Samson Holding Ltd.

順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 531.hk)

* for identification purpose only

2021 ANNUAL REPORT

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CORPORATE PROFILE

Since its establishment in 1995, Samson Group, including Samson Holding Ltd. (the "Company") and its subsidiaries (the "Group"), has now become a fully vertically-integrated furniture company and ranks as one of top 10 furniture wholesalers in the United States of America (the "U.S."). We currently market a wide range of our furniture products through a portfolio of brand names including Universal Furniture, Legacy Classic Furniture, Legacy Classic Kids, Craftmaster Furniture, Baker, Milling Road, McGuire, LacquerCraft Hospitality, Universal Furniture China and Athome, and licensed with Paula Deen, Rachael Ray, Miranda Kerr, Nina Magon and Coastal Living in the U.S..

In May 2016, we have successfully acquired Grand Manor Furniture Inc., a Lenoir North Carolina U.S. based manufacturer established in 1960s which specialises in hospitality seating design and manufacturing. Its major customers include but not limited to Marriott, Hilton, Grand Hyatt and Western hotel chains. In February 2017, we have successfully acquired Baker Interiors Group, LTD. *(formerly known as Kohler Interiors Group, LTD.)* and its subsidiaries (collectively referred to as "BIG"), which owns three global luxury furniture brands, namely, "Baker", "Milling Road" and "McGuire", each with a history of leading design, quality and craftsmanship. BIG sells its products through showrooms in North America, England, and France, and furniture dealer locations across the United States, Europe, Asia and the Middle East. BIG maintains relationships with interior designers who recommend the products to consumers worldwide.

Our team of experienced executives, employees and sales force, comprising the U.S. market expertise, combining with Vietnam and the People's Republic of China (the "PRC") manufacturing know-how, creates a globally-integrated products and services logistics platform that brings forth effective means of business operations by which we strive to maximise ultimate benefits to our customers and shareholders.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Shan Huei KUO *(Chairman)*
Ms. Yi-Mei LIU *(Deputy Chairman)*
Mr. Mohamad AMINOZZAKERI

NON-EXECUTIVE DIRECTOR

Mr. Sheng Hsiung PAN

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ming-Jian KUO
Mr. Siu Ki LAU
Mr. Sui-Yu WU

AUDIT COMMITTEE

Mr. Siu Ki LAU *(Chairman)*
Mr. Sheng Hsiung PAN
Mr. Sui-Yu WU

REMUNERATION COMMITTEE

Mr. Ming-Jian KUO *(Chairman)*
Mr. Sheng Hsiung PAN
Mr. Sui-Yu WU

NOMINATION COMMITTEE

Mr. Shan Huei KUO *(Chairman)*
Mr. Ming-Jian KUO
Mr. Sui-Yu WU

COMPANY SECRETARY

Mr. Kwong Cho SHEUNG

AUTHORIZED REPRESENTATIVES

Ms. Yi-Mei LIU
Mr. Kwong Cho SHEUNG

REGISTERED OFFICE

Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119, KY1-1205
Cayman Islands

STOCK CODE

The Stock Exchange of Hong Kong Limited: 531

WEBSITES

http://www.samsonholding.com/
http://www.universalfurniture.com/
http://www.legacyclassic.com/
http://www.legacyclassickids.com/
http://www.cmfurniture.com/
http://www.lacquercrafthospitality.com/
https://www.bakerfurniture.com/

PRINCIPAL PLACES OF BUSINESS

Vietnam:

6th Road Tam Phuoc Industrial Zone,
Bien Hoa City, Dong Nai Province Vietnam

China:

China Timber Industry City Development Area
No. 2 Taicheng Road
Jia Shan County
Zhejiang Province
China, 314100

Unit 1007, 10th Floor, Haleson Building
1 Jubilee Street, Central,
Hong Kong

United States of America:

2575 Penny Road
High Point, NC 27265
U.S.A.

221 Craftmaster Road
Hiddenite, NC 28636
U.S.A.

1 Baker Way
Connelly Springs, NC 28612
U.S.A.

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

HW Lawyers

PRINCIPAL BANKERS

CTBC Bank
UBP Bank
DBS Bank
SINOPAC Bank
East West Bank

SHARE REGISTRARS AND TRANSFER OFFICES

Principal:

