,527

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

For the year ended 31 December 2023
截至2023年12月31日止年度

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Amounts due from related parties (Continued)

- * The balance was mainly due to outstanding consideration for disposal of subsidiaries payable by Morris PRC.

The above related parties are companies controlled by Mr. Tse Kam Pang (note (i)) and Mr. Zou (note (ii)). Amounts due from related parties are unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Fees	袍金	2,006	1,767
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	9,045	7,373
Share-based payment	以股份為基礎的付款	106	-
Pension scheme contributions	退休計劃供款	16	135
Total compensation paid to key management personnel	支付予主要管理人員的薪酬總額	11,173	9,275

Further details of directors' emoluments are included in note 8 to the financial statements.

33. 關聯方交易(續)

(c) 應收關聯方款項(續)

- * 結餘主要來自慕容中國就出售附屬公司應付但未償還的代價。

上述關聯方為謝錦鵬先生(附註(i))及鄒先生(附註(ii))控制的公司。應收關聯方款項為無抵押、免息及按要求的償還。

(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 2023
截至2023年12月31日止年度

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:

Financial assets

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Financial asset at FVTPL	按公允值計入損益的金融資產	1,604	-
At amortised cost:	按攤銷成本計量：		
Trade receivables	貿易應收款項	17,412	33,142
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	10,204	52,314
Amount due from a shareholder	應收一名股東款項	-	345
Amounts due from related parties	應收關聯方款項	176,258	185,527
Pledged deposits	已抵押存款	21	33
Cash and cash equivalents	現金及現金等價物	4,753	7,590
		208,648	278,951

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：

金融資產

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

For the year ended 31 December 2023
截至2023年12月31日止年度

34. FINANCIAL INSTRUMENTS BY CATEGORY
(CONTINUED)

Financial liabilities

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
At amortised cost:	按攤銷成本計量：		
Trade and bills payables	貿易應付款項及應付票據	46,073	143,936
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	93,437	100,260
Amounts due to related parties	應付關聯方款項	44,534	62,173
Lease liabilities	租賃負債	38,096	47,452
Convertible Loan	可換股貸款	40,054	60,565
Interest-bearing bank and other borrowings	計息銀行及其他借款	163,153	69,235
		425,347	483,621

34. 按類別劃分的金融工具(續)

金融負債

		Derivative financial instruments 衍生金融工具	
		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Derivative financial instruments	衍生金融工具	75	372

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

For the year ended 31 December 2023
截至2023年12月31日止年度

35. 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.

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 (2022: Nil).

35. 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。

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(2022年：無)。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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).

Financial asset and liabilities measured at fair value

2023

		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
Assets	資產				
Financial assets at FVTPL	按公允值計入損益的 金融資產	-	-	1,604	-
Liabilities	負債				
Convertible Loan	可換股貸款	-	-	40,297	40,297
Derivative financial instruments	衍生金融工具	-	-	75	75

35. 金融工具的公允值及公允值層級(續)

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。

按公允值計量的金融資產及負債

2023年

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

For the year ended 31 December 2023
截至2023年12月31日止年度

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial asset and liabilities measured at fair value (Continued)

2022

		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				
Convertible Loan	可換股貸款	-	-	59,998	59,998
Derivative financial instruments	衍生金融工具	-	-	372	372

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 27 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:

	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	2023 2023年	2022 2022年
Convertible Loan 可換股貸款	Level 3 第三級	Binomial pricing model 二項式定價模式	Risk-free rate 無風險利率	3.63%	4.12%
			Volatility 波幅	112.86%	131.89%
			Discount rate 貼現率	10.13%	10.67%

35. 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(續)

2022年

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27。

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：

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

For the year ended 31 December 2023
截至2023年12月31日止年度

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial asset and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements
(Continued)

Fair value of unlisted equity securities is determined based on valuation using asset-based approach. Fair value of individual business assets less liabilities of the investment company was considered to arrive the fair value of the Group's equity interests in the investee company. The significant input is the net asset value of the investee company. The net asset value is positively correlated to the fair value measurement of the unlisted equity securities.

