



MORRIS HOLDINGS LIMITED  
慕容控股有限公司

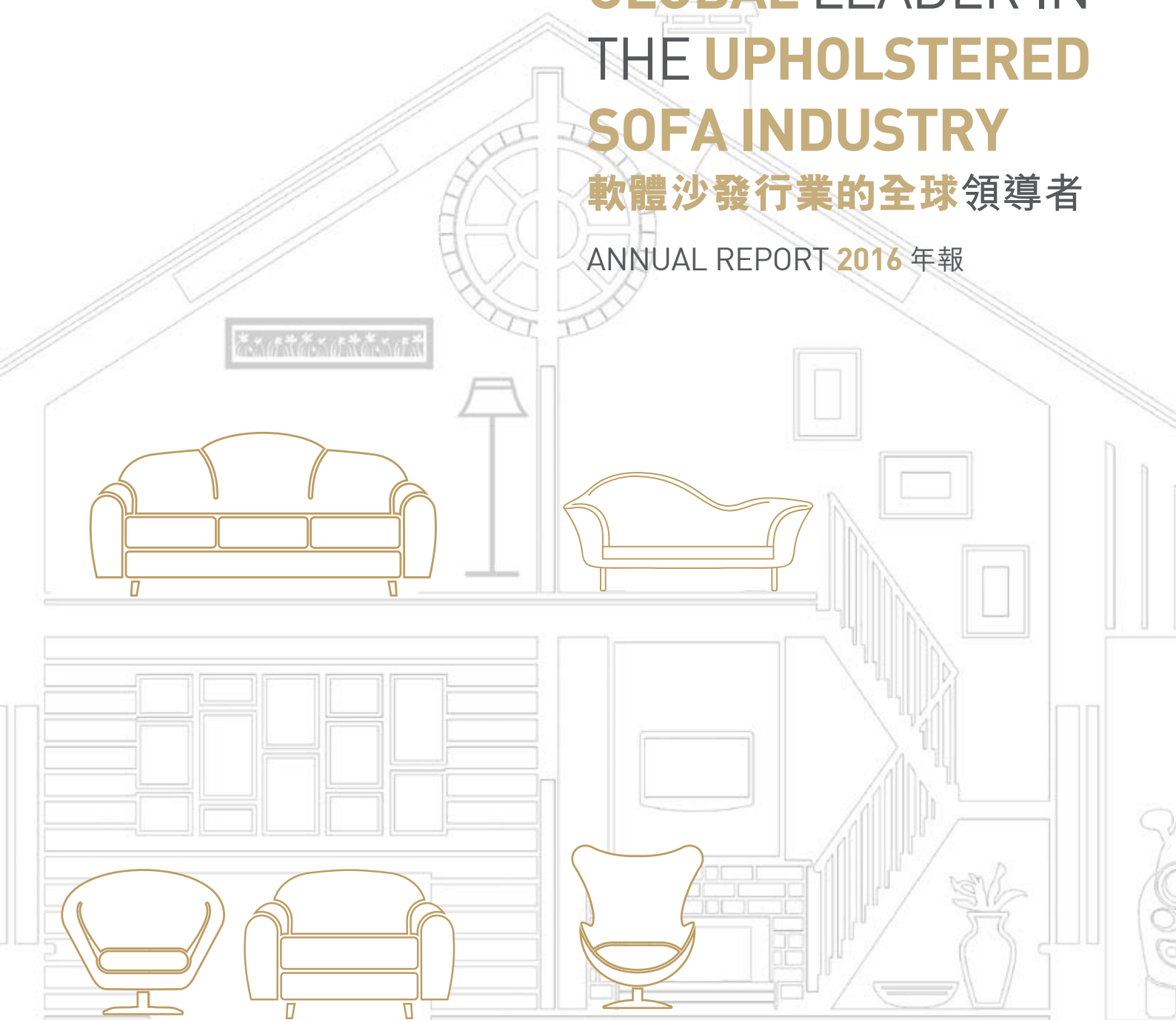
(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)

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

ANNUAL REPORT 2016 年報





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## Corporate Information

### 公司資料

## BOARD OF DIRECTORS

### Executive Directors

Mr. ZOU Gebing (*Chairman and Chief Executive Officer*)  
Mr. CHEN Guohua  
Mr. ZENG Jin  
Mr. WANG Ming

### Independent Non-executive Directors

Mr. SHAO Shaomin  
Mr. HUANG Wenli  
Ms. ZHANG Bingbing

## AUDIT COMMITTEE

Mr. SHAO Shaomin (*Chairman*)  
Mr. HUANG Wenli  
Ms. ZHANG Bingbing

## REMUNERATION COMMITTEE

Mr. HUANG Wenli (*Chairman*)  
Mr. SHAO Shaomin  
Ms. ZHANG Bingbing

## NOMINATION COMMITTEE

Ms. ZHANG Bingbing (*Chairman*)  
Mr. SHAO Shaomin  
Mr. HUANG Wenli

## COMPANY SECRETARY

Ms. LI Oi Lai

## AUDITOR

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue Central, Hong Kong

## 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

## 董事會成員

### 執行董事

鄒格兵先生 (*主席及行政總裁*)  
陳國華先生  
曾金先生  
王銘先生

### 獨立非執行董事

邵少敏先生  
黃文禮先生  
張冰冰女士

## 審核委員會

邵少敏先生 (*主席*)  
黃文禮先生  
張冰冰女士

## 薪酬委員會

黃文禮先生 (*主席*)  
邵少敏先生  
張冰冰女士

## 提名委員會

張冰冰女士 (*主席*)  
邵少敏先生  
黃文禮先生

## 公司秘書

李愛麗女士

## 核數師

安永會計師事務所  
香港中環添美道1號中信大廈22樓

## 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



## Corporate Information

### 公司資料

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East Hong Kong

## REGISTERED OFFICE

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

## HEADQUARTERS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6707, 67/F, The Center  
99 Queen's Road Central, Hong Kong

## LEGAL ADVISER

Howse Williams Bowers  
27/F Alexandra House  
18 Chater Road, Central  
Hong Kong

## COMPLIANCE ADVISER

Sinolink Securities (Hong Kong) Company Limited  
Units 2503, 2505-06, 25/F, Low Block Grand Millennium Plaza  
181 Queen's Road Central Hong Kong

## PRINCIPAL BANKERS

Bank of Jiaxing  
Agricultural Bank of China Limited  
Ping An Bank Co., Ltd.  
China Merchants Bank Co., Ltd.

## STOCK CODE

1575

## WEBSITE

[www.morrisholdings.com.hk](http://www.morrisholdings.com.hk)

## INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

## 香港股份過戶登記分處

卓佳證券登記有限公司  
香港皇后大道東183號合和中心22樓

## 註冊辦事處

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

## 中國總部

中國浙江省  
海寧經濟開發區  
由拳路500號

## 香港主要營業地點

香港皇后大道中99號  
中環中心67樓6707室

## 法律顧問

何韋鮑律師行  
香港中環  
遮打道18號  
歷山大廈27樓

## 合規顧問

國金證券(香港)有限公司  
香港皇后大道中181號  
新紀元廣場低座25樓2503、2505-06室

## 主要往來銀行

嘉興銀行  
中國農業銀行股份有限公司  
平安銀行股份有限公司  
招商銀行股份有限公司

## 股份代號

1575

## 公司網站

[www.morrisholdings.com.hk](http://www.morrisholdings.com.hk)

## 投資者關係顧問

金通策略有限公司



## Financial Highlights

### 財務摘要

- Revenue increased by approximately 1.6% to approximately RMB941.6 million in FY2016 (FY2015: approximately RMB926.5 million)
- 2016年度收益增加約1.6%至約人民幣941.6百萬元(2015年度:約人民幣926.5百萬元)
- Gross profit increased by approximately 23.0% to approximately RMB270.6 million in FY2016 (FY2015: approximately RMB219.9 million)
- 2016年度毛利增加約23.0%至約人民幣270.6百萬元(2015年度:約人民幣219.9百萬元)
- Profit for the year decreased by approximately 2.9% to approximately RMB80.7 million in FY2016 (FY2015: approximately RMB83.1 million)
- 2016年度年內溢利下降約2.9%至約人民幣80.7百萬元(2015年度:約人民幣83.1百萬元)
- Profit before tax excluding the one-off listing expenses in FY2016 and FY2015 and the gain on disposal of a subsidiary recorded in FY2015 increased by approximately 41.8% to approximately RMB134.7 million in FY2016 (FY2015: approximately RMB95.0 million)
- 除稅前溢利不包括2016年度和2015年度的一次性上市開支和2015年度出售一家附屬公司的收益,增加約41.8%至約人民幣134.7百萬元(2015年度:約人民幣95.0百萬元)
- Basic earnings per ordinary share of the Company (the “Share”) decreased by approximately 2.9% to approximately RMB10.76 cents in FY2016 (FY2015: approximately RMB11.08 cents)
- 2016年度本公司每股普通股股份(「股份」)基本盈利下降約2.9%至約人民幣10.76分(2015年度:約人民幣11.08分)
- The board of directors (the “Board”) proposed to declare final dividend of HK1.8 cents per Share (FY2015: Nil) and a special dividend of HK8.7 cents per Share (FY2015: Nil) for the year ended 31 December 2016
- 董事會(「董事會」)建議就截至2016年12月31日止年度宣派末期股息每股股份1.8港仙(2015年度:無)和特別股息每股股份8.7港仙(2015年度:無)

### Dear Shareholders,

On behalf of the Board of Morris Holdings Limited (the “Company”), I am pleased to present the annual report of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 (“FY2016” or the “Reporting Period”) to the shareholders (the “Shareholders”).

### BUSINESS REVIEW

For FY2016, the Group focused on promoting its branded sofas, continuing development of new products and enhancing its production and operation efficiencies, which thereby increased the Group's competitiveness in sofa export industry.

The Group further advanced its position in the overseas markets by enhancing sales and marketing of sofas under our brand “Morris Holdings Limited” through innovative designs and improvement of customer services. Benefit from recovery of the economy in the United States of America (“U.S.”), appreciation of U.S. dollars and drop of major raw materials cost and sub-contracting fees, a favourable growth in the gross profit was recorded for FY2016. The gross profit in FY2016 increased by approximately 23.0% as compared to the financial year ended 31 December 2015 (“FY2015”). The profit before tax excluding the one-off listing expenses in FY2016 and FY2015 and the gain on disposal of a subsidiary recorded in FY2015 increased by approximately 41.8% as compared to FY2015.

The Group is steadily developing retail business in the market of the People's Republic of China (“PRC”). As at 31 December 2016, all of its direct sales stores are located in the Zhejiang Province, which are in proximity to its production facilities in the PRC. Since the Group is prudently conducting its development in retail business in the domestic market, the proportion of earnings from such business was relatively low for FY2016.

The Group persists in controlling costs and expenditures of its manufacturing operations in order to increase operation efficiency and reduce production cost. The cost of sales of the Group decreased by approximately 5.0% from approximately RMB706.6 million in FY2015 to approximately RMB671.1 million in FY2016.

### 各位股東，

本人謹代表董事會向各位股東（「股東」）提呈慕容控股有限公司（「本公司」）及其附屬公司（「本集團」）截至2016年12月31日止年度（「2016年度」或「報告期間」）報告。

### 業務回顧

於2016年度，本集團專注於推廣自有品牌的銷售，不斷開發新產品，提升生產及運營效率，從而提高本集團於沙發出口行業的競爭力。

於海外市場，本集團通過產品創新、服務提升等措施來加強自有品牌「Morris Holdings Limited」的推廣和銷售，從而進一步提升它的市場地位。受益於美國經濟的復蘇、美元的升值以及原材料成本和分包費用的下降，我們於2016年度的毛利得到可觀的增長。2016年度毛利較截至2015年12月31日止年度（「2015年度」）上升約23.0%。除稅前溢利不包括2016年度和2015年度一次性上市開支和2015年出售一家附屬公司的收益，相比2015年度，增加約41.8%。

於中華人民共和國（「中國」），本集團正在穩步地發展零售業務。截至2016年12月31日，本集團所有的直銷店都位於浙江省，臨近本集團的中國生產基地。由於本集團審慎地進行國內市場的業務開發，目前國內零售業務仍處於初期，2016年度佔本集團收入的比重較低。

在生產運營上，本集團堅持控制成本和費用，從而提升運營效率及降低生產成本。本集團銷售成本由2015年度的約人民幣706.6百萬元減少約5.0%至2016年度的約人民幣671.1百萬元。

A graphic of a chair with a rectangular box on its seat containing the text "Chairman's Statement" and "主席報告書".

## Chairman's Statement

### 主席報告書

## PROSPECT

In the coming year, with the recovery of the economies of the U.S. and other overseas markets, the Group intends to enhance the competitiveness of its own brand, "Morris Holdings Limited", by continuously developing new products, increasing promotion of the brand and improving its services. Furthermore, the Group plans to establish a new company in the U.S. which will be fully dedicated to market research, product marketing, brand building and after-sales service in the U.S. market. Besides, the Group plans to rent a warehouse with a floor space of approximately 10,000 square meters in the U.S. to promote sales of original brand manufacturing ("OBM") products to E-commerce customers and facilitate post-sales services. The Group aims to continue to increase its market share in the U.S. by strengthening existing business relationships with its customers and exploring new business relationships to expand its customer base. In addition, the Group also intends to engage sales representatives who will be fully dedicated to developing the Group's business in Australia and Europe.

In order to increase the Group's production capacity, it will accelerate the setting up of its production site in Cambodia, with an aim to commence operations in the first half of 2017. Simultaneously, the Group is also undergoing optimisation of its existing production lines to increase production capacity. In addition, a new PRC production facility with an estimated production capacity of 210,000 pieces of sofas per year was set up and started trial production in March 2017. The Group is planning to set up two more production facilities in the PRC in the long run to facilitate its future growth.

In addition, the Group maintains a positive outlook on the PRC sofa market and its growing potential, and it intends to establish "MorriSofa" as a new brand of smart features sofas in the PRC and Hong Kong. It will make use of its experience in the retail market, and allocate more resources to set up retail stores, e-commerce platforms and sales and marketing centers of "MorriSofa" in Shanghai and Hong Kong, targeting middle class consumers. The Group is aiming to develop the PRC and Hong Kong retail markets by offering "high value for money" products, and strives to become an industry leader in smart features sofa in the next three to five years.

### Zou Gebing

*Chairman and Executive Director*

Zhejiang, 28 March 2017

## 前景展望

未來一年，隨著美國及其他海外市場經濟復甦，本集團擬持續開發新產品、加強品牌宣傳及改善服務水平，從而加強自有品牌「Morris Holdings Limited」的競爭力。此外，本集團計劃在美國成立一家新公司，本集團將專注在美國市場進行市場研究、產品營銷、建立品牌及售後服務。另外，本集團計劃在美國租用面積約1萬平方米的倉庫，用於支持本集團銷售原品牌生產（「OBM」）產品予電商客戶及提供售後服務。本集團目標是加強與現有客戶的業務關係及開拓新業務關係以擴展客戶群，從而繼續增加在美國的市場佔有率。此外，本集團亦計劃委聘銷售代表致力開發本集團於澳洲及歐洲的業務。

為增加產能，本集團將加快在柬埔寨設立生產地的步伐，目標是令該地在2017年上半年開始投產。與此同時，本集團亦在優化現有生產線，提升產能。此外，本集團亦已在中國設立一所新生產設施，估計產能為每年210,000件沙發，並已於2017年3月試產。本集團正計劃於中國設立額外兩所生產設施，以促進未來的增長。

此外，本集團對中國沙發市場前景及增長潛力持樂觀態度，擬於中國及香港建立「MorriSofa」新品牌，以智能時尚沙發為主打。本集團將利用其零售市場的經驗，分配更多資源，在上海及香港成立「MorriSofa」零售店、電子商務平台、銷售及營銷中心，以中產階層客戶為目標對象。本集團計劃提供高度物有所值的產品以開發中國及香港的零售市場，致力在未來3至5年內成為智慧時尚沙發的業界翹楚。

### 鄒格兵

*主席兼執行董事*

浙江，2017年3月28日

# Profile of Directors and Senior Management

## 董事與高級管理層履歷

### EXECUTIVE DIRECTORS

### 執行董事

| Name               | Age | Date of joining the Group     | Present position/title in the Company  | Roles and Responsibilities  | Date of appointment         | Relationship with other director(s) of the Company (the "Director(s)") and senior management<br>與其他本公司董事（「董事」）及高級管理層的關係 |
|--------------------|-----|-------------------------------|--|---|-----------------------------|---|
| 姓名                 | 年齡  | 加入本集團的日期                      | 在本公司的現任職位／頭銜   | 角色及職責   | 獲委任日期                       |   |
| Zou Gebing<br>鄒格兵  | 40  | 1 May 2002<br>2002年5月1日       | Executive Director, chairman and chief executive officer ("CEO")<br>執行董事、主席及行政總裁（「行政總裁」）                                 | Overseeing the Group's growth strategy and overall management<br>監管本集團增長戰略及整體管理   | 18 March 2016<br>2016年3月18日 | Nil<br>無  |
| Chen Guohua<br>陳國華 | 41  | 1 April 2012<br>2012年4月1日     | Executive Director and executive vice president<br>執行董事及執行副總裁  | Overseeing strategic development, investment planning and the daily management of the Group<br>監管本集團的戰略發展、投資規劃及日常管理   | 18 March 2016<br>2016年3月18日 | Nil<br>無  |
| Zeng Jin<br>曾金     | 43  | 2 December 2004<br>2004年12月2日 | Executive Director, senior vice president and head of production and quality management<br>執行董事、高級副總裁及生產及質量管理主管          | Overseeing production planning and manufacturing and quality management<br>監管生產規劃以及生產及質量管理  | 18 March 2016<br>2016年3月18日 | Nil<br>無  |
| Wang Ming<br>王銘    | 41  | 25 June 2008<br>2008年6月25日    | Executive Director, vice president, head of import and export and head of sales and marketing<br>執行董事、副總裁、進出口主管以及銷售及市場主管 | Managing and reviewing import and export contracts and overseas trading documents, arranging for the transportation, clearance and inspection of cargos, coordinating with the Group's finance department to arrange for payment and tax refund, developing new markets and clientele and maintaining customers' relationship<br>管理及審查進出口合同及海外貿易文件、安排貨物的運輸、通關及檢查、與本集團財務部協調以安排付款及退稅、開發新市場及客戶以及維持客戶關係 | 18 March 2016<br>2016年3月18日 | Nil<br>無  |





## Profile of Directors and Senior Management

### 董事與高級管理層履歷

**Mr. Zou Gebing**, aged 40, is the chairman and CEO of the Group and was appointed as an executive Director on 18 March 2016. He is responsible for overseeing and mapping the Group's growth strategy and overall management.

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

Mr. Zou obtained a bachelor's degree in English from Shanghai International Studies University in the PRC in July 1997 and a master's degree in business administration for senior management from Zhejiang University in the 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 15 years of industry experience as mentioned above, Mr. Zou is an experienced entrepreneur in furniture manufacturing related businesses.

**Mr. Chen Guohua**, aged 41, is the executive vice president of the Group and was appointed as an executive Director on 18 March 2016. Mr. Chen is responsible for strategic development, investment planning and the daily management of the Group.

**鄒格兵先生**，40歲，為本集團主席兼行政總裁，於2016年3月18日獲委任為執行董事。鄒先生負責監管及制定本集團的增長策略及整體管理。

於加入本集團之前，鄒先生自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傢俱市場的拓展及開發。鄒先生於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月起擔任副主席及總經理，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。鄒先生自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15年的行業經驗，鄒先生已成為傢俱製造相關行業資深的企業家。

**陳國華先生**，41歲，本集團執行副總裁，於2016年3月18日獲委任為執行董事。陳先生負責本集團的戰略發展、投資規劃及日常管理。

## Profile of Directors and Senior Management 董事與高級管理層履歷

He had served in several governmental sectors in Haining. From February 2000 to July 2003, he had served in the People's Government of Haining as a section member of the General Office, a deputy section leader of the Education and Health Section and a deputy section leader of the Social Affairs Section. From August 2003 to April 2008, he had then served as the section leader of the Information Technology Research Section of the General Office of the People's Government of Haining. From April 2008 to March 2012, he had served as the deputy director of the management committee of Jianshan New District of Haining and the deputy mayor of the People's Government of Huangwan Town in Haining. In April 2012, he was employed by Morris PRC as its vice president, and he was then appointed as an executive vice president of Morris PRC in November 2012. He was employed by the Group as the executive vice president immediately after completion of the business transfer in December 2015.

He has gained experience in the furniture industry during his employment with Morris PRC and the Group. He graduated from East China University of Science and Technology in administrative management in Shanghai, PRC in July 1997.

**Mr. Zeng Jin**, aged 43, is the senior vice president and head of production and quality management of the Group and was appointed as an executive Director on 18 March 2016. He is responsible for overseeing production planning and manufacturing and quality management the Group. He has extensive experience in production and quality management.

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

陳先生曾任職於海寧多個政府部門。自2000年2月至2003年7月，陳先生先後擔任海寧市人民政府辦公室科員、海寧市人民政府教衛文體科副科長及海寧市人民政府社會事業科副科長。自2003年8月至2008年4月，陳先生擔任海寧市人民政府辦公室信息調研科科長。自2008年4月至2012年3月，陳先生擔任海寧市尖山新區管理委員會副主任及海寧市黃灣鎮人民政府副鎮長。於2012年4月，陳先生獲慕容中國聘為副總裁，隨後於2012年11月獲委任為慕容中國的執行副總裁。於2015年12月業務轉讓完成後，彼即獲本集團委聘為執行副總裁。

於任職慕容中國及本集團期間，陳先生獲得傢俱行業的豐富經驗。陳先生於1997年7月獲得中國上海華東理工大學行政管理學位。

**曾金先生**，43歲，本集團高級副總裁及生產與質量管理主管，於2016年3月18日獲委任為執行董事。彼負責監管本集團的生產規劃以及生產及質量管理。曾先生於生產及質量管理方面擁有豐富經驗。

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



## Profile of Directors and Senior Management

### 董事與高級管理層履歷

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

**Mr. Wang Ming**, aged 41, is vice president, head of import and export and head of sales and marketing of the Group, and was appointed as an executive Director on 18 March 2016. He is primarily responsible for managing and reviewing import and export contracts and overseas trading documents, arranging for transportation, clearance and inspection of cargos and coordinating with the Group's finance department to arrange for payment and tax refund, developing new markets and clientele and maintaining customers' relationship.

Before joining the Group, he joined Morris PRC in June 2008 as a foreign trade clerk and was appointed as a manager in the foreign trade marketing department (second section) of Morris PRC in February 2013. He then became a manager of the foreign trade, import and export department of Morris PRC in December 2013 and was further appointed as vice president of Morris PRC in January 2015. He was employed by the Group as a vice president and the head of import and export immediately after completion of the business transfer in December 2015.

He obtained his bachelor's degree in English from Huaibei Coal Industry Teachers College (now known as Huaibei Normal University) in the PRC in July 2000 and a master's degree in legal theories from Shanghai Normal University in the PRC in June 2008.

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

**王銘先生**，41歲，為本集團的副總裁、進出口主管及銷售及市場主管，於2016年3月18日獲委任為執行董事。王先生主要負責管理及審查進出口合同及海外貿易文件、安排貨物的運輸、通關及檢查以及與本集團財務部協調以安排付款及退稅、開發新市場及客戶以及維持客戶關係。

於加入本集團前，王先生作為外貿業務員於2008年6月加入慕容中國並於2013年2月獲委任為慕容中國外貿營銷部（第二科室）經理。彼隨後於2013年12月成為慕容中國外貿、進出口部的經理，並於2015年1月進一步獲委任為慕容中國的副總裁。於2015年12月業務轉讓完成後，王先生即獲本集團委聘為副總裁及進出口主管。

王先生於2000年7月獲中國淮北煤炭師範學院（現稱為淮北師範大學）頒發英語學士學位，並於2008年6月獲中國上海師範大學頒發法律理論碩士學位。

# Profile of Directors and Senior Management

## 董事與高級管理層履歷

### INDEPENDENT NON-EXECUTIVE DIRECTORS

### 獨立非執行董事

| Name                  | Age | Date of joining the Group       | Present position/title in the Company         | Roles and Responsibilities  | Date of appointment             | Relationship with other Directors and senior management |
|-----------------------|-----|---------------------------------|---|---|---------------------------------|---|
| 姓名                    | 年齡  | 加入本集團的日期                        | 在本公司的現任職位／頭銜                                  | 角色及職責   | 獲委任日期                           | 與其他董事及高級管理層的關係  |
| Zhang Bingbing<br>張冰冰 | 57  | 10 December 2016<br>2016年12月10日 | Independent Non-executive Director<br>獨立非執行董事 | Supervising and providing independent judgment to the Board<br>監督及向董事會（「董事會」）提供獨立判斷 | 10 December 2016<br>2016年12月10日 | Nil<br>無  |
| Huang Wenli<br>黃文禮    | 35  | 10 December 2016<br>2016年12月10日 | Independent Non-executive Director<br>獨立非執行董事 | Supervising and providing independent judgment to the Board<br>監督及向董事會提供獨立判斷        | 10 December 2016<br>2016年12月10日 | Nil<br>無  |
| Shao Shaomin<br>邵少敏   | 52  | 10 December 2016<br>2016年12月10日 | Independent Non-executive Director<br>獨立非執行董事 | Supervising and providing independent judgment to the Board<br>監督及向董事會提供獨立判斷        | 10 December 2016<br>2016年12月10日 | Nil<br>無  |

**Ms. Zhang Bingbing**, aged 57, was appointed as an independent non-executive Director on 10 December 2016 and is mainly responsible for supervising and providing independent judgment to the Board. She is also the chairman of the nomination committee (the “Nomination Committee”) and a member of each of the audit committee (the “Audit Committee”) and remuneration committee (the “Remuneration Committee”) of the Company.

**張冰冰女士**，57歲，於2016年12月10日獲委任為獨立非執行董事，主要負責監督及向董事會提供獨立判斷。彼亦為本公司提名委員會（「提名委員會」）主席及審核委員會（「審核委員會」）與薪酬委員會（「薪酬委員會」）成員。



## Profile of Directors and Senior Management

### 董事與高級管理層履歷

Prior to joining the Group, she was the vice council chairman and secretary-general of China National Furniture Association. Ms. Zhang had also been an independent Director in Yihua Lifestyle Technology Co. Ltd (formerly known as Guangdong Yihua Timber Industry Co., Ltd. (stock code: 600978) from August 2007 to April 2014 and Xilinmen Furniture Co., Ltd. (stock code: 603008) from September 2009 to September 2015 both of which are listed on the Shanghai stock exchange.

Ms. Zhang graduated in electronics from Beijing Broadcasting and Television University in Beijing, PRC in June 1982. Ms. Zhang received independent Director trainings in Shanghai National Accounting Institute in the PRC in September 2008.

**Mr. Huang Wenli**, aged 35, was appointed as an independent non-executive Director on 10 December 2016 and is mainly responsible for supervising and providing independent judgment to the Board. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company.

Mr. Huang was appointed as a researcher at the China University of Finance and Economics in June 2016. Mr. Huang received his doctorate in Mathematics from Zhejiang University in June 2011 and became a postdoctoral researcher at the China University of Science and Technology in Anhui Province in December 2011. During the period, Mr. Huang received the second prize of China Postdoctoral Science Fund. From August 2013 to September 2015, Mr. Huang is a visiting scholar at the Columbia Business School.

Based on his education background and research experience, Mr. Huang possesses the requisite knowledge relating to finance, risk control and China economy.

於加入本集團之前，彼為中國傢俱協會副理事長及秘書長。張女士自2007年8月至2014年4月及自2009年9月至2015年9月亦分別擔任宜華生活科技股份有限公司（前稱廣東省宜華木業股份有限公司）（股份代號：600978）及喜臨門傢俱股份有限公司（股份代號：603008）（二者股份均於上海證券交易所上市）的獨立董事。

張女士於1982年6月畢業於中國北京的北京廣播電視大學電子專業。張女士於2008年9月在中國上海國家會計學院接受獨立董事的培訓。

**黃文禮先生**，35歲，於2016年12月10日獲委任為獨立非執行董事，主要負責監督及向董事會提供獨立判斷。彼亦為本公司薪酬委員會主席及審核委員會與提名委員會成員。

黃先生於2016年6月獲委任為浙江財經大學中國金融研究研究員。黃先生於2011年6月獲得中國浙江大學數學博士學位，並於2011年12月成為中國安徽中國科學技術大學博士後研究員，期間黃先生獲得中國博士後科學基金第51期面上二等資助。自2013年8月至2015年9月，黃先生為美國哥倫比亞商學院訪問學者。

根據其教育背景及研究經驗，黃先生具備與財務、風險監控及中國經濟有關的所需知識。

## Profile of Directors and Senior Management

### 董事與高級管理層履歷

**Mr. Shao Shaomin**, aged 52, was appointed as an independent non-executive Director on 10 December 2016 and is mainly responsible for supervising and providing independent judgment to the Board. He is also the chairman of the Audit Committee and a member of each of the Remuneration and Nomination Committees of the Company.

Mr. Shao acted as a deputy county chief of Deqing County of Zhejiang Province, a deputy chief of the Issuance and Listing Department of Zhejiang Securities and Futures Management Office and the head of the Listed Company Supervision Department and Inspection Department of Zhejiang Supervision Bureau of China Securities Regulatory Commission.

Mr. Shao graduated from Zhejiang University in the PRC with a doctoral degree in Economics in June 2004. Mr. Shao received independent director training in Shanghai National Accounting Institute in the PRC in December 2008. Mr. Shao was designated as a senior accountant by the Senior Accounting Professional Assessment Committee of Zhejiang Province in December 1998 and was admitted as a non-practicing member of the Chinese Institute of Certified Public Accountants in December 2009. Mr. Shao was also appointed as an accredited arbitrator in Hangzhou Arbitration Commission in June 2013.

Mr. Shao's positions in other companies includes (i) president in Hangzhou Pinghai Investment Co., Ltd.; (ii) Vice president and director in Cosmos Group Co., Ltd.; and (iii) independent director in Yinlun Co., Ltd., Zhejiang China Light & Textile Industrial City Group Co., Ltd. and Hangzhou Gaoxin Rubber & Plastic Materials Co., Ltd.

邵少敏先生，52歲，於2016年12月10日獲委任為獨立非執行董事，主要負責監督及向董事會提供獨立判斷。彼亦為本公司審核委員會主席及薪酬委員會及提名委員會成員。

邵先生擔任浙江省德青縣副縣長、浙江省證券和期貨監督管理辦公室發行上市部副主任及中國證監會浙江監管局上市公司監管處稽查查處處長。

邵先生於2004年6月畢業於中國浙江大學，獲得經濟學博士學位。邵先生於2008年12月於中國上海國家會計學院接受獨立董事的培訓。邵先生於1998年12月獲浙江省會計專業人員高級職務評審委員會授予高級會計師稱號，並於2009年12月獲認可為中國註冊會計師協會的非執業會員。邵先生亦於2013年6月獲委任為杭州市仲裁委員會仲裁員。

邵先生在其他公司擔任的職位包括(i)杭州平海投資有限公司擔任總裁；(ii)廣宇集團股份有限公司擔任副總裁及董事；及(iii)浙江銀輪機械股份有限公司、浙江中國輕紡城集團股份有限公司和杭州高新橡塑材料股份有限公司擔任獨立董事。

## Profile of Directors and Senior Management

### 董事與高級管理層履歷

#### SENIOR MANAGEMENT

#### 高級管理層

| Name                  | Age | Date of joining the Group      | Present position/title in the Company  | Roles and Responsibilities   | Date of appointment             | Relationship with other Directors and senior management |
|-----------------------|-----|--------------------------------|--|--|---------------------------------|---|
| 姓名                    | 年齡  | 加入本集團的日期                       | 在本公司的現任職位／頭銜                           | 角色及職責  | 獲委任日期                           | 與其他董事及高級管理層的關係  |
| Peng Yuling<br>彭玉玲    | 53  | 16 February 2012<br>2012年2月16日 | Chief financial officer<br>首席財務官       | Managing the financial operations and accounting functions of the Group<br>主管本集團的財務營運及會計工作   | 31 December 2015<br>2015年12月31日 | Nil<br>無  |
| Shen Jiangping<br>沈江萍 | 43  | 2 October 2001<br>2001年10月2日   | Director of human resources<br>人力資源部主任 | Overseeing recruitment, staff training, reward management and human resources matters of the Group<br>監管本集團的招聘、員工培訓、獎勵管理及人力資源事宜                | 31 December 2015<br>2015年12月31日 | Nil<br>無  |
| Xu Jing<br>徐景         | 31  | 11 May 2015<br>2015年5月11日      | Head of capital market<br>資本市場主管       | Overseeing matters relating to investor relations, fund raising and capital market activities of the Group<br>資本市場主管監管與本集團投資者關係、集資及資本市場活動有關的事宜 | 12 December 2016<br>2016年12月12日 | Nil<br>無  |

## Profile of Directors and Senior Management 董事與高級管理層履歷

**Ms. Peng Yuling**, aged 53, was appointed as the chief financial officer of the Group on 31 December 2015. She is responsible for managing the financial operations and accounting functions of the Group. Prior to joining the Group, Ms. Peng served as a finance manager, a deputy general manager and a director at Haining Jisheng Textile Co., Ltd. from February 1994 to November 2001. Ms. Peng then subsequently served as a deputy finance manager and a director at Zhejiang Jianshi Industry Co., Ltd. and a deputy general manager and a director at Haining Jishun Garments Co., Ltd., from December 2001 to December 2005 and from December 2006 to January 2012, respectively. Ms. Peng joined Morris PRC as the chief financial officer in February 2012 and was employed by the Group as the chief financial officer immediately after completion of the business transfer in December 2015. Ms. Peng graduated from the Party School of the Central Committee of the Communist Party of China in the PRC in the study of Economic Management in December 2000. She was accredited as a senior accountant by the Assessment Committee of Senior Accountant Qualification of Zhejiang Province in December 2003.

**Ms. Shen Jiangping**, aged 43, was appointed as the director of human resources of the Group on 31 December 2015. She is responsible for overseeing recruitment, staff training, reward management and human resources matters of the Group. Ms. Shen joined Morris PRC in October 2001 and worked at the human resources department of Morris PRC. Ms. Shen was then promoted to deputy manager and manager in the human resources department of Morris PRC in April 2002 and December 2011, respectively. Ms. Shen was subsequently appointed as manager in the finance department of Morris PRC in June 2014. Ms. Shen was employed by the Group as the director of human resources immediately after completion of the business transfer in December 2015. Ms. Shen completed a three year program in accounting at the School of Distance Learning of Zhejiang University in the PRC in June 2007. Ms. Shen was accredited as a first level corporate human resources professional by the Ministry of Human Resources and Social Security of the PRC in December 2010.