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

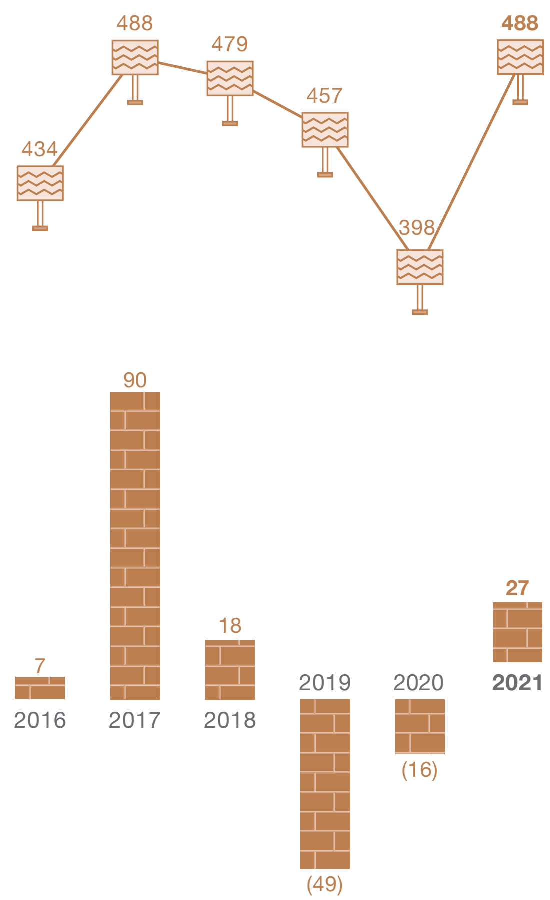
Hong Kong Branch:

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

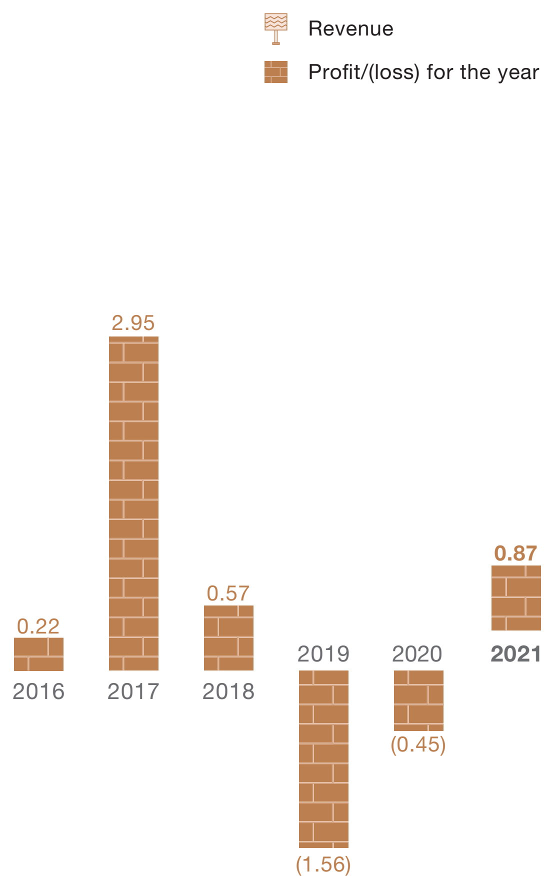
	2021 US$'000	2020 US$'000	2021 HK$'000*	2020 HK$'000*
Operating results				
Revenue	**488,109**	397,582	**3,807,250**	3,101,140
Earnings/(loss) before interest and tax	**32,220**	(12,396)	**251,316**	(96,689)
Profit/(loss) for the year	**27,158**	(15,721)	**211,832**	(122,624)
Earnings/(loss) per share attributable to ordinary equity holders of the parent *(US/HK cent)*	**0.87**	(0.45)	**6.79**	(3.51)
Financial position				
Total assets	**600,535**	568,487	**4,684,173**	4,434,199
Net current assets	**148,706**	151,126	**1,159,907**	1,178,783
Shareholders' equity	**323,624**	295,005	**2,524,267**	2,301,039

* exchange rate: US$1 to HK$7.8 (for reference only)

Revenue & profit/(loss) for the year
(US$ MN)



Earnings/(loss) per share attributable to ordinary equity holders of the parent
(US cent)



"To maintain and strengthen our position as one of the leading wholesalers in the U.S. residential furniture market and to enhance our leading position in the furniture industry globally"

On behalf of the board of directors (the "Board") of Samson Holding Ltd., I am pleased to present to the shareholders the annual results of the Company and its subsidiaries for the year ended 31 December 2021.