The following table presents the changes in fair value of financial assets which are classified under Level 3 of the fair value hierarchy:

35. 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(續)

有關第3級公允值計量的資料(續)

未上市權益證券之公允價值乃根據使用資產法得出的估值釐定。計算本集團於被投資公司股權之公允價值時已計及投資公司之個別業務資產減負債之公允價值。重大輸入數據為被投資公司之資產淨值。資產淨值與未上市權益證券之公允價值計量成正比。

下表呈列分類為公允價值層級第三級之金融資產公允價值變動：

		Financial assets at FVTPL 按公允值計入 損益之金融資產 RMB'000 人民幣千元
At 1 January 2023	於2023年1月1日	–
Additions	增加	11,148
Fair value changes	公允值變動	(9,712)
Exchange realignment	匯兌調整	168
At 31 December 2023	於2023年12月31日	1,604

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. 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 24 and 22 respectively.

The Company has no significant interest rate risk during the year.

36. 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24及22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)

For the year ended 31 December 2023
截至2023年12月31日止年度

36. 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.

36. 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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

		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
2023	2023年		
If RMB weakens against US\$	倘人民幣兌美元貶值	5	1,927
If RMB strengthens against US\$	倘人民幣兌美元升值	(5)	(1,927)
2022	2022年		
If RMB weakens against US\$	倘人民幣兌美元貶值	5	4,457
If RMB strengthens against US\$	倘人民幣兌美元升值	(5)	(4,457)

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group invested in certain unquoted equity securities for investees operating in developing and sales of adjustable beds and medical beds to overseas markets for investment purposes which had been designated as FVTPL. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

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.

36. 財務風險管理目標及政策
(續)

外匯風險(續)

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
5	1,927
(5)	(1,927)
5	4,457
(5)	(4,457)

其他價格風險

本集團因投資於按公允值計入損益之權益證券而面臨權益價格風險。本集團為投資目的而投資於若干非上市權益證券(被投資公司從事開發及向海外市場銷售可調式床及醫療床的業務)，指定為按公允值計入損益。本集團已委任專責團隊監察價格風險，並於有需要時考慮對沖風險。

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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 2023 and 2022.

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.

As at 31 December 2023 and 2022, 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.

36. 財務風險管理目標及政策(續)

信貸風險(續)

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2023年及2022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。

於2023年及2022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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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 54.7% and 16.0% (2022: 60.5% and 37.2% 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.

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.

36. 財務風險管理目標及政策 (續)

信貸風險(續)

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54.7%及16.0%（2022年：60.5%及37.2%）。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。

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 2023
截至2023年12月31日止年度

36. 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 2023 and 2022 was determined as follows:

31 December 2023

		No past due	More than 1 day but less than 1 year past due	Credit-impaired (note)	Total
		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	1.50%	3.77%	100%	
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)				
– Trade receivables	– 貿易應收款項	16,046	1,670	35,101	52,817
Provision for ECL	預期信貸虧損撥備	(241)	(63)	(35,101)	(35,405)

31 December 2022

		No past due	More than 1 day but less than 1 year past due	Credit-impaired (note)	Total
		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	2.13%	5.50%	100%	
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)				
– Trade receivables	– 貿易應收款項	19,458	14,918	17,722	52,098
Provision for ECL	預期信貸虧損撥備	(414)	(820)	(17,722)	(18,956)

Note: Trade receivables with more than 1 year past due are considered as credit impaired, with ECL provision of approximately RMB35,101,000 (2022: RMB17,722,000) were assessed individually.

36. 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2023年及2022年12月31日的貿易應收款項撥備釐定如下：

2023年12月31日

2022年12月31日

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35,101,000元(2022年：人民幣17,722,000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 2023
截至2023年12月31日止年度

36. 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 2023 and 2022 was as follows:

36. 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2023年及2022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	Lifetime ECL – credit- impaired	Total
		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
		人民幣千元	人民幣千元	人民幣千元
As at 1 January 2022	於2022年1月1日	1,331	10,276	11,607
Provision/(reversal) for the year	年內撥備/(撥回)	(97)	7,446	7,349
As at 31 December 2022 and 1 January 2023	於2022年12月31日及 2023年1月1日	1,234	17,722	18,956
Provision/(reversal) for the year	年內撥備/(撥回)	(765)	17,214	16,449
Transfer	轉移	(165)	165	–
As at 31 December 2023	於2023年12月31日	304	35,101	35,405

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. 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 2023 and 2022 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 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
As at 1 January 2022	於2022年1月1日	90	–	–	90
Provision for the year	年內撥備	480	–	11,303	11,783
As at 31 December 2022 and 1 January 2023	於2022年12月31日及 2023年1月1日	570	–	11,303	11,873
Provision/(reversal) for the year	年內撥備/(撥回)	(486)	–	16,460	15,974
Written off	撤銷	–	–	(5,605)	(5,605)
Transfer	轉移	(42)	–	42	–
As at 31 December 2023	於2023年12月31日	42	–	22,200	22,242

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.