**彭玉玲女士**，53歲，於2015年12月31日獲委任為本集團首席財務官。彼負責主管本集團的財務營運及會計工作。於加入本集團之前，彭女士自1994年2月至2001年11月擔任海寧吉盛製衣有限公司的財務經理、副總經理兼董事。彭女士隨後自2001年12月至2005年12月及自2006年12月至2012年1月分別擔任浙江吉恩仕實業股份有限公司的副財務經理兼董事，以及擔任海寧吉順製衣有限公司的副總經理兼董事。彭女士於2012年2月作為首席財務官加入慕容中國並於2015年12月業務轉讓完成後即獲本集團委任為首席財務官。彭女士於2000年12月於中國中共中央黨校畢業，修讀經濟管理。彼於2003年12月獲浙江省會計專業人員高級職務評審委員會評定為高級會計師。

**沈江萍女士**，43歲，於2015年12月31日獲委任為本集團人力資源部主任。彼負責監管本集團的招聘、員工培訓、獎勵管理及人力資源事宜。沈女士於2001年10月加入慕容中國，在慕容中國的人力資源部工作。隨後，沈女士分別於2002年4月及2011年12月獲提拔為慕容中國的人力資源部副經理及經理。沈女士其後於2014年6月獲委任為慕容中國財務部經理。於2015年12月業務轉讓完成後，沈女士即獲本集團委聘為人力資源部主任。沈女士於2007年6月於中國浙江大學遠程教育學院完成三年會計學課程。沈女士亦於2010年12月獲中華人民共和國人力資源和社會保障部授予一級企業人力資源管理師稱號。





## Profile of Directors and Senior Management

### 董事與高級管理層履歷

**Mr. Xu Jing**, aged 31, was appointed as the head of capital market of the Group on 12 December 2016 and is mainly responsible for investor relations, fund raising and capital market activities of the Group. Mr. Xu joined our Group on 11 May 2015 as vice president and head of financing of Mstar International Trading (HK) Limited. Mr. Xu has over seven years of experience in corporate finance, investment banking and private equity. Prior to joining the Group, Mr. Xu was the investment manager at SEAVI Advent Ocean Private Equity Limited from September 2013 to May 2015. From July 2010 to September 2013, Mr. Xu was an associate at CCB International Capital Limited involving in corporate finance services. From October 2009 to July 2010, Mr. Xu served in Deloitte and Touche Financial Advisory Services Limited as an associate. Mr. Xu obtained a Bachelor of Business Administration Degree with a major in Financial Services and a minor in Accountancy from the Hong Kong Polytechnic University in 2009. He is also a member of the Chartered Financial Analyst Institute and a member of the Hong Kong Institute of Certified Public Accountants.

徐景先生，31歲，於2016年12月12日獲委任為本集團資本市場主管，主要負責本集團的投資者關係、集資及資本市場活動。徐先生於2015年5月11日加入本集團，擔任美星國際貿易（香港）有限公司副總裁兼融資主管。徐先生在企業融資、投資銀行及私募股權方面擁有逾七年經驗。於加入本集團之前，徐先生自2013年9月至2015年5月擔任SEAVI Advent Ocean Private Equity Limited的投資經理。自2010年7月至2013年9月，徐先生為建銀國際金融有限公司的經理，參與企業融資服務。自2009年10月至2010年7月，徐先生擔任德勤財務諮詢服務有限公司的經理。徐先生於2009年獲香港理工大學頒發的金融服務專業工商管理學學士學位，並輔修會計學。彼亦為特許金融分析師協會會員及香港會計師公會會員。

### BUSINESS REVIEW

Benefiting from the Group's continual efforts in product innovation, productivity improvement and brand promotion, the Group has achieved favorable results in FY2016. The Group's revenue increased from approximately RMB926.5 million in FY2015 to approximately RMB941.6 million in FY2016, representing an increase of approximately 1.6%. The profit for the year decreased by approximately 2.9% from approximately RMB83.1 million in FY2015 to approximately RMB80.7 million in FY2016. If excluding the one-off listing expenses incurred in FY2016 and FY2015 and the gain on disposal of a subsidiary recorded in FY2015, the profit before tax would increase by approximately 41.8% from approximately RMB95.0 million in FY2015 to approximately RMB134.7 million in FY2016.

During FY2016, the Group focused on promoting its own brands, continuing development of new products and enhancing its production and operation efficiency, which thereby increases the Group's competitiveness in the sofa export industry.

The products of the Group are generally marketed under two brands, "Morris Holdings Limited" and "Morris Zou". The Group has been promoting the brands through the Group's direct sale stores in Zhejiang Province of the PRC as well as through "High Point Market" exhibitions in High Point, North Carolina, the U.S..

The Group has participated in a variety of marketing and promotion activities during FY2016, including participation in trade exhibitions and media marketing campaigns, and expansion of its sales team, to enhance its brand recognition and increase customers' awareness.

### 業務回顧

憑藉在產品創新、改善生產力及品牌宣傳方面的持續努力，本集團於2016年度取得良好業績。本集團收入由2015年度的約人民幣926.5百萬元增加至2016年度的約人民幣941.6百萬元，升幅為約1.6%。年內溢利由2015年度的約人民幣83.1百萬元下降約2.9%至2016年度的約人民幣80.7百萬元。倘不包括於2016年度及2015年度產生的一次性上市開支及2015年度錄得出售一家附屬公司的收益，除稅前溢利將由2015年度的約人民幣95.0百萬元增加約41.8%至2016年度的約人民幣134.7百萬元。

於2016年度，本集團通過持續的產品創新、生產及經營效率提升等措施來加強我們自有品牌的推廣，從而提升本集團於沙發出口行業的競爭力。

本集團的產品一般被冠以「Morris Holdings Limited」及「Morris Zou」兩個品牌銷售。本集團透過中國浙江省的直營店及美國北卡羅來納州的高點傢俱展推廣該等品牌。

本集團於2016年參與了一系列的營銷及推廣活動，以增加產品的品牌認可度及客戶認知度。該等活動包括貿易展會、媒體營銷活動及擴大我們的銷售團隊。

# Management Discussion and Analysis

## 管理層討論及分析

### FINANCIAL REVIEW

The revenue of the Group increased from approximately RMB926.5 million in FY2015 to approximately RMB941.6 million in FY2016, representing an increase of approximately 1.6%. The profit for the year decreased by approximately 2.9% from approximately RMB83.1 million in FY2015 to approximately RMB80.7 million in FY2016. If excluding the one-off listing expenses incurred in FY2016 and FY2015 and the gain on disposal of a subsidiary recorded in FY2015, the profit for the year would increase by approximately 41.8% from approximately RMB95.0 million for in FY2015 to approximately RMB134.7 million in FY2016. The Company's basic and diluted earnings per share was RMB10.76 cents (FY2015: RMB11.08 cents) based on the profit for the year attributable to ordinary equity holders of the parent of RMB80,676,000 (FY2015: RMB83,068,000), and the weighted average number of ordinary shares of 750,000,000 Shares (FY2015: 750,000,000 Shares) in issue during the year. The weighted average number of ordinary shares represents the 100 ordinary shares of the Company as at 1 January 2015, 99,900 ordinary shares of the Company issued under the Share Split (as defined in note 26 to the consolidated financial statements) and 749,900,000 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 39 to the Consolidated Financial Statements), as if these additional shares issued under the Share Split and the Capitalisation Issue had been in issue throughout the years ended 31 December 2015 and 2016.

#### Revenue

The revenue of the Group increased by approximately 1.6%, from approximately RMB926.5 million in FY2015 to approximately RMB941.6 million in FY2016, which was primarily attributable to the depreciation of Renminbi ("RMB") against U.S. dollar. Sofas continued to contribute as the major segment of sales, which was in line with the Group's strategy in developing its OBM business model. The Group started to change its business model from original equipment manufacturing business model to OBM business model and has been increasing its focus on promoting the Group's own brand in the market during the year.

### 財務回顧

本集團收入由2015年度的約人民幣926.5百萬元增加至2016年度的約人民幣941.6百萬元，升幅為約1.6%。年內溢利由2015年度的約人民幣83.1百萬元下降約2.9%至2016年度的約人民幣80.7百萬元。倘不包括於2015年度及2016年度產生的一次性上市開支及2015年度錄得出售一家附屬公司的收益，年內溢利將由2015年度的約人民幣95.0百萬元增加約41.8%至2016年度的約人民幣134.7百萬元。本公司每股基本及攤薄盈利為人民幣10.76分（2015年度：人民幣11.08分），乃根據本年度母公司普通權益持有人應佔溢利人民幣80,676,000元（2015年度：人民幣83,068,000元）以及年內已發行普通股的加權平均數750,000,000股（2015年度：750,000,000股）計算。普通股加權平均數指本公司於2015年1月1日的100股普通股、本公司根據股份分拆（定義見綜合財務報表附註附註26）發行的99,900股普通股及本公司根據資本化發行（定義見綜合財務報表附註附註39）發行的749,900,000股普通股，猶如該等根據股份分拆及資本化發行發行的額外股份於截至2015年及2016年12月31日止整個年度已發行。

#### 收入

本集團收入由2015年度的約人民幣926.5百萬元增加約1.6%至2016年度的約人民幣941.6百萬元，主要是由於人民幣兌美元貶值。沙發產品繼續佔銷量的一個重要比例，而與本集團發展OBM業務模型的策略一致。本集團開始把業務模型由原設備生產轉為OBM業務模型，而且於年內愈益著重在市場上推廣本集團的自有品牌。

# Management Discussion and Analysis

## 管理層討論及分析

### Cost of sales

The cost of sales of the Group decreased by approximately 5.0% from approximately RMB706.6 million in FY2015 to approximately RMB671.1 million in FY2016, which was primarily due to the decrease in unit cost of some of the major raw materials and the decrease in sub-contracting fees.

### Gross profit

The gross profit of the Group increased by approximately 23.0% from approximately RMB219.9 million in FY2015 to approximately RMB270.6 million in FY2016, which was primarily due to (i) the decrease in unit cost of some of the major raw materials and the decrease in sub-contracting fee; (ii) the depreciation of RMB against U.S. dollar since the Group's products are mainly denominated in U.S. dollar while its raw materials are mainly settled in RMB; and (iii) the change of the business model to OBM. The gross profit margin increased from approximately 23.7% in FY2015 to approximately 28.7% in FY2016.

### Other income and gains

The other income and gains of the Group decreased by approximately 53.0% from approximately RMB35.0 million in FY2015 to approximately RMB16.4 million in FY2016. Such decrease was primarily due to a one-off gain of approximately RMB11.3 million from disposal of Haining Mengnu Leather Products Co., Ltd. recorded in FY2015.

### Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 2.7% from approximately RMB79.9 million in FY2015 to approximately RMB82.0 million in FY2016. Such increase was primarily due to the increase in marketing and promotion expenses. In particular, there was an increase in exhibition fees due to an increase in exhibition area rented at the High Point Market held in High Point, North Carolina in the U.S., one of the largest home furnishings industry trade shows in the world.

### 銷售成本

本集團銷售成本由2015年度的約人民幣706.6百萬元減少約5.0%至2016年度的約人民幣671.1百萬元，主要是由於部分主要原材料單位成本減少及分包費用減少。

### 毛利

本集團毛利由2015年度的約人民幣219.9百萬元增加約23.0%至2016年的約人民幣270.6百萬元，主要是由於(i)部分主要原材料的單位成本減少及分包費用減少；及(ii)人民幣兌美元貶值，而我們的產品主要以美元計值，我們的原材料主要以人民幣結算；及(iii)業務模型轉為OBM。毛利率由2015年的約23.7%增加至截至2016年的28.7%。

### 其他收入及收益

本集團其他收入及收益由2015年度的約人民幣35.0百萬元減少約53.0%至2016年度的約人民幣16.4百萬元。該減少主要由於2015年度出售海寧蒙努皮革製品有限公司錄得一次性收益約人民幣11.3百萬元。

### 銷售及分銷開支

本集團銷售及分銷開支由2015年度的約人民幣79.9百萬元增加約2.7%至2016年度的約人民幣82.0百萬元。該增加主要由於營銷及推廣開支增加。具體而言，所支付的展覽費用增加乃由於在美國北卡羅來納州高點市舉辦的高點傢俱展（全球最大的家居用品行業展銷會之一）租賃的展示面積增加。



# Management Discussion and Analysis

## 管理層討論及分析

### Administrative expenses

The administrative expenses of the Group increased by approximately 51.3% from approximately RMB51.1 million in FY2015 to approximately RMB77.3 million in FY2016, which was primarily due to the listing expenses of approximately RMB22.6 million incurred in FY2016, as compared to the listing expenses of approximately RMB3.2 million incurred in FY2015.

### Finance costs

The finance costs of the Group decreased from approximately RMB18.4 million in FY2015 to approximately RMB14.3 million in FY2016 primarily due to a lower average interest rate of bank borrowings in FY2016 as compared to FY2015.

### Income tax expense

The income tax expense of the Group increased by approximately 56.1% from approximately RMB20.1 million in FY2015 to approximately RMB31.4 million in FY2016. In addition, the effective tax rate increased from approximately 19.5% in FY2015 to approximately 28.0% in FY2016. The substantial increase in both income tax expense and effective tax rate in FY2016 was mainly attributable to (i) the impact of non deductible expenses for tax of approximately RMB6.5 million which was mainly due to the listing expenses incurred in FY2016; (ii) a decrease in the impact of tax losses utilised from previous years by approximately RMB10.3 million; and partially offset by the impact of a super-deduction of eligible research and development expenditure of approximately RMB3.2 million in FY2016 arising from the manufacturing costs incurred by the Group that qualified for an additional 50% tax deduction for PRC corporate income tax purpose in accordance with the Circular on Improving the Policy on Extra Pretax Deduction of Research and Development Expenses which was promulgated by the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology of the PRC on 2 November 2015 and with effect from 1 January 2016.

### 行政開支

本集團行政開支由2015年度的約人民幣51.1百萬元增加約51.3%至2016年度的約人民幣77.3百萬元，主要是由於2016年度產生上市開支約人民幣22.6百萬元，而2015年度則產生上市開支約人民幣3.2百萬元。

### 融資成本

本集團融資成本由2015年度的約人民幣18.4百萬元減少至2016年度的約人民幣14.3百萬元，主要是由於2016年度銀行借款平均利率較2015年度下跌。

### 所得稅開支

本集團所得稅開支由2015年度的約人民幣20.1百萬元增加約56.1%至2016年度的約人民幣31.4百萬元。此外，實際稅率由2015年度的約19.5%增加至截至2016年度的約28.0%。2016年度的所得稅開支及實際稅率均大幅增長主要是由於(i)不可扣稅開支的影響約人民幣6.5百萬元，主要是由於2016年產生的上市開支所致；及(ii)過往年度動用的稅項虧損減少約人民幣10.3百萬元的影響，然而部分被2016年的合資格研發開支超額抵扣約人民幣3.2百萬元的影響所抵銷，此乃由於根據財政部、國家稅務總局及科技部於2015年11月2日頒佈並於2016年1月1日生效的《關於完善研究開發費用稅前加計扣除政策的通知》，本集團產生的生產成本合資格額外抵扣50%的中國企業所得稅。

# Management Discussion and Analysis

## 管理層討論及分析

### Profit for the year

As a result of the foregoing, the profit for the year decreased by approximately 2.9% from approximately RMB83.1 million in FY2015 to approximately RMB80.7 million in FY2016. If excluding the one-off listing expenses incurred in FY2016 and FY2015 and the gain on disposal of a subsidiary recorded in FY2015, the profit before tax would increase by approximately 41.8% from approximately RMB95.0 million in FY2015 to approximately RMB134.7 million in FY2016.

### LIQUIDITY AND CAPITAL RESOURCES

#### Working Capital

For FY2016, cash and cash equivalents of the Group increased by approximately RMB40.5 million, which was comprised of the net cash flows used in operating activities of approximately RMB16.4 million, net cash flows used in investing activities of approximately RMB4.1 million, and net cash flows generated from financing activities of approximately RMB59.5 million, while approximately RMB1.5 million was the net effect of foreign exchange rate changes.

#### Borrowing and pledge of assets

As at 31 December 2016, the Group's interest-bearing bank borrowings amounted to approximately RMB277.2 million, all of which were repayable within twelve months from 31 December 2016. The bank loans' interest rates ranged between 1.4% to 7.4% per annum.

As at 31 December 2016, approximately RMB220.8 million restricted bank balances were pledged for bank borrowings and bills payables.

#### Gearing ratio

The net gearing ratio of the Group, which is total interest-bearing bank borrowings less cash and cash equivalents divided by total equity as at the end of the year and multiplied by 100%, decreased from approximately 219.8% as at 31 December 2015 to approximately 128.2% as at 31 December 2016, which was primarily due to a greater proportional increase in our total equity than in interest-bearing bank borrowings during FY2016.

### 年內溢利

由於上述原因，年內溢利由2015年度的約人民幣83.1百萬元減少約2.9%至2016年度的約人民幣80.7百萬元。倘不包括於2016年度及2015年度產生的一次性上市開支及於2015年度錄得出售一家附屬公司的收益，除稅前溢利將由截至2015年度的約人民幣95.0百萬元增加約41.8%至2016年度的約人民幣134.7百萬元。

### 流動資金及資本來源

#### 營運資金

於2016年度，本集團現金及現金等價物增加約人民幣40.5百萬元，包括經營活動所用現金流量淨額約人民幣16.4百萬元，投資活動所用現金流量淨額約人民幣4.1百萬元及融資活動所得現金流量淨額約人民幣59.5百萬元，其中約人民幣1.5百萬元為外幣匯率變動的影響淨額。

#### 借款及資產抵押

於2016年12月31日，本集團的帶息銀行借款為約人民幣277.2百萬元，全部均須於自2016年12月31日起12個月內償還。銀行貸款年利率介乎1.4%至7.4%之間。

於2016年12月31日，約人民幣220.8百萬元的受限制銀行結餘已用作銀行借款及應付票據的抵押。

#### 資產負債比率

本集團資產淨負債比率（按截至年末的帶息銀行借款總額扣除現金及現金等價物除以權益總額再乘以100%計算）從2015年12月31日的約219.8%減至2016年12月31日的約128.2%，主要由於2016年度的權益總額的增幅高於帶息銀行借款的增幅。



## Management Discussion and Analysis 管理層討論及分析

### Contingent liabilities

Save as disclosed in note 31 to the consolidated financial statements, the Group did not have any significant contingent liabilities as at 31 December 2016.

### Trade and bills receivables

The trade and bills receivables of the Group decreased to approximately RMB220.0 million as at 31 December 2016 (31 December 2015: approximately RMB283.8 million), primarily due to decrease in the discounting of less low credit rating bills which could not satisfy the derecognition criteria of the relevant accounting standard, to obtain financing from banks.

### Trade and bills payables

The trade and bills payables of the Group amounted to approximately RMB542.7 million as at 31 December 2016 (31 December 2015: approximately RMB476.5 million). Average trade payables turnover days during FY2016 was approximately 159.9 days which was comparable to FY2015 of approximately 159.5 days.

### 或然負債

除綜合財務報表附註31披露者外，本集團於2016年12月31日並無任何重大或有負債。

### 貿易應收款項及應收票據

本集團截至2016年12月31日的貿易應收款項及應收票據減至約人民幣220.0百萬元（2015年12月31日：約人民幣283.8百萬元），主要由於減少折現較低的信貸評級票據以獲取銀行融資不符合相關會計準則的終止確認規定。

### 貿易應付款項及應付票據

本集團截至2016年12月31日的貿易應付款項及應付票據約為人民幣542.7百萬元（2015年12月31日：約人民幣476.5百萬元）。2016年度平均貿易應付款項周轉天數為159.9天，與2015年度約159.5天相若。



## Management Discussion and Analysis 管理層討論及分析

### HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the sofa and furniture manufacturing industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure they are in line with market practice and regulatory requirements. As at 31 December 2016, the Group employed a work force of 1,996. The total salaries and related costs excluding the directors' remuneration for FY2016 amounted to approximately RMB139.5 million (FY2015: approximately RMB110.4 million).

### 人力資源管理

優秀及全情投入的員工是本集團不可或缺的資產，有助本集團於競爭激烈的市場中取得成功。本集團透過定期向員工提供全面培訓及企業文化教育，員工可獲沙發及傢俱生產行業的持續培訓及事業發展機會。此外，本集團向所有員工提供符合業內慣例的具競爭力薪酬組合以及各種的福利。本集團定期檢討人力資源及薪酬政策，確保有關政策符合市場慣例及監管要求。截至2016年12月31日，本集團僱用1,996名員工。2016年度的薪金總額及相關成本總額（不包括董事薪酬）約為人民幣139.5百萬元（2015年：人民幣110.4百萬元）。





## 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. The Group's cash and cash equivalents at 31 December 2016 maintained at a satisfactory level. As at 31 December 2016, the Group had no significant capital commitment.

### Foreign currency risk

Revenue from major customers is mainly from U.S. while the Group's production mainly operates in PRC. Accordingly, its revenue is received in U.S. dollar while transactions arising from its operations were generally settled in RMB. As a result, fluctuations in the value of U.S. dollars against RMB could adversely affect the operations of the Group. During FY2016, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

The Group did not use any financial instruments for hedging purposes during FY2016 and there was no hedging instruments outstanding as at 31 December 2016. 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。除如下所示的風險及不確定因素外，本集團還可能存在目前尚不知悉或者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

### 流動性風險

本集團之政策為定期監察其流動性需要，以確保短期及長期內有充足現金儲備及獲主要金融機構提供足夠之承諾資金額度（如適用）。本集團於2016年12月31日之現金及現金等價物維持在滿意水平。於2016年12月31日，本集團概無重大資本承諾。

### 外匯風險

本集團源於主要客戶的收入主要來自美國，但生產營運主要在中國。因此，本公司的收入以美元收取，但來自業務的交易通常以人民幣結算。所以，美元兌人民幣的匯率波動可能對本集團的業務帶來不利影響。於2016年度，本集團業務或流動性未因匯率波動而遭遇任何重大困難或影響。

於2016年度，本集團並無使用任何金融工具作對沖用途，亦無任何於2016年12月31日尚未平倉之對沖工具。本集團將繼續密切監察源自現有業務及未來新投資的匯率風險。本集團將在適當時進一步實施必要的對沖安排，以緩解任何重大的匯率風險。

## Principal Risks and Uncertainties

### 主要風險及不確定因素

#### Credit risk

The Group's credit risk is primarily attributable to trade receivables. Credit evaluations are performed on all credit customers taken 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 two to three 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 79.0% and 72.0% of the Group's total trade receivables as at 31 December 2016 and 2015 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 borrowings. The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank deposits and borrowings where necessary.

#### Economy of U.S. market

As the majority of the Group's revenue is derived from 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, Donald Trump, elected President in November 2016, has changed the U.S. trade policies with China, which could bring adverse impact to the business of the Group.

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

#### 信貸風險

本集團的信貸風險主要歸因於貿易應收賬款。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償還能力、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兩至三個月。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額，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損失。

本集團面臨來自五大客戶的貿易應收賬款之集中風險，該等貿易應收賬款於2016年12月31日及2015年12月31日分別約佔本集團貿易應收賬款總額的79.0%和72.0%。本集團已經並將持續監察關於貿易應收賬款結餘的信貸風險。

#### 利率風險

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

#### 美國市場的經濟

由於本集團的大部分收入來自美國，故其經營業績及財務狀況取決於美國的經濟。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治不穩定性變動等挑戰。此外，於2016年11月當選總統的當勞·特朗普更改了美國對華貿易政策，這可能對本集團的業務帶來不利影響。

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。



## Principal Risks and Uncertainties

### 主要風險及不確定因素

#### Economic environment of Cambodia

The factory of Cambodia is planned to operate in 2017. The economic risk and political risk of Cambodia is set out in the sections headed “Cambodia: Macro-political and economic outlook” on page 27 of this annual report.

## OPERATIONAL RISK

#### Raw materials

Changes in raw materials costs may adversely affect the future results of the Company. The Company aims to maintain long-terms business relationships with suppliers to acquire raw material.

#### Availability, recruitment and retention of skilled personnel

The Group’s success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, sales, marketing, administrative, operating, and technical personnel. The loss of key personnel, or the inability to find additional qualified personnel, could materially and adversely affect the Group’s prospects and results of operations. The Group constantly reviews its human resources strategy to ensure that its human resources policies, processes and practices are able to facilitate its organization development.

The Group is committed to its risk management system in order to identify and assess risks of major projects and key business areas at all levels. With risk reports highlighting weaknesses and potential risks, the Group reviews and implements its risk management and control measures to control and manage the risks which the Group is exposed to.

#### 柬埔寨的經濟環境

柬埔寨工廠計劃在2017年營運。柬埔寨的經濟風險及政治風險載於本年報第27頁的「柬埔寨：宏觀政治與經濟展望」章節。

#### 經營風險

##### 原材料

原材料成本變動可能對本公司未來業績產生不利影響。本公司旨在與供應商維持長期業務關係，以獲取原材料。

##### 得到、招聘及挽留高技能員工

本集團的成功及增長能力很大程度取決於我們吸引、培訓、挽留及激勵高技能及合資格的管理、銷售、營銷、行政、營運及技術人才的能力。主要人員流失或無法獲得額外的合資格人才可能對本集團的前景及經營業績產生重大不利影響。本集團持續檢討其人力資源策略，以確保人力資源政策、流程及常規能促進組織發展。

本集團致力其風險管理制度，以確保識別和評估主要項目及各級主要業務領域的風險。透過突出缺陷及潛在風險的風險報告，本集團審核及實施其風險管理與控制措施，以控制及管理本集團面臨的風險。

## Cambodia: Macro-political and Economic Outlook

### 柬埔寨：宏觀政治和經濟展望

This section headed “Cambodia: Macro-political and Economic Outlook” is written by an independent consulting firm – Eurasia Group and is based on the opinions of Eurasia Group analysts and various in-country specialists. Eurasia Group is a private political risk research and consulting firm that has no affiliations with any government bodies.

#### DOMESTIC AND EXTERNAL POLITICAL ENVIRONMENT

The political situation is tense and is expected to deteriorate further ahead of general elections in 2018, though it is unlikely to lead to mass violence. Prime Minister Hun Sen has been ratcheting up pressure on the political opposition, independent and foreign media, and non-governmental organizations.

Despite the threat of international sanctions and mass protests, Eurasia Group predicts that if Hun Sen believes he is in danger of losing the 2018 elections, he will dissolve his major opposition, the Cambodia National Rescue Party (“CNRP”). He is now putting in place the necessary legal framework to do so. In the meantime, he will continue to harass the opposition to prevent the CNRP leadership from campaigning effectively.

In the less likely event that Hun Sen is forced to dissolve the CNRP, it could trigger significant economic repercussions, most likely sanctions from the European Union (“EU”), Cambodia’s largest export market (primarily for garments). It is also likely to lead to widespread demonstrations and violent clampdowns that would heighten political risk for foreign investors and cause them to relocate manufacturing operations to elsewhere in the region.

本章節「柬埔寨：宏觀政治和經濟展望」是由獨立諮詢公司歐亞集團撰寫，並以歐亞集團分析師和各國內專家的意見為依據。歐亞集團是一家私人政治風險研究和諮詢公司，與各國政府沒有隸屬關係。

#### 國內外政治環境

儘管不可能導致大規模暴動，柬埔寨政治局勢預計在2018年大選前將進一步惡化。總理洪森一直在對政治反對派，獨立和外國媒體以及非政府組織施加壓力。

儘管國際制裁和群眾抗議的威脅，歐亞集團預測如果洪森預計其將失去2018年的選舉，他將解散其最大反對派柬埔寨救國黨（「救國黨」）。他現在正在建立必要的法律框架，同時他將繼續打擊反對派以阻止救國黨領導層有效地展開活動。

雖然洪森被迫解散救國黨的機率很小。但若救國黨真的被解散，將引起重大的經濟影響，最有可能是來自歐盟（「歐盟」）的製裁。歐洲是柬埔寨最大的出口市場（主要是紡織）。它還可能導致廣泛的示威和暴力鎮壓，這將加劇外國投資者的政治風險，並導致他們將製造業務轉移到其他地方。



## Cambodia: Macro-political and Economic Outlook

### 柬埔寨：宏觀政治和經濟展望

## ECONOMIC OUTLOOK AND BUSINESS ENVIRONMENT

Cambodia's economy will likely continue on a relatively high growth trajectory. The World Bank forecasts 6.9% GDP growth in 2017 and 2018, underpinned by election-year fiscal expansion and consistently strong garment sector exports bolstered by regional integration. This growth forecast assumes a relative stable business operating environment, though Eurasia Group notes that political risks will increase in the next two years. Specifically, Cambodia will face a higher risk of strikes and sporadic street-level violence associated with the 2017 commune council elections and 2018 general elections. These disruptions could increase the cost of doing business by forcing factory shutdowns and temporary stoppages of work, or by inflicting property damage.

## CORRUPTION

Corruption is endemic in Cambodia. While there is an anticorruption law, it is not enforced effectively. The judiciary lacks institutional safeguards that ensure transparency in the legal process, and it also suffers from a dearth of qualified staff.

Extensive red tape is involved when obtaining licenses and business permits, which leads to companies paying small-scale bribes to speed up the process. Business inspections by government officials occur in an ad hoc manner, and usually aim to extract unofficial fees. Most companies are also forced to pay officials to facilitate electricity and water connections.

## LABOR

The government is eager to promote the country as a safe place to invest with relatively good working conditions. To this end, it works closely with the International Labor Organisation and its "Better Factories Cambodia" program.

The current minimum wage for garment sector workers is US\$140 per month, up from US\$128 in January 2016. It is set by the Ministry of Labor in negotiations with unions. However, most workers are not unionized outside the manufacturing sector and there is a high level of informal employment.

## 經濟前景和商業環境

柬埔寨經濟有望繼續保持較高的增長。假設在一個相對穩定的業務運營環境和政治風險下，受到了選舉年度財政擴張和區域一體化帶動的服裝行業出口持續增長的支持，世界銀行預測柬埔寨2017年和2018年的國內生產總值增長6.9%。歐亞集團認為政治風險在未來兩年將會上升。尤其柬埔寨面臨更多的與2017年地方選舉和2018年大選相關的罷工和零星街頭暴力等風險，這些風險可能令工廠關閉或暫時停產，或造成財產損失。

## 貪污

貪污在柬埔寨非常普遍。雖然有反貪污法，但沒有有效地執行。司法機關缺乏制度保障法律程序的透明度，而且缺乏合格的工作人員去執行反貪污相關的法例。

由於申請證書和商業許可證時涉及大量繁複的程序，導致公司支付小額賄賂以加快申請程序。政府官員的商業檢查是以非正式的方式進行以從中獲取非正式費用，大多數公司也被迫支付官員非正式費用以確保接通電力和水。

## 勞工

柬埔寨與國際勞工組織及其「柬埔寨更好的工廠」計劃密切合作以宣傳柬埔寨有一個安全的投資環境和相對良好的工作環境。

目前製造業工人的最低工資由2016年1月的每月128美元提高至每月140美元，最低工資是由勞動部與工會談判而定。然而，大多數工人並未加入工會且不在製造業內，而且大多數工人非正規就業。

## Cambodia: Macro-political and Economic Outlook

### 柬埔寨：宏觀政治和經濟展望

Labor unions within manufacturing industry are highly politicized. The opposition party leverages political influence with unions by championing higher wages, one of the key policy areas in which it knows that Hun Sen cannot make major compromises without endangering Cambodian competitiveness in the region. Consequently, strikes are more frequent during politically contentious periods as the opposition encourages workers to demand greater labor law protections and higher wages.

### SOCIAL STABILITY

Strikes over labor conditions and wages are relatively common in the garment sector, which from time to time could turn violent (as occurred in 2014) and occasionally lead to injuries and property destruction. While companies not operating in the garment sector are better insulated from the direct impact of striking workers, the consequences of street-level violence on investment flows and sentiment affect all manufacturers.

From 2012 onward, there has been an increase in the number of strikes, a trend that Eurasia Group expects to continue as political tensions rise ahead of the 2018 vote.

製造業內的工會被高度政治化的。反對派利用支持提高最低工資以加強政治影響力，這一政策影響非常重大，因為反對派知道洪森不可能在不危及柬埔寨在該地區競爭力的情況下而作出重大妥協。因此，罷工會在在政治爭論期間更為頻繁，因為反對派會鼓勵工人要求更多的勞動法保護和更高的工資。

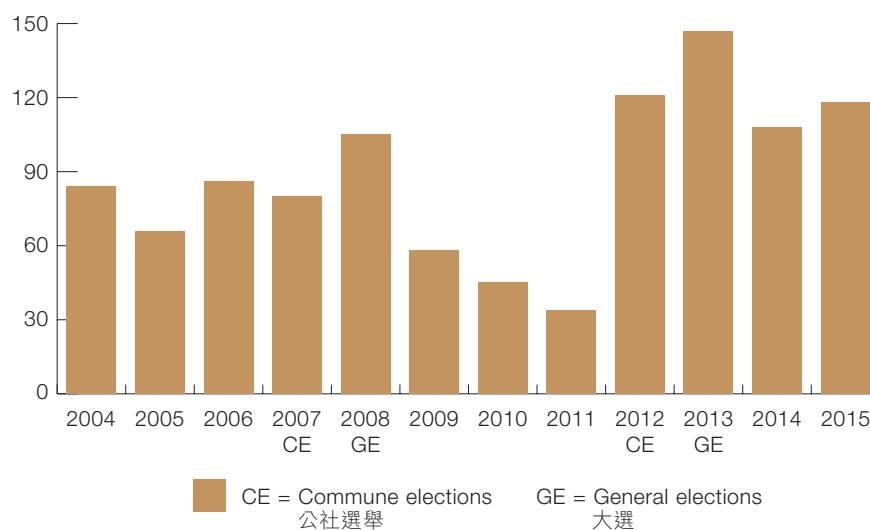
### 社會穩定

針對勞動條件和工資的罷工在成衣業比較普遍而對其他行業的影響較少，罷工經常變為暴亂（如在2014年發生），偶爾還會導致傷亡和財產損失。街頭暴亂和不滿情緒是影響所有製造商。

從2012年起，罷工次數有所增加，歐亞集團預計在2018年投票前的政治緊張局勢將導致罷工次數持續升勢。

Number of strikes by year

每年罷工次數





## Cambodia: Macro-political and Economic Outlook

### 柬埔寨：宏觀政治和經濟展望

#### TAX POLICY

The government has had long difficulties collecting tax revenue. Obstacles include the limited capacity of staff to help taxpayers understand their obligations, deficient technology infrastructure (no electronic filing of taxes and lack of equipment), and limited tax audit capabilities. Furthermore, the country has a large informal economy and those who do not pay their taxes face no real legal consequences.

In recent years, however, there have been critical reforms in tax policies that allow the government to collect more tax. The former two-tier tax structure composed of the “real regime” taxpayers and the “estimated regime”<sup>1</sup> taxpayers was scrapped in November 2016, and all enterprises were consolidated under the “real regime.” This improves the position of foreign companies in relation to Cambodian businesses that evade taxes. Small-and medium-sized enterprises now face a stricter system with more clearly defined rules. It is also likely that Cambodia’s taxation system will rely heavily on indirect taxes in the near future, as VAT is easier to collect and will make a significant contribution to the overall tax pool.

#### 稅務政策

政府長期難以收稅。難題包括缺乏工作人員幫助納稅人理解其納稅義務，缺乏科技性基礎設施（如沒有電子申報系統和缺乏設備）和有限的稅務審計能力。此外，該國的非正式經濟體系龐大，不繳稅的人士毋需負上實則的法律責任。

近年來，政府對稅收政策進行了嚴格的改革，改革令政府能夠收取更多的稅收。由「真實制度」納稅人和「估計制度」<sup>1</sup>納稅人組成的前兩級稅收結構已於2016年11月被廢除，所有企業都歸類在「真實制度」下。相對於逃避稅收的柬埔寨企業，此改革改善了國外企業的地位。中小型企業現在面對更加嚴格和明確的條例。在不久的未來柬埔寨的稅收制度也將很很可能依賴間接稅，因為增值稅更容易收集和將極大地擴大整體稅收基礎。

1 Real regime taxpayers are registered companies, state-owned companies, and other businesses with some system of formal accounting; estimated regime taxpayers are companies or small ventures with no formal accounting, and thus their taxable amounts are estimated based on discussions between taxpayers and tax officials.