RESULTS

Our turnover was US$488.1 million in 2021, representing a 22.8% increase over the year of 2020. Gross profit margin was recorded at 26.3% in 2021, with a gross profit of US$128.6 million as compared to US$95.5 million in 2020; and a profit for the year of the Group was US$27.2 million, compared to a loss of US$15.7 million in 2020.

BUSINESS DEVELOPMENT AND OUTLOOK

The continuing COVID-19 global pandemic affected global economic activity, leading to a challenging 2021 for Samson. However, our sales and order volumes rebounded from the economic recovery and the low base in 2020. On the demand side, the lower mortgage rates in 2021 have led to a more stable housing market, solidifying a healthy upward trend in order volumes. The upside would be further supported by the higher volume in the housing market at the beginning of 2022. On the supply side, the supply disruptions from delivery issues and labor shortages have affected the furniture industry globally. In light of this, Samson has been working with several shipping service providers to ensure the availability of containers, while expanding workforce recruitment to handle the additional volume. Also, Samson introduced a more advanced data-driven management system to optimize production progress and reduce operating cost. We expect these speedy implementations will improve overall production and supply chain capabilities.

Here are the progress made on our principal strategies:

1. **Focus on optimizing multi-brand strategy**

   Based on successful brand acquisition strategy and marketing initiatives, Samson has grown from a pure OEM manufacturer to a brand-led business, and our diverse brand portfolios will continue to sustain our organic growth. Samson has established competitive furniture wholesale brands from the mid to higher price point of the furniture market, providing products across casegoods, upholstery, indoor and outdoor, and hospitality. Combined with our strong mass merchant, OEM and hospitality channels, we are confident in continuing to increase our shareholder value through further market consolidation.

2. **Focus on building diversified sales channel**

   The diversified sales channels, such as e-commerce, designer channels, showrooms and hospitality have become major growth drivers and revenue contributors since we adopted a multi-channel sales strategy. While the COVID-19 impacts have been mitigated, we saw the demand from offline stores has bounced back, and the order volume from mass merchant channels recorded higher than the pre-pandemic level. With that, we expect the offline performance will continue to be strong in 2022. Meanwhile, Samson has focused on exploring a diversified mix-channel strategy through expanding online channel sales.

3. Focus on developing a global manufacturing base and improving efficiencies as core competitiveness

As a vertically integrated company, the Group has successfully transferred from a China-centric manufacturing process to a globally diverse footprint, including China, Vietnam, Bangladesh, Indonesia and United States. With a globalized supply chain, Samson has built up stronger production capabilities to cope with the geopolitical instabilities and improve cost controls. Meanwhile, we will continue to invest in the standardization and automation of our manufacturing process, to further enhance our overall capacity.

4. Shareholders' value and corporate governance

The management is committed to creating value by acting in the best interests of all shareholders. We will continue to thrive in today's business environment by staying focused on investing our brands, expanding product offerings, entering new markets with more effective and diversified channels, improving operation efficiency and cost structure to generate solid growth and sustainable profitability. As such, superior financial results and shareholders' value will be achieved without compromising the integrity and business ethics.

Through the efforts of the Board and external advisers, the Group will continue promoting transparency and enhancing corporate governance.

APPRECIATION

I would like to take this opportunity to express my appreciation to our directors, management team and employees for their continuous passion and hard work to the Group. Moreover, I would like to extend my sincere gratitude to all shareholders, customers, suppliers and business partners for their continuous support.

Shan Huei KUO
Chairman
24 March 2022

BUSINESS REVIEW

Over the past decade, Samson has successfully transformed from an OEM manufacturer to a leading furniture wholesaler with a strong brand-led business. Through our strategic acquisition of a luxury furnishing brand namely BIG in 2017, the Group has further enhanced the diversified brand portfolio covering mid to high-end markets. The Group has continued to expand production capacities by globalizing the supply chain from China to Vietnam, Bangladesh, Indonesia and the United States. Based on the effective strategies, Samson has recorded a profitable year with impressive financial results.