36. 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2023年及2022年12月31日的按金及其他應收款項撥備如下：

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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Provision of ECL on amounts due from related parties

The provision for amounts due from related parties as at 31 December 2023 and 2022 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 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
As at 1 January 2022	於2022年1月1日	1,026	–	–	1,026
Provision for the year	年內撥備	34	–	–	34
As at 31 December 2022 and 1 January 2023	於2022年12月31日及2023年1月1日	1,060	–	–	1,060
Provision for the year	年內撥備	182	–	–	182
As at 31 December 2023	於2023年12月31日	1,242	–	–	1,242

Amounts due from related companies

For amounts due from related companies, the management makes periodic individual assessment on the recoverability of amount due from related companies based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

36. 財務風險管理目標及政策(續)

信貸風險(續)

應收關聯方款項的預期信貸虧損撥備

於2023年及2022年12月31日的應收關聯方款項撥備如下：

應收關聯公司款項

就應收關聯公司款項而言，管理層根據歷史結算記錄、過往經驗及屬合理有理據前瞻性資料之定量及定性資料，定期對應收關聯公司款項之可收回性進行個別評估。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

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:

As at 31 December 2023

		Weight average interest rate	On demand or within one year	More than one year but less than two years	More than two years but less than five years	More than five years	Total undiscounted cash flow	Total carrying amount
		加權平均利率	按要求或一年內	一年以上但不足兩年	兩年以上但不足五年	五年以上	無貼現現金流量總額	賬面總值
		%	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
Trade and bills payables	貿易應付款項及應付票據	-	46,073	-	-	-	46,073	46,073
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	-	93,437	-	-	-	93,437	93,437
Amount due to related companies	應付關聯公司款項	-	44,534	-	-	-	44,534	44,534
Derivative financial instruments	衍生金融工具	-	75	-	-	-	75	75
Lease liabilities	租賃負債	8.90	23,200	10,097	3,974	6,285	43,556	38,096
Convertible loan	可換股貸款	2.02	27,133	13,566	-	-	40,699	40,054
Interest-bearing bank and other borrowings	計息銀行及其他借款	6.11	113,313	-	-	73,913	187,226	163,153
			347,765	23,663	3,974	80,198	455,600	425,422

36. 財務風險管理目標及政策(續)

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。

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：

於2023年12月31日

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (CONTINUED)

Liquidity risk (Continued)

As at 31 December 2022

	Weight average interest rate	On demand or within one year	More than one year but less than two years	More than two years but less than five years	More than five years	Total undiscounted cash flow 無貼現 現金流量 總額	Total carrying amount 賬面總值
	加權 平均利率	按要求 或一年內	一年以上 但不足兩年	兩年以上 但不足五年	五年以上	總額	賬面總值
	%	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
Trade and bills payables		143,936	-	-	-	143,936	143,936
Financial liabilities included in other payable and accruals		100,260	-	-	-	100,260	100,260
Amount due to related companies		62,173	-	-	-	62,173	62,173
Derivative financial instruments		372	-	-	-	372	372
Lease liabilities	9.10	28,319	20,179	3,502	-	52,000	47,452
Convertible loan	2.02	22,507	26,468	13,234	-	62,209	60,565
Interest-bearing bank and other borrowings	5.55	69,235	-	-	-	69,235	69,235
		426,802	46,647	16,736	-	490,185	483,993

36. 財務風險管理目標及政策
(續)

流動資金風險(續)

於2022年12月31日

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. 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 2023 and 2022.

36. 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2023年及2022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。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (Continued)

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:

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Total debts	債務總額	285,837	239,425
Equity attributable to owners of the Company	本公司擁有人應佔權益	(146,250)	(127,022)
Gearing ratio	資產負債比率	N/A 不適用	N/A 不適用

37. MAJOR NON-CASH TRANSACTION

Saved as the debt restructuring disclosed in note 5, there were no other material non-cash transaction during the year.