1 實體納稅人是註冊公司，國有公司和其他採用正式會計制度的企業；估計制度納稅人是沒有正式會計制度的公司或小型企業，因此其納稅額是根據納稅人和稅務官員之間的討論估算的。

## Cambodia: Macro-political and Economic Outlook

### 柬埔寨：宏觀政治和經濟展望

#### IMPORT AND EXPORT MEASURES

Complex import and export regulations increase the cost of doing business for companies. Exporters to the U.S. and the EU have encountered difficulties because of stricter regulations in these two markets. They must obtain a certificate of origin from the Ministry of Commerce (delays are common) and comply with conformity assessment requirements, but there are few agencies in the country capable of testing and certifying products for export. Lastly, applying for export licenses and permits is also a tedious process, as exporters have to provide an extensive list of documentation and follow through with many procedures. This process can be time consuming and lead to higher costs.

Imports face time-consuming procedures for clearing customs—they reportedly take three to seven days. The payment of bribes is common to expedite the process. Furthermore, compulsory assessment requirements to prove that imports meet Cambodian standards cannot be carried out in full by the Ministry of Health because of inadequate facilities. The tests are often outsourced to Vietnam or Thailand, generating more costs. Lastly, import licenses are expensive.

In addition, poor infrastructure and connectivity, as well as unreliable power supplies and telecommunications services inflate logistics expenses.

#### 進出口措施

複雜的進出口法規增加了企業的經營成本。出口商因美國和歐盟更嚴格的法規而遇到了困難。他們必須從商務部獲得原產地證書（延誤是常見的）並遵守合格評定的要求，但柬埔寨只有少數機構能夠測試和認證出口產品。此外，出口商必須提供大量文件並遵循許多程序，該過程可能是耗時和導致更高的成本。

進口面臨耗時的清關程序，清關程序據稱需要3到7天，為了加快這一進程，賄賂是常見的。此外，由於設施不足，證明進口符合柬埔寨標準的強制性檢測不能由衛生部完全執行。而檢測通常被外判給越南或泰國，從而產生更多的成本。此外，進口許可證收費也高昂。

另外，不佳的基礎設施和連通性，以及不可靠的電力供應和電信服務也增加了物流費用。





# Corporate Governance Report

## 企業管治報告

### 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 Company has adopted the code provisions and, where applicable, the recommended best practices set out in the Corporate Governance Code (“Corporate Governance Code”) set out in Appendix 14 to the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). As the Shares of the Company were only listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 January 2017 (the “Listing Date”), the Corporate Governance Code was not applicable to the Company during FY2016. Throughout the period since Listing Date and up to the date of this report, the Company has complied with the relevant provisions of the Corporate Governance Code.

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

### 企業管治常規

本公司致力維持高水準之企業管治，以保護其股東利益，提升企業價值及問責性。本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載的《企業管治守則》（「企業管治守則」）所載守則條文及建議最佳常規（如適用）。由於本公司的股份僅於2017年1月12日（「上市日期」）起在香港聯合交易所有限公司（「聯交所」）上市，企業管治守則於2016年度不適用於本公司。自上市日期起至截至本報告日為止，本公司已遵守企業管治守則的有關規定。

根據守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，並不應由一人同時兼任。本公司已委任鄧格兵先生擔任主席兼行政總裁。董事會相信，主席與行政總裁由一人同時兼任將使本公司在制定業務策略及執行業務計劃時實現更高的應變能力、效率及成效。董事會相信經由高級管理層及具經驗和卓越才幹的人士所組成的董事會的運作，已足夠確保權力與職權兩者間的平衡。董事會目前由四名執行董事（包括鄧格兵先生）及三名獨立非執行董事組成，因此董事會的組成具有相當大的獨立成分。儘管如此，董事會將因應當前情形不時檢討董事會的結構與組成，以維持本公司高水準之企業管治常規。

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. The Company has made specific enquiry of all Directors and the relevant employees regarding any non-compliance with the Model Code, and they all confirmed that they had fully complied with the required standard set out in the Model Code and its code of conduct regarding Directors’ securities transactions throughout the period from the Listing Date to the date of this report.

## 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.

## 進行證券交易的標準守則

本公司已採納上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)作為本公司董事進行證券交易之行為守則。本公司已就有否違反標準守則向所有董事及相關僱員作出特定查詢，他們均已確認他們自上市日期至本報告日期的整個期間內均全面遵守標準守則所規定之標準及其行為守則所規定有關董事進行證券交易的標準。

## 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(統稱為「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，董事都能全面、及時獲取本集團的資料。本公司已建立程序，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)。



## Corporate Governance Report

### 企業管治報告

Directors receive at least 14 days prior to 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 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 company secretary and are available for inspection by the Directors.

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

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

#### Executive Directors:

Mr. Zou Gebing (*Chairman and CEO*)  
Mr. Chen Guohua  
Mr. Zeng Jin  
Mr. Wang Ming

#### Independent non-executive directors:

Mr. Huang Wenli  
Mr. Shao Shaomin  
Ms. Zhang Bingbing

The biographies of the Directors are set out in "Profile of Directors and Senior Management" on page 7 to page 13 of this annual report.

董事在經常會議書面通知之前至少14天內收到通知，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，以獲取其資訊和記錄。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，以供審閱。簽署的會議記錄由公司秘書妥善保管，供董事查閱。

本公司已安排有關董事責任的保險。

於本年度報告日期，董事會的組成如下：

#### 執行董事：

鄒格兵先生 (*主席兼行政總裁*)  
陳國華先生  
曾金先生  
王銘先生

#### 獨立非執行董事：

黃文禮先生  
邵少敏先生  
張冰冰女士

董事履歷載於本年度報告第7頁至13頁之「董事與高級管理層履歷」。

# Corporate Governance Report

## 企業管治報告

During the period from the Listing Date to the date of this annual report, the attendance of the individual Directors at the meetings is set out below:

在上市日期至本年度報告日期期間，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 from the Listing Date to the date of this annual report<br>自上市日期至本年度報告日期出席／有資格出席的會議次數 |                               |                          |              |
|--|----------------|--|-------------------------------|--------------------------|--------------|
|  |                | Remuneration Committee<br>薪酬委員會  | Nomination Committee<br>提名委員會 | Audit Committee<br>審核委員會 | Board<br>董事會 |
| <b>Executive Directors</b>                 | <b>執行董事</b>    |  |                               |                          |              |
| Mr. Zou Gebing                             | 鄒格兵先生          | 1/1  | 1/1                           | 1/2                      | 2/2          |
| Mr. Chen Guohua                            | 陳國華先生          | 1/1  | 1/1                           | 1/2                      | 2/2          |
| Mr. Zeng Jin                               | 曾金先生           | 1/1  | 1/1                           | 1/2                      | 2/2          |
| Mr. Wang Ming                              | 王銘先生           | 1/1  | 1/1                           | 1/2                      | 2/2          |
| <b>Independent non-executive Directors</b> | <b>獨立非執行董事</b> |  |                               |                          |              |
| Mr. Shao Shaomin                           | 邵少敏先生          | 1/1  | 1/1                           | 2/2                      | 2/2          |
| Mr. Huang Wenli                            | 黃文禮先生          | 1/1  | 1/1                           | 2/2                      | 2/2          |
| Ms. Zhang Bingbing                         | 張冰冰女士          | 0/1  | 0/1                           | 0/2                      | 0/2          |

## 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 three independent non-executive Directors, representing more than one-third of the Board. 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.

## 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。

他們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，委任三名獨立非執行董事，佔董事會人數超過三分之一。其中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。



## Corporate Governance Report

### 企業管治報告

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. 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.

The independent non-executive Directors were appointed on 10 December 2016 and are subject to retirement by rotation in accordance with the articles of association of the Company.

## 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 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;
3. Reading materials on risk management and internal control.

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，遵循上市規則所載的獨立標準。

董事會成員之間沒有財務、商業、家庭或其他重大／相關的關係。本公司已收到各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。董事會認為全體獨立非執行董事均符合上市規則的獨立性。

獨立非執行董事於2016年12月10日獲委任，並須根據本公司組織章程細則輪值退任。

## 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，本公司還向董事會安排和提供持續的專業發展培訓和相關材料，以確保他們了解集團經營業務的商業、法律和監管環境的最新變化，並更新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、上市公司的合規性問題及／或法律法規要求的資料；
2. 閱讀企業管治和財務報告資料；
3. 閱讀風險管理和內部控制資料。

## 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 Shareholders upon request.

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

## AUDIT COMMITTEE

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.

Members of the Audit Committee are Ms. Zhang Bingbing, Mr. Huang Wenli and Mr. Shao Shaomin (all are independent non-executive Directors). Mr. Shao Shaomin currently serves as the chairman of the Audit Committee.

Pursuant to the meeting of the Audit Committee, the Audit Committee reviewed, among other things, the audited financial statements for the year ended 31 December 2016 with recommendations to the Board for approval and discussed with the management and the external auditor the accounting policies and practices which may affect the Group, the report prepared by the external auditor covering major findings in the course of the audit and the accounting and financial reporting matters. No meeting was held by the Audit Committee during FY2016 because the Company was listed on 12 January 2017.

## 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。

各董事委員會的成員是獨立非執行董事。

## 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、內部控制系統及風險管理系統，監察審核程序以及履行董事會授予的其他職責與責任。

審核委員會成員是張冰冰女士、黃文禮先生和邵少敏先生（均為獨立非執行董事）。邵少敏先生目前擔任審核委員會主席。

根據審核委員會舉行的會議，審核委員會已審閱（其中包括）本公司截至2016年12月31日止年度的經審核財務報表並向董事會建議予以批准，與管理層和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）以及會計和財務報告事項。由於本公司於2017年1月12日上市，審核委員會於2016年度並無舉行會議。

# Corporate Governance Report

## 企業管治報告

### 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 three independent non-executive Directors, namely Ms. Zhang Bingbing, Mr. Huang Wenli and Mr. Shao Shaomin. Mr. Huang Wenli currently serves as the chairman of the Remuneration Committee.

Pursuant to the first meeting of the Remuneration Committee on 28 March 2017, 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. No meeting was held by the Remuneration Committee during FY2016 because the Company was listed on 12 January 2017.

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 FY2016 are set out in note 8 to the financial statements.

Details of the remuneration by band of the 3 members of the senior management of the Company, whose profile are set out on pages 14 to 16 of this annual report, for FY2016 are set out below:

| Remuneration band              | Number of individual | 薪酬範圍                    | 人數 |
|--------------------------------|----------------------|-------------------------|----|
| Nil to HK\$1,000,000           | 1                    | 零至1,000,000港元           | 1  |
| HK\$2,500,001 to HK\$3,000,000 | 1                    | 2,500,001港元至3,000,000港元 | 1  |
| HK\$3,500,001 to HK\$4,000,000 | 1                    | 3,500,001港元至4,000,000港元 | 1  |

### 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建立與檢討董事及高級管理層的薪酬政策及架構，就董事和高級管理層的薪酬包和其他僱員福利安排提出建議。

薪酬委員會由三名獨立非執行董事組成，即張冰冰女士、黃文禮先生和邵少敏先生。黃文禮先生目前擔任薪酬委員會主席。

根據薪酬委員會於2017年3月28日舉行的首次會議，薪酬委員會已評估本公司董事及高級管理層表現，並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。由於本公司於2017年1月12日上市，薪酬委員會於2016年度並無舉行會議。

董事和高級管理層薪酬包括基本工資、退休福利及酌情花紅。於2016年度支付的董事酬金之金額詳情載於財務報表附註8。

於2016年度，本公司高級管理層3名成員（其履歷載於本年報第14頁至16頁）的薪酬範圍詳情載列如下：

### 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 our 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 three independent non-executive Directors, namely Ms. Zhang Bingbing, Mr. Huang Wenli and Mr. Shao Shaomin. Ms. Zhang Bingbing 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.

Pursuant to the first meeting of the Nomination Committee on 28 March 2017, 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. No meeting was held by the Nomination Committee during FY2016 because the Company was listed on 12 January 2017.

### 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之獨立性，取得證明以及考慮相關事宜。

提名委員會由三名獨立非執行董事組成，即張冰冰女士、黃文禮先生和邵少敏先生。張冰冰女士目前擔任提名委員會主席。

提名委員會負責就均衡專業知識、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，提名委員會在審查委員會的組成時，將考慮到董事會的多樣性，其中包括性別、年齡、文化和教育背景、服務時間、技能、知識和專業經驗。本公司承認並擁護董事會成員多元化的利益。

根據於2017年3月28日舉行的提名委員會首次會議，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，並已評估獨立非執行董事的獨立性。由於本公司於2017年1月12日上市，提名委員會於2016年度並無舉行會議。





## Corporate Governance Report

### 企業管治報告

## 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 held two meetings during the Reporting Period, at which the Board reviewed the Company's policies and practices on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the Corporate Governance Code.

## 企業管治職能

董事會負責履行企業管治守則的守則條文D.3.1所載的企業管治職責，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度報告中的企業管治報告內的披露。

董事會於報告期間舉行了兩次會議，於會上檢討了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。

## AUDITOR'S REMUNERATION

During FY2016, the total fees paid/payable in respect of services provided by the Group's external auditor are set out below:

## 核數師薪酬

於2016年度，本集團外聘核數師就其服務已獲支付／應獲支付的總費用如下所示：

|   |                          | 2016<br>2016年<br>RMB'000<br>人民幣千元 |
|---|--------------------------|-----------------------------------|
| Audit and audit related services  | 審計及審計相關服務                | 1,510                             |
| Non-audit services: Professional service fees in relation to initial public offering of the Group | 非審計服務：與本集團首次公開發售有關的專業服務費 | 2,824                             |
| Taxation and other professional services  | 稅務及其他專業服務                | 733                               |
|   |                          | <b>5,067</b>                      |

## COMPANY SECRETARY

Ms. Li Oi Lai was appointed as the company secretary of the Company on 18 March 2016, who is responsible for handling company secretarial matters including compliance with the companies ordinance. She is a manager of SW Corporate Services Group Limited. Ms. Li has taken no less than 15 hours of relevant professional training. Mr. Chen Guohua, the executive Director is the primary point of contact at the Company for the company secretary.

## 公司秘書

李愛麗女士於2016年3月18日獲委任為本公司的公司秘書，負責處理公司秘書事宜（包括遵守《公司條例》）。彼為信永方圓企業服務集團有限公司經理。李女士已接受不少於15個小時的相關專業培訓。本公司執行董事陳國華先生為公司秘書的主要聯絡人。

## Corporate Governance Report

## 企業管治報告

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board, supported by the finance and accounts 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 Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is included in the Report of the Independent Auditor on pages 68 to 77 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. |

### 董事對財務報表之責任

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，已應用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。董事並不知悉任何可能會對本集團持續經營能力造成重大疑慮之事件或情況之重大不確定因素。

本公司核數師就本集團財務報表之申報責任聲明載於本年度報告第68至77頁的獨立核數師報告內。

### 風險管理及內部監控

管理層負責維持合適及有效之風險管理及內部監控系統，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系統（涵蓋包括財務、營運及合規監控等重要監控）之有效性，以確保現時系統之足夠性及有效性。本集團已採納一項風險管理系統以管理有關其業務及營運的風險。該系統包括以下層面：

|     |                                  |
|-----|----------------------------------|
| 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，確保與董事會就風險進行有效溝通並持續監察剩餘風險。 |

# Corporate Governance Report

## 企業管治報告

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:

**Control Environment:** A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

**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.

**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.

**Information and Communication:** Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

**Monitoring:** Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

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.

本公司已制定符合特雷德韋委員會贊助組織委員會 (Committee of Sponsoring Organizations of the Treadway Commission, 簡稱「COSO」) 於 2013 年發出的框架之內部監控系統。COSO 框架可促使本集團達致營運有效性及效率性、財務報告可靠性及遵守適用法例及規例的目標。COSO 框架由以下五個關鍵部份組成：

**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。

**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。

**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。

**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。

**監察：** 為確定內部監控的各組成部份是否存在及運行而進行的持續及單獨評估。

然而，本集團之風險管理及內部監控系統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之保證。

本集團已就是否需要設立內部審計部門進行年度檢討。鑒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一個獨立的內部審計部門，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系統並檢討其有效性。



# Corporate Governance Report

## 企業管治報告

During the Reporting Period, the Company engaged an external independent consultant 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 Audit Committee. The Board and Audit Committee has also reviewed the resources, staff qualifications and experience and training programs of the external independent consultant 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 (the “SFO”) and the Listing Rules.

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.

於報告期間，本公司委聘一家外部獨立顧問（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系統進行獨立檢討，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，本公司知悉證券及期貨條例（「證券及期貨條例」）及上市規則下之相關義務。

為加強本集團的內幕消息控制系統並確保其公開披露的真實性、準確性、完整性與及時性，本集團亦採納並實施一套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他們的保密責任。
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，包括任何因他／她的職位或僱傭關係有可能持有有關本公司之內幕消息的所有僱員須遵守本公司所採納之證券交易規則，其條款不遜於上市規則之規定。

The Board and Audit Committee had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems during the period from Listing Date to the date of annual report. Several areas have been considered during such reviews, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems. The Board and Audit Committee were not aware of any material internal control defects, and considered such systems effective and adequate throughout the Reporting Period.

## 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 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 requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

董事會及審核委員會已在上市日期至本年報日期期間檢討本集團風險管理及內部監控系統的足夠性及有效性。進行該等檢討時已考慮若干方面，包括但不限於(i)自上年度檢討後之重大風險之性質及程度變動及本集團對其業務及外部環境變動作出回應的能力；及(ii)管理層持續監察風險及內部監控系統的範圍及質素。董事會及審核委員會並不知悉有任何重大內部監控瑕疵，並認為該等系統於整個報告期間均有效且足夠。

## 股東權利

本公司之股東大會為股東提供一個直接與董事會交換意見之論壇。根據開曼群島之適用法律條文及上市規則，細則規定本公司每年舉行一次股東週年大會（「股東週年大會」），會議地點由董事會指定。非股東週年大會之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之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之任何事項。

如果在遞呈請求21天內，董事會沒有召開會議，請求人本人可以相同方式召開會議，並且請求者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。



## Corporate Governance Report

## 企業管治報告

### 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. If the request has been verified as not in order, the Shareholder will be advised of this outcome and, accordingly, a general meeting will not be convened as requested.

### 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. Sun Ho Chau  
Telephone: (852) 2106 3238  
Email: ryan.sun@morrisholdings.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: Unit 6707, 67/F, The Center  
99 Queen's Road Central  
Hong Kong

### 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，股東須以書面形式將其建議（「建議」）連同詳細聯絡資料呈交至本公司的香港主要營業地點。本公司會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。倘該要求經核實屬不適當，則股東將獲告知有關結果，並不會按要求召開股東大會。

### 股東向董事會提出詢問

股東可隨時索取本公司資料，惟有關資料須已公開可用及本公司有投資者關係人士處理來自股東的詢問。聯絡人的詳情載列如下：

姓名：孫浩洲先生  
電話：(852) 2106 3238  
電郵：ryan.sun@morrisholdings.com.hk

股東亦可於本公司的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  
皇后大道中99號  
中環中心67樓6707室

# Corporate Governance Report

## 企業管治報告

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

Address : Level 22, Hopewell Centre 183  
Queen's Road East  
Hong Kong  
Telephone : (852) 2980 1333  
Fax : (852) 2810 8185  
Email : is-enquiries@hk.tricorglobal.com

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

地址 : 香港  
皇后大道東183號  
合和中心22樓  
電話 : (852) 2980 1333  
傳真 : (852) 2810 8185  
電郵 : is-enquiries@hk.tricorglobal.com

## COMMUNICATION WITH SHAREHOLDERS

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

## INVESTOR RELATIONS

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

## MEMORANDUM AND ARTICLES OF ASSOCIATION

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

## 與股東溝通

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

## 投資者關係

本公司與投資者建立不同的通訊途徑，以使他們知悉最新業務發展及財務表現，包括股東週年大會、於聯交所網站及本公司網站刊發年度報告、通告及通函，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及於上市日期採納經修訂及重列的章程細則。





## Directors' Report 董事會報告

The Directors present this annual report and the audited consolidated financial statements of the Company for FY2016.

### BUSINESS REVIEW

The review of business performance of the Group, the Group's business prospect and the financial key performance indicators during FY2016 are set out in the sections headed "Financial Highlights", "Chairman's Statement" and "Management Discussion and Analysis" on page 4, pages 5 to 6 and pages 17 to 23 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 sections headed "Principal risks and uncertainties" and "Cambodia: Macro-political and economic outlook" on pages 24 to 26 and pages 27 to 31 respectively 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 FY2016, 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.

董事謹此提呈本公司於2016年度年報及經審核綜合財務報表。

### 業務回顧

本集團2016年度業務之回顧、本集團業務可能未來發展動向及運用財務關鍵指標分析載於本年報第4頁的「財務摘要」、第5頁至6頁的「主席報告書」及本年報第17頁至23頁的「管理層討論及分析」章節，該內容為本董事會報告之一部分。

### 公司面臨的主要風險及不確定性

本報告期間，本公司主要風險及不確定性載於本年報第24頁至26頁的「主要風險及不確定因素」及本年報第27頁至31頁的「柬埔寨：宏觀政治和經濟展望」章節，該內容為本董事會報告之一部分。

### 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和法規。本集團已設定合規程式確保遵守相關法律、規則及規例。於2016年度，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相關法律、規則及規例的變動。

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

## RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

## CORPORATE REORGANISATION

The Company was incorporated with limited liability in Cayman Islands. The Shares of the Company were listed on the Main Board of the Stock Exchange with effect from 12 January 2017.

In connection with the Listing of the shares of the Company on the Stock Exchange, 250,000,000 new Shares of US\$0.001 each of the Company were issued at a price of HK\$1.05 per Share for a total cash consideration, before expenses, of HK\$262,500,000 (equivalent to approximately RMB234,042,000). Dealings in the Shares on the Stock Exchange commenced on 12 January 2017.

Upon the creation of the Company's share premium account as a result of the global offering, an amount of US\$749,900 (equivalent to approximately RMB5,185,000) standing to the credit of the share premium account of the Company has been capitalised on 12 January 2017 by applying such sum towards paying up in full at par a total of 749,900,000 ordinary shares for allotment and issue to the then existing Shareholders. Immediately following the completion of the global offering and the Capitalisation Issue, the total outstanding Shares of the Company was 1,000,000,000 Shares including the 250,000,000 Shares issued upon the global offering.

有關環境、社會及管治方面的報告乃根據上市規則附錄27編製，並將分別於盡可能接近本年報或不得遲於本年報公佈的三個月後於本公司及聯交所網站刊載。

## 與持份者的關係

本集團確認僱員、客戶及業務夥伴是我們可持續發展的關鍵。本集團致力與僱員建立密切及關顧之關係，為客戶提供優質服務，並加強與我們的業務夥伴的合作。

## 公司重組

本公司於開曼群島註冊成立為有限責任公司。本公司股份由2017年1月12日起在聯交所主板上市。

就本公司股份於聯交所上市而言，本公司以每股1.05港元發行250,000,000股（每股面值0.001美元）新股，現金代價總額（扣除開支前）為262,500,000港元（相當於約人民幣234,042,000元）。本公司股份自2017年1月12日於聯交所開始買賣。

本公司因全球發售而設立股份溢價賬後，錄得金額為749,900美元（相當於約人民幣5,185,000元）的股份溢價賬進賬，相關金額已於2017年1月12日透過用於按面值悉數繳足配發及發行予當時現有股東的749,900,000股股份而資本化。緊隨全球發售及資本化發行完成之後，本公司已發行股份共計1,000,000,000股，其中包括全球發售時發行的250,000,000股股份。



## Directors' Report

### 董事會報告

## 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 FY2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 78 of this annual report.

The Board recommended a payment of final dividend of HK1.8 cents per Share and a special dividend of HK8.7 cents per Share for the year ended 31 December 2016 payable on 15 June 2017 to all Shareholders on the register of members of the Company on 7 June 2017 subject to approval by the Shareholders in the forthcoming AGM.

## 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 FY2016 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 26 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 FY2016.

## 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、沙發套及其他傢俱產品。

## 業績及分派

本集團於2016年度之業績載於本年報第78頁之綜合損益及其他全面收益報表。

董事會已建議於2017年6月15日向所有於2017年6月7日名列本公司股東名冊的股東派發截至2016年12月31日止年度每股股份1.8港仙的末期股息及每股股份8.7港仙的特別股息，惟須待股東於應屆股東週年大會上批准。

## 稅項減免

本公司並不知悉有任何股東因持有本公司股份而享有的稅項減免。

## 物業、廠房及設備

本集團之物業、廠房及設備於2016年度之變動詳情載於綜合財務報表附註13。

## 股本

本公司之股本於2016年度之變動詳情載於綜合財務報表附註26。

## 購買、出售或贖回本公司上市證券

於2016年度，本公司及其附屬公司概無購買、出售或贖回本公司任何上市證券。

## DISTRIBUTABLE RESERVES

As at 31 December 2016, the distributable reserves of the Company amounted to approximately RMB98.1 million (31 December 2015: Nil).

## FOUR YEARS FINANCIAL SUMMARY

Four years financial summary are set up in the sections headed "Four Years Financial Summary" on page 168 of this annual report.

## DIRECTORS

The Directors during FY2016 and up to the date of this annual report were:

### Executive Directors:

|  |                              |
|--|------------------------------|
| Mr. ZOU Gebing ( <i>Chairman and CEO</i> ) | (appointed on 18 March 2016) |
| Mr. CHEN Guohua                            | (appointed on 18 March 2016) |
| Mr. ZENG Jin                               | (appointed on 18 March 2016) |
| Mr. WANG Ming                              | (appointed on 18 March 2016) |

### Independent Non-executive Directors:

|                    |                                 |
|--------------------|---------------------------------|
| Ms. ZHANG Bingbing | (appointed on 10 December 2016) |
| Mr. HUANG Wenli    | (appointed on 10 December 2016) |
| Mr. SHAO Shaomin   | (appointed on 10 December 2016) |

In accordance with the Company's Articles of Association, 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. Mr. Zou Gebing will retire at the forthcoming AGM and will offer himself for re-election. Mr. Wang Ming and Ms. Zhang Bingbing will both retire at the forthcoming AGM and will not offer themselves for re-election. None of the Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## 可供分派儲備

截至2016年12月31日，本公司可分配儲備約人民幣98.1百萬元（2015年12月31日：無）。

## 四年財務摘要

四年財務摘要載於本年報第168頁的「四年財務摘要」。

## 董事

本公司於2016年度及截至本年報日期之董事如下：

### 執行董事：

|                          |                  |
|--------------------------|------------------|
| 鄒格兵先生 ( <i>主席兼行政總裁</i> ) | (於2016年3月18日獲委任) |
| 陳國華先生                    | (於2016年3月18日獲委任) |
| 曾金先生                     | (於2016年3月18日獲委任) |
| 王銘先生                     | (於2016年3月18日獲委任) |

### 獨立非執行董事：

|       |                   |
|-------|-------------------|
| 張冰冰女士 | (於2016年12月10日獲委任) |
| 黃文禮先生 | (於2016年12月10日獲委任) |
| 邵少敏先生 | (於2016年12月10日獲委任) |

根據公司章程，三分之一的董事須輪值退任，每名董事須於股東周年大會上至少每三年退任一次，符合資格的退任董事可重新當選為來年的董事。鄒格兵先生將於即將舉行的股東週年大會上退任並重新提名連任。王銘先生及張冰冰女士將於即將舉行的股東週年大會上退任並不再提名連任。在即將召開的股東週年大會中，沒有董事建議重選本集團除法定賠償外一年內未經賠償和無法確定的服務合同。



## Directors' Report 董事會報告

### DIRECTORS' SERVICE CONTRACTS

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

Each of the independent non-executive Directors have been appointed on 10 December 2016 and are subject to retirement by rotation and re-election at AGM of the Company at least once every three years and until terminated by not less than three months' notice in writing served by either the Company or the respective independent non-executive Director.

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

### 董事之服務合約

每名執行董事已與本公司訂立服務合約，固定期限為自上市日期起計三年，除非任何一方在初始任期結束到期時提供不少於三個月的書面通知。

每名獨立非執行董事已於2016年12月10日委任，並須每3年最少一次於股東週年大會輪值退任及重選，直至不少於三個月向本公司或相關獨立董事提出終止書面通知。

建議在應屆股東週年大會上重選之董事，概無與本公司或其附屬公司訂立本集團不做賠償（法定賠償除外）則不得於一年內終止服務的合約。

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as those disclosed under the section headed "Connected Transactions And Continuing Connected Transactions" and the related party transactions as disclosed in note 34 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 at 31 December 2016 or at any time during FY2016.

## DIRECTORS' INTERESTS IN SECURITIES

As at the date of this report, 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:

## 董事於交易，安排及重大合同中的利益

除「關連交易及持續關連交易」一節及綜合財務報表附註34所披露的關連方交易所披露者外，於2016年12月31日或2016年度內的任何時間，概無與本公司業務有關而且本公司或其任何附屬公司作為訂約方及本公司董事或董事之關聯實體擁有直接或間接實質利益的重大交易、安排或合同。

## 董事於證券之權益

於本年報日期，本公司之董事及最高行政人員於本公司及其相聯法團（按證券及期貨條例第XV部賦予之涵義）之股份、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部須通知本公司及聯交所（包括根據證券及期貨條例獲得或被視為有關的權益或淡倉）或根據證券及期貨條例第352條須列入其登記冊或須符合「標準守則」的權益及淡倉載列如下：

# Directors' Report

## 董事會報告

### (i) The Company

| Name of Director/<br>chief executive<br>董事／主要行政人員姓名 | Nature of Interest<br>權益性質                   | Number of securities<br>(Note 1)<br>證券數目(附註1) | Approximate<br>percentage of<br>shareholding<br>佔股權百分比 |
|---|--|---|--|
| Mr. Zou Gebing (Note 2)<br>鄒格兵先生(附註2)               | Interest of controlled corporation<br>受控法團權益 | 750,000,000 Shares (L)<br>750,000,000股(L)     | 75%  |

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

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

### (ii) Morris Capital (Note 1)

| Name of Director/<br>chief executive<br>董事／主要行政人員姓名 | Nature of Interest<br>權益性質                   | Number of securities<br>(Note 2)<br>證券數目(附註2)    | Approximate<br>percentage of<br>shareholding<br>佔股權百分比 |
|---|--|--|--|
| Mr. Zou Gebing<br>鄒格兵先生                             | Interest of controlled corporation<br>受控法團權益 | 85 Shares of<br>US\$1 each (L)<br>85股每股1美元的股份(L) | 85%  |

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

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

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 the date of this report.

### (i) 本公司

| Name of Director/<br>chief executive<br>董事／主要行政人員姓名 | Nature of Interest<br>權益性質                   | Number of securities<br>(Note 1)<br>證券數目(附註1) | Approximate<br>percentage of<br>shareholding<br>佔股權百分比 |
|---|--|---|--|
| Mr. Zou Gebing (Note 2)<br>鄒格兵先生(附註2)               | Interest of controlled corporation<br>受控法團權益 | 750,000,000 Shares (L)<br>750,000,000股(L)     | 75%  |

附註1：字母「L」表示該人在該等股份中的好倉。

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

### (ii) 慕容資本(附註1)

| Name of Director/<br>chief executive<br>董事／主要行政人員姓名 | Nature of Interest<br>權益性質                   | Number of securities<br>(Note 2)<br>證券數目(附註2)    | Approximate<br>percentage of<br>shareholding<br>佔股權百分比 |
|---|--|--|--|
| Mr. Zou Gebing<br>鄒格兵先生                             | Interest of controlled corporation<br>受控法團權益 | 85 Shares of<br>US\$1 each (L)<br>85股每股1美元的股份(L) | 85%  |

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

附註2：字母「L」代表該名人士於該等股份的好倉。

除上文所披露者外，截至本年報日期，本公司之董事及最高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部賦予之涵義)之股份、相關股份或債權證擁有須記入根據證券及期貨條例第352條須予預存之登記冊或根據標準守則須通知本公司及聯交所之任何其他個人、家族、公司及其他權益或淡倉。

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the date of this report, 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)<br>所持已發行普通股數目 (附註1) | Percentage of Shares of the Company in issue<br>佔本公司已發行股本之概約百分比 |
|---|--|--|---|
| 股東名稱  | 身份   |  |   |
| Morris Capital (Note 2)<br>慕容資本 (附註2)   | Beneficial owner<br>實益擁有人                    | 750,000,000 Shares (L)<br>750,000,000股 (L)                           | 75% (L)   |
| Wu Xiangfei (Note 3)<br>鄔向飛女士 (附註3)   | Interest of spouse<br>配偶權益                   | 750,000,000 Shares (L)<br>750,000,000股 (L)                           | 75% (L)   |
| RAYS Capital Partners Limited<br>睿思資本有限公司   | Investment manager<br>投資經理                   | 90,112,000 Shares (L)<br>90,112,000股 (L)                             | 9.01% (L)   |
| Ruan David Ching-chi<br>阮清旗   | Interest of controlled corporation<br>受控法團權益 | 90,112,000 Shares (L)<br>90,112,000股 (L)                             | 9.01% (L)   |
| Yip Yok Tak Amy<br>葉約德  | Interest of controlled corporation<br>受控法團權益 | 90,112,000 Shares (L)<br>90,112,000股 (L)                             | 9.01% (L)   |
| Asian Equity Special Opportunities<br>Portfolio Master Fund Limited<br>亞洲股權特別機會投資組合基金 | Beneficial owner<br>實益擁有人                    | 70,034,000 Shares (L)<br>70,034,000股 (L)                             | 7% (L)  |

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

附註1: 字母「L」表示該人在該等股份中的好倉。

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

附註2: 慕容資本是由鄒格兵先生擁有85%和鄔向飛女士擁有15%。

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

附註3: 鄔向飛女士是鄒格兵先生的配偶。根據證券及期貨條例，鄔向飛女士將因此被視為擁有和鄒格兵先生持有的相同股份權益。

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 the date of this report.

除上文所披露者外，截至本年報日期，本公司並無接獲任何其他人士（本公司董事及最高行政人員除外）通知，表示其於本公司股份及／或相關股份中持有須根據證券及期貨條例第XV部第2及第3分部向本公司披露之權益或淡倉。





## Directors' Report 董事會報告

### 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 FY2016.

### 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. The Group has made full contributions for over 800 employees to both social insurance and housing funds according to the relevant PRC labour laws and regulations. For employees who refused to fully contribute to the social insurance and housing funds accounts, the Group continuously communicated with and educated them regarding the importance of contributing the social insurance and housing funds.

Details of the remuneration of the Directors for FY2016 are set out in note 8 to the financial statements of this annual report.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

### 管理合約

2016年度概無訂立或存在有關本公司全部或任何重大部分業務的經營管理的合約。

### 薪酬政策

本集團深知獎勵及挽留其僱員的重要性。本集團向其僱員提供具競爭力的薪酬福利，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。本公司已設立薪酬委員會，以根據本集團之整體經營業績、個人表現及可資比較市場慣例，檢討本集團之薪酬政策以及本集團董事及最高行政人員之薪酬福利。本集團已根據相關中國勞工法律及法規為逾800名僱員作出社會保險及住房公積金的全額供款。對於拒絕為社會保險及住房公積金賬戶全額供款的員工，本集團將就社會保險及住房公積金供款的重要性與我們的僱員持續溝通並對其進行教育。

於2016年度的董事薪酬詳情載於本年報財務報表附註8。

### 購買股份或債權證之安排

除上文所披露之持股外，本公司或其任何附屬公司於年內任何時間概無訂立任何安排，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之股份或債權證而獲益。

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

There were no competing business of which a Director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 December 2016 or at any time during FY2016.

## DEED OF NON-COMPETITION

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

The Company has received the annual confirmation of the Non-Compete Covenantors in respect of their compliance with the non-competition undertakings under the Deed of Non-competition during FY2016.

The independent non-executive Directors also reviewed the Non-Compete Covenantors' compliance with the non-competition undertakings. The independent non-executive Directors confirmed that the Non-Compete Covenantors were not in breach of the non-competition undertakings during FY2016.