In 2021, as the effect of the COVID-19 has been mitigated, the U.S. economy saw a gradual recovery. The improved employment rate has indicated a resilient outlook of the market. Despite that the consumer confidence index in the second half of 2021 fell slowly after hitting the highest point, it maintained at a high level as compared to 2020. On the demand side, upholstery and casegoods business remained strong, and the demand from the hospitality channel is expected to increase in the first quarter of 2022. On the supply side, as the logistic costs showed an upward trend resulting from an increased delivery expense, Samson has partnered with several shipping service providers to ensure container availability and cost reductions.

The Group was able to capture the opportunity for further market penetration through its diverse product offerings and multi-distribution channels. For the traditional channel, the demand from offline stores and the mass merchants continued to rise as the impacts from the COVID-19 have eased. The traffic volume in High Point Market recorded a robust bounce compared to 2020, driving demand from large retailers, and the orders from mass merchant channels also grew significantly. For the e-commerce channel, as the pandemic has accelerated the growth of non-traditional sales, Samson has been focusing on exploring a diversified mix-channel strategy to fuel the online sales growth. Based on the partnership with digital platform, Samson is confident in expanding online sales more efficiently.

With a globalized supply chain, Samson has built up stronger production capabilities to cope with geopolitical instabilities and improve cost controls. Samson's capacity across the Asia region including Vietnam and Bangladesh was enhanced through factory investment and acquisitions in the last three years, which will further facilitate the overall product delivery efficiency. Meanwhile, Samson is expecting to establish another factory in Vietnam in 2022. As Samson adopted a globalized supply chain strategy, the manufacturing efficiencies of the factories across Asia will keep improving based on the seamless transition and relocation of the original management team from China with rich operation experiences.

As a leading furniture wholesaler, Samson has been focusing on implementing the multi-brand strategy with middle to high-end brands to accelerate organic growth in the U.S. market. In 2021, Samson has recorded several performance highlights across our branded business and mass merchant channels. Net sales of Universal Furniture and Legacy received a double-digit growth, and the operating profit of Baker Furniture greatly improved. For the hospitality channel, the orders bounced back in the fourth quarter of 2021 and is expected to increase based on stronger demand as global traveling has started to resume from the pandemic impacts.

Overall, with rising demand and improving supply chain capabilities, the Group has shown a high business growth from increasing sales orders in 2021.

FINANCIAL REVIEW

Net sales for the year was US$488.1 million compared to US$397.6 million in 2020, an increase of US$90.5 million or 22.8%. The increase in net sales was driven by the strong demand compared to the prior year, which was impacted by the COVID-19.

Gross profit for the year was US$128.6 million, an increase of US$33.1 million from US$95.5 million in 2020. Gross profit margin increased to 26.3% from 24.0% in 2020. The increase in gross profit margin was mainly attributable to the growth in sales and improving manufacturing efficiency.

Compared with US$121.5 million in 2020, total operating expenses were recorded at US$117.7 million in 2021. The decrease in operating expenses was mainly attributable to a series of effective cost control measures.

Compared with a loss of US$15.7 million in 2020, the Group recorded a profit of US$27.2 million in 2021, which was mainly due to an one time non-cash reversal of impairment of approximately US$7.0 million as the result of the increase of the recoverable amount due to the change of use of the Group's premises in the PRC from self-occupied to rental properties. Excluding the above, the profit for the year was attributable to the growth in sales, improving margin and lower operating expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group's cash and cash equivalents increased by US$39.0 million to US$65.0 million from US$26.0 million as at 31 December 2020. Interest-bearing bank borrowings increased from US$155.0 million as at 31 December 2020 to US$157.8 million as at 31 December 2021. The corresponding gearing ratio (total bank borrowings/shareholders' equity) decreased from 52.5% as at 31 December 2020 to 48.7% as at 31 December 2021. The Group possesses sufficient cash and available banking facilities to meet working capital requirements and to enable further acquisitions with confidence.

Cash and cash equivalents held by the Group are mainly denominated in U.S. dollars, Renminbi, U.K. Pound Sterling, Vietnamese Dong, New Taiwan dollars, Indonesian Rupiah and Hong Kong dollars. As at 31 December 2021, short term bank borrowings of US$138.9 million (31 December 2020: US$109.6 million) bore interest at either the floating rates or fixed rate ranging from 0.7% to 1.3% respectively and long term bank borrowings of US$18.9 million (31 December 2020: US$45.4 million) bore interest at either the floating rates or fixed rate ranging from 1.0% to 