36. 財務風險管理目標及政策(續)

資金管理(續)

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：

37. 主要非現金交易

除附註5所披露的債務重組外，年內並無其他重大非現金交易。

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

For the year ended 31 December 2023
截至2023年12月31日止年度

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 38. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

有關本公司於報告期末的財務狀況表的資料如下：

		2023 2023年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元
Non-current asset	非流動資產		
Investment in subsidiaries	於附屬公司的投資	7	6
Financial asset at FVTPL	按公允值計入損益之 金融資產	1,604	-
Total non-current assets	非流動資產總值	1,611	6
Current assets	流動資產		
Other receivables	其他應收款項	694	710
Amounts due from subsidiaries	應收附屬公司款項	-	7,055
Amounts due from related companies	應收關聯公司款項	7,021	-
Cash and cash equivalents	現金及現金等價物	426	200
Total current assets	流動資產總值	8,141	7,965
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	6,610	3,224
Amounts due to subsidiaries	應付附屬公司款項	42,816	-
Amounts due to related companies	應付關聯公司款項	22,197	14,759
Derivative financial instruments	衍生金融工具	75	372
Convertible loan	可換股貸款	26,567	21,492
Total current liabilities	流動負債總額	98,265	39,847
Net current liabilities	流動負債淨額	(90,124)	(31,882)
Total assets less current liabilities	資產總值減流動負債	(88,513)	(31,876)
Non-current liability	非流動負債		
Convertible loan	可換股貸款	13,487	39,073
Total non-current liability	非流動負債總額	13,487	39,073
Net liabilities	負債淨額	(102,000)	(70,949)
Equity	權益		
Share capital	股本	19,212	19,212
Reserves (note)	儲備(附註)	(121,212)	(90,161)
Total equity	權益總額	(102,000)	(70,949)

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

For the year ended 31 December 2023
截至2023年12月31日止年度

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

		Share premium	Treasury shares	Share award scheme reserve	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	股份獎勵 計劃儲備 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
At as 1 January 2022	於2022年1月1日	153,071	(8,992)	-	(24,128)	(197,052)	(77,101)
Loss for the year	年內虧損	-	-	-	-	(115,512)	(115,512)
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	-	-	-	(3,233)	-	(3,233)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(3,233)	(115,512)	(118,745)
Placing and subscription of Shares	配售及認購股份	107,032	-	-	-	-	107,032
Transaction costs attributable to placing and subscription of shares	配售及認購股份應佔交易成本	(1,347)	-	-	-	-	(1,347)
At as 31 December 2022 and 1 January 2023	於2022年12月31日及2023年1月1日	258,756	(8,992)	-	(27,361)	(312,564)	(90,161)
Loss for the year	年內虧損	-	-	-	-	(30,269)	(30,269)
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	-	-	-	(1,280)	-	(1,280)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(1,280)	(30,269)	(31,549)
Grant of shares under share award scheme	根據股份獎勵計劃授出股份	-	-	498	-	-	498
As at 31 December 2023	於2023年12月31日	258,756	(8,992)	498	(28,641)	(342,833)	(121,212)

38. 本公司財務狀況表(續)

附註：

本公司儲備概述如下：

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

39. 財務報表核准

財務報表已於2024年3月28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 2023
截至2023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佈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				
		2023 2023年 RMB'000 人民幣千元	2022 2022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	2019 2019年 RMB'000 人民幣千元
RESULTS	業績					
Revenue	收入	187,975	132,013	502,932	606,363	980,298
Cost of sales	銷售成本	(118,511)	(130,013)	(403,276)	(547,597)	(877,211)
Gross profit	毛利	69,464	2,000	99,656	58,766	103,087
Loss before tax	除稅前虧損	(26,130)	(203,418)	(120,286)	(87,840)	(178,943)
Income tax credit/(expenses)	所得稅抵免/(開支)	68	832	(3,116)	(2,890)	38,253
Loss for the year	年內虧損	(26,062)	(202,586)	(123,402)	(90,730)	(140,690)
		As at 31 December 於12月31日				
		2023 2023年 RMB'000 人民幣千元	2022 2022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	2019 2019年 RMB'000 人民幣千元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	283,979	366,904	374,882	676,852	1,344,964
Total liabilities	總負債	(436,510)	(498,363)	(426,053)	(600,109)	(1,147,997)
		(152,531)	(131,459)	(51,171)	76,743	196,967



MORRIS
HOME HOLDINGS LIMITED

MORRIS HOME HOLDINGS LIMITED

慕容家居控股有限公司