## 董事於競爭業務的權益

於2016年12月31日或2016年度，概無董事與本公司業務直接或間接構成競爭的業務中擁有任何重大權益。

## 不競爭契據

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

於2016年度，本公司已收到不競爭契約方按照不競爭契據的年度合規確認函。

於2016年度，非執行董事已審查不競爭契約方對不競爭契據的合規性。獨立非執行董事確認，不競爭契約方不違反不競爭契據。



## Directors' Report

## 董事會報告

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

#### Exempt Continuing Connected Transactions

During FY2016, the Group had the following exempt, continuing connected transaction, details of which are set out below:

##### *Trademark Licence Agreement with Morris PRC*

Pursuant to the trademark transfer agreement, the Company, Haining Gelin Furniture Co., Ltd. ("Haining Gelin Furniture"), Zhejiang Apollo Leather Products Co., Ltd. ("Zhejiang Apollo Leather Products"), Haining Morris Home Gallery Co., Ltd. ("Haining Morris Home Gallery"), Haining Morris International Home Furnishings Co., Ltd. ("Haining Morris International") and Mstar International Trading (HK) Limited ("Mstar International Trading (HK)") as licensees entered into trademark licence agreement with Morris PRC (the "Licensor") on 31 December 2015. Pursuant to the trademark licence agreement, the Licensor grants a royalty-free, exclusive licence to the Licensees for the use of 12 trademarks on their related products. The transactions contemplated under the Trademark Licence Agreement will constitute *de minimis* continuing connected transactions under Rule 14A.76(1) of the Listing Rules upon Listing which will be fully exempt from Shareholders' approval, annual review and all disclosure requirements.

The Trademark Licence Agreement is effective from 31 December 2015 until the completion of transfer of all such licensed trademarks by the Licensor to Haining Gelin Furniture. All licensed trademarks had been transferred to Haining Gelin Furniture during FY2016.

### 關連交易及持續關連交易

#### 獲豁免持續關連交易

於2016年度，本集團的獲豁免持續關連交易詳情如下：

##### *與慕容中國商標許可協議*

根據商標轉讓協議，於2015年12月31日根據商標許可協議，本公司、海寧格林家具有限公司（「海寧格林家具」）、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」）、海寧慕容國際家居有限公司（「海寧慕容國際」）及美星國際貿易（香港）有限公司（「美星國際貿易（香港）」）作為被許可人（「被許可人」）與慕容中國（「許可人」）訂立商標許可協議。根據商標許可協議，許可人無償授予被許可人免專利權費且獨家使用其相關產品的12項商標的權利。商標許可協議項下擬進行的交易於上市後將構成上市規則第14A.76(1)條項下的最低限額持續關連交易，並將完全獲豁免遵守股東批准、年度審閱及所有披露規定。

商標許可協議由2015年12月31日起至所有許可商標由許可人轉讓予海寧格林家具完成當日止生效，於2016年度，所有許可商標已轉讓予海寧格林家具。

## Non-Exempt Continuing Connected Transactions

During FY2016, the Group had the following non-exempt continuing connected transactions, details of which are set out below:

### *The Lease Agreements with Morris PRC*

Zhejiang Apollo Leather Products, Haining Gelin Furniture, Haining Morris Home Gallery and Haining Morris International, each as tenant entered into the following respective lease agreements with Morris PRC as landlord on 1 January 2016 (the “Zhejiang Apollo Leather Products Lease Agreement”, the “Haining Gelin Furniture Lease Agreement”, the “Haining Morris Home Gallery Lease Agreement” and the “Haining Morris International Lease Agreement”, individually, a “Lease Agreement”, and collectively, the “Lease Agreements”) for the lease of various premises located in Haining, Zhejiang Province, PRC (the “Lease Properties”) for factory, direct sale store and office use. The details of the Lease Agreements are as follows:

## 非豁免持續關連交易

於2016年度，本集團的非豁免持續關連交易詳情如下：

### *與慕容中國的租賃協議*

浙江阿波羅皮革製品、海寧格林家具、海寧慕容世家家居及海寧慕容國際（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（「租賃物業」）訂立以下租賃協議（「浙江阿波羅皮革製品租賃協議」、「海寧格林家具租賃協議」、「海寧慕容世家家居租賃協議」及「海寧慕容國際租賃協議」，單獨為「租賃協議」，統稱為「租賃協議」），其具體條款如下：

| Lease Agreement   | Term  | Tenant  | Landlord           | Leased area (sq. m.)<br>租賃面積<br>(平方米) | Rent per Annum (RMB)<br>每年租金<br>(人民幣元) |
|---|---|---|--------------------|---------------------------------------|--|
| 租賃協議  | 期限  | 租客  | 業主                 |                                       |  |
| Zhejiang Apollo Leather Products Lease Agreement<br>浙江阿波羅皮革製品租賃協議 | 1 January 2016 to 1 January 2026 (both days inclusive)<br>2016年1月1日至2026年1月1日<br>(包括首尾兩日) | Zhejiang Apollo Leather Products<br>浙江阿波羅皮革製品 | Morris PRC<br>慕容中國 | 40,226.08                             | 2,896,277.76                           |
| Haining Gelin Furniture Lease Agreement<br>海寧格林家具租賃協議             | 1 January 2016 to 1 January 2026 (both days inclusive)<br>2016年1月1日至2026年1月1日<br>(包括首尾兩日) | Haining Gelin Furniture<br>海寧格林家具             | Morris PRC<br>慕容中國 | 19,990.35                             | 1,439,305.20                           |

# Directors' Report

## 董事會報告

| Lease Agreement   | Term   | Tenant                                  | Landlord           | Leased area (sq. m.)<br>租賃面積 (平方米) | Rent per Annum (RMB)<br>每年租金 (人民幣元) |
|---|--|---|--------------------|------------------------------------|-------------------------------------|
| 租賃協議  | 期限   | 租客                                      | 業主                 |                                    |                                     |
| Haining Morris Home Gallery Lease Agreement<br>海寧慕容世家家居租賃協議 | 1 January 2016 to 1 January 2026 (both days inclusive)<br>2016年1月1日至2026年1月1日 (包括首尾兩日) | Haining Morris Home Gallery<br>海寧慕容世家家居 | Morris PRC<br>慕容中國 | 39,312.00                          | 2,830,464.00                        |
| Haining Morris International Lease Agreement<br>海寧慕容國際租賃協議  | 1 January 2016 to 1 January 2026 (both days inclusive)<br>2016年1月1日至2026年1月1日 (包括首尾兩日) | Haining Morris International<br>海寧慕容國際  | Morris PRC<br>慕容中國 | 1,000.00                           | 72,000.00                           |

The aggregated annual caps of the Lease Agreements for the year ended 31 December 2016, the years ending 2017 and 2018 are RMB7.2 million, RMB7.2 million and RMB7.2 million respectively.

租賃協議的總年度上限於2016年度、2017年度及2018年度分別是人民幣7.2百萬元、人民幣7.2百萬元和人民幣7.2百萬元。

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

慕容中國全部已發行股本由鄒格兵先生及鄒向飛女士擁有。因此，根據上市規則第14A.07條，慕容中國是鄒格兵先生的聯繫人，因此慕容中國為本公司之關連人士。

The Directors believe that the Group needs to increase capacity to tackle the increased purchase orders. As such, on 17 March 2017, the Company entered into new lease agreements with Morris PRC for the lease of properties of Morris PRC for factory, exhibition hall, dormitory, canteen, office and research and development center use (the "New Lease Agreements") and announced to revise the annual caps for 2017, 2018, 2019 and 2020. The aggregated annual caps of the New Lease Agreements for the years ending 31 December 2017, 2018, 2019 and 2020 is RMB15.0 million, RMB15.0 million, RMB15.0 million and RMB15.0 million respectively. For further details regarding the New Lease Agreements, please refer to the announcement of the Company dated 17 March 2017.

董事認為本集團需增加產能以應付訂單上升。因此，於2017年3月17日，本公司與慕容中國簽訂新租賃協議，出租慕容中國物業供廠房、展廳、宿舍、食堂、辦公室及研發中心用途（「新租賃協議」），並宣佈修改2017年度、2018年度、2019年度和2020年度的年度上限。2017年度、2018年度、2019年度及2020年度年度上限分別為人民幣15.0百萬元、人民幣15.0百萬元、人民幣15.0百萬元和人民幣15.0百萬元。新租賃協議的詳情載於本公司於2017年3月17日發出的公告。

*Sales Agreement with Jennifer Convertibles, Inc. ("Jennifer Convertibles")*

Mstar International Trading (HK) entered into a sales agreement with Jennifer Convertibles (the "Jennifer Convertibles Sales Agreement") on 1 January 2016, pursuant to which our Group agreed to supply sofas to Jennifer Convertibles.

The Jennifer Convertibles Sales Agreement is valid until either (i) the expiry of a period of three years or (ii) the date on which Jennifer Convertibles ceases to be our connected person, whichever comes earlier. Both parties to the agreement may negotiate to extend the agreement for a further term of three years within two months before the expiry of the three-year term of the agreement unless the agreement is terminated due to Jennifer Convertibles ceasing to be our connected person.

The annual caps of the sales by our Group to Jennifer Convertibles for the years ending 31 December 2016, 2017 and 2018 are RMB32.0 million, RMB32.0 million and RMB32.0 million respectively.

The entire issued share capital of Jennifer Convertibles is owned by Mr. Zou Gebing. Accordingly, Jennifer Convertibles is an associate of Mr. Zou Gebing and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

Since the highest relevant percentage ratio under the Listing Rules in respect of each of the transactions contemplated under the Lease Agreements and the New Lease Agreements and the Jennifer Convertibles Sales Agreement is expected to be, on an annual basis, less than 5%, the transactions will be exempt pursuant to Rule 14A.76(2) of the Listing Rules from the circular (including independent financial advice) and independent shareholders' approval requirement but will be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

*與Jennifer Convertibles, Inc. (「Jennifer Convertibles」) 的銷售協議*

於2016年1月1日，美星國際貿易(香港)與Jennifer Convertibles訂立銷售協議(「Jennifer Convertibles銷售協議」)，據此，本集團同意向Jennifer Convertibles供應沙發。

Jennifer Convertibles銷售協議的有效有效期至(i)三年期限屆滿之日或(ii)Jennifer Convertibles不再為我們的關連人士當日(以較早者為準)為止。協議訂約雙方可在協議三年期限屆滿前兩個月內協商將協議期限再延長三年，除非協議因Jennifer Convertibles不再為我們的關連人士而終止。

Jennifer Convertibles 的銷售年度上限於2016年度、2017年度及2018年度分別是人民幣32.0百萬元、人民幣32.0百萬元和人民幣32.0百萬元。

Jennifer Convertibles全部已發行股本由鄒格兵先生擁有。因此，根據上市規則第14A.07條，Jennifer Convertibles是鄒格兵先生的聯繫人，因此Jennifer Convertibles為本公司之關連人士。

由於上市規則有關租賃協議及新租賃協議及Jennifer Convertibles銷售協議項下擬進行交易的最高相關百分比按年度基準計算預期低於5%，故該等交易將獲豁免遵守上市規則第14A.76(2)條的通函(包括獨立財務意見)及獨立股東批准規定，但將須遵守上市規則第14A章項下的公告、年度申報及年度審閱規定。

# Directors' Report

## 董事會報告

Details of the above continuing connected transactions are further summarised as follows:

上述持續關連交易的詳情進一步總結如下：

| Name of connected party        | Nature of transaction    | Transaction       |                       |
|--------------------------------|--------------------------|-------------------|-----------------------|
|                                |                          | amount for FY2016 | Annual Cap for FY2016 |
| 關聯方的名稱                         | 交易性質                     | 2016年度交易金額        | 2016年度上限              |
|                                |                          | RMB'000           | RMB'000               |
|                                |                          | 人民幣千元             | 人民幣千元                 |
| Morris PRC (Note 1) 慕容中國 (附註1) | Lease of properties 物業租賃 | 6,521             | 7,238                 |
| Jennifer Convertibles          | Supply of sofas 供應沙發     | 30,495            | 32,000                |

Note 1: The annual cap for the lease of properties contemplated under the Lease Agreements and the New Lease Agreements with Morris PRC increased from RMB7.2 million to RMB15.0 million since 17 March 2017.

附註1：2017年3月17日起，租賃慕容中國物業的租賃協議和新租賃協議年度上限由人民幣7.2百萬元增加至人民幣15.0百萬元。

The continuing connected transaction mentioned above has been reviewed by the independent non-executive Directors who have confirmed that the transaction has 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 transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

上述持續關連交易乃經獨立非執行董事檢討，彼等確認，該交易乃：(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)根據規管交易的有關協議訂立，其條款屬公平合理，且符合股東的整體利益。

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 transaction disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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「關於香港《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中所披露的持續關連交易的發現及結論。本公司已將核數師函件副本送呈聯交所。

Save as disclosed above, a summary of significant related party transactions, which do not constitute connected transactions or continuing connected transactions, made during FY2016 is disclosed in note 34 to the financial statements.

除上文所披露者外，於截至2016年度作出的並非構成關連交易或持續關連交易的重大關聯方交易的概要於財務報表附註34中披露。

## 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 32 to 47 of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

During FY2016, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 64.9% and 62.1% of the total revenue and purchases for the year, respectively. The Group's largest customer accounted for around 22.4% of the total revenue for the year. The Group's largest supplier accounted for around 33.7% of the total purchase for the year.

At no time during FY2016 did a Director, a close associate of a Director or a Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, every director of the Company 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 its 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 FY2016 or subsisted as at 31 December 2016.

## 本公司管治報告

本報告期間，本公司之公司管治報告載於本年報第32頁至47頁的「企業管治報告」章節。

## 主要客戶及供應商

於2016年度，本集團向五大客戶之銷售額及向五大供應商之採購額分別佔本年度總收益及總採購額約64.9%及62.1%。本集團最大客戶佔年度總收益約22.4%。本集團最大供應商佔年度總採購額約33.7%。

於2016年度任何時間，概無本公司董事、董事的緊密聯繫人或股東（就董事所知擁有本公司已發行股本5%以上權益者）於本集團五大客戶或供應商中擁有權益。

## 獲准許之彌償條文

根據本公司章程細則，本公司的每名董事均有權從本公司的資產中獲得彌償，以應付他在執行他的職責時可能遭受或招致的所有損失或責任。本公司就董事及高級人員因企業活動而引致之董事或高級人員的法律行動安排適當的保險並每年審查覆蓋水平一次。

## 股票掛鈎協議

除本年報內有關購股權計劃所披露者外，概無於2016年度訂立或於2016年12月31日存在之股票掛鈎協議。





## Directors' Report 董事會報告

### USE OF PROCEEDS FROM THE THE COMPANY INITIAL PUBLIC OFFERING

As part of the preparation for the listing, the Company implemented a capitalisation issue of 749,900,000 Shares, and an issue of 250,000,000 new Shares during the global offering of the Company on the Listing Date. All such Shares issued were ordinary shares and the 250,000,000 new Shares were issued at HK\$1.05 per share. The net proceeds of the global offering received by the Company were approximately HK\$262,500,000. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at the date of this annual report, the Directors do not anticipate any change to the plan of use of proceeds as disclosed in the Prospectus.

### 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 eligible person(s) (the "Eligible person(s)") as rewards 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 date of the listing of the Shares of the Stock Exchange, i.e. 12 January 2017 (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 the date of this report, the total number of Shares available for issue under the Share Option Scheme is 100,000,000 Shares, which represents 10% of the issued Shares as at the date of this report.

### 所得款項用途

作為籌備上市之部份，本公司資本化發行749,900,000股股份及於上市日期進行全球發售期間發行250,000,000股新股份。所有該等已發行股份均為普通股及250,000,000股新股份按每股1.05港元發行。本公司因全球發售而獲得的所得款項淨額約為262,500,000港元。該等所得款項淨額擬將用作招股章程「未來計劃及所得款項用途」一節所載之建議用途。截至本年報日期，董事認為招股書披露的所得款項用途的計劃沒有改變。

### 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合資格人士（「合資格人士」）授出購股權，作為彼等對本集團所作貢獻的獎勵或回報。

購股權計劃的主要條款概述如下：

1. 根據購股權計劃及本集團可能會不定期採用授出股份的其他計劃（「其他計劃」），授出股份概不得超過股份於2017年1月12日股份上市日已發行股份的10%（即100,000,000股份），除非已獲得股東批准並不得超過已發行股份的30%。

於本年報日期，根據購股權計劃可供發行之股份總數為100,000,000股，佔本年報日期當日已發行股份的10%。

2. The total number of Shares issued and to be issued upon exercise of the options granted to an Eligible Person under the Share Option Scheme and Other Schemes in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Eligible Persons abstained from voting, the Company may make further grant of options to such Eligible Person notwithstanding that the further grant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted under the Share Option Scheme and Other Scheme in the 12-month period up to and including the date of the further grant representing in aggregate over 1% of the Shares in issue from time to time.
  3. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Eligible Person provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option.
  4. HK\$1.00 shall be paid by the grantee to the Company by way of consideration for the grant.
  5. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of the listing of the Shares of the Stock Exchange, i.e. 12 January 2017.
2. 任何12個月期間，根據購股權計劃及其他計劃行使授予合資格人士之購股權所發行及將予發行之股份總數，不得超逾已發行股份1%。經股東在與合資格人士在股東大會上投票批准的情況下，本公司可以向該合資格人士進一步授予購股權，儘管進一步的授予購股權將導致在行使所有在購股權計劃及其他計劃下授出的所有股份（包括進一步授出日期為止的十二個月期間發行及發行股份）合共超逾已發行股份的1%。
  3. 根據購股權計劃的條款，購股權使期權任何時間下在董事會決定和通知每名合資格人士下行使，條件是期權行使不得超過自授出期權之日起計算10年。
  4. 由承授人以代價港幣1元支付給本公司。
  5. 購股權計劃自聯交所股份上市日期（即2017年1月12日）起有效期為十年。

Other details of the Share Option Scheme are set out in the Prospectus. No share option has been granted by the Company under the Share Option Scheme since its adoption up to the date of this report.

購股權計劃的其他詳情載於招股章程。截至本年報日期，本公司沒有根據購股權計劃發行股份。



## Directors' Report 董事會報告

### PRE-EMPTIVE RIGHTS

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

### SUFFICIENCY OF PUBLIC FLOAT

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

### INDEPENDENT AUDITOR

The accompanying consolidated financial statements have been audited by Ernst and Young who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. Having approved by the Board upon the recommendation of the Audit Committee, a resolution to re-appoint Ernst and Young as the independent auditor of the Company and to authorise the Board to fix its remuneration will be proposed at the forthcoming AGM.

### SUBSEQUENT EVENTS

In connection with the listing of the shares of the Company on the Stock Exchange, 250,000,000 new ordinary shares of US\$0.001 each of the Company were issued at a price of HK\$1.05 per Share for a total cash consideration, before expenses, of HK\$262,500,000 (equivalent to approximately RMB234,042,000). Dealings in the Shares of the Company on the Stock Exchange commenced on 12 January 2017.

### 優先購買權

公司細則或開曼群島法例並無有關優先購買權之規定，致使本公司須按比例向現有股東發售新股份。

### 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，本公司自上市日期起一直維持足夠上市規則要求的公眾持股量。

### 獨立核數師

隨附的綜合財務報表已經由安永會計師事務所審計，安永會計師事務所將退任，並有資格在即將召開的股東週年大會上再次委任。經董事會根據審核委員會的建議批准後，將於即將舉行的股東週年大會上提議一項決議案，重新委任安永會計師事務所為本公司之獨立核數師，並授權董事會釐定其酬金。

### 報告期後事項

就本公司股份於聯交所上市而言，本公司以每股1.05港元發行250,000,000股（每股面值0.001美元）新股，現金代價總額（扣除開支前）為262,500,000港元（相當於約人民幣234,042,000元）。本公司股份自2017年1月12日於聯交所開始買賣。



## Directors' Report

## 董事會報告

Upon the creation of the Company's share premium account as a result of the global offering, an amount of US\$749,900 (equivalent to approximately RMB5,185,000) standing to the credit of the share premium account of the Company has been capitalised on 12 January 2017 by applying such sum towards paying up in full at par a total of 749,900,000 Shares for allotment and issue to the then existing Shareholders. Immediately following the completion of the Global Offering and the Capitalisation Issue, the total outstanding Shares of the Company was 1,000,000,000 Shares including the 250,000,000 Shares issued upon the global offering.

On Behalf of the Board

**ZOU Gebing**

*Chairman and Executive Director*

Zhejiang, 28 March 2017

本公司因全球發售而設立股份溢價賬後，錄得金額為749,900美元（相當於約人民幣5,185,000元）的股份溢價賬進賬，相關金額已於2017年1月12日透過用於按面值悉數繳足配發及發行予當時現有股東的749,900,000股股份而資本化。緊隨全球發售及資本化發行完成之後，本公司已發行股份共計1,000,000,000股，其中包括全球發售時發行的250,000,000股股份。

代表董事會

**鄒格兵**

*主席兼執行董事*

浙江，2017年3月28日

# Independent Auditor's Report

## 獨立核數師報告



**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

### Opinion

We have audited the consolidated financial statements of Morris Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 78 to 167, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

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

**致慕容控股有限公司股東**  
(於開曼群島註冊成立之有限公司)

### 意見

我們已審計列載於第78至167頁的慕容控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於2016年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於2016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綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「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審計意見提供基礎。



# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下來進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

# Independent Auditor's Report

## 獨立核數師報告

To the shareholders of Morris Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

### Key audit matters (Continued)

#### Key audit matter

##### 關鍵審計事項

*Provision against obsolete and slow-moving inventories*  
陳舊及積壓存貨撥備

As at 31 December 2016, the Group recorded inventories of RMB315 million after provision against obsolete and slow-moving inventories of RMB17 million, which accounted for 29% of the Group's total assets.

於2016年12月31日，貴集團於計提陳舊及積壓存貨撥備人民幣17百萬元後錄得存貨人民幣3.15億元，佔貴集團資產總額的29%。

The provision against obsolete and slow-moving inventories is estimated based on the net realisable value of the inventories with reference to the latest invoice prices and current market conditions. The Group manufactures sofas, sofa covers and other furniture products which are subject to changing consumer demands and fashion trends of the sofa industry, and this increases the level of judgement involved in estimating inventory provision. We focused on this area because significant judgement is required to assess the provision for items which may be ultimately obsolete or sold below cost as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales of goods and product durability and market value of materials used in the production.

陳舊及積壓存貨撥備乃根據最新發票價格及當前市況按該等存貨的可變現淨值估計。貴集團為沙發、沙發套及其他傢俱產品生產商，面對不斷變化的消費者需求和沙發行業時尚趨勢，提升著其估計存貨撥備的判斷水平。我們關注該領域，此乃由於評估因消費者需求減少而可能最終過時或以低於成本價格銷售的物品的撥備需要作出重大判斷。此等判斷包括管理層對日後商品銷售的期望及產品耐久性以及生產中所用材料的市場價值。

The disclosures in relation to inventories are included in notes 3 and 15 to the consolidated financial statements.

與存貨相關的披露載於綜合財務報表附註3及附註15。

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### 關鍵審計事項 (續)

#### How our audit addressed the key audit matter

##### 該事項在審計中是如何應對的

Our audit procedures included evaluating management's basis adopted by the Group for its policy of provision against obsolete and slow-moving inventories and the assessment of the slow-moving or obsolete inventories. We also evaluated the estimates and underlying data used by the Group in calculating the provision by checking the ageing profile of inventories, the historical sales and usage records of the inventories and the usages and sales of inventories made after the year end.

我們的審計程序包括評價貴集團所採取的陳舊及積壓存貨撥備政策的管理層依據以及評估積壓及陳舊存貨。我們亦透過核查存貨的賬齡分佈、存貨的歷史銷售和使用記錄以及年底之後存貨的使用和銷售來評價貴集團計算撥備時使用的估計數及相關數據。



# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### 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

##### 該事項在審計中是如何應對的

#### *Impairment assessment of trade and bills receivables*

#### 貿易應收款項及應收票據減值評估

As at 31 December 2016, the Group had trade receivables and bills receivable of RMB220 million, which represented 20% of total assets of the Group.

於2016年12月31日，貴集團錄得貿易應收款項及應收票據人民幣2.20億元，佔貴集團資產總額的20%。

Management performs impairment assessment of trade and bills receivables regularly. The impairment assessment is based on the evaluation of collectability and terms of the receivables, including the due dates, debtors' repayment history, reputation and business relationship with the Group.

管理層定期對貿易應收款項及應收票據進行減值評估。減值評估乃基於貴集團應收款項收款能力及期限（包括到期日期）、債務人還款歷史、聲譽及彼等與貴集團的業務關係的評價作出。

We focused on this area because the impairment assessment of receivables is estimated by management through the application of significant judgement.

我們關注該領域，此乃由於應收賬款的減值評估是由管理層透過應用重大判斷估計而得。

The related disclosures are included in notes 3 and 16 to the consolidated financial statements.

有關披露載於綜合財務報表附註3及附註16。

Our audit procedures included, on a sampling basis, obtaining direct confirmations, checking the aging of receivable balances, the debtors' historical payment patterns and the bank receipts for the payment received subsequent to the end of the reporting period and the latest correspondence with debtors.

我們的審計程序包括，基於樣本基準，獲取直接確認，核查應收賬款餘額的賬齡、債務人的過往付款模式，以及核查於報告期間結束之後所收款項的銀行收據及與債務人最近的通訊。



# Independent Auditor's Report

## 獨立核數師報告

To the shareholders of Morris Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

### Key audit matters (Continued)

#### Key audit matter

##### 關鍵審計事項

*Derecognition of trade and bills receivables*  
終止確認貿易應收款項及應收票據

The Group entered into trade receivable factoring agreements with recourse with financial institutions for the factoring of trade receivables from certain designated customers. The Group also discounted some of its bills receivable accepted by banks in Mainland China on a recourse basis to obtain financing. In addition, the Group endorsed certain bills receivable to certain of its suppliers in order to settle the trade payables due to such suppliers.

貴集團已與金融機構訂立附追索權貿易應收賬款保理協議，以便保理某些指定客戶的貿易應收款項。貴集團亦對中國內地銀行接納的部分應收票據進行付追索權貼現，以取得融資。此外，貴集團還將部分應收票據背書予某些供應商，以清償應付該等供應商的貿易應付款項。

As at 31 December 2016, discounted or endorsed bills receivable with an aggregate carrying amount of RMB119 million were fully derecognised from the Group's consolidated statement of financial position, whereas factored trade receivables and total discounted or endorsed bills receivables amounting to RMB55 million and RMB20 million, respectively, were not derecognised from the Group's consolidated statement of financial position.

於2016年12月31日，貴集團總賬面值人民幣1.19億元的已貼現或已背書應收票據已從綜合財務狀況表中全面終止確認，而貴集團分別為人民幣55百萬元及人民幣20百萬元的已保理貿易應收款項及已貼現或已背書應收票據總額並無從綜合財務狀況表中終止確認。

We focused on this area because application of significant judgement by management is required to determine whether, and to what extent, the risks and rewards of the factored, discounted or endorsed trade and bills receivables have been transferred to the financial institutions or suppliers at the end of the reporting period.

我們關注該領域，此乃因為確定於報告期末已保理、已貼現或已背書貿易應收款項及應收票據的風險與報酬是否及在多大程度上已轉移至有關金融機構或供應商需要管理層應用重大判斷。

The related disclosures are included in notes 3 and 36 to the consolidated financial statements.

有關披露載於綜合財務報表附註3及附註36。

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### 關鍵審計事項 (續)

#### How our audit addressed the key audit matter

##### 該事項在審計中是如何應對的

We evaluated the terms and conditions of the factoring, discounting or endorsement arrangements of trade and bills receivables entered into by the Group and checked the risks such as default risk and slow payment risk retained by the Group and the amounts of trade and bills receivables derecognised by the Group.

我們已評價 貴集團訂立的貿易應收款項及應收票據保理、貼現或背書安排的條款及條件，並且已核查 貴集團存留的違約及緩慢支付等風險以及 貴集團終止確認貿易應收款項及應收票據的金額。

We then assessed whether the accounting treatment on the derecognition of trade and bills receivables is adequate.

我們進而評估終止確認貿易應收款項及應收票據的會計處理是否充分。

# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### 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

#### 該事項在審計中是如何應對的

##### *Impairment assessment of advances to suppliers*

##### 預付供應商款項減值評估

As at 31 December 2016, the Group had advances to suppliers for purchases of raw materials of RMB147 million, which represented 13% of total assets of the Group.

於2016年12月31日，貴集團對原材料採購供應商的預付款項為人民幣1.47億元，佔貴集團資產總額的13%。

Management performs impairment assessment of advances to suppliers regularly by evaluating conditions that may lead to impairment of these advances including the suppliers' delivery history, reputation and business relationship with the Group.

管理層管理層透過評價可能導致該等預付款項減值的條件包括供應商的交付歷史、聲譽及彼等與貴集團的業務關係，定期對預付供應商款項進行減值評估。

We focused on this area because the impairment assessment of advances to suppliers is estimated by management through the application of significant judgement.

吾等關注該領域，此乃由於預付供應商款項的減值評估是由管理層透過應用重大判斷估計而得。

The related disclosures are included in notes 3 and 17 to the consolidated financial statements.

有關披露載於綜合財務報表附註3及附註17。

Our audit procedures included, for significant balances, checking to the terms of the purchase agreements, the purchase orders placed with suppliers, the payment advices for advances to suppliers, examining the subsequent delivery of raw materials subsequent to the year end, obtaining confirmation and performing background search on new or major suppliers. We then assessed whether impairment, if any, is adequate.

我們的審計程序包括，就重大結餘而言，核查購買協議條款、與供應商之間的購買訂單、向供應商預付款項的支付通知書、檢查年末之後的原材料的後續交付，以及從新增或主要供應商獲取確認並對其開展背景調查。我們進而評估減值（如有）是否充足。



# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

### Other information included in the Annual Report

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

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

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

### Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

**致慕容控股有限公司股東**  
(於開曼群島註冊成立之有限公司)

### 刊載於年度報告內的其他信息

董事需對其他信息負責。其他信息包括刊載於年度報告內的信息，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。

結合我們對綜合財務報表的審計，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。在這方面，我們沒有任何報告。

### 董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，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。

審核委員會協助董事履行職責，監督 貴集團的財務報告過程。

# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

**致慕容控股有限公司股東**  
(於開曼群島註冊成立之有限公司)

### Auditor's responsibilities for the audit of the consolidated financial statements

### 核數師就審計綜合財務報表承擔的責任

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

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅對全體股東（作為整體）作出報告，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。

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.

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或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。

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

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：

- 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.
- 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，或凌駕於內部控制之上，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。
- 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.
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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。



# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

### Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, related safeguards.

**致慕容控股有限公司股東**  
(於開曼群島註冊成立之有限公司)

### 核數師就審計綜合財務報表承擔的責任 (續)

- 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。
- 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、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

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，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。



# Independent Auditor's Report

## 獨立核數師報告

**To the shareholders of Morris Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

### **Auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chiu Caroline Su Yuen.

**Ernst & Young**  
Certified Public Accountants

22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong  
28 March 2017

致慕容控股有限公司股東  
(於開曼群島註冊成立之有限公司)

### **核數師就審計綜合財務報表承擔的責任 (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合夥人是趙素顯。

安永會計師事務所  
執業會計師

香港中環  
添美道1號  
中信大廈22樓  
2017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

YEAR ENDED 31 DECEMBER 2016 截至2016年12月31日止年度

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| REVENUE 收入  | 5           | 941,617                           | 926,471                           |
| Cost of sales 銷售成本  |             | (671,050)                         | (706,557)                         |
| Gross profit 毛利   |             | 270,567                           | 219,914                           |
| Other income and gains 其他收入及收益  | 5           | 16,449                            | 34,968                            |
| Selling and distribution expenses 銷售及分銷開支   |             | (82,000)                          | (79,873)                          |
| Administrative expenses 行政開支  |             | (77,321)                          | (51,102)                          |
| Other expenses and losses 其他開支及虧損   |             | (1,318)                           | (2,300)                           |
| Finance costs 融資成本  | 6           | (14,332)                          | (18,441)                          |
| PROFIT BEFORE TAX 除稅前溢利   | 7           | 112,045                           | 103,166                           |
| Income tax expense 所得稅開支  | 10          | (31,369)                          | (20,098)                          |
| PROFIT FOR THE YEAR 年內溢利  |             | 80,676                            | 83,068                            |
| OTHER COMPREHENSIVE INCOME 其他全面收益   |             |                                   |                                   |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |             |                                   |                                   |
| 於其後期間並未重新分類至損益的其他全面收益：  |             |                                   |                                   |
| Exchange differences on translation of financial statements<br>換算財務報表的匯兌差額                        |             | 3,031                             | 1,909                             |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR<br>年內全面收益總額   |             | 83,707                            | 84,977                            |
| Profit attributable to owners of the parent 母公司擁有人應佔溢利  |             | 80,676                            | 83,068                            |
| Total comprehensive income attributable to owners of the parent<br>母公司擁有人應佔全面收益總額                 |             | 83,707                            | 84,977                            |
| EARNINGS PER SHARE ATTRIBUTABLE<br>TO ORDINARY EQUITY HOLDERS OF THE PARENT<br>母公司普通權益持有人應佔每股盈利   | 12          |                                   |                                   |
| Basic and diluted 基本及攤薄   |             | RMB10.76 cents<br>人民幣10.76分       | RMB11.08 cents<br>人民幣11.08分       |

# Consolidated Statement of Financial Position

## 綜合財務狀況表

31 DECEMBER 2016 2016年12月31日

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>NON-CURRENT ASSETS 非流動資產</b>                               |             |                                   |                                   |
| Property, plant and equipment 物業、廠房及設備                        | 13          | <b>44,092</b>                     | 40,580                            |
| Prepaid land lease payment 預付土地租賃款項                           | 14          | <b>7,641</b>                      | 7,309                             |
| Deferred tax assets 遞延稅項資產                                    | 25          | <b>2,986</b>                      | 3,665                             |
| <b>Total non-current assets 非流動資產總額</b>                       |             | <b>54,719</b>                     | 51,554                            |
| <b>CURRENT ASSETS 流動資產</b>                                    |             |                                   |                                   |
| Inventories 存貨  | 15          | <b>314,543</b>                    | 200,833                           |
| Trade and bills receivables 貿易應收款項及應收票據                       | 16          | <b>219,980</b>                    | 283,812                           |
| Prepayments, deposits and other receivables<br>預付款項、按金及其他應收款項 | 17          | <b>218,294</b>                    | 52,355                            |
| Due from related parties 應收關連方款項                              | 22          | –                                 | 193,197                           |
| Available-for-sale investment 可供出售投資                          | 18          | –                                 | 26,000                            |
| Pledged deposits 已抵押存款  | 19          | <b>220,822</b>                    | 96,477                            |
| Cash and cash equivalents 現金及現金等價物                            | 19          | <b>73,647</b>                     | 33,131                            |
| <b>Total current assets 流動資產總額</b>                            |             | <b>1,047,286</b>                  | 885,805                           |
| <b>CURRENT LIABILITIES 流動負債</b>                               |             |                                   |                                   |
| Trade and bills payables 貿易應付款項及應付票據                          | 20          | <b>542,715</b>                    | 476,463                           |
| Other payables and accruals 其他應付款項及應計費用                       | 21          | <b>72,863</b>                     | 57,938                            |
| Due to related parties 應付關連方款項                                | 22          | –                                 | 95,647                            |
| Interest-bearing bank borrowings 計息銀行借款                       | 23          | <b>277,183</b>                    | 198,116                           |
| Warranty provision 保修撥備                                       | 24          | <b>2,790</b>                      | 3,915                             |
| Income tax payables 應付所得稅                                     |             | <b>43,810</b>                     | 30,116                            |
| <b>Total current liabilities 流動負債總額</b>                       |             | <b>939,361</b>                    | 862,195                           |
| <b>NET CURRENT ASSETS 流動資產淨值</b>                              |             | <b>107,925</b>                    | 23,610                            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES 資產總額減流動負債</b>        |             | <b>162,644</b>                    | 75,164                            |
| <b>NON-CURRENT LIABILITIES 非流動負債</b>                          |             |                                   |                                   |
| Deferred tax liabilities 遞延稅項負債                               | 25          | <b>3,880</b>                      | 107                               |
| <b>Net assets 資產淨值</b>  |             | <b>158,764</b>                    | 75,057                            |

continued/...  
續/...



# Consolidated Statement of Financial Position

## 綜合財務狀況表

31 DECEMBER 2016 2016年12月31日

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>EQUITY 權益</b>  |             |                                   |                                   |
| <b>Equity attributable to owners of the parent 母公司擁有人應佔權益</b> |             |                                   |                                   |
| Share capital 股本  | 26          | 1                                 | 1                                 |
| Reserves 儲備   | 27          | 158,763                           | 75,056                            |
| <b>Total equity 權益總額</b>                                      |             | <b>158,764</b>                    | 75,057                            |

**Zou Gebing 鄒格兵**  
Director 董事

**Chen Guohua 陳國華**  
Director 董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

YEAR ENDED 31 DECEMBER 2016 截至2016年12月31日止年度

### Attributable to owners of the parent 母公司擁有人應佔

|   | Share capital | Merger reserve | Exchange fluctuation reserve | Reserve funds  | Retained profits | Total          |
|---|---------------|----------------|------------------------------|----------------|------------------|----------------|
|   | 股本            | 合併儲備           | 匯兌波動儲備                       | 儲備資金           | 保留溢利             | 總計             |
| Note  | RMB'000       | RMB'000        | RMB'000                      | RMB'000        | RMB'000          | RMB'000        |
| 附註  | 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 26)     | (note 27(i))   | (note 27(ii))                | (note 27(iii)) |                  |                |
|   | (附註26)        | (附註27(i))      | (附註27(ii))                   | (附註27(iii))    |                  |                |
| At 1 January 2015<br>於2015年1月1日   | 1             | 1,208          | 5,619                        | 14,674         | 283,874          | 305,376        |
| Profit for the year 年內溢利  | -             | -              | -                            | -              | 83,068           | 83,068         |
| Other comprehensive income<br>for the year: 年內其他全面收益：                         |               |                |                              |                |                  |                |
| Exchange differences on translation<br>of financial statements<br>換算財務報表的匯兌差額 | -             | -              | 1,909                        | -              | -                | 1,909          |
| Total comprehensive income<br>for the year<br>年內全面收益總額                        | -             | -              | 1,909                        | -              | 83,068           | 84,977         |
| Disposal of a subsidiary<br>出售一家附屬公司  | -             | -              | -                            | (6,593)        | 6,593            | -              |
| Deemed distribution to the<br>Controlling Shareholders<br>視作向控股股東作出分派         | 29            | -              | -                            | -              | (314,088)        | (314,088)      |
| Distribution to the then shareholders<br>分派予當時的股東                             | -             | (1,208)        | -                            | -              | -                | (1,208)        |
| At 31 December 2015 and<br>1 January 2016<br>於2015年12月31日及<br>2016年1月1日       | <b>1</b>      | <b>-*</b>      | <b>7,528*</b>                | <b>8,081*</b>  | <b>59,447*</b>   | <b>75,057</b>  |
| Profit for the year 年內溢利  | -             | -              | -                            | -              | <b>80,676</b>    | <b>80,676</b>  |
| Other comprehensive income<br>for the year: 年內其他全面收益：                         |               |                |                              |                |                  |                |
| Exchange differences on translation<br>of financial statements<br>換算財務報表的匯兌差額 | -             | -              | <b>3,031</b>                 | -              | -                | <b>3,031</b>   |
| Total comprehensive income<br>for the year 年內全面收益總額                           | -             | -              | <b>3,031</b>                 | -              | <b>80,676</b>    | <b>83,707</b>  |
| At 31 December 2016<br>於2016年12月31日   | <b>1</b>      | <b>-*</b>      | <b>10,559*</b>               | <b>8,081*</b>  | <b>140,123*</b>  | <b>158,764</b> |

\* These reserve accounts comprise the consolidated reserves of RMB158,763,000 (2015: RMB75,056,000) 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人民幣158,763,000元（2015年：人民幣75,056,000元）。

# Consolidated Statement of Cash Flows

## 綜合現金流量表

YEAR ENDED 31 DECEMBER 2016 截至2016年12月31日止年度

|  | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES 經營活動所得現金流量</b>   |             |                                   |                                   |
| Profit before tax 除稅前溢利  |             | <b>112,045</b>                    | 103,166                           |
| Adjustments for: 就下列各項作出調整：  |             |                                   |                                   |
| Interest income 利息收入   | 5           | <b>(1,968)</b>                    | (2,008)                           |
| Depreciation 折舊  | 7           | <b>2,690</b>                      | 6,328                             |
| Loss on disposal of items of property, plant and equipment, net<br>出售物業、廠房及設備項目的虧損，淨額              | 7           | <b>334</b>                        | 834                               |
| Gain on disposal of an available for-sale investment<br>出售一項可供出售投資的收益                              | 5           | <b>(9)</b>                        | –                                 |
| Gain on disposal of a subsidiary 出售一家附屬公司的收益   | 5           | <b>–</b>                          | (11,336)                          |
| Recognition of prepaid land lease payments 確認預付土地租賃款項  | 7           | <b>160</b>                        | 599                               |
| Impairment of trade receivables 貿易應收款項減值   | 7           | <b>154</b>                        | 1,366                             |
| Write-down of inventories to net realisable value<br>撇減存貨至可變現淨值                                    | 7           | <b>2,790</b>                      | –                                 |
| Provision/(reversal of provision) against obsolete and<br>slow-moving inventories 陳舊及積壓存貨撥備／(撥備撥回) | 7           | <b>(950)</b>                      | 2,717                             |
| Write-off of inventories 撇銷存貨  | 7           | <b>–</b>                          | 566                               |
| Product warranty additional provision 產品保修額外撥備   | 7           | <b>4,104</b>                      | 5,273                             |
| Reversal of unutilised product warranties 未使用產品保修撥回  | 24          | <b>(2,092)</b>                    | –                                 |
| Finance costs 融資成本   | 6           | <b>14,332</b>                     | 18,441                            |
|  |             | <b>131,590</b>                    | 125,946                           |
| Increase in inventories 存貨增加   |             | <b>(115,550)</b>                  | (54,826)                          |
| Decrease/(increase) in trade and bills receivables<br>貿易應收款項及應收票據減少／(增加)                           |             | <b>76,454</b>                     | (71,312)                          |
| Increase in prepayments, deposits and other receivables<br>預付款項、按金及其他應收款項增加                        |             | <b>(165,928)</b>                  | (52,167)                          |
| Increase in trade and bills payables 貿易應付款項及應付票據增加   |             | <b>66,252</b>                     | 175,979                           |
| Increase in other payables and accruals<br>其他應付款項及應計費用增加   |             | <b>8,682</b>                      | 7,422                             |
| Decrease in warranty provision 保修撥備減少  |             | <b>(3,684)</b>                    | (4,963)                           |
| Cash generated/(used in) from operations 經營所得／(所用) 現金  |             | <b>(2,184)</b>                    | 126,079                           |
| Income tax paid 已付所得稅  |             | <b>(14,259)</b>                   | (15,443)                          |
| Net cash flows from/(used in) operating activities<br>經營活動所得／(所用) 現金流量淨額                           |             | <b>(16,443)</b>                   | 110,636                           |

continued/...  
續/...

# Consolidated Statement of Cash Flows

## 綜合現金流量表

YEAR ENDED 31 DECEMBER 2016 截至2016年12月31日止年度

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES 投資活動所得現金流量</b>                                |             |                                   |                                   |
| Payment for purchases of items of property, plant and equipment<br>購買物業、廠房及設備項目的付款    |             | <b>(5,591)</b>                    | (7,577)                           |
| Proceeds from disposal of items of property, plant and equipment<br>出售物業、廠房及設備項目的所得款項 |             | <b>396</b>                        | 154                               |
| Disposal of a subsidiary 出售一家附屬公司   | 28          | –                                 | 15,273                            |
| Payment for purchases of an available-for-sale investment<br>購買可供出售投資付款               | 18          | –                                 | (26,000)                          |
| Proceeds from disposal of an available-for-sale investment<br>出售一項可供出售投資的所得款項         |             | <b>26,009</b>                     | –                                 |
| Interest received 已收利息  |             | <b>1,968</b>                      | 2,008                             |
| Loan to a director 董事貸款   |             | <b>(13,382)</b>                   | –                                 |
| Repayment of a loan to a director 董事貸款還款  |             | <b>13,382</b>                     | –                                 |
| Repayment from related parties 關連方還款  |             | <b>214,390</b>                    | 111,029                           |
| Advances to related parties 墊款予關連方  |             | <b>(116,840)</b>                  | (72,765)                          |
| Increase in pledged deposits 已抵押存款增加  |             | <b>(124,345)</b>                  | (40,750)                          |
| <b>Net cash flows used in investing activities 投資活動所用現金流量淨額</b>                       |             | <b>(4,013)</b>                    | (18,628)                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES 融資活動所得現金流量</b>                                |             |                                   |                                   |
| New bank borrowings 新銀行借款   |             | <b>645,836</b>                    | 461,663                           |
| Repayment of bank borrowings 償還銀行借款   |             | <b>(572,041)</b>                  | (381,197)                         |
| Changes in discounted bills loans 已貼現票據貸款變動   |             | –                                 | (132,098)                         |
| Interest paid 已付利息  |             | <b>(14,332)</b>                   | (18,441)                          |
| <b>Net cash flows from/(used in) financing activities<br/>融資活動所得/(所用)現金流量淨額</b>       |             | <b>59,463</b>                     | (70,073)                          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                      |             |                                   |                                   |
| <b>現金及現金等價物增加淨額</b>   |             | <b>39,007</b>                     | 21,935                            |
| Cash and cash equivalents at beginning of year 年初現金及現金等價物                             |             | <b>33,131</b>                     | 10,640                            |
| Effect of foreign exchange rate changes, net 外幣匯率變動的影響，淨額                             |             | <b>1,509</b>                      | 556                               |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                                       |             | <b>73,647</b>                     | 33,131                            |
| <b>年末現金及現金等價物</b>   |             | <b>73,647</b>                     | 33,131                            |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                              |             |                                   |                                   |
| <b>現金及現金等價物結餘分析</b>   |             |                                   |                                   |
| Cash and bank balances 現金及銀行結餘  | 19          | <b>73,647</b>                     | 33,131                            |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 1. CORPORATE AND GROUP INFORMATION

Morris Holdings Limited (the “Company”, together with its subsidiaries and the furniture division of Morris Group Co., Ltd.\* (慕容集團有限公司) (“Morris PRC”) collectively referred to 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 Unit 6707, 67/F, The Center, 99 Queen’s Road Central, Hong Kong.

Subsequent to the year end, the shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 12 January 2017.

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

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

In preparation for the listing of the Company’s shares (the “Listing”) on the Stock Exchange, a business transfer agreement was entered into between Morris PRC, the Company and certain subsidiaries now comprising the Group, pursuant to which the furniture business formerly operated by the furniture division of Morris PRC was transferred to certain subsidiaries now comprising the Group and the business transfer (the “Business Transfer”) was completed on 31 December 2015. Subsequent to the Business Transfer, certain subsidiaries now comprising the Group appointed Morris PRC as an agent of providing import and export business on behalf of them for the period from 31 December 2015 to 30 April 2016 and the period was extended to 30 June 2016 pursuant to a supplemental agreement dated 30 April 2016.

The furniture division of Morris PRC did not exist as a legal or statutory entity and no separate statutory accounts were therefore prepared. The financial statements of the furniture division of Morris PRC for the year ended 31 December 2015 have been prepared to reflect the historical results of operations and the historical assets and liabilities of the furniture business of Morris PRC for that year.

### 1. 公司及集團資料

慕容控股有限公司（「本公司」）連同其附屬公司及慕容集團有限公司（「慕容中國」）的傢俱部門統稱為「本集團」為一家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皇后大道中99號中環中心67樓6707室。

本年度結束之後，本公司股份已自2017年1月12日起於香港聯合交易所有限公司（「聯交所」）主板上市。

本公司為一家投資控股公司。年內本集團的主要業務為生產及銷售沙發、沙發套及其他傢俱產品。

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

為籌備本公司股份於聯交所上市（「上市」），慕容中國、本公司及本集團現時旗下若干附屬公司訂立業務轉讓協議，據此，慕容中國的傢俱部門先前經營的傢俱業務被轉讓予本集團現時旗下的若干附屬公司，且業務轉讓（「業務轉讓」）已於2015年12月31日完成。於業務轉讓完成後，本集團現時旗下的若干附屬公司已委任慕容中國為代理，代其提供進出口業務，期限自2015年12月31日至2016年4月30日，並根據日期為2016年4月30日的補充協議延長至2016年6月30日。

慕容中國的傢俱部門並非作為法律或法定實體而存在，故並無編製單獨的法定賬目。慕容中國傢俱部門截至2015年12月31日止年度的財務報表已獲編製，旨在反映該年度慕容中國傢俱業務的過往經營業績以及過往資產及負債。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 1. CORPORATE AND GROUP INFORMATION (Continued)

In order to rationalise the corporate structure of the Group in preparation for the Listing on the Stock Exchange, the Company and its subsidiaries now comprising the Group underwent a group reorganisation (the “Reorganisation”) which was completed on 31 December 2015, further details of which are set out in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Company’s prospectus dated 30 December 2016.

#### Information about subsidiaries

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

| Company name<br>公司名稱   | Place of incorporation/<br>registration<br>註冊成立/<br>登記地點      | Issued<br>ordinary share<br>capital/paid-up<br>registered<br>capital<br>已發行<br>普通股本/<br>繳足註冊股本 | Percentage of<br>equity attributable<br>to the Company |                | Principal<br>activities<br>主要業務   |
|--|---|--|--|----------------|---|
|  |   |  | Direct<br>本公司應佔<br>權益百分比<br>直接                         | Indirect<br>間接 |   |
| Mstar International Trading (HK) Limited<br>美星國際貿易(香港)有限公司   | Hong Kong<br>香港   | HK\$100<br>100港元   | –  | 100%           | Trading of sofas, sofa covers and other furniture products<br>買賣沙發、沙發套及其他傢俱產品 |
| Haining Morris International Home Furnishings Co., Ltd.<br>(海寧慕容國際家居有限公司)*/(a)<br>海寧慕容國際家居有限公司/(a) | The People’s Republic of China (the “PRC”)<br>中華人民共和國<br>〔中國〕 | RMB2,000,000<br>人民幣<br>2,000,000元  | –  | 100%           | Trading of other furniture products<br>買賣其他傢俱產品                               |
| Zhejiang Apollo Leather Products Co., Ltd.<br>(浙江阿波羅皮革製品有限公司)*/(b)<br>浙江阿波羅皮革製品有限公司/(b)            | The PRC<br>中國   | US\$615,000<br>615,000美元   | –  | 100%           | Manufacture and sale of sofa covers<br>生產及銷售沙發套                               |

### 1. 公司及集團資料 (續)

為合理化本集團企業架構以備於聯交所上市，構成本集團的本公司及其附屬公司已開展並於2015年12月31日完成集團重組（「重組」）。進一步詳情載於本公司日期為2016年12月30日的招股章程「歷史、重組及企業架構」一節「重組」一段。

#### 附屬公司資料

本公司主要附屬公司詳情如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 1. CORPORATE AND GROUP INFORMATION (Continued)

### 1. 公司及集團資料 (續)

#### Information about subsidiaries (Continued)

#### 附屬公司資料 (續)

| Company name<br>公司名稱   | Place of incorporation/<br>registration<br>註冊成立/<br>登記地點    | Issued<br>ordinary share<br>capital/paid-up<br>registered<br>capital<br>已發行<br>普通股本/<br>繳足註冊股本 | Percentage of<br>equity attributable<br>to the Company |                | Principal<br>activities<br>主要業務                        |
|--|---|--|--|----------------|--|
|  |   |  | Direct<br>本公司應佔<br>權益百分比<br>直接                         | Indirect<br>間接 |  |
| Haining Morris Home Gallery Co., Ltd.<br>(海寧慕容世家家居有限公司)*/(b)<br>海寧慕容世家家居有限公司/(b) | The PRC<br>中國   | US\$3,000,000<br>3,000,000美元   | -  | 100%           | Manufacture and sale of upholstered sofas<br>生產及銷售軟體沙發 |
| Haining Gelin Furniture Co., Ltd.<br>(海寧格林傢俱有限公司)*/(c)<br>海寧格林傢俱有限公司/(c)         | The PRC<br>中國   | US\$2,100,000<br>2,100,000美元   | -  | 100%           | Manufacture and sale of upholstered sofas<br>生產及銷售軟體沙發 |
| Masia Industries Co., Ltd.   | The Kingdom of Cambodia<br>("Cambodia")<br>柬埔寨王國<br>(「柬埔寨」) | US\$5,000,000<br>5,000,000美元   | -  | 100%           | Not yet commenced operation<br>尚未開始營運                  |

Notes:

- (a) This entity is registered as a domestic enterprise under the laws of the PRC.
- (b) These entities are registered as Sino-foreign equity joint ventures under the laws of the PRC.
- (c) This company is registered as a wholly-owned foreign enterprise under the laws of the PRC.

\* 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.

附註：

- (a) 該實體根據中國法律註冊為內資企業。
- (b) 該等實體根據中國法律註冊為中外合營企業。
- (c) 該公司根據中國法律註冊為外商獨資企業。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group and the furniture division of Morris PRC were under common control of Mr. Zou Gebing (“Mr. Zou”) and Ms. Wu Xiangfei (“Ms. Wu”, spouse of Mr. Zou) (collectively the “Controlling Shareholders”) immediately before and after the completion of the Reorganisation. Prior to the completion of the Reorganisation, the financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Business Transfer and the Reorganisation had been completed on 1 January 2015.

### 2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

All HKFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements since 1 January 2015.

The financial statements have been prepared under the historical cost convention, except for an available-for-sale investment which has been measured at fair value. 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 呈列基準

根據重組，本公司成為本集團現時旗下公司的控股公司。緊接重組完成前及緊隨重組完成後，本集團現時旗下公司及慕容中國的傢俱部門由鄒格兵先生（「鄒先生」）及鄒先生的配偶鄒向飛女士（「鄒女士」）（統稱為「控股股東」）共同控制。於重組完成前，財務報表已透過應用合併會計法原則按綜合基準編製，猶如業務轉讓及重組已於2015年1月1日完成。

### 2.2 編製基準

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」）（包括所有香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露規定編製。

本集團於編製2015年1月1日以後的財務報表時，已提早採納自2016年1月1日開始的會計期間生效的所有香港財務報告準則以及相關過渡性條文。

財務報表已按歷史成本慣例編製，惟以公允值計量的可供出售投資除外。財務報表以人民幣（「人民幣」）呈列，除另有指明外，所有數值均湊整至最接近的千位數（人民幣千元）。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 2.2 BASIS OF PREPARATION (Continued)

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016.

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; and
- (c) the Group's voting rights and potential voting rights.

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.

### 2.2 編製基準 (續)

#### 綜合基準

綜合財務報表包括本集團截至2016年12月31日止年度的財務報表。

附屬公司為由本公司直接或間接控制的實體(包括結構性實體)。當本集團因參與投資對象的業務而承擔風險或有權獲得浮動回報，並有能力透過對投資對象的權力(即賦予本集團能力以主導投資對象的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的大多數投票權或類似權利，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持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表採用相同會計政策按與本公司相同的報告期間編製。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失去有關控制權當日為止。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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## 2.2 BASIS OF PREPARATION (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.

## 2.2 編製基準 (續)

### 綜合基準 (續)

損益及其他全面收益各組成部分均歸屬於本集團母公司之擁有人。本集團成員公司之間的交易產生的所有集團內資產及負債、權益、收入、支出及現金流量均在綜合賬目時全數對銷。

倘有事實及情況顯示上述三項控制因素的一項或多項出現變動，本集團會重新評估其是否控制投資對象。附屬公司在失去控制權前的所有權益變動按權益交易入賬。

倘本集團失去一家附屬公司的控制權，則其終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控制性權益的賬面值；及(iii)於權益內記錄的累計交易差額；以及確認(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虧。先前於其他全面收益內確認的本集團應佔部分按倘本集團直接出售相關資產或負債時規定的相同基準重新分類至損益或保留溢利(如適用)。

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## 綜合財務報表附註

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but not yet effective, in these financial statements.

|   |  |
|---|--|
| Amendments to HKFRS 2                     | <i>Classification and Measurement of Share-based Payment Transactions<sup>2</sup></i>                    |
| Amendments to HKFRS 4                     | <i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>2</sup></i>               |
| HKFRS 9                                   | <i>Financial Instruments<sup>2</sup></i>   |
| Amendments to HKFRS 10 and HKAS 28 (2011) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i> |
| HKFRS 15                                  | <i>Revenue from Contracts with Customers<sup>2</sup></i>   |
| Amendments to HKFRS 15                    | <i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>2</sup></i>                      |
| HKFRS 16                                  | <i>Leases<sup>3</sup></i>  |

### 2.3 已頒佈但尚未生效的香港財務報告準則

本集團並無於財務報表內應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

|                                     |   |
|-------------------------------------|---|
| 香港財務報告準則第2號(修訂本)                    | 以股份為基礎支付交易的分類及計量 <sup>2</sup>                   |
| 香港財務報告準則第4號(修訂本)                    | 於香港財務報告準則第4號保險合約應用香港財務報告準則第9號之金融工具 <sup>2</sup> |
| 香港財務報告準則第9號                         | 金融工具 <sup>2</sup>                               |
| 香港財務報告準則第10號及香港會計準則第28號(2011年)(修訂本) | 投資者與其聯營公司或合營企業之間的資產銷售或注入 <sup>4</sup>           |
| 香港財務報告準則第15號                        | 客戶合約收入 <sup>2</sup>                             |
| 香港財務報告準則第15號(修訂本)                   | 香港財務報告準則第15號客戶合約收入之澄清 <sup>2</sup>              |
| 香港財務報告準則第16號                        | 租賃 <sup>3</sup>                                 |

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

|  |  |
|--|--|
| Amendments to HKAS 7   | <i>Disclosure Initiative</i> <sup>1</sup>  |
| Amendments to<br>HKAS 12   | <i>Recognition of Deferred Tax<br/>Assets for Unrealised<br/>Losses</i> <sup>1</sup>     |
| Amendments to HKFRS 1<br><i>included in Annual<br/>Improvements 2014-2016<br/>Cycle</i>  | <i>First-time Adoption of<br/>Hong Kong Financial Reports<br/>Standards</i> <sup>2</sup> |
| Amendments to HKFRS 12<br><i>included in Annual<br/>Improvements 2014-2016<br/>Cycle</i> | <i>Disclosure of Interests in<br/>Other Entities</i> <sup>1</sup>                        |
| Amendments to HKAS 28<br><i>included in Annual<br/>Improvements 2014-2016<br/>Cycle</i>  | <i>Investment in Associates and<br/>Joint Ventures</i> <sup>2</sup>                      |

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2017
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>4</sup> No mandatory effective date yet determined but available for adoption

### 2.3 已頒佈但尚未生效的香港財 務報告準則 (續)

|  |   |
|--|---|
| 香港會計準則<br>第7號 (修訂本)                              | <i>披露計劃</i> <sup>1</sup>                |
| 香港會計準則<br>第12號 (修訂本)                             | <i>就未變現虧損確認遞延<br/>稅項資產</i> <sup>1</sup> |
| 納入2014-2016週期<br>年度改進之香港<br>財務報告準則第1號<br>(修訂本)   | <i>首次採納香港財務報告<br/>準則</i>                |
| 納入2014-2016週期<br>年度改進之香港<br>財務報告準則<br>第12號 (修訂本) | <i>披露於其他實體的權益</i> <sup>1</sup>          |
| 納入2014-2016週期<br>年度改進之香港<br>會計準則第28號<br>(修訂本)    | <i>於聯營公司及合營企業<br/>的投資</i> <sup>2</sup>  |

- <sup>1</sup> 於2017年1月1日或之後開始的年度期間生效
- <sup>2</sup> 於2018年1月1日或之後開始的年度期間生效
- <sup>3</sup> 於2019年1月1日或之後開始的年度期間生效
- <sup>4</sup> 尚未釐定強制生效日期，惟可予採納

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts on impairment arising from the adoption of HKFRS 9 are summarised as follows:

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and bills receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and bills receivables upon the adoption of HKFRS 9. A reasonable estimate will be available once a detailed review has been completed. The adoption of HKFRS 9 might have an impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures. In particular, the adoption of an expected credit losses impairment model may result in earlier recognition of credit losses of the Group's trade and bills receivables.

### 2.3 已頒佈但尚未生效的香港財務報告準則 (續)

預期適用於本集團的香港財務報告準則的進一步資料如下：

於2014年9月，香港會計師公會頒佈香港財務報告準則第9號的最終版本，將金融工具項目的所有階段合併，以取代香港會計準則第39號及香港財務報告準則第9號先前的所有版本。該準則引入分類及計量、減值以及對沖會計的新規定。本集團預期自2018年1月1日起採納香港財務報告準則第9號。於2016年，本集團已就採納香港財務報告準則第9號的影響進行高層次評估。該初步評估乃根據現有可得資料作出，並視乎本集團日後得到的進一步詳細分析或其他合理及有依據的資料而可能有所變動。採納香港財務報告準則第9號對減值產生的預期影響概述如下：

香港財務報告準則第9號規定，以攤銷成本或公允值計入其他全面收益的債務工具、租賃應收款項、貸款承擔及並無根據香港財務報告準則第9號按公允值計入損益的財務擔保合約的減值，應基於十二個月或全期基準按預期信用損失模式入賬。本集團預期將採納簡化方式，並基於貿易應收款項及應收票據剩餘年期所有現金短缺的現值估計全期預期損失。本集團將進行更為詳盡的分析，當中將考慮一切合理及有依據的資料（包括前瞻性因素），用以估計採納香港財務報告準則第9號後其貿易應收款項及應收票據的預期信用損失。合理估計將於完成詳盡審閱後發出。採納香港財務報告準則第9號可能對本集團的財務表現及財務狀況（包括金融資產的計量及披露）產生影響。尤其是，採納預期信貸虧損減值模型可能導致本集團提早確認貿易應收款項及應收票據的信貸虧損。

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018.

The Group is in the process of performing a detailed assessment of the potential impact of the application of HKFRS 15. The Group is expected to include more comprehensive disclosures as required by the new standard. In addition, contracts that contain two or more performance obligations will be accounted for separately and this might have an impact on the pattern of revenue and profit recognition.

### 2.3 已頒佈但尚未生效的香港財 務報告準則（續）

香港財務報告準則第15號建立一個新的五步模式，將應用於自客戶合約產生的收益。根據香港財務報告準則第15號，收益按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額，關於履行責任、不同期間的合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時收益確認的規定。2016年6月，香港會計師公會頒佈香港財務報告準則第15號的修訂本，用於說明採納該準則的不同實施問題，包括識別履約責任、委託人與代理人及知識產權許可的應用指引以及準則採納的過渡。該等修訂本亦旨在於實體採納香港財務報告準則第15號及降低相關準則採納成本及複雜度時，助力確保較為連貫一致的採納。本集團期將於2018年1月1日採納香港財務報告準則第15號。

本集團正就應用香港財務報告準則第15號的潛在影響進行詳細評估。本集團預計納入需要根據新準則作出更全面的披露。此外，包含兩項或多項履約責任的合約將單獨入賬，此舉可能對收入模型及溢利確認產生影響。

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019. As set out in note 32 to the financial statements, the Group had total future minimum lease payments under non-cancellable operating leases as at 31 December 2016 amounting to RMB8,424,000. The directors of the Company are currently assessing the impact of HKFRS 16 upon adoption and expect that a certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and the lease liabilities.

### 2.3 已頒佈但尚未生效的香港財 務報告準則（續）

香港財務報告準則第16號取代香港會計準則第17號租賃、香港（國際財務報告詮釋委員會）—詮釋第4號釐定安排是否包括租賃、香港（準則詮釋委員會）—詮釋第15號經營租賃—優惠以及香港（準則詮釋委員會）—詮釋第27號評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免—低價值資產租賃及短期租賃。於租賃開始日期，承租人將把於租賃期支付租賃款項確認為負債（即租賃負債）而把相關資產使用權確認為資產（即使用權資產）。除非使用權資產符合香港會計準則第40號投資物業的定義，否則使用權資產後續按成本減累計折舊及任何減值虧損計量。租賃負債後續會因反映租賃負債利息而增加，亦將因支付租賃款項而減少。承租人將須分別確認租賃負債的利息開支及使用權資產的折舊開支。承租人亦須於若幹事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。一般而言，承租人將確認租賃負債重新計量的數額為對使用權資產的調整。香港財務報告準則第16號大致沿用香港會計準則第17號項下出租人的會計處理方式。出租人將繼續使用與香港會計準則第17號內相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。本集團預期自2019年1月1日採納香港財務報告準則第16號。誠如財務報表附註32所載，於2016年12月31日，本集團不可撤銷經營租賃項下之未來最低租賃付款總額為人民幣8,424,000元。本公司董事現時正評估採納香港財務報告準則第16號之影響，並預期部分該等租賃承諾將須於綜合財務狀況表中確認為使用權資產及租賃負債。

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### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

### 2.3 已頒佈但尚未生效的香港財務報告準則（續）

香港會計準則第7號（修訂本）要求實體提供可使財務報表用戶評估財務活動所引起的負債變化（包括現金流引起的變化和非現金變化）的披露。該修訂本致使財務報表提供額外的披露。本集團預期於2017年1月1日採納該修訂本。

儘管香港會計準則第12號（修訂本）可更廣泛應用於其他情況，但其頒佈初衷是為說明如何就以公允值計量債務工具的相關未變現虧損確認遞延稅項資產。該等修訂闡明，實體於評估是否存在能適用可扣減暫時差額的應課稅溢利時，需要考慮稅法是否對收回可扣減暫時差額時可適用抵扣的應課稅溢利的來源有所限制。此外，該等修訂就實體應如何釐定未來應課稅溢利提供指引，並解釋應課稅溢利可能包括超過賬面值的部分資產的收回。本集團預期自2017年1月1日起採納該等修訂。

### 2.4 主要會計政策概要

#### 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。公允值計量乃根據假設出售資產或轉讓負債的交易於資產或負債主要市場或（在無主要市場情況下）最具優勢市場進行而作出。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公允值乃按假設市場參與者對資產或負債定價時會以最佳經濟利益行事計量。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair value measurement (Continued)

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

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

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

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

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

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

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

### 2.4 主要會計政策概要 (續)

#### 公允值計量 (續)

非金融資產的公允值計量須計及市場參與者能自最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者所產生的經濟利益。

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方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

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

第1級 – 基於相同資產或負債於活躍市場的報價 (未經調整)

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

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方法

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of non-financial assets

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

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

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

## 2.4 主要會計政策概要 (續)

### 非金融資產減值

倘一項資產(存貨及金融資產除外)存在減值跡象,或需要進行年度減值測試,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,除非該資產所產生的現金流入不能基本上獨立於其他資產或資產組別所產生的現金流入,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折現率貼現至其現值。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相關開支類別中扣除。

本集團會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,但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應有的賬面值(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。

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## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (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.

### 2.4 主要會計政策概要 (續)

#### 關連方

於下列情況下，以下人士將被視為與本集團有關連：

- (a) 該人士為下列人士或下列人士的近親：
  - (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) 該實體為另一實體（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) 該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連的實體就僱員利益設立的離職後福利計劃；
  - (vi) 該實體由第(a)項所列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。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

|  |   |
|--|---|
| Buildings                                | 4.8%  |
| 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%                                  |

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.

## 2.4 主要會計政策概要 (續)

### 物業、廠房及設備及折舊

物業、廠房及設備(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運抵指定地點並使其達到預定可使用狀態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表。於符合確認條件後,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份須定期替換,則本集團確認該等部份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        | 4.8%                 |
| 租賃物業裝修     | 租期及33.3%<br>(以較短者為準) |
| 廠房及機器      | 10%至20%              |
| 傢俱、傢俬及辦公設備 | 20%至33.3%            |
| 汽車         | 20%至33.3%            |

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

#### Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

### 2.4 主要會計政策概要 (續)

#### 物業、廠房及設備及折舊 (續)

首次確認的物業、廠房及設備項目(包括任何重要部份)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表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。

#### 租賃

出租人仍保留資產擁有權的絕大部份回報及風險的租賃列作經營租賃。倘本集團為承租人，根據經營租賃的應付租金扣除從出租人收取的任何優惠後按租賃年期以直線法自損益中扣除。

經營租賃下的預付土地租賃款項首次按成本入賬，隨後於租期內按直線法確認。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Research and development costs

All research costs are charged to profit or loss as incurred.

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

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

## 2.4 主要會計政策概要 (續)

### 研究及開發成本

所有研究成本均於產生時自損益中扣除。

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

### 投資及其他金融資產

#### *首次確認及計量*

金融資產於首次確認時分類為貸款及應收款項以及可供出售金融投資（如適用）。金融資產於首次確認時按公允值加收購金融資產引致的交易成本計量。

金融資產的所有常規買賣乃於交易日（即本集團承諾購買或出售該資產之日）確認。常規買賣指需要在一般由法規或市場慣例確定的期間內移交資產的金融資產買賣。

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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments and other financial assets (Continued)

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in other expenses and losses.

##### *Available-for-sale financial investments*

Available-for-sale financial investments are non-derivative financial assets in unlisted equity investments. Equity instruments classified as available-for-sale are those which are neither classified as held for trading nor designated asset as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

### 2.4 主要會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### *後續計量*

金融資產的後續計量取決於以下分類：

##### *貸款及應收款項*

貸款及應收款項指有固定或可確定款項（在活躍市場上沒有報價）的非衍生金融資產。初始計量後，該等資產隨後採用實際利率法以攤銷成本減任何減值撥備計量。計算攤銷成本時，考慮收購產生的任何折讓或溢價，且包括作為實際利率組成部份的費用或成本。實際利率攤銷於損益表中計入其他收入及收益。減值產生的虧損於損益表中的其他開支及虧損內確認。

##### *可供出售金融投資*

可供出售金融投資為屬於非上市股本投資的非衍生金融資產。分類為可供出售的權益工具既無分類為持作買賣，亦無指定為按公允值計入損益的資產。

於首次確認後，可供出售金融投資其後按公允值計量，未變現收益或虧損於可供出售投資重估儲備中確認為其他全面收益，直至該投資終止確認，屆時累計收益或虧損則於損益表中的其他收入內確認，或直至該投資被確定為已減值，屆時累計收益或虧損從可供出售投資重估儲備重新分類至損益表中的其他收益或虧損。在持有可供出售金融投資時所賺取的利息及股息根據下文「收益確認」所載的政策分別呈報為利息收入及股息收入，並於損益表內確認為其他收入。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### *Subsequent measurement (Continued)*

#### *Available-for-sale financial investments (Continued)*

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 2.4 主要會計政策概要 (續)

### 投資及其他金融資產 (續)

#### *後續計量 (續)*

#### *可供出售金融投資 (續)*

本集團評估其是否仍然具有於近期出售可供出售金融資產的恰當能力及意願。在罕見情況下，本集團會因市場不活躍而無法交易該等金融資產，此時若管理層有能力及意願於可見將來或直到資產到期持有該資產，本集團可選擇對該等金融資產重新分類。

就從可供出售類別中重新分類而來的金融資產而言，重新分類日的公允值賬面面值成為該資產的新攤銷成本，且該資產已於權益中確認的任何過往損益均採用實際利率法按有關投資的剩餘年限攤銷為損益。新攤銷成本及到期金額之間的差額亦採用實際利率法按該資產剩餘年限攤銷。若該資產隨後確認減值，則將權益中記錄的相應金額重新分類為損益。

### 終止確認金融資產

出現以下情形時，金融資產（或（如適用）部份金融資產或一組同類金融資產的一部份）會被初步終止確認（即自本集團綜合財務狀況表移除）：

- 從資產收取現金流量的權利屆滿時；或
- 本集團已根據「過手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部份風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部份風險及回報，但已轉讓資產的控制權。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### 2.4 主要會計政策概要 (續)

#### 終止確認金融資產 (續)

倘本集團已轉讓從資產收取現金流量的權利或訂立過手安排，則評估有否保留資產所有權的風險及回報及保留程度。倘本集團並無轉讓或保留資產的絕大部份風險及回報，亦無轉讓資產控制權，本集團將以本集團持續參與程度為限繼續確認所轉讓資產。在此情況下，本集團亦確認相關負債。已轉讓資產及相關負債根據反映本集團所保留權利及責任的基準計量。

以擔保方式繼續參與已轉讓資產的程度，乃按該資產的原賬面值及本集團可被要求償還的代價最高金額兩者中的較低者計量。

#### 金融資產減值

本集團於各報告期末評估是否有客觀跡象顯示一項或一組金融資產出現減值。倘資產首次確認後出現一項或多項事件而對能可靠估計的金融資產或一組金融資產的估計未來現金流量有影響，則說明已發生減值。減值跡象可能包括單個債務人或一組債務人有重大財務困難、拖欠利息或本金付款、可能破產或進行其他財務重組，以及可觀察數據顯示估計未來現金流量減少且可計量，例如與拖欠有關的欠款或經濟狀況變動。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of financial assets (Continued)

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed item of financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in profit or loss.

## 2.4 主要會計政策概要 (續)

### 金融資產減值 (續)

#### *按攤銷成本入賬的金融資產*

對於按攤銷成本入賬的金融資產，本集團首先按個別基準評估單項重大或按組合基準評估單項非重大的金融資產有否減值。倘本集團釐定單項評估的金融資產並無客觀減值證據，則不論重大與否均須將該資產歸入一組具有相似信貸風險特徵的金融資產，以整體評估有否減值。已單獨評估減值並已確認或將繼續確認減值虧損的資產不會進行整體減值評估。

已識別減值虧損金額以資產的賬面值與估計未來現金流量現值（不包括尚未發生的未來信用損失）的差額計量。估計未來現金流量現值按金融資產的原實際利率（即初始確認時計算採用的實際利率）貼現。

資產賬面值通過使用撥備賬扣減，而虧損於損益確認。利息收入持續按已扣減賬面值累計，利率為計量減值虧損時貼現未來現金流量所使用的貼現率。倘不可能於未來實現收回且所有抵押品已變現或轉至本集團，則貸款及應收款項連同任何相關撥備可予撇銷。

倘後續期間於減值確認後發生的事項導致估計減值虧損增加或減少，則先前確認的減值虧損通過調整撥備賬增加或減少。倘撇銷於日後收回，則收回的減值虧損計入損益的其他開支及虧損。

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## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Impairment of financial assets (Continued)

##### *Available-for-sale financial investments*

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

### 2.4 主要會計政策概要 (續)

#### 金融資產減值 (續)

##### *可供出售金融投資*

對於可供出售金融投資，本集團於各報告期末評估有否客觀證據顯示一項或一組投資出現減值。

倘可供出售資產已減值，其成本（已扣除任何本金付款及攤銷）與當時公允值的差額，減去先前已於損益確認的任何減值虧損，從其他全面收益轉出，並在損益內確認。

如屬分類為可供出售的權益投資，客觀證據包括投資公允值大幅或長期跌至低於其成本。「大幅」會因應投資原成本評估，而「長期」會考慮公允值低於其原成本的時間。倘存在減值證據，累計虧損（按收購成本與當時公允值兩者之間的差額，減投資先前在損益內確認的任何減值虧損計量）會從其他全面收益轉出，並在損益內確認。分類為可供出售的權益工具發生的減值虧損不得在損益轉回。其公允值如果在減值後增加，會直接在其他全面收益中確認。

釐定「大幅」或「長期」時須作出判斷。於作出有關判斷時，本集團會評估（其中包括）投資公允值低於其成本的時期或幅度。

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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as 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 and interest-bearing bank borrowings.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Loans and borrowings*

After initial recognition, 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.

#### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

## 2.4 主要會計政策概要 (續)

### 金融負債

#### *首次確認及計量*

首次確認時，金融負債歸類為貸款及借款，且首次按公允價值確認，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，應付關連方款項及計息銀行借款。

#### *後續計量*

金融負債其後按類別以下列方法計量：

#### *貸款及借款*

首次確認後，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式於損益確認。

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中的融資成本。

#### *財務擔保合約*

本集團發出的財務擔保合約為規定須付款以償付持有人因特定債務人未能根據債務工具的條款償還到期款項而招致損失的合約。財務擔保合約首次按公允價值確認為負債，並就發出擔保直接產生的交易成本作出調整。於首次確認後，本集團按以下兩項的較高者計量財務擔保合約：(i)於報告期末履行現有責任所需開支的最佳估計數額；及(ii)首次確認金額減（如適用）累計攤銷。

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## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

### 2.4 主要會計政策概要 (續)

#### 終止確認金融負債

金融負債於負債責任解除、取消或屆滿時終止確認。

倘現有金融負債被另一項由同一借貸人提供而絕大部份條款不同的負債所取代，或現有負債的條款被大幅修訂，則有關取代或修訂以終止確認原有負債及確認新負債方式處理，而相關賬面值的差額會於損益確認。

#### 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。

#### 存貨

存貨按成本及可變現淨值兩者的較低者入賬。成本按加權平均基準計算，在製品及製成品的成本包括直接材料、直接勞工及適當比例的間接費用。可變現淨值按預計售價減去預計完成及出售所需成本計算。

#### 現金及現金等價物

綜合現金流量表的現金及現金等價物包括手頭現金與活期存款，以及可隨時轉換為已知金額現金、價值變動風險不大且購買時一般具有不超過三個月短暫有效期的短期高流通投資，再扣除須於要求時償還且構成本集團現金管理一部份的銀行透支。

綜合財務狀況表的現金及現金等價物包括不限用途的手頭現金及銀行現金（包括定期存款及等同現金資產）。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

### 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 主要會計政策概要 (續)

### 撥備

倘因過往事件須承擔現時責任(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。

本集團以銷量和過往的維修和退貨水準貼現至現值(如適用)為基準，就若干產品的保養期確認撥備。

### 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的相關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。

編製財務報告時，遞延稅項以負債法就報告期末資產及負債的稅基與其賬面值之間的所有暫時差額作撥備。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 主要會計政策概要 (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及應課稅溢利或虧損；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或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。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

## 2.4 主要會計政策概要 (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份遞延稅項資產，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份遞延稅項資產，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。

倘有法定可執行權利抵銷即期稅項資產與即期稅項負債，且遞延稅項涉及相同納稅實體及相同稅務機關，則可抵銷遞延稅項資產與遞延稅項負債。

### 政府補助

倘能合理確定將可收取政府補助並符合所有附帶條件，則按公允值確認政府補助。倘補助與開支項目有關，則會有系統地在擬補貼成本的相應期間確認補助為收益。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

#### Employee benefits

##### *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in 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 主要會計政策概要 (續)

#### 收益確認

收益於可能為本集團帶來經濟利益及能可靠地計量時確認，基準如下：

- (a) 對於貨品銷售收益，當擁有權的重大風險及回報已轉移至買家，而本集團參與管理的程度並不足以附帶擁有權，亦無實際控制已售出貨品時確認；及
- (b) 利息收入採用將金融工具的估計未來現金按預計年期或較短期間（如適用）完全折現至金融資產賬面淨值的利率，按應計基準使用實際利率法確認。

#### 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。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are expensed in the period in which they are incurred.

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

### Foreign currencies

The Company's functional currency is the United States dollar ("US\$"). Because most of the subsidiaries' functional currencies are RMB, the financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 2.4 主要會計政策概要 (續)

### 借款成本

借款成本包括一家實體在借入資金時所產生的利息及其他成本。借款成本於其產生期間內列作開支。

### 股息

末期股息於獲股東大會批准時確認為一項負債。

### 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始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。

以外幣按歷史成本計量的非貨幣項目，採用初始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)。

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## 綜合財務報表附註

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### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Foreign currencies (Continued)

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.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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 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:

### 2.4 主要會計政策概要 (續)

#### 外幣 (續)

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。出售該業務時，與該項業務有關的其他全面收益部份不於損益確認。

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按該年度加權平均匯率換算為人民幣。

### 3. 重大會計判斷及估計

編製本集團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：

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### Impairment of receivables

The Group records impairment of receivables based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgement 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 receivables and doubtful debt expenses/write-back of doubtful debt in the reporting period in which such estimate is changed.

#### Provision against obsolete and slow-moving inventories

The Group reviews an aged 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.

#### 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）

#### 應收款項減值

本集團根據對應收款項可收回程度的評估記錄應收款項的減值。識別應收款項減值需要管理層作出判斷及估計。倘實際結果或未來預期有別於初始估計，則有關差額將影響相關估計發生變動的報告期間的應收款項賬面值及呆賬支出／呆賬撥回。

#### 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，該差額會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。

#### 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。當有跡象表明賬面值未必可收回時，本集團會對非金融資產進行減值測試。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按公平原則進行具有約束力的類似資產出售交易所得的數據或可觀察市場價格減去出售資產的增量成本而計算。當計算使用價值時，管理層必需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。

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## 綜合財務報表附註

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### Current tax and deferred tax

The Group is subject to income taxes in Hong Kong and Mainland China. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provision in the periods in which the determination is made. The carrying amounts of current tax payables and deferred tax assets and liabilities are set out in the consolidated statement of financial position and note 25 to the financial statements.

#### Derecognition of factored trade receivables and discounted/endorsed bills receivable

The Group has entered into arrangements with its bankers in respect of the factoring of trade receivables and discounting of bills receivable, or endorsed certain of its bills receivable accepted by banks to certain of its suppliers in order to settle the trade payables due to such suppliers. Based on an evaluation of the terms and conditions of the arrangements and the credit quality and settlement pattern of the factored trade receivables and discounted/endorsed bills receivable, management has to determine whether the Group has retained substantially the risks and rewards of certain receivables, which include default risks relating to such receivables. Details of the transfers of financial assets are included in note 36 to the financial statements.

#### Warranty provision

As further explained in note 24 to the financial statements, the Group makes provisions for the warranties it gives on the sale of its products taking into account the Group's current sales levels and past experience of the level of repairs and returns. As the Group is continually upgrading its product designs and launching new models, it is possible that the past experience of the level of repairs and returns is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the actual claims would affect profit or loss in future years.

### 3. 重大會計判斷及估計（續）

#### 即期稅項及遞延稅項

本集團於香港及中國內地須繳納所得稅。本集團根據現行稅務法規謹慎評估其交易的稅務影響，並相應地計提稅項撥備。然而，在釐定本集團的所得稅撥備時須作出判斷，乃因於日常業務過程中未能準確釐定最終須繳納稅項的交易及計算相當繁多。若有關事項的最終稅項與原先的入賬金額不同，該差額將影響釐定稅項期間的所得稅及遞延稅項撥備。應付即期稅項的賬面值及遞延稅項資產及負債載於綜合財務狀況表及財務報表附註 25。

#### 終止確認保理貿易應收款項及已貼現／已背書應收票據

本集團已就保理貿易應收款項及貼現應收票據與銀行訂立安排，或將銀行收取的若干應收票據背書予本集團若干供應商，以結算結欠該等供應商的貿易應付款項。根據對上述安排的條款及條件，以及已保理貿易應收款項及已貼現／已背書應收票據的信貸質素及結算方式作出的評估，管理層須釐定本集團是否已保留若干應收款項的絕大部份風險及回報，包括與該等應收款項有關的違約風險。財務資產轉移詳情計入財務報表附註 36內。

#### 保修撥備

如財務報表附註24所進一步詳述，本集團經考慮本集團的當前銷售水準及過往維修及退回情況後，就其所售貨品計提保修撥備。由於本集團不斷改善產品設計及推出新型號，過往維修及退回情況可能並非本集團日後就過往銷售所蒙受索償的指標。實際索償的任何增減將會影響日後年度的損益。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### Impairment of advances to suppliers

The Group assesses whether there are any indicators of impairment for advances to suppliers at the end of each reporting period. Advances to suppliers are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The identification of impairment of advances to suppliers requires management's judgement 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 advances to suppliers and impairment/write-back of impairment in the reporting period in which such estimate is changed.

### 4. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the manufacture and sale of sofas, sofa covers and other furniture products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

#### Geographical information

##### (a) Revenue from external customers

Geographical information in respect of revenue from external customers is not presented since most of the Group's revenue from external customers, based on the locations of the products delivered to the customers, is generated in the United States of America. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the financial statements.

### 3. 重大會計判斷及估計（續）

#### 預付供應商款項減值

於各報告期末，本集團評估預付供應商款項是否存在任何減值跡象。當有跡象表明賬面值未必可收回時，本集團會對預付供應商款項進行減值測試。識別預付供應商款項減值需要管理層作出判斷及估計。倘實際結果或未來預期有別於初始估計，則有關差額將於相關估計發生變動的報告期間影響預付供應商款項賬面值及其減值／減值撥回。

### 4. 分部資料

就管理而言，本集團僅有一個可呈報經營分部，即生產及銷售沙發、沙發套及其他傢俱產品。由於本集團僅有一個可呈報經營分部，因此概無呈列進一步經營分部分析。

#### 地區資料

##### (a) 來自外部客戶的收入

由於本集團的大部份收入來自美國的外部客戶（按照向客戶送達產品的地理位置劃分），因此概無呈列與外部客戶收入有關的地區資料。因此，董事認為，呈列地區資料將不會為本財務資料的用戶提供額外有用資料。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 4. SEGMENT INFORMATION (Continued) 4. 分部資料 (續)

#### Geographical information (Continued)

(b) Non-current assets

|                                       | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| China (including Hong Kong) 中國 (包括香港) | 9,888                             | 10,844                            |
| Cambodia 柬埔寨                          | 41,845                            | 37,045                            |
|                                       | <b>51,733</b>                     | 47,889                            |

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

|                | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|----------------|-----------------------------------|-----------------------------------|
| Customer 1 客戶1 | 211,028                           | 145,878                           |
| Customer 2 客戶2 | 142,823                           | 202,472                           |
| Customer 3 客戶3 | 105,660                           | N/A* 不適用*                         |
| Customer 4 客戶4 | N/A* 不適用*                         | 180,308                           |

\* The corresponding revenue of these customers is not disclosed as they individually did not contribute 10% or more of the Group's total gross revenue for the relevant reporting period.

#### 地區資料 (續)

(b) 非流動資產

以上非流動資產資料乃根據資產的位置呈列，不包括遞延稅項資產。

#### 有關主要客戶的資料

佔本集團於該年度收入的10%或以上的各主要客戶的收入載列如下：

\* 由於該等客戶於相關報告期間對本集團總收入的貢獻均未超過10%或以上，因此並未披露該等客戶的相關收入。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax.

An analysis of revenue, other income and gains is as follows:

### 5. 收入、其他收入及收益

收入指所銷售貨品扣除退貨、折扣及增值稅後的發票淨值。

本集團的收入、其他收入及收益分析如下：

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| <b>Revenue 收入</b>   |             |                                   |                                   |
| Sales of goods 銷售貨品   |             | <b>941,617</b>                    | 926,471                           |
| <b>Other income and gains 其他收入及收益</b>                                 |             |                                   |                                   |
| Interest income 利息收入  |             | <b>1,968</b>                      | 2,008                             |
| Exchange gains, net 匯兌收益，淨額   |             | <b>14,164</b>                     | 18,681                            |
| Government subsidies# 政府補貼#   |             | <b>140</b>                        | 2,714                             |
| Sales of scrap materials 銷售廢料   |             | -                                 | 148                               |
| Gain on disposal of a subsidiary 出售一家附屬公司的收益                          | 28          | -                                 | 11,336                            |
| Gain on disposal of an available for-sale investment<br>出售一項可供出售投資的收益 | 18          | <b>9</b>                          | -                                 |
| Others 其他   |             | <b>168</b>                        | 81                                |
|   |             | <b>16,449</b>                     | 34,968                            |

# Subsidies have been received from the local governments in Zhejiang Province in respect of the Group's contribution to sofa industry. There were no unfulfilled conditions or contingencies relating to these subsidies as at 31 December 2016 (2015: Nil).

# 浙江省地方政府就本集團對沙發產業的貢獻授出的補助。於2016年12月31日，概無有關該等補貼的未達成條件或意外事件（2015年：零）。

### 6. FINANCE COSTS

Interest on bank loans 銀行貸款利息

Interest on discounted bills 貼現票據利息

### 6. 融資成本

|                                     | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Interest on bank loans 銀行貸款利息       | <b>11,650</b>                     | 4,662                             |
| Interest on discounted bills 貼現票據利息 | <b>2,682</b>                      | 13,779                            |
|                                     | <b>14,332</b>                     | 18,441                            |



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/  
(crediting):

### 7. 除稅前溢利

本集團的除稅前溢利乃經扣除／(計入) 下列各項：

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Cost of inventories sold 已售存貨成本   |             | <b>669,210</b>                    | 703,274                           |
| Depreciation 折舊   | 13          | <b>2,690</b>                      | 6,328                             |
| Recognition of prepaid land lease payments 預付土地租賃款項確認   | 14          | <b>160</b>                        | 599                               |
| Loss on disposal of items of property, plant and equipment, net<br>出售物業、廠房及設備項目的虧損，淨額   |             | <b>334</b>                        | 834                               |
| Minimum lease payments under operating leases<br>經營租賃項下的最低租賃付款  |             | <b>9,743</b>                      | 4,264                             |
| Auditor's remuneration 核數師酬金  |             | <b>1,510</b>                      | 33                                |
| Employee benefit expense (excluding directors' and chief<br>executives' remuneration (note 8)):<br>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   |             | <b>130,439</b>                    | 103,719                           |
| Pension scheme contributions* 退休計劃供款*   |             | <b>9,073</b>                      | 6,661                             |
|   |             | <b>139,512</b>                    | 110,380                           |
| Provision/(reversal of provision) against obsolete and<br>slow-moving inventories**<br>陳舊及積壓存貨撥備／(撥備撥回)**                       |             | <b>(950)</b>                      | 2,717                             |
| Write-down of inventories to net realisable value**<br>存貨撇減至可變現淨值**   |             | <b>2,790</b>                      | —                                 |
| Write-off of inventories** 存貨撇減**   |             | <b>—</b>                          | 566                               |
| Impairment of trade receivables, net*** 貿易應收款項減值，淨額***  | 16          | <b>154</b>                        | 1,366                             |
| Product warranty additional provision 產品保修額外撥備  | 24          | <b>4,104</b>                      | 5,273                             |
| Listing expenses 上市開支   |             | <b>22,262</b>                     | 3,155                             |

\* At 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2015: Nil).

\*\* The above items are included in "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

\*\*\* This item is included in "Other expenses and losses" on the face of the consolidated statement of profit or loss and other comprehensive income.

\* 於2016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（2015年：零）。

\*\* 以上項目計入綜合損益及其他全面收益表的「銷售成本」內。

\*\*\* 該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。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (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:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Fees 袍金  | 2,121                             | –                                 |
| Other emoluments: 其他薪酬：                              |                                   |                                   |
| Salaries, allowances and benefits in kind 薪金、工資及實物利益 | 1,906                             | 1,305                             |
| Discretionary bonuses 酌情花紅                           | 2,780                             | 846                               |
| Pension scheme contributions 退休計劃供款                  | 94                                | 12                                |
|  | <b>4,780</b>                      | 2,163                             |
|  | <b>6,901</b>                      | 2,163                             |

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

|                          | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--------------------------|-----------------------------------|-----------------------------------|
| Ms. Zhang Bingbing 張冰冰女士 | –                                 | –                                 |
| Mr. Huang Wenli 黃文禮先生    | –                                 | –                                 |
| Mr. Shao Shaomin 邵少敏先生   | –                                 | –                                 |

Ms. Zhang Bingbing, Mr. Huang Wenli and Mr. Shao Shaomin were appointed as independent non-executive directors of the Company on 10 December 2016.

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

### 8. 董事及主要行政人員酬金

根據聯交所證券上市規則（「上市規則」）、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司（披露董事利益資料）規則第二部分，該年度董事及主要行政人員酬金披露如下：

#### (a) 獨立非執行董事

年內獨立非執行董事的袍金載列如下：

|                          | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--------------------------|-----------------------------------|-----------------------------------|
| Ms. Zhang Bingbing 張冰冰女士 | –                                 | –                                 |
| Mr. Huang Wenli 黃文禮先生    | –                                 | –                                 |
| Mr. Shao Shaomin 邵少敏先生   | –                                 | –                                 |

張冰冰女士、黃文禮先生及邵少敏先生於2016年12月10日獲委任為本公司獨立非執行董事。

概無其他年內應付獨立非執行董事之薪酬（2015年：零）。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

#### (b) The chief executive officer, and executive directors

Certain executive directors of the Company received remuneration from the furniture division of Morris PRC and certain subsidiaries now comprising the Group for their appointments as directors of the Company or in their capacity as employees of the Group. The remuneration of each of these executive directors is set out below:

### 8. 董事及主要行政人員酬金 (續)

#### (b) 行政總裁及執行董事

本公司若干執行董事因獲委任為本公司董事或因擔任集團僱員而從慕容中國的傢俱部門及現時組成本集團的若干附屬公司獲取酬金。該等執行董事的酬金載列如下：

|                                    | Fees             | Salaries,<br>allowances,<br>and benefits<br>in kind<br>薪金、工資<br>及實物利益 | Discretionary<br>bonuses<br>酌情花紅 | Pension<br>scheme<br>contributions<br>退休計劃供款 | Total<br>remuneration<br>酬金總額 |
|------------------------------------|------------------|---|----------------------------------|--|-------------------------------|
|                                    | RMB'000<br>人民幣千元 | RMB'000<br>人民幣千元  | RMB'000<br>人民幣千元                 | RMB'000<br>人民幣千元                             | RMB'000<br>人民幣千元              |
| <b>Year ended 31 December 2016</b> |                  |   |                                  |  |                               |
| <b>截至2016年12月31日止</b>              |                  |   |                                  |  |                               |
| <b>年度</b>                          |                  |   |                                  |  |                               |
| Executive Directors: 執行董事：         |                  |   |                                  |  |                               |
| Mr. Zou 鄒先生                        | 1,284            | 1,518   | 2,567                            | 28   | 5,397                         |
| Mr. Chen Guohua 陳國華先生              | 331              | 162   | 51                               | 28   | 572                           |
| Mr. Zeng Jin 曾金先生                  | 331              | 159   | 51                               | 28   | 569                           |
| Mr. Wang Ming 王銘先生                 | 175              | 67  | 111                              | 10   | 363                           |
|                                    | <b>2,121</b>     | <b>1,906</b>  | <b>2,780</b>                     | <b>94</b>                                    | <b>6,901</b>                  |
| <b>Year ended 31 December 2015</b> |                  |   |                                  |  |                               |
| <b>截至2015年12月31日</b>               |                  |   |                                  |  |                               |
| <b>止年度</b>                         |                  |   |                                  |  |                               |
| Executive Directors: 執行董事：         |                  |   |                                  |  |                               |
| Mr. Zou 鄒先生                        | -                | 1,153   | 811                              | -  | 1,964                         |
| Mr. Chen Guohua 陳國華先生              | -                | 11  | -                                | -  | 11                            |
| Mr. Zeng Jin 曾金先生                  | -                | 136   | 35                               | 12   | 183                           |
| Mr. Wang Ming 王銘先生                 | -                | 5   | -                                | -  | 5                             |
|                                    | -                | 1,305   | 846                              | 12   | 2,163                         |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

#### (b) The chief executive officer, and executive directors (Continued)

Mr. Zou was redesignated as an executive director and the chief executive officer of the Company on 18 March 2016. Mr. Chen Guohua, Mr. Zeng Jin and Mr. Wang Ming were appointed as executive directors of the Company on 18 March 2016.

The remuneration of Mr. Zou, Mr. Chen Guohua, Mr. Zeng Jin (2015: Mr. Zou) disclosed above was also included in the remuneration of the five highest paid employees as set out in note 9 to the financial statements.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2015: Nil).

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2015: one), details of whose remuneration are set out in note 8 above. Details of the remuneration of the five highest paid employees are as follows:

### 8. 董事及主要行政人員酬金 (續)

#### (b) 行政總裁及執行董事 (續)

鄒先生於2016年3月18日調任為本公司執行董事兼行政總裁。陳國華先生、曾金先生及王銘先生於2016年3月18日獲委任為本公司執行董事。

上文所披露鄒先生、陳國華先生及曾金先生(2015年:鄒先生)的薪酬亦列入財務報表附註9所載五位最高薪人士的薪酬內。

概無任何董事或主要行政人員於年內放棄或同意放棄酬金的安排(2015年:零)。

### 9. 五位最高薪僱員

年內五位最高薪僱員包括本公司三位董事(2015年:一位),有關其酬金的詳情載於上文附註8。五位最高薪僱員的薪酬詳情分析如下:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Fees 袍金  | 1,946                             | —                                 |
| Salaries, allowances and benefits in kind 薪金、工資及實物利益 | 3,639                             | 2,578                             |
| Discretionary bonuses 酌情花紅                           | 6,239                             | 811                               |
| Pension scheme contributions 退休計劃供款                  | 100                               | 25                                |
|  | <b>11,924</b>                     | <b>3,414</b>                      |

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### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

#### 9. FIVE HIGHEST PAID EMPLOYEES (Continued)

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

|   | 2016<br>2016年 | 2015<br>2015年 |
|---|---------------|---------------|
| Nil to HK\$1,000,000<br>零至1,000,000港元                     | 2             | 4             |
| HK\$2,000,001 to HK\$2,500,000<br>2,000,001港元至2,500,000港元 | –             | 1             |
| HK\$2,500,001 to HK\$3,000,000<br>2,500,001港元至3,000,000港元 | 1             | –             |
| HK\$3,500,001 to HK\$4,000,000<br>3,500,001港元至4,000,000港元 | 1             | –             |
| HK\$6,000,001 to HK\$6,500,000<br>6,000,001港元至6,500,000港元 | 1             | –             |
|   | 5             | 5             |

During the year, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

#### 9. 五位最高薪僱員 (續)

薪酬介乎下列範圍的最高薪僱員數目如下：

於年內，本集團概無向五位最高薪僱員支付酬金，作為吸引其加入本集團或加入本集團時的獎勵或作為離職補償（2015年：零）。

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## 綜合財務報表附註

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### 10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong.

Under the income tax law of the PRC, companies with operations in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% (2015: 25%) on the taxable income.

Taxes on profits assessable in elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

### 10. 所得稅

根據開曼群島及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。

香港利得稅乃根據在香港產生的估計應課稅溢利按16.5% (2015年：16.5%) 的稅率計提撥備。

根據中國所得稅法，於中國內地開展業務的公司須按其應納稅收入的25% (2015年：25%) 繳納企業所得稅（「CIT」）。

於其他地區的應課利得稅乃按本集團經營所在司法權區的現行稅率計算。

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Current – PRC 即期 – 中國                    |                                   |                                   |
| – Charge for the year – 年內支出             | 18,587                            | 12,421                            |
| – Overprovision in prior year – 過往年度超額撥備 | (627)                             | –                                 |
| Current – Hong Kong 即期 – 香港              | 8,957                             | 7,272                             |
| Deferred (note 25) 遞延 (附註25)             | 4,452                             | 405                               |
| Tax charge for the year 年內稅項支出           | 31,369                            | 20,098                            |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 10. INCOME TAX (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

### 10. 所得稅 (續)

本集團的稅項與合併實體利潤按照適用的加權平均稅率產生的理論金額差異如下：

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Profit before tax 除稅前溢利  | 112,045                           | 103,166                           |
| Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions<br>按有關司法權區適用稅率計算的稅項             | 24,595                            | 21,180                            |
| Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries<br>本集團中國附屬公司可分配溢利徵收10%預扣稅的影響 | 3,921                             | 107                               |
| Expenses not deductible for tax 不可扣稅開支   | 6,521                             | 9,185                             |
| Super-deduction of eligible research and development expenditure<br>合資格研發開支超額抵扣  | (3,234)                           | -                                 |
| Income not subject to tax 毋須課稅收入   | (1,425)                           | (419)                             |
| Adjustments in respect of current tax of previous periods<br>就過往期間即期稅項之調整  | (627)                             | -                                 |
| Tax losses utilised from previous years 過往年度已動用稅項虧損  | (20)                              | (10,337)                          |
| Tax losses not recognised 未確認稅項虧損  | 1,638                             | 396                               |
| Others 其他  | -                                 | (14)                              |
| Tax charge for the year 年內稅項支出   | 31,369                            | 20,098                            |

The weighted average applicable tax rate was 22.0% (2015: 20.5%). The change in the weighted average applicable tax rate was caused by a change in the profitability of the certain subsidiaries of the Company in the respective jurisdictions.

加權平均適用稅率為22.0% (2015年：20.5%)。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

## 綜合財務報表附註

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### 11. DIVIDEND

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Final dividend proposed subsequent to the Reporting Period<br>報告期間後擬派末期股息   |                                   |                                   |
| – HK1.8 cents (FY2015: Nil) per ordinary share<br>– 每股普通股1.8港仙 (2015年度：無)   | 16,135                            | –                                 |
| Special dividend proposed subsequent to the Reporting Period<br>報告期間後擬派特別股息 |                                   |                                   |
| – HK8.7 cents (FY2015: Nil) per ordinary share<br>– 每股普通股8.7港仙 (2015年度：無)   | 76,840                            | –                                 |
|   | <b>92,975</b>                     | –                                 |

The final dividend and special dividend for the year ended 31 December 2016 proposed subsequent to the Reporting Period have not been recognised as a liability at the end of the Reporting Period and are subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("AGM").

報告期間後擬派截至2016年12月31日止年度之末期股息及特別股息並無於報告期末確認為負債，且須由本公司股東於應屆股東週年大會（「股東週年大會」）批准。

### 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount for the year ended 31 December 2016 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB80,676,000 (2015: RMB83,068,000), and the weighted average number of ordinary shares of 750,000,000 (2015: 750,000,000) in issue during the year.

The weighted average number of ordinary share used to calculate the basic earnings per share amounts for the years ended 31 December 2015 and 2016 was based on 750,000,000 ordinary shares, representing the 100 ordinary shares of the Company as at 1 January 2015, 99,900 ordinary shares of the Company issued under the Share Split (as defined in note 26) and 749,900,000 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 39), as if these additional shares issued under the Share Split and the Capitalisation Issue had been in issue throughout the years ended 31 December 2015 and 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2016 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2016.

### 12. 母公司普通股權益持有人應佔每股盈利

截至2016年12月31日止年度，每股基本盈利乃根據本年度母公司普通股權益持有人應佔溢利人民幣80,676,000元（2015年：人民幣83,068,000元）以及該年度已發行普通股的加權平均數750,000,000股（2015年：750,000,000股）計算。

截至2015年及2016年12月31日止年度，計算每股基本盈利的普通股加權平均數的基礎為750,000,000股普通股，包括本公司於2015年1月1日的100股普通股、本公司根據股份分拆（定義見附註26）發行的99,900股普通股及本公司根據資本化發行（定義見附註39）發行的749,900,000股普通股，且該等根據股份分拆及資本化發行發行的額外股份應被視為於截至2015年及2016年12月31日止全年度均發行在外。

由於本集團於截至2015年及2016年12月31日止年度並無發行在外的潛在攤薄普通股，故本集團截至2015年及2016年12月31日止年度的每股基本盈利並無調整。



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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

|  | Leasehold<br>improve-<br>ments<br>租賃<br>物業裝修 | Plant and<br>machinery<br>廠房及<br>機器 | Furniture,<br>fixtures<br>and office<br>equipment<br>傢俱、傢俬<br>及辦公設備 | Motor<br>vehicles<br>汽車 | Construction<br>in progress<br>在建工程 | Total<br>總計 |
|--|--|-------------------------------------|---|-------------------------|-------------------------------------|-------------|
| Note   | RMB'000                                      | RMB'000                             | RMB'000   | RMB'000                 | RMB'000                             | RMB'000     |
| 附註   | 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       |
| <b>31 December 2016</b><br><b>2016年12月31日</b>                                      |  |                                     |   |                         |                                     |             |
| At 31 December 2015 and<br>1 January 2016:<br>於2015年12月31日及<br>2016年1月1日           |  |                                     |   |                         |                                     |             |
| Cost 成本  | 4,022  | 18,492                              | 5,366   | 1,279                   | 29,736                              | 58,895      |
| Accumulated depreciation<br>累計折舊   | (2,581)                                      | (11,162)                            | (4,554)   | (18)                    | -                                   | (18,315)    |
| Net carrying amount<br>賬面淨值  | 1,441  | 7,330                               | 812   | 1,261                   | 29,736                              | 40,580      |
| At 1 January 2016, net of<br>accumulated depreciation<br>於2016年1月1日，<br>扣除累計折舊     | 1,441  | 7,330                               | 812   | 1,261                   | 29,736                              | 40,580      |
| Additions 添加   | 316  | 791                                 | 1,311   | 16                      | 2,438                               | 4,872       |
| Disposals/write-off 出售／撤銷  | -  | (723)                               | (7)   | -                       | -                                   | (730)       |
| Depreciation 折舊  | (424)  | (1,544)                             | (198)   | (524)                   | -                                   | (2,690)     |
| Exchange realignment<br>匯兌調整   | 22   | -                                   | 8   | -                       | 2,030                               | 2,060       |
| At 31 December 2016, net of<br>accumulated depreciation<br>於2016年12月31日，<br>扣除累計折舊 | 1,355  | 5,854                               | 1,926   | 753                     | 34,204                              | 44,092      |
| At 31 December 2016:<br>於2016年12月31日：  |  |                                     |   |                         |                                     |             |
| Cost 成本  | 4,360  | 15,520                              | 6,658   | 1,295                   | 34,204                              | 62,037      |
| Accumulated depreciation<br>累計折舊   | (3,005)                                      | (9,666)                             | (4,732)   | (542)                   | -                                   | (17,945)    |
| Net carrying amount<br>賬面淨值  | 1,355  | 5,854                               | 1,926   | 753                     | 34,204                              | 44,092      |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備 (續) (Continued)

|  | Buildings | Leasehold improvements | Plant and machinery | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total     |
|--|-----------|------------------------|---------------------|--|----------------|--------------------------|-----------|
|  | 建築物       | 租賃物業裝修                 | 廠房及機器               | 傢俱及辦公設備                                  | 汽車             | 在建工程                     | 總計        |
| Notes  | RMB'000   | RMB'000                | RMB'000             | RMB'000                                  | RMB'000        | RMB'000                  | RMB'000   |
| 附註   | 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     |
| <b>31 December 2015</b>  |           |                        |                     |  |                |                          |           |
| <b>2015年12月31日</b>   |           |                        |                     |  |                |                          |           |
| At 1 January 2015:   |           |                        |                     |  |                |                          |           |
| 於2015年1月1日   |           |                        |                     |  |                |                          |           |
| Cost 成本  | 75,173    | 3,543                  | 117,947             | 10,963                                   | 10,450         | 23,109                   | 241,185   |
| Accumulated depreciation 累計折舊                                    | (30,015)  | (2,224)                | (87,742)            | (9,213)                                  | (8,044)        | -                        | (137,238) |
| Net carrying amount 賬面淨值   | 45,158    | 1,319                  | 30,205              | 1,750                                    | 2,406          | 23,109                   | 103,947   |
| At 1 January 2015, net of accumulated depreciation               |           |                        |                     |  |                |                          |           |
| 於2015年1月1日，扣除累計折舊  |           |                        |                     |  |                |                          |           |
|  | 45,158    | 1,319                  | 30,205              | 1,750                                    | 2,406          | 23,109                   | 103,947   |
| Additions 添加   | -         | 442                    | 505                 | 255                                      | 405            | 5,251                    | 6,858     |
| Disposals 出售   | (16,581)  | -                      | (766)               | (197)                                    | (25)           | -                        | (17,569)  |
| Disposal of a subsidiary 出售一家附屬公司                                | 28        | -                      | (21,104)            | -  | (76)           | -                        | (21,180)  |
| Depreciation 折舊  | 7         | (345)                  | (1,510)             | (548)                                    | (693)          | -                        | (6,328)   |
| Deemed distribution to the Controlling Shareholders 視作向控股股東作出的分派 | 29        | (25,345)               | -                   | (457)                                    | (756)          | -                        | (26,558)  |
| Exchange realignment 匯兌調整  | -         | 25                     | -                   | 9  | -              | 1,376                    | 1,410     |
| At 31 December 2015, net of accumulated depreciation             |           |                        |                     |  |                |                          |           |
| 於2015年12月31日，扣除累計折舊  |           |                        |                     |  |                |                          |           |
|  | -         | 1,441                  | 7,330               | 812                                      | 1,261          | 29,736                   | 40,580    |
| At 31 December 2015:   |           |                        |                     |  |                |                          |           |
| 於2015年12月31日：  |           |                        |                     |  |                |                          |           |
| Cost 成本  | -         | 4,022                  | 18,492              | 5,366                                    | 1,279          | 29,736                   | 58,895    |
| Accumulated depreciation 累計折舊                                    | -         | (2,581)                | (11,162)            | (4,554)                                  | (18)           | -                        | (18,315)  |
| Net carrying amount 賬面淨值   | -         | 1,441                  | 7,330               | 812                                      | 1,261          | 29,736                   | 40,580    |

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## 綜合財務報表附註

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### 14. PREPAID LAND LEASE PAYMENTS

### 14. 預付土地租賃款項

|  | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-------------|-----------------------------------|-----------------------------------|
| Carrying amount at beginning of the year 年初的賬面值  |             | <b>7,465</b>                      | 35,194                            |
| Amortisation 攤銷  | 7           | <b>(160)</b>                      | (599)                             |
| Disposals 出售   |             | -                                 | (10,248)                          |
| Deemed distribution to the Controlling Shareholders<br>視作向控股股東作出的分派                                  | 29          | -                                 | (17,329)                          |
| Exchange realignment 匯兌調整  |             | <b>503</b>                        | 447                               |
| Carrying amount at end of the year 年末的賬面值  |             | <b>7,808</b>                      | 7,465                             |
| Current portion included in prepayments, deposits and<br>other receivables<br>已計入預付款項、按金及其它應收款項的流動部份 |             | <b>(167)</b>                      | (156)                             |
| Non-current portion 非流動部份  |             | <b>7,641</b>                      | 7,309                             |

As at 31 December 2016, the title certificate with respect to the land with a carrying amount of RMB7,808,000 (2015: RMB7,465,000) in Cambodia leased by Masia Industries Co., Ltd., the Group's subsidiary, from the Sihanoukville Special Economy Zone Co., Ltd., was not registered in the name of Masia Industries Co., Ltd.. Notwithstanding, the directors are of the opinion that Masia Industries Co., Ltd. is entitled to the lawful and valid occupation and use of the buildings and land to which the above-mentioned land use rights relate based on the lease agreement and the subsequent assignment.

於2016年12月31日，本集團的附屬公司 Masia Industries Co., Ltd. 向西哈努克港經濟特區有限公司租賃的柬埔寨土地（賬面值為人民幣7,808,000元，2015年為人民幣7,465,000元）的所有權證書並無以 Masia Industries Co., Ltd. 的名義登記。儘管如此，董事認為，Masia Industries Co., Ltd. 有權根據租賃協議及後續出讓依法有效佔用並使用上述土地使用權涉及的建築物及土地。

### 15. INVENTORIES

### 15. 存貨

|                      | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|----------------------|-----------------------------------|-----------------------------------|
| Raw materials 原材料    | <b>220,873</b>                    | 25,990                            |
| Work in progress 在製品 | <b>74,075</b>                     | 162,382                           |
| Finished goods 製成品   | <b>19,595</b>                     | 12,461                            |
|                      | <b>314,543</b>                    | 200,833                           |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 16. TRADE AND BILLS RECEIVABLES

### 16. 貿易應收款項及應收票據

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Trade receivables from third parties 來自第三方的貿易應收款項            | 200,466                           | 169,429                           |
| Trade receivables from related companies 來自關連公司的應收款項         | -                                 | 31,155                            |
| Impairment of trade receivables 貿易應收款項減值                     | (159)                             | -                                 |
| Trade receivables, net 貿易應收款項·淨額                             | 200,307                           | 200,584                           |
| Bills receivable arising from intra-group sales 來自集團內銷售的應收票據 | 19,673                            | 83,228                            |
|  | <b>219,980</b>                    | 283,812                           |

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to two months, extending up to two to three 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. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

本集團與其客戶的貿易賬期以信貸為主。信貸期一般為一至兩個月，主要客戶的信貸期延長至最多兩至三個月。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額，逾期結餘由高級管理層定期檢討。本集團並無就其貿易應收款項及應收票據結餘持有任何抵押品或採取其他信貸加強措施。貿易應收款項及應收票據為不計息。

於本報告期末，根據發票日期及扣除撥備的貿易應收款項及應收票據的賬齡分析如下：

|                       | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|-----------------------|-----------------------------------|-----------------------------------|
| Within 3 months 3個月內  | 201,870                           | 205,266                           |
| 4 to 6 months 4至6個月   | 12,110                            | 36,837                            |
| 7 to 12 months 7至12個月 | 6,000                             | 41,386                            |
| Over 1 year 超過1年      | -                                 | 323                               |
|                       | <b>219,980</b>                    | 283,812                           |

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

#### 16. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Neither past due nor impaired 既未逾期亦無減值 | 204,833                           | 257,983                           |
| Less than 3 months past due 逾期3個月以下    | 15,147                            | 13,454                            |
| 3 to 6 months past due 逾期3至6個月         | -                                 | 5,931                             |
| Over 6 months past due 逾期超過6個月         | -                                 | 6,444                             |
|  | <b>219,980</b>                    | 283,812                           |

The movements in provision for impairment of trade receivables are as follows:

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| At beginning of year 年初   | -                                 | 6,265                             |
| Impairment losses recognised (note 7) 已確認減值虧損 (附註7)                 | 154                               | 1,366                             |
| Disposal of a subsidiary 出售一家附屬公司                                   | -                                 | (317)                             |
| Deemed distribution to the Controlling Shareholders<br>視作向控股股東作出的分派 | -                                 | (7,314)                           |
| Exchange realignment 匯兌調整   | 5                                 | -                                 |
| At end of year 年末   | <b>159</b>                        | -                                 |

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB159,000 (2015: Nil) with the same amounts as carrying amounts as at 31 December 2016.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and the receivables are not expected to be recovered.

#### 16. 貿易應收款項及應收票據 (續)

概無個別或共同被視為減值的貿易應收款項及應收票據的賬齡分析如下：

貿易應收款項的減值撥備變動如下：

以上貿易應收款項減值撥備包括個別已減值貿易應收款項撥備人民幣159,000元 (2015年：零)，該等金額與於2016年12月31日的賬面值相同。

個別已減值貿易應收款項與面臨財務困難或拖欠本金的客戶有關，且應收款項預期不可收回。

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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 16. TRADE AND BILLS RECEIVABLES (Continued)

Trade receivables from related companies

|   | <b>2016</b><br><b>2016年</b><br><b>RMB'000</b><br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|--|-----------------------------------|
| Jennifer Convertibles, Inc.   | -  | 30,900                            |
| Haining Morris Coffee Catering Co., Ltd.* ("Morris Coffee Catering")<br>海寧慕容咖啡餐飲有限公司 (「慕容咖啡餐飲」) | -  | 255                               |
|   | -  | 31,155                            |

Maximum amounts outstanding on trade receivables from related companies during the year:

|   | <b>2016</b><br><b>2016年</b><br><b>RMB'000</b><br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|--|-----------------------------------|
| Jennifer Convertibles, Inc.   | <b>35,464</b>  | 126,948                           |
| Haining Morris Trading Co., Ltd.* ("Morris Trading")<br>海寧慕容貿易有限公司 (「慕容貿易」) | -  | 14                                |
| Morris Coffee Catering 慕容咖啡餐飲   | <b>255</b>   | 255                               |

The above related companies are controlled by the Controlling Shareholders. The trade receivables from the related companies are unsecured, non-interest-bearing and have a repayment term of 30 to 90 days. The above trade receivables from related companies have all been settled as at 31 December 2016.

\* 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.

### 16. 貿易應收款項及應收票據 (續)

來自關連公司的貿易應收款項

年內來自關連公司的貿易應收款項最高未償還金額：

上述關連公司由控股股東控制。來自關連公司的貿易應收款項為無抵押、免息及附有30至90天的還款期。上述來自關連公司的貿易應收款項已於2016年12月31日全部結清。

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### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

#### 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

#### 17. 預付款項、按金及其他應收款項

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Advances to suppliers 預付供應商款項                                   | 147,033                           | 17,163                            |
| Other prepayments 其他預付款項  | 3,579                             | 3,103                             |
| Deposits and other receivables 按金及其他應收款項                        | 67,515                            | 31,933                            |
| Current portion of prepaid land lease payments<br>預付土地租賃款項的流動部份 | 167                               | 156                               |
|   | <b>218,294</b>                    | 52,355                            |

None of the above assets were either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期亦無減值。計入上述結餘的金融資產與近期並無拖欠記錄的應收款項有關。

#### 18. AVAILABLE-FOR-SALE INVESTMENT

#### 18. 可供出售投資

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Unlisted principal-protected investment, at fair value<br>未上市保本型投資，按公允值計量 | -                                 | 26,000                            |

During the year ended 31 December 2015, the Group had entered into a contract of a structured investment with a financial institution. The structured investment was principal-protected at the maturity date and the expected annual rate of return was 1.9% per annum. In the opinion of the directors, the available-for-sale investment was expected to be realised within 12 months after 31 December 2015. Accordingly, the investment was classified as a current asset in the consolidated statement of financial position as at 31 December 2015. No gain/loss in respect of the Group's available-for-sale investment was recognised in other comprehensive income or reclassified from other comprehensive income to profit or loss for the year ended 31 December 2015. The structured investment had been settled in January 2016 and the related gain from this investment amounting to RMB9,000 was recognised in profit or loss for the year ended 31 December 2016.

截至2015年12月31日止年度，本集團與一家金融機構訂立結構性投資合約。結構性投資於到期日為保本型投資，預期每年年回報率為1.9%。董事認為，可供出售投資預期會於2015年12月31日後12個月內變現。因此，於2015年12月31日，該投資於綜合財務狀況表內分類為流動資產。截至2015年12月31日止年度，概無與本集團可供出售投資有關的收益／虧損於其他全面收益內確認或由其他全面收益重新分類至損益。2016年1月，結構性投資已經結清。該投資相關收益人民幣9,000元已於截至2016年12月31日止年度的損益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 18. AVAILABLE-FOR-SALE INVESTMENT (Continued)

The fair value of available-for-sale investment required the directors to make estimates about the expected future cash flows from future proceeds when the investment matured and the fair value had been estimated to be the principal plus estimated return. The directors believed that the estimated fair value recorded in the consolidated statement of financial position as at 31 December 2015 was reasonable, and that it was the most appropriate value.

Below is the significant unobservable input to the valuation of the available-for-sale investment together with a quantitative sensitivity analysis as at 31 December 2015:

|   | Significant unobservable input<br>重大不可觀察輸入數據 | Input<br>輸入數據 | Sensitivity of fair value to the input<br>公允值對輸入數據的敏感度   |
|---|--|---------------|--|
| Unlisted available-for-sale investment<br>未上市可供出售投資 | Estimated return rate<br>估計回報率               | 1.9%          | 2% increase/(decrease) in estimated rate of return would result in a increase/(decrease) in fair value by RMB114,000<br>估計回報率增加/(減少) 2%，將會導致公允值增加/(減少) 人民幣114,000元 |

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's available-for-sale investment:

As at 31 December 2015

|   | Fair value measurement using<br>使用以下輸入數據的公允值計量                                      |  |   | Total<br>合計 |
|---|---|--|---|-------------|
|   | Quoted prices in active markets<br>(Level 1)<br>活躍市場報價<br>(第1級)<br>RMB'000<br>人民幣千元 | Significant observable inputs<br>(Level 2)<br>重大可觀察輸入數據<br>(第2級)<br>RMB'000<br>人民幣千元 | Significant unobservable inputs<br>(Level 3)<br>重大不可觀察輸入數據<br>(第3級)<br>RMB'000<br>人民幣千元 |             |
| Available-for-sale investment: 可供出售投資:              |   |  |   |             |
| Unlisted principal-protected investment<br>未上市保本型投資 | —   | —  | 26,000  | 26,000      |

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2015: Nil).

### 18. 可供出售投資 (續)

可供出售投資的公允值必須經由董事對於投資到期時來自未來所得款項的預期未來現金流量作估算，而公允值已被估算為本金加上預計回報。董事認為，於2015年12月31日，計入綜合財務狀況表的估算公允值為合理，且為最恰當的價值。

可供出售投資估值時的重大不可觀察輸入數據連同於2015年12月31日的量化敏感度分析如下：

#### 公允值層級

下表顯示本集團可供出售投資的公允值計量層級：

於2015年12月31日

於年內，金融資產第1級與第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 (2015年：零)。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

### 19. 現金及現金等價物及已抵押存款

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Cash and bank balances 現金及銀行結餘   | <b>294,469</b>                    | 129,608                           |
| Less: Pledged deposits for bills payable (note 20)<br>減：應付票據的已抵押存款（附註20） | <b>(197,942)</b>                  | (96,477)                          |
| Less: Pledged deposits for bank loans (note 23)<br>減：銀行貸款的已抵押存款（附註23）    | <b>(22,880)</b>                   | -                                 |
| Total pledged deposits 抵押存款總額  | <b>(220,822)</b>                  | (96,477)                          |
| Cash and cash equivalents 現金及現金等價物                                       | <b>73,647</b>                     | 33,131                            |
| Cash and cash equivalents denominated in:<br>現金及現金等價物按以下貨幣計值：            |                                   |                                   |
| RMB 人民幣  | <b>3,065</b>                      | 12,242                            |
| Hong Kong dollars ("HK\$") 港元（「港元」）                                      | <b>241</b>                        | 1,331                             |
| US\$ 美元  | <b>70,341</b>                     | 19,558                            |
|  | <b>73,647</b>                     | 33,131                            |

As at the end of the reporting period, the cash and bank balances denominated in RMB amounted to RMB202,203,000 (2015: RMB108,643,000). 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銀行結餘為人民幣202,203,000元（2015年：人民幣108,643,000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。

銀行存款根據每日銀行存款利率按浮動利率計息。銀行結餘存於近期無違約記錄且信譽良好的銀行。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 20. TRADE AND BILLS PAYABLES

### 20. 貿易應付款項及應付票據

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Trade payables to third parties 應付第三方的貿易款項      | 297,466                           | 290,587                           |
| Trade payables to related companies 應付關連公司的貿易款項 | -                                 | 4                                 |
| Bills payable 應付票據                              |                                   |                                   |
| – arising from intra-group purchases – 來自集團內購買  | 121,133                           | 152,900                           |
| – arising from third party purchases – 來自第三方的購買 | 124,116                           | 32,972                            |
|   | <b>542,715</b>                    | 476,463                           |

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：

|                     | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------------------|-----------------------------------|-----------------------------------|
| Within 1 month 1個月內 | 177,558                           | 47,127                            |
| 1 to 3 months 1至3個月 | 163,753                           | 132,452                           |
| 3 to 6 months 3至6個月 | 180,468                           | 196,048                           |
| Over 6 months 超過6個月 | 20,936                            | 100,836                           |
|                     | <b>542,715</b>                    | 476,463                           |

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days while bills payable are settled on a term of 90 to 180 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180日內結算。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 20. TRADE AND BILLS PAYABLES (Continued)

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

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Pledged deposits of the Group (note 19) 本集團的已抵押存款 (附註19)   | 197,942                           | 96,477                            |
| Pledged deposits provided by Morris PRC,<br>a company controlled by the Controlling Shareholders<br>由控股股東控制的公司慕容中國提供的已抵押存款 | -                                 | 236,133                           |

In addition to the above, certain bills payable as at 31 December 2016 were secured by personal guarantees, and properties provided by the Controlling Shareholders, corporate guarantees provided by Morris PRC and Zhejiang Morris Property Co., Ltd.\* ("Morris Real Estate") (浙江慕容世家地產有限公司), which are related companies controlled by the Controlling Shareholders, and corporate guarantees provided by independent third parties. The pledged assets and/or personal/corporate guarantees provided by the Controlling Shareholders and companies controlled by the Controlling Shareholders have been released as at the approval date of the financial statements.

As at 31 December 2015, certain bills payable were secured by personal guarantees, life insurance policy and properties provided by the Controlling Shareholders, corporate guarantees provided by Morris PRC and Morris Real Estate, which are related companies controlled by the Controlling Shareholders, and corporate guarantees provided by independent third parties.

\* The English name of this entity represents management's best effort at translating its Chinese name as this entity did not register any official English name.

### 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，已抵押存款的總賬面值載列如下：

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Pledged deposits of the Group (note 19) 本集團的已抵押存款 (附註19)   | 197,942                           | 96,477                            |
| Pledged deposits provided by Morris PRC,<br>a company controlled by the Controlling Shareholders<br>由控股股東控制的公司慕容中國提供的已抵押存款 | -                                 | 236,133                           |

除上述者外，於2016年12月31日，若干應付票據由控股股東提供的個人擔保及物業、慕容中國及浙江慕容世家地產有限公司（「慕容地產」）（均為由控股股東控制的關連公司）提供的公司擔保及獨立第三方提供的公司擔保作抵押。控股股東及控股股東控制的公司提供的已抵押資產及／或個人／公司擔保已於財務報表通過日期解除。

於2015年12月31日，若干應付票據由控股股東提供的個人擔保、人壽保險保單及物業、慕容中國及慕容地產（均為由控股股東控制的關連公司）提供的公司擔保及獨立第三方提供的公司擔保作抵押。

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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 20. TRADE AND BILLS PAYABLES (Continued)

Trade payable to a related company:

|                     | <b>2016</b><br><b>2016年</b><br><b>RMB'000</b><br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------------------|--|-----------------------------------|
| Morris Trading 慕容貿易 | -  | 4                                 |

The above related company is controlled by the Controlling Shareholders. The balance was unsecured, non-interest-bearing and had a repayment term of 30 days.

### 20. 貿易應付款項及應付票據 (續)

應付關連公司的貿易款項：

|                     | <b>2016</b><br><b>2016年</b><br><b>RMB'000</b><br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------------------|--|-----------------------------------|
| Morris Trading 慕容貿易 | -  | 4                                 |

上述關連公司由控股股東控制。相關餘額為無抵押、免息並附有30天還款期。

### 21. OTHER PAYABLES AND ACCRUALS

Other payables 其他應付款項  
Accruals 應計費用  
Receipt in advance 預收款項

|                         | <b>2016</b><br><b>2016年</b><br><b>RMB'000</b><br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|-------------------------|--|-----------------------------------|
| Other payables 其他應付款項   | <b>50,403</b>  | 51,490                            |
| Accruals 應計費用           | <b>22,164</b>  | 5,569                             |
| Receipt in advance 預收款項 | <b>296</b>   | 879                               |
|                         | <b>72,863</b>  | 57,938                            |

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

其他應付款項及應計費用為免息及通常須按  
要求償還。

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## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 22. BALANCES WITH RELATED PARTIES 22. 與關連方的結餘

An analysis of the balances with related parties, and a loan to a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

根據香港公司條例第383(1)(d)條及公司(披露董事利益資料)規則第三部分,與關連方的結餘及董事貸款的分析披露如下:

|  |             | <b>Maximum outstanding amount during the year</b><br>年內最高未償還金額 |                                   |   |                                   |
|--|-------------|--|-----------------------------------|---|-----------------------------------|
|  | Notes<br>附註 | <b>2016</b><br><b>2016年</b><br>RMB'000<br>人民幣千元                | 2015<br>2015年<br>RMB'000<br>人民幣千元 | <b>2016</b><br><b>2016年</b><br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| <b>Amounts due from related parties</b>  |             |  |                                   |   |                                   |
| <b>應收關連方款項</b>   |             |  |                                   |   |                                   |
| Morris PRC 慕容中國  | (a)         | -  | 182,534                           | <b>481,970</b>                                  | 731,534                           |
| Haining Morris International Leather Garment Co., Ltd.* (“Morris Garment”)<br>海寧慕容國際皮革有限公司(「慕容皮革」) | (a)         | -  | 1                                 | <b>1</b>  | 26                                |
| Morris Leather 慕容皮業  | (a)         | -  | -                                 | <b>96</b>                                       | -                                 |
| Morris Real Estate 慕容地產  | (a)         | -  | 10                                | <b>10</b>                                       | 528                               |
| Morris Trading 慕容貿易  | (a)         | -  | 1,170                             | <b>1,170</b>                                    | 7,793                             |
| Morris Coffee Catering 慕容咖啡餐飲  | (a)         | -  | 176                               | <b>176</b>                                      | 176                               |
| Morris Capital Limited 慕容資本有限公司  | (a)         | -  | 12                                | <b>23</b>                                       | 12                                |
| Mr. Zou 鄒先生  | (b)         | -  | 9,016                             | <b>23,735</b>                                   | 46,470                            |
| Ms. Wu 鄒女士   | (b)         | -  | 278                               | <b>483</b>                                      | 278                               |
|  |             | -  | 193,197                           |   |                                   |
| <b>Loan to a director 董事貸款</b>   |             |  |                                   |   |                                   |
| Mr. Zou 鄒先生  | (b)         | -  | -                                 | <b>13,382</b>                                   | -                                 |

|   | Notes<br>附註 | <b>2016</b><br><b>2016年</b><br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|---|-----------------------------------|
| <b>Amounts due to related parties 應付關連方款項</b> |             |   |                                   |
| Morris PRC 慕容中國                               | (a)         | -   | 95,639                            |
| Morris Trading 慕容貿易                           | (a)         | -   | 8                                 |
| Mr. Zou 鄒先生                                   |             | -   | -                                 |
|   |             | -   | 95,647                            |

\* The English name of this entity represents management's best effort at translating its Chinese name as this entity did not register any official English name.

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31 DECEMBER 2016 2016年12月31日

### 22. BALANCES WITH RELATED PARTIES (Continued) 22. 與關連方的結餘 (續)

Notes:

- (a) These entities are controlled by the Controlling Shareholders.  
 (b) Mr. Zou and Ms. Wu are the Controlling Shareholders of the Group.

The outstanding balances with the above related parties represented balances that were non-trade in nature, unsecured, interest-free and were repayable on demand.

附註：

- (a) 該等實體由控股股東控制。  
 (b) 鄒先生及鄔女生為本集團的控股股東。

與上述關連方的未償還結餘屬非貿易性質、無抵押、不計息及按要求償還。

### 23. INTEREST-BEARING BANK BORROWINGS

### 23. 計息銀行借款

|  | 2016<br>2016年                   |                  |                  | 2015<br>2015年                   |                  |                  |
|--|---------------------------------|------------------|------------------|---------------------------------|------------------|------------------|
|  | Effective interest rate<br>實際利率 | Maturity<br>到期   | RMB'000<br>人民幣千元 | Effective interest rate<br>實際利率 | Maturity<br>到期   | RMB'000<br>人民幣千元 |
| <b>Current – secured</b><br>即期 – 已抵押       |                                 |                  |                  |                                 |                  |                  |
| Bank loans 銀行貸款                            | 1.4%-7.4%                       | On demand<br>按要求 | 187,072          | 4.4%-8.5%                       | On demand<br>按要求 | 60,000           |
| Bank loans 銀行貸款                            | 4.4%-4.6%                       | 2017<br>2017年    | 35,000           | 1.4%-8.5%                       | 2016<br>2016年    | 57,627           |
| Factoring loans with recourse<br>附追索權的保理貸款 | 3.7%                            | 2017<br>2017年    | 55,111           | 3.0%                            | 2016<br>2016年    | 80,489           |
|  |                                 |                  | <b>277,183</b>   |                                 |                  | 198,116          |

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Analysed into: 分析為以下各項：   |                                   |                                   |
| Bank borrowings repayable within one year or on demand<br>於一年內或按要求償還的銀行借款 | <b>277,183</b>                    | 198,116                           |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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### 23. INTEREST-BEARING BANK BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's secured bank loans are secured by:
- (i) pledged deposits of RMB22,880,000 (2015: Nil) as at 31 December 2016;
  - (ii) a pledged deposit of RMB500,000 as at 31 December 2015 which was provided by Morris PRC, a company controlled by the Controlling Shareholders;
  - (iii) pledges of certain parcels of land and buildings which were provided by Morris PRC (2015: Nil);
  - (iv) pledges of certain properties as at 31 December 2015 and 2016 which were provided by the Controlling Shareholders;
  - (v) a pledge of the Group's receivable from Morris PRC amounting to RMB13,247,000 as at 31 December 2015;
  - (vi) personal guarantees provided by the Controlling Shareholders as at 31 December 2015 and 2016;
  - (vii) corporate guarantees provided by Morris PRC as at 31 December 2015 and 2016;
  - (viii) corporate guarantees provided by Morris Real Estate, a company controlled by the Controlling Shareholders as at 31 December 2016 (2015: Nil);
  - (ix) corporate guarantees provided by independent third parties as at 31 December 2015 and 2016; and
  - (x) pledges of certain properties which were provided by Morris Real Estate, a company controlled by the Controlling Shareholders (2015: Nil).

The pledged assets and/or personal/corporate guarantees as at 31 December 2016 provided by the Controlling Shareholders and companies controlled by the Controlling Shareholders have been released as at the approval date of the financial statements.

### 23. 計息銀行借款 (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2016年12月31日以人民幣22,880,000元(2015年：零)的存款作抵押；
  - (ii) 於2015年12月31日以控股股東控制的公司慕容中國提供的人民幣500,000元的存款作抵押；
  - (iii) 以慕容中國提供的若干幅土地及建築物作抵押(2015年：零)；
  - (iv) 於2015年及2016年12月31日以控股股東提供的若干物業作抵押；
  - (v) 於2015年12月31日以本集團應收慕容中國的款項人民幣13,247,000元作抵押；
  - (vi) 控股股東於2015年及2016年12月31日提供的個人擔保；
  - (vii) 慕容中國於2015年及2016年12月31日提供的公司擔保；
  - (viii) 控股股東控制的公司慕容地產於2016年12月31日提供的公司擔保(2015年：零)；
  - (ix) 獨立第三方於2015年及2016年12月31日提供的公司擔保；及
  - (x) 以控股股東控制的公司慕容地產提供的若干物業作抵押(2015年：零)。

於2016年12月31日以控股股東及控股股東控制的公司提供的已抵押資產及／或個人／公司擔保已於財務報表獲批准之日解除。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 23. INTEREST-BEARING BANK BORROWINGS (Continued)

Notes: (Continued)

- (b) The Group's bank borrowings were denominated in the following currencies:

|         | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------|-----------------------------------|-----------------------------------|
| RMB 人民幣 | 180,450                           | 70,450                            |
| US\$ 美元 | 96,733                            | 127,666                           |
|         | <b>277,183</b>                    | 198,116                           |

- (c) The Group's bank loans were at fixed interest rates.

### 24. WARRANTY PROVISION

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| At beginning of year 年初                                   | 3,915                             | 3,605                             |
| Additional provision (note 7) 額外撥備 (附註7)                  | 4,104                             | 5,273                             |
| Reversal of unutilised amounts in prior year 過往年度之未動用款項撥回 | (2,092)                           | -                                 |
| Amount utilised during the year 年內未動用款項                   | (3,684)                           | (4,963)                           |
| Exchange realignment 匯兌調整                                 | 547                               | -                                 |
| At end of year 年末   | <b>2,790</b>                      | 3,915                             |

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.

### 23. 計息銀行借款 (續)

附註：(續)

- (b) 本集團的銀行借款按下列貨幣計值：

|         | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---------|-----------------------------------|-----------------------------------|
| RMB 人民幣 | 180,450                           | 70,450                            |
| US\$ 美元 | 96,733                            | 127,666                           |
|         | <b>277,183</b>                    | 198,116                           |

- (c) 本集團的銀行貸款按固定利率計息。

### 24. 保修撥備

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| At beginning of year 年初                                   | 3,915                             | 3,605                             |
| Additional provision (note 7) 額外撥備 (附註7)                  | 4,104                             | 5,273                             |
| Reversal of unutilised amounts in prior year 過往年度之未動用款項撥回 | (2,092)                           | -                                 |
| Amount utilised during the year 年內未動用款項                   | (3,684)                           | (4,963)                           |
| Exchange realignment 匯兌調整                                 | 547                               | -                                 |
| At end of year 年末   | <b>2,790</b>                      | 3,915                             |

本集團向若干客戶提供一年的產品保修服務，根據保修條款，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情況進行估計。本集團將持續檢討估算基準，並視情況作出修訂。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 25. DEFERRED TAX

#### Deferred tax assets

|   | Unrealised profit arising<br>from intra-group transactions<br>集團內部交易產生的未變現溢利 |                                   |
|---|--|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元  | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| At beginning of year 年初                           | 3,665  | 3,963                             |
| Charged to profit or loss during the year 年內自損益計入 | (679)  | (298)                             |
| At end of year 年末                                 | 2,986  | 3,665                             |

The Group has tax losses arising in Mainland China of RMB2,045,000 (2015: RMB1,346,000) that will expire in one to five years 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

|   | Withholding taxes<br>預扣稅          |                                   |
|---|-----------------------------------|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| At beginning of year 年初                           | 107                               | –                                 |
| Charged to profit or loss during the year 年內自損益扣除 | 3,773                             | 107                               |
| At end of year 年末                                 | 3,880                             | 107                               |

### 25. 遞延稅項

#### 遞延稅項資產

|   | Unrealised profit arising<br>from intra-group transactions<br>集團內部交易產生的未變現溢利 |                                   |
|---|--|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元  | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| At beginning of year 年初                           | 3,665  | 3,963                             |
| Charged to profit or loss during the year 年內自損益計入 | (679)  | (298)                             |
| At end of year 年末                                 | 2,986  | 3,665                             |

本集團源自中國內地的稅項虧損為人民幣2,045,000元（2015年：人民幣1,346,000元）於一至五年內到期，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

|   | Withholding taxes<br>預扣稅          |                                   |
|---|-----------------------------------|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| At beginning of year 年初                           | 107                               | –                                 |
| Charged to profit or loss during the year 年內自損益扣除 | 3,773                             | 107                               |
| At end of year 年末                                 | 3,880                             | 107                               |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 25. DEFERRED TAX (Continued)

#### Deferred tax liabilities (Continued)

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 requirement 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, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

### 25. 遞延稅項 (續)

#### 遞延稅項負債 (續)

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，適用稅率為10%。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。

### 26. SHARE CAPITAL

### 26. 股本

|  | 2016     |                    | 2015     |                    |
|--|----------|--------------------|----------|--------------------|
|  | US\$'000 | RMB'000 equivalent | US\$'000 | RMB'000 equivalent |
|  | 千美元      | 人民幣千元等值            | 千美元      | 人民幣千元等值            |
| Authorised: 法定：  |          |                    |          |                    |
| 10,000,000,000 ordinary shares of US\$0.001 each<br>(2015: 50,000 ordinary shares of US\$1 each) |          |                    |          |                    |
| 10,000,000,000股每股面值0.001美元的普通股<br>(2015年：50,000股每股面值1美元的普通股)                                     | 10,000   |                    | 50       |                    |
| Issued and fully paid: 已發行及繳足：   |          |                    |          |                    |
| 100,000 ordinary shares of US\$0.001 each<br>(2015: 100 ordinary shares of US\$1 each)           |          |                    |          |                    |
| 100,000股每股面值0.001美元的普通股<br>(2015年：100股每股面值1美元的普通股)   | -        | 1                  | -        | 1                  |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 26. SHARE CAPITAL (Continued)

The movements in the Company's issued share capital during the year are as follows:

|  | <b>Number of<br/>ordinary shares<br/>in issue</b> | <b>Issued<br/>capital</b>     |
|--|---|-------------------------------|
|  | 已發行<br>普通股數目                                      | 已發行<br>資本<br>RMB'000<br>人民幣千元 |
| At 1 January 2015, 31 December 2015 and 1 January 2016<br>於2015年1月1日、2015年12月31日及2016年1月1日 | <b>100</b>  | <b>1</b>                      |
| Sub-division of shares (the "Share Split") (note)<br>股份分拆(「股份分拆」)(附註)                      | <b>99,900</b>                                     | <b>-</b>                      |
| At 31 December 2016 於2016年12月31日   | <b>100,000</b>                                    | <b>1</b>                      |

Note:

Pursuant to the written resolutions of the sole shareholder passed on 10 December 2016, each share of the Company of US\$1 in the issued and unissued share capital of the Company was sub-divided into 1,000 shares of US\$0.001 each, such that the authorised share capital of the Company became US\$50,000 divided into 50,000,000 shares of US\$0.001 each and the issued share capital of the Company became US\$100 divided into 100,000 shares of US\$0.001 each.

Pursuant to the written resolutions of the sole shareholder passed on 10 December 2016, the authorised share capital of the Company was increased from US\$50,000 to US\$10,000,000 by the creation of a further 9,950,000,000 shares of US\$0.001 each.

### 26. 股本 (續)

本公司於本年度內的已發行股本變動如下：

| <b>Number of<br/>ordinary shares<br/>in issue</b> | <b>Issued<br/>capital</b>     |
|---|-------------------------------|
| 已發行<br>普通股數目                                      | 已發行<br>資本<br>RMB'000<br>人民幣千元 |

附註：

根據單一股東於2016年12月10日通過的書面決議案，本公司已發行及未發行股本中每股1美元的股份獲分拆為1,000股每股面值0.001美元的股份，令致本公司的法定股本變為50,000美元，分拆為50,000,000股每股面值0.001美元的股份，而本公司的已發行股本變為100美元，分拆為100,000股每股面值0.001美元的股份。

根據單一股東於2016年12月10日通過的書面決議案，本公司的法定股本透過進一步增設9,950,000,000股每股面值0.001美元的股份而自50,000美元增至10,000,000美元。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 27. 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) Merger reserve

The merger reserve represents the reserve arising pursuant to the Reorganisation as detailed in note 1 above. The distributions to the then shareholders were settled through current account with related parties.

#### (ii) 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.

#### (iii) 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.

### 27. 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) 合併儲備

合併儲備指根據重組產生的儲備，詳情載於上文附註1。向當時的股東作出的分派乃透過與關連方的往來戶口支付。

#### (ii) 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。

#### (iii) 儲備資金

本公司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。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 28. DISPOSAL OF A SUBSIDIARY

### 28. 出售一家附屬公司

|  | Notes<br>附註 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-------------|-----------------------------------|
| Net assets disposed of: 已出售資產淨值：                           |             |                                   |
| Property, plant and equipment 物業、廠房及設備                     | 13          | 21,180                            |
| Long term prepayment 長期預付款項                                |             | 308                               |
| Trade and bills receivables 貿易應收款項及應收票據                    |             | 44,077                            |
| Prepayments, deposits and other receivables 預付款項、按金及其他應收款項 |             | 2,757                             |
| Due from group companies, net 應收集團公司款項，淨額                  |             | 50,482                            |
| Cash and cash equivalents 現金及現金等價物                         |             | 1,527                             |
| Pledged deposits 已抵押存款                                     |             | 19,360                            |
| Trade and bills payables 貿易應付款項及應付票據                       |             | (67,698)                          |
| Other payables and accruals 其他應付款項及應計費用                    |             | (3,815)                           |
| Interest-bearing bank borrowings 計息銀行借款                    |             | (62,714)                          |
|  |             | 5,464                             |
| Gain on disposal of a subsidiary 出售一家附屬公司的收益               | 5           | 11,336                            |
|  |             | 16,800                            |
| Satisfied by: 支付方式：  |             |                                   |
| Cash 現金  |             | 16,800                            |

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

有關出售一家附屬公司的現金及現金等價物流入淨額分析如下：

|   | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|
| Cash consideration 現金代價   | 16,800                            |
| Cash and cash equivalents disposed of 已出售現金及現金等價物   | (1,527)                           |
| Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary<br>有關出售一家附屬公司的現金及現金等價物流入淨額 | 15,273                            |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 29. DEEMED DISTRIBUTION TO THE CONTROLLING SHAREHOLDERS

Pursuant to the business transfer agreement entered into between Morris PRC, the Company and certain subsidiaries now comprising the Group, as part of the Reorganisation, the furniture business formerly operated by the furniture division of Morris PRC was transferred to certain subsidiaries now comprising the Group and the transfer was completed on 31 December 2015 (the "Transfer Completion Date"). The assets and liabilities of the furniture division of Morris PRC set out below were not transferred, assigned or novated to the subsidiaries now comprising the Group as at the Transfer Completion Date and were treated as a deemed distribution to the Controlling Shareholders in connection with the Reorganisation:

### 29. 視作向控股股東作出的分派

根據慕容中國、本公司及本集團現時旗下若干附屬公司訂立的業務轉讓協議（作為重組的一部份），先前由慕容中國的傢俱部門運營的傢俱業務轉讓予本集團現時旗下若干附屬公司，且該轉讓已於2015年12月31日（「轉讓完成日期」）完成。於轉讓完成日期，慕容中國傢俱部門並未向本集團現時旗下附屬公司轉讓、出讓或變更下列資產及負債，而該等資產及負債被視為就重組而向控股股東作出的一項分派：

|  | Notes | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-------|-----------------------------------|
| Net assets distributed: 已分派資產淨值：                           |       |                                   |
| Property, plant and equipment 物業、廠房及設備                     | 13    | 26,558                            |
| Prepaid land lease payments 預付土地租賃款項                       | 14    | 17,329                            |
| Long term prepayment 長期預付款項                                |       | 23                                |
| Inventories 存貨   |       | 109,233                           |
| Trade and bills receivables 貿易應收款項及應收票據                    |       | 45,009                            |
| Prepayments, deposits and other receivables 預付款項、按金及其他應收款項 |       | 35,773                            |
| Due from related parties 應收關連方款項                           |       | 734,446                           |
| Trade and bills payables 貿易應付款項及應付票據                       |       | (507,086)                         |
| Other payables and accruals 其他應付款項及應計費用                    |       | (26,641)                          |
| Due to related parties 應付關連方款項                             |       | (33,660)                          |
| Due to group companies, net 應付集團公司款項，淨額                    |       | (86,896)                          |
|  |       | 314,088                           |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 30. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

|   | Notes<br>附註 | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Guarantees given to banks in connection with facilities granted to:<br>就授予以下各方的融資而向銀行作出的擔保： |             |                                   |                                   |
| Related party – Morris PRC 關連方 – 慕容中國   | (a)         | –                                 | 150,000                           |
| Third parties 第三方   | (b)         | –                                 | 24,200                            |
|   |             | –                                 | 174,200                           |
| Utilised to the extent of the following amounts by:<br>就以下各方已動用的金額：                         |             |                                   |                                   |
| Related party – Morris PRC 關連方 – 慕容中國   |             | –                                 | 103,324                           |
|   |             | –                                 | 103,324                           |

Notes:

- (a) All guarantees provided by the Group to Morris PRC have been released in December 2016.
- (b) All guarantees provided by the Group to third parties have been released in January 2016.

The directors of the Company consider that the fair value of the guarantees is not significant. Accordingly, these guarantees were not provided for in the financial statements.

### 31. CONTINGENT LIABILITIES

Except for the financial guarantees detailed in note 30 above, the Group did not have any significant contingent liabilities as at the end of the reporting period.

### 30. 財務擔保

於本報告期末，本集團擁有以下財務擔保：

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| Guarantees given to banks in connection with facilities granted to:<br>就授予以下各方的融資而向銀行作出的擔保： |                                   |                                   |
| Related party – Morris PRC 關連方 – 慕容中國   | –                                 | 150,000                           |
| Third parties 第三方   | –                                 | 24,200                            |
|   | –                                 | 174,200                           |
| Utilised to the extent of the following amounts by:<br>就以下各方已動用的金額：                         |                                   |                                   |
| Related party – Morris PRC 關連方 – 慕容中國   | –                                 | 103,324                           |
|   | –                                 | 103,324                           |

附註：

- (a) 本集團提供予慕容中國的所有擔保均已於2016年12月解除。
- (b) 本集團提供予第三方的所有擔保均已於2016年1月解除。

本公司董事認為擔保的公允值並不重大。因此，該等擔保並未於財務資料中作出撥備。

### 31. 或然負債

除上述附註30詳述的財務擔保外，本集團於本報告期末並無任何重大或然負債。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 32. OPERATING LEASE ARRANGEMENTS – AS LESSEE

The Group leases an office property, showrooms and factory premises under operating lease arrangements. The leases for these properties are negotiated for terms ranging from 1.5 to 10 years.

At 31 December 2016, the Group had total future minimum lease payments during under non-cancellable operating leases falling due as follows:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Within one year 一年內                                    | 5,330                             | 1,487                             |
| In the second to fifth years, inclusive 第二年至第五年，包括首尾兩年 | 3,094                             | –                                 |
|  | <b>8,424</b>                      | 1,487                             |

### 33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32 above, the Group had the following capital commitments at the end of the reporting period:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Contracted, but not provided for: 已訂約但未撥備： |                                   |                                   |
| Buildings 建築物                              | 570                               | 545                               |

### 32. 經營租賃安排 – 作為承租人

本集團根據經營租賃安排租賃辦公物業、展廳及廠房。該等物業的租賃按一年半至十年租期磋商。

截至2016年12月31日，本集團根據不可撤銷經營租約而須於下列限期支付的未來最低租賃付款總額如下：

### 33. 承擔

除上述附註32詳述的經營租賃承擔外，本集團於本報告期末擁有以下資本承擔：



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 34. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| <b>Morris Trading 慕容貿易</b>               |                                   |                                   |
| Purchases of finished goods 購買成品         | -                                 | 413                               |
| <b>Jennifer Convertibles, Inc.</b>       |                                   |                                   |
| Sales of finished goods (note) 銷售成品 (附註) | 30,495                            | 31,609                            |
| <b>Morris PRC 慕容中國</b>                   |                                   |                                   |
| Purchases of inventories 購買存貨            | 55,379                            | -                                 |
| Purchases of electricity 購買電力            | 1,717                             | -                                 |
| Rental expenses (note) 租金開支 (附註)         | 6,521                             | -                                 |
| Agency fee 代理費                           | 5,531                             | -                                 |

The above related parties are companies controlled by the Controlling Shareholders. The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Note:

These related party transactions also constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

### 34. 關連方交易

- (a) 除財務報表其他部份詳述的交易外，本集團於年內與關連方進行以下重大交易：

上述關連方為由控股股東控制的公司。該等交易乃根據相關訂約方相互協定的條款及條件進行。

附註：

該等關連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

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 34. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Other transaction with related parties:

- (i) In 2015, certain land and buildings with carrying amounts of RMB10,248,000 and RMB16,581,000, respectively, were transferred from the Group to Morris PRC, a company controlled by the Controlling Shareholders. The transfer at carrying amounts was settled through current account with Morris PRC.
- (ii) In 2015, certain of the Group's bills receivable arising from intra-group sales were novated to non-furniture division of Morris PRC. Such bills receivable had aggregate face values of RMB39,400,000 as at 31 December 2015. The related bills receivable matured in 2016.
- (iii) In 2015, the Group's trade receivables from Jennifer Convertibles, Inc. amounted to RMB76,776,000 were novated to Morris PRC.
- (iv) In 2015, certain performance bonds in respect of import and export guarantee were provided by non-furniture division of Morris PRC on behalf of the Group amounted to RMB4,000,000.
- (v) On 31 December 2015, the Group has entered into a trademark transfer agreement with Morris PRC, pursuant to which certain trademarks were transferred to the Group at nil consideration.

### 34. 關連方交易 (續)

#### (b) 與關連方的其他交易：

- (i) 於2015年，賬面值分別為人民幣10,248,000元及人民幣16,581,000元的若干土地及建築物由本集團轉讓予慕容中國（一家由控股股東控制的公司）。按賬面值轉讓乃透過與慕容中國的往來賬戶支付。
- (ii) 於2015年，集團內銷售產生的本集團若干應收票據變更至慕容中國的非傢俱部門。該等應收票據於2015年12月31日的總面值為人民幣39,400,000元。有關應收票據已於2016年到期。
- (iii) 於2015年，本集團應收Jennifer Convertibles, Inc.的貿易款項人民幣76,776,000元變更至慕容中國。
- (iv) 於2015年，慕容中國的非傢俱部門代表本集團就進出口擔保提供的若干履約保證為人民幣4,000,000元。
- (v) 於2015年12月31日，本集團與慕容中國訂立商標轉讓協議，據此，若干商標已無償轉讓予本集團。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 34. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the financial statements, the Group had no outstanding balances with related parties as at 31 December 2016. (2015: Nil)

#### (d) Compensation of key management personnel of the Group

|   |        |       |
|---|--------|-------|
| Fees 袍金   | 2,120  | –     |
| Salaries, allowances and benefits in kind 薪金、津貼及實物利益                  | 3,907  | 1,826 |
| Discretionary bonuses 酌情花紅  | 6,387  | 845   |
| Pension scheme contributions 退休計劃供款                                   | 123    | 13    |
| Total compensation paid to key management personnel<br>支付予主要管理人員的薪酬總額 | 12,537 | 2,684 |

Further details of directors' emoluments are included in note 8 to the financial statements.

### 34. 關連方交易 (續)

#### (c) 與關連方的未償還結餘

除財務報表其他部份所披露的與關連方的結餘外，本集團於2016年12月31日與關連方並無任何未償還結餘。(2015年：零)

#### (d) 本集團主要管理人員的薪酬

| 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|-----------------------------------|-----------------------------------|
| 2,120                             | –                                 |
| 3,907                             | 1,826                             |
| 6,387                             | 845                               |
| 123                               | 13                                |
| 12,537                            | 2,684                             |

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

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 35. 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:

2016

#### Financial assets

|   | Loans and receivables<br>貸款及應收款項<br>RMB'000<br>人民幣千元 |
|---|--|
| Trade and bills receivables 貿易應收款項及應收票據   | 219,980  |
| Financial assets included in prepayments, deposits and other receivables<br>計入預付款項、按金及其他應收款項的金融資產 | 67,548   |
| Pledged deposits 已抵押存款  | 220,822  |
| Cash and cash equivalents 現金及現金等價物  | 73,647   |
|   | <b>581,997</b>                                       |

#### Financial liabilities

|   | Financial liabilities at amortised cost<br>按攤銷成本計量的金融負債<br>RMB'000<br>人民幣千元 |
|---|---|
| Trade and bills payables 貿易應付款項及應付票據  | 542,715   |
| Financial liabilities included in other payables and accruals<br>計入其他應付款項及應計費用的金融負債 | 39,519  |
| Interest-bearing bank borrowings 計息銀行借款   | 277,183   |
|   | <b>859,417</b>  |

### 35. 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：

2016年

#### 金融資產

|   | Loans and receivables<br>貸款及應收款項<br>RMB'000<br>人民幣千元 |
|---|--|
| Trade and bills receivables 貿易應收款項及應收票據   | 219,980  |
| Financial assets included in prepayments, deposits and other receivables<br>計入預付款項、按金及其他應收款項的金融資產 | 67,548   |
| Pledged deposits 已抵押存款  | 220,822  |
| Cash and cash equivalents 現金及現金等價物  | 73,647   |
|   | <b>581,997</b>                                       |

#### 金融負債

|   | Financial liabilities at amortised cost<br>按攤銷成本計量的金融負債<br>RMB'000<br>人民幣千元 |
|---|---|
| Trade and bills payables 貿易應付款項及應付票據  | 542,715   |
| Financial liabilities included in other payables and accruals<br>計入其他應付款項及應計費用的金融負債 | 39,519  |
| Interest-bearing bank borrowings 計息銀行借款   | 277,183   |
|   | <b>859,417</b>  |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 35. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2015

#### Financial assets

|   | Loans and receivables<br>貸款及應收款項<br>RMB'000<br>人民幣千元 | Available-for-sale financial assets<br>可供出售金融資產<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|---|--|---|---------------------------------|
| Available-for-sale investment 可供出售投資  | -  | 26,000  | 26,000                          |
| Trade and bills receivables 貿易應收款項及應收票據   | 283,812  | -   | 283,812                         |
| Financial assets included in prepayments, deposits and other receivables<br>計入預付款項、按金及其他應收款項的金融資產 | 31,933   | -   | 31,933                          |
| Due from related parties 應收關連方款項  | 193,197  | -   | 193,197                         |
| Pledged deposits 已抵押存款  | 96,477   | -   | 96,477                          |
| Cash and cash equivalents 現金及現金等價物  | 33,131   | -   | 33,131                          |
|   | 638,550  | 26,000  | 664,550                         |

#### Financial liabilities

|   | Financial liabilities at amortised cost<br>按攤銷成本計量的金融負債<br>RMB'000<br>人民幣千元 |
|---|---|
| Trade and bills payables 貿易應付款項及應付票據  | 476,463   |
| Financial liabilities included in other payables and accruals<br>計入其他應付款項及應計費用的金融負債 | 9,899   |
| Due to related parties 應付關連方款項  | 95,647  |
| Interest-bearing bank borrowings 計息銀行借款   | 198,116   |
|   | 780,125   |

### 35. 按類別劃分的金融工具 (續)

2015年

#### 金融資產

|   | Loans and receivables<br>貸款及應收款項<br>RMB'000<br>人民幣千元 | Available-for-sale financial assets<br>可供出售金融資產<br>RMB'000<br>人民幣千元 | Total<br>總計<br>RMB'000<br>人民幣千元 |
|---|--|---|---------------------------------|
| Available-for-sale investment 可供出售投資  | -  | 26,000  | 26,000                          |
| Trade and bills receivables 貿易應收款項及應收票據   | 283,812  | -   | 283,812                         |
| Financial assets included in prepayments, deposits and other receivables<br>計入預付款項、按金及其他應收款項的金融資產 | 31,933   | -   | 31,933                          |
| Due from related parties 應收關連方款項  | 193,197  | -   | 193,197                         |
| Pledged deposits 已抵押存款  | 96,477   | -   | 96,477                          |
| Cash and cash equivalents 現金及現金等價物  | 33,131   | -   | 33,131                          |
|   | 638,550  | 26,000  | 664,550                         |

#### 金融負債

|   | Financial liabilities at amortised cost<br>按攤銷成本計量的金融負債<br>RMB'000<br>人民幣千元 |
|---|---|
| Trade and bills payables 貿易應付款項及應付票據  | 476,463   |
| Financial liabilities included in other payables and accruals<br>計入其他應付款項及應計費用的金融負債 | 9,899   |
| Due to related parties 應付關連方款項  | 95,647  |
| Interest-bearing bank borrowings 計息銀行借款   | 198,116   |
|   | 780,125   |

### 36. TRANSFERS OF FINANCIAL ASSETS

#### Transferred financial assets that are not derecognised in their entirety

- (a) At 31 December 2016, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks of certain issuing banks after the endorsement, and accordingly, the Group continued to recognise the full carrying amounts of the endorsed bills receivable from such issuing banks (the “Endorsed Bills”) and the associated trade payables settled. Subsequent to the endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. As at 31 December 2016, the aggregate carrying amounts of the Endorsed Bills were RMB19,673,000 (2015: RMB82,888,000).
- (b) As part of its normal business, the Group entered into trade receivable factoring arrangements (the “Factoring Arrangements”) with recourse and transferred certain trade receivables to banks. Under the Factoring Arrangements, the Group was exposed to the default risk of the trade debtors after the transfer. The aggregate carrying amount of the trade receivables transferred under the Factoring Arrangements that has not been settled and continued to be recognised by the Group as at 31 December 2016 were RMB55,111,000 (2015: RMB80,489,000).

### 36. 轉讓金融資產

#### 未完全終止確認的已轉讓金融資產

- (a) 於2016年12月31日，本集團將獲中國內地銀行接納的若干應收票據背書予若干供應商，以清償應該等供應商的貿易應付款項。董事認為，本集團已保留絕大部份風險及回報，其中包括背書後若干發行銀行的違約風險，故本集團持續確認該等發行銀行的應收背書票據（「背書票據」）及相關已清償的貿易應付款項的全部賬面值。於背書後，本集團不會保留任何使用背書票據的權利，包括向任何其他第三方出售、轉讓或抵押背書票據。於2016年12月31日，背書票據的賬面值總額為人民幣19,673,000元。（2015年：人民幣82,888,000元）。
- (b) 作為其正常業務的一部份，本集團已訂立附追索權的貿易應收款項保理安排（「保理安排」），將若干貿易應收款項轉讓予一家銀行。根據保理安排，本集團承受於轉讓後貿易債務人的違約風險。於2016年12月31日，本集團繼續確認根據保理安排轉讓而尚未清償的貿易應收款項的賬面值總額為人民幣55,111,000元。（2015年：人民幣80,489,000元）。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 36. TRANSFERS OF FINANCIAL ASSETS (Continued)

#### Transferred financial assets that are derecognised in their entirety

At 31 December 2016, the Group discounted and endorsed certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain banks in order to obtain additional financing or certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amount in aggregate of RMB119,105,000 (2015: RMB310,089,000). The Derecognised Bills had a maturity of one to six months (2015: one to six months) at 31 December 2016. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). The Derecognised Bills were honoured by reputable banks in the PRC, such as Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China and other reputable banks rating at AAA by national credit rating agencies. In the opinion of the directors, these banks have good reputation and credit quality, and the risk of default of these bills receivable on maturity is remote, and therefore, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills since after the transfer the Group’s exposure to the variability in the amounts of the net cash flows of the transferred asset is not significant. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated liabilities. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2016, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discounting and endorsement has been made evenly throughout the year.

### 36. 轉讓金融資產 (續)

#### 已完全終止確認的已轉讓金融資產

於2016年12月31日，本集團向若干銀行或其若干供應商貼現及背書中國內地銀行接納的若干賬面值總額分別為人民幣119,105,000元（2015年：人民幣310,089,000元）的應收票據（「終止確認票據」），以獲得額外融資或結算應付該等供應商的貿易應付款項。終止確認票據於2016年12月31日起計一至六個月（2015年：一至六個月）到期。根據中華人民共和國票據法，倘各中國銀行違約，終止確認票據持有人有權向本集團追索（「繼續參與」）。終止確認票據乃由中國的知名銀行承兌，如中國銀行、中國農業銀行、中國工商銀行及國家信貸評級機構給予AAA評級的其他知名銀行。董事認為，該等銀行聲譽及信貸質素俱佳，且該等應收票據的到期違約風險甚微，故本集團已轉移終止確認票據相關的絕大部分風險及回報，而自此轉移後，本集團所承受已轉讓資產淨現金流量數額變動的風險並不重大，故終止確認終止確認票據及相關負債的全部賬面值。本集團繼續參與終止確認票據所面臨最大損失風險以及購回該等終止確認票據的未貼現現金流量相等於其賬面值。董事認為，本集團繼續參與終止確認票據的公允值並不重大。

截至2016年12月31日止年度，本集團並無確認終止確認票據於轉讓當日的任何損益。於年內或後續期間，並無確認來自繼續參與的損益。於年內已作出折現及背書。

### 37. 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 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.

The following methods and assumptions were used to estimate the fair values:

The fair value of unlisted available-for-sale investment as at 31 December 2015 has been estimated based on the principal and the yield rate quoted from the financial institution. The fair value measurement of the available-for-sale investment was in Level 3.

### 37. 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、計息銀行借款的即期部份及應收／應付關連方款項的公允值與其賬面值相若，主要由於該等工具的到期日較短。

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。

下列方法及假設用於估計公允值：

非上市可供出售投資於2015年12月31日的公允值按金融機構所報的本金及收益率估計。可供出售投資的公允值計量處於第3級。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group did not have any financial assets and financial liabilities measured at fair value as at 31 December 2016 and any financial liabilities measured at fair value as at 31 December 2015.

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 (2015: Nil).

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank 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

Interest rate risk exposure refers to the risk that the fair value or future cash flows of the Group's bank loans will fluctuate because of changes in market interest rates. As at 31 December 2016, if interest rates at that date had been 10 basis points higher with all other variables held constant, profit for the year ended 31 December 2016 would have been RMB43,000 (2015: RMB42,000) higher arising as a result of a decrease in the fair value of fixed rate bank loans. If interest rates at that date had been 10 basis points lower with all other variables held constant, profit for the year ended 31 December 2016 would have been RMB43,000 (2015: RMB42,000) lower arising as a result of an increase in the fair value of fixed rate bank loans.

### 37. 金融工具的公允值及公允值層級 (續)

於2016年12月31日，本集團並無任何按公允值計量的金融資產及金融負債。於2015年12月31日，本集團並無任何按公允值計量的金融負債。

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（2015年：零）。

### 38. 財務風險管理目標及政策

本集團的主要金融工具包括計息銀行借款、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

利率風險指本集團銀行貸款的公允值或未來現金流量將因市場利率變動而波動的風險。於2016年12月31日，在所有其他變數維持不變的情況下，倘該日利率高出10個基點，截至2016年12月31日止年度的溢利為人民幣43,000元（2015年：人民幣42,000元），因固定利率銀行貸款的公允值下降而有所增加。在所有其他變數維持不變的情況下，倘該日利率降低10個基點，截至2016年12月31日止年度的溢利為人民幣43,000元（2015年：人民幣42,000元），因固定利率銀行貸款的公允值增加而有所下降。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 38. 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.

### 38. 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。

本集團面臨交易貨幣風險。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份並無受到重大影響。

|   | Increase/<br>(decrease)<br>in exchange<br>rates<br>匯率上升/<br>(下跌)<br>% | Increase/<br>(decrease)<br>in profit<br>before tax<br>除稅前溢利<br>增加/(減少)<br>RMB'000<br>人民幣千元 |
|---|---|--|
| <b>2016 2016年</b>                         |   |  |
| If RMB weakens against US\$ 倘人民幣兌美元貶值     | 5   | 6,099  |
| If RMB strengthens against US\$ 倘人民幣兌美元升值 | (5)   | (6,099)  |
| <b>2015 2015年</b>                         |   |  |
| If RMB weakens against US\$ 倘人民幣兌美元貶值     | 5   | 5,231  |
| If RMB strengthens against US\$ 倘人民幣兌美元升值 | (5)   | (5,231)  |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, pledged deposits, amounts due from related parties, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group had certain concentrations of credit risks as the following percentage of trade and bills receivables were due from the Group's largest external customer and the Group's five largest external customers out of the Group's total trade and bills receivables excluding the bills receivable arising from intra-group sales transactions:

|   | 2016<br>2016年<br>% | 2015<br>2015年<br>% |
|---|--------------------|--------------------|
| Due from the Group's largest external customer<br>應收本集團最大外部客戶款項       | 28                 | 8                  |
| Due from the Group's five largest external customers<br>應收本集團五大外部客戶款項 | 79                 | 72                 |

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 16 to the financial statements.

### 38. 財務風險管理目標及政策 (續)

#### 信貸風險

本集團僅與獲公認兼信譽可靠的第三方進行交易。按照本集團的政策，所有擬按信貸期進行交易的客戶，必須先通過信貸核實程序。此外，本集團持續監察應收結餘的情況，而本集團的壞賬風險並不重大。

本集團其他金融資產（主要包括現金及現金等價物、已抵押存款、應收關連方款項及其他應收款項）的信貸風險因對方違約所產生，上限等於該等工具的賬面值。

由於以下比例的貿易應收款項及應收票據乃本集團貿易應收款項及應收票據總額中應收本集團最大外部客戶及本集團五大外部客戶款項（不包括集團間銷售交易產生的應收票據），故本集團擁有若干集中信貸風險：

有關本集團因貿易應收款項及應收票據產生的信貸風險的進一步量化數據於財務報表附註16披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 38. 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 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:

|   | Within 1 year or on demand<br>於1年內或按要求 |                                   |
|---|--|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元      | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
| Trade and bills payables 貿易應付款項及應付票據  | 542,715                                | 476,463                           |
| Financial liabilities included in other payables and accruals<br>計入其他應付款項及應計費用的金融負債   | 39,519                                 | 9,899                             |
| Due to related parties 應付關連方款項  | –                                      | 95,647                            |
| Interest-bearing bank borrowings 計息銀行借款   | 278,575                                | 198,670                           |
|   | <b>860,809</b>                         | 780,679                           |
| The maximum amount of the guarantees given to banks<br>in connection with banking facilities granted to Morris PRC<br>就授予以下各方的銀行融資向銀行提供的最高擔保金額：慕容中國 | –                                      | 103,324                           |

### 38. 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。

下表詳列本集團的金融負債於報告期末的餘下合約到期情況，此乃根據合約未貼現現金流量（包括根據於報告期末的合約利率計算的利息支出）及本集團可被要求付款的最早日期而得出：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 38. 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 year ended 31 December 2015 and 2016.

The Group monitors capital using a gearing ratio, which is total interest-bearing bank borrowings divided by the total equity. Total equity refers to equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

|  | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Interest-bearing bank borrowings (note 23) 計息銀行借款 (附註23) | 277,183                           | 198,116                           |
| Equity attributable to owners of the parent 母公司擁有人應佔權益   | 158,764                           | 75,057                            |
| Gearing ratio 資產負債比率                                     | 174.6%                            | 264.0%                            |

### 38. 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。

本集團根據經濟環境的變化來管理和調整資本架構。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2015年及2016年12月31日止年度，管理資本的目標、政策或程序概無任何變動。

本集團以資產負債比率監察其資本，即計息銀行借款總額除以權益總額。權益總額指母公司擁有人應佔權益。於各報告期末的資產負債比率如下：

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 39. EVENTS AFTER THE REPORTING PERIOD

- (a) In connection with the Listing of the shares of the Company on the Stock Exchange, 250,000,000 new ordinary shares of US\$0.001 each of the Company were issued at a price of HK\$1.05 per ordinary share for a total cash consideration, before expenses, of HK\$262,500,000 (equivalent to approximately RMB234,042,000) (the “Global Offering”). Dealings in the shares of the Company on the Stock Exchange commenced on 12 January 2017.
- (b) Upon the creation of the Company’s share premium account as a result of the Global Offering, an amount of US\$749,900 (equivalent to approximately RMB5,185,000) standing to the credit of the share premium account of the Company has been capitalised on 12 January 2017 by applying such sum towards paying up in full at par a total of 749,900,000 ordinary shares for allotment and issue to the then existing shareholders (the “Capitalisation Issue”). Immediately following the completion of the Global Offering and the Capitalisation Issue, the total outstanding ordinary shares of the Company was 1,000,000,000 ordinary shares including the 250,000,000 ordinary shares issued upon the Global Offering.

### 39. 報告期間後事項

- (a) 就本公司股份於聯交所上市而言，本公司以每股1.05港元的價格發行250,000,000股（每股面值0.001美元）新普通股，現金代價總額（扣除開支前）為262,500,000港元（相當於約人民幣234,042,000元）（「全球發售」）。本公司股份自2017年1月12日於聯交所開始買賣。
- (b) 本公司因全球發售而設立股份溢價賬後，錄得金額為749,900美元（相當於約人民幣5,185,000元）的股份溢價賬進賬，相關金額已於2017年1月12日透過用於按面值悉數繳足配發及發行予當時現有股東的749,900,000股普通股份而資本化（「資本化發行」）。緊隨全球發售及資本化發行完成之後，本公司已發行普通股共計1,000,000,000股，其中包括全球發售時發行的250,000,000股普通股。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

### 40. 本公司財務狀況表

於報告期末，與本公司財務狀況表相關的資料如下：

|   | 2016<br>2016年<br>RMB'000<br>人民幣千元 | 2015<br>2015年<br>RMB'000<br>人民幣千元 |
|---|-----------------------------------|-----------------------------------|
| NON-CURRENT ASSET 非流動資產                                 |                                   |                                   |
| Investment in a subsidiary 於一家附屬公司的投資                   | 1                                 | 1                                 |
| CURRENT ASSETS 流動資產                                     |                                   |                                   |
| Prepayments 預付款項  | 48                                | 14                                |
| Due from subsidiaries 應收附屬公司款項                          | 105,000                           | -                                 |
| Due from related parties 應收關連方款項                        | -                                 | 1                                 |
| Total current assets 流動資產總額                             | 105,048                           | 15                                |
| CURRENT LIABILITIES 流動負債                                |                                   |                                   |
| Other payables and accruals 其他應付款項及應計費用                 | 3,994                             | -                                 |
| Due to subsidiaries 應付附屬公司款項                            | 3,318                             | 103                               |
| Total current liabilities 流動負債總額                        | 7,312                             | 103                               |
| NET CURRENT ASSETS/(LIABILITIES) 流動資產/(負債) 淨值           | 97,736                            | (88)                              |
| TOTAL ASSETS LESS CURRENT LIABILITIES 資產總額減流動負債         | 97,737                            | (87)                              |
| Net assets/(liabilities) 資產/(負債) 淨值                     | 97,737                            | (87)                              |
| TOTAL EQUITY/(DEFICIENCY IN ASSETS) 權益總額/(資產虧絀)         |                                   |                                   |
| Share capital 股本  | 1                                 | 1                                 |
| Reserves 儲備   | 97,736                            | (88)                              |
| Total equity/(total deficiency in assets) 權益總額/(資產虧絀總額) | 97,737                            | (87)                              |

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

31 DECEMBER 2016 2016年12月31日

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

### 40. 本公司財務狀況表 (續)

附註：

本公司儲備概要如下：

|  | <b>Exchange fluctuation reserve</b> | <b>Retained earnings/ (Accumulated losses)</b> | <b>Total</b>  |
|--|-------------------------------------|--|---------------|
|  | 匯兌波動儲備                              | 留存盈利／<br>(累計虧損)                                | 總計            |
|  | RMB'000                             | RMB'000  | RMB'000       |
|  | 人民幣千元                               | 人民幣千元  | 人民幣千元         |
| At 1 January 2015 於2015年1月1日                                       | -                                   | (28)   | (28)          |
| Loss and total comprehensive income for the year 年內虧損及全面收益總額       | (4)                                 | (56)   | (60)          |
| <b>At 31 December 2015 and 1 January 2016</b>                      |                                     |  |               |
| 於2015年12月31日及2016年1月1日   | <b>(4)</b>                          | <b>(84)</b>                                    | <b>(88)</b>   |
| <b>Profit for the year 年內溢利</b>                                    | <b>-</b>                            | <b>98,134</b>                                  | <b>98,134</b> |
| <b>Other comprehensive income for the year: 年內其他全面收益：</b>          |                                     |  |               |
| <b>Exchange differences on translation of financial statements</b> |                                     |  |               |
| 換算財務報表的匯兌差額  | (310)                               | -  | (310)         |
| <b>Total comprehensive income for the year 年內全面收益總額</b>            | <b>(310)</b>                        | <b>98,134</b>                                  | <b>97,824</b> |
| <b>At 31 December 2016 於2016年12月31日</b>                            | <b>(314)</b>                        | <b>98,050</b>                                  | <b>97,736</b> |

### 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2017.

### 41. 財務報表核准

財務報表已於2017年3月28日獲董事會核准並授權刊發。



## Four Years Financial Summary

### 四年財務概要

The consolidated results of Morris Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2016 and the consolidated assets and liabilities of the Group as at 31 December 2016 are those set out in the audited financial statements.

The summary of the consolidated results of the Group for each of the years ended 31 December 2013, 2014 and 2015 and of the consolidated assets and liabilities of the Group as at 31 December 2013, 2014 and 2015 has been extracted from the prospectus issued on 30 December 2016 in connection with the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited on 12 January 2017.

No financial statements of the Group for the year ended 31 December 2012 have been published.

The summary below does not form part of the audited financial statements.

截至2016年12月31日止年度，慕容控股有限公司（「本公司」）及其附屬公司（下文統稱為「本集團」）的綜合業績以及本集團於2016年12月31日的綜合資產及負債均載列於經審核財務報表內。

本集團截至2013年、2014年及2015年12月31日止各年度的綜合業績概要以及本集團於2013年、2014年及2015年12月31日的綜合資產及負債乃摘錄自本公司因股份自2017年1月12日於香港聯合交易所有限公司主板上市所刊發的日期為2016年12月30日的招股章程。

本集團於截至2012年12月31日止年度概無刊發財務報表。

以下概要並不構成經審核財務報表的一部分。

|   | Year ended 31 December<br>截至12月31日止年度 |                                   |                                   |                                   |
|---|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元     | 2015<br>2015年<br>RMB'000<br>人民幣千元 | 2014<br>2014年<br>RMB'000<br>人民幣千元 | 2013<br>2013年<br>RMB'000<br>人民幣千元 |
| <b>RESULTS 業績</b>                       |                                       |                                   |                                   |                                   |
| Revenue 收入                              | 941,617                               | 926,471                           | 824,675                           | 984,026                           |
| Cost of sales 銷售成本                      | (671,050)                             | (706,557)                         | (652,051)                         | (787,450)                         |
| Gross profit 毛利                         | 270,567                               | 219,914                           | 172,624                           | 196,576                           |
| Profit before tax 除稅前溢利                 | 112,045                               | 103,166                           | 37,804                            | 44,074                            |
| Income tax expense 所得稅開支                | (31,369)                              | (20,098)                          | (13,440)                          | (10,531)                          |
| Profit for the year 年內溢利                | 80,676                                | 83,068                            | 24,364                            | 33,543                            |
|   | As at 31 December<br>於12月31日          |                                   |                                   |                                   |
|   | 2016<br>2016年<br>RMB'000<br>人民幣千元     | 2015<br>2015年<br>RMB'000<br>人民幣千元 | 2014<br>2014年<br>RMB'000<br>人民幣千元 | 2013<br>2013年<br>RMB'000<br>人民幣千元 |
| <b>ASSETS AND LIABILITIES<br/>資產及負債</b> |                                       |                                   |                                   |                                   |
| Total assets 總資產                        | 1,102,005                             | 937,359                           | 1,728,622                         | 2,023,865                         |
| Total liabilities 總負債                   | (943,241)                             | (862,302)                         | (1,423,246)                       | (1,742,980)                       |
|   | 158,764                               | 75,057                            | 305,376                           | 280,885                           |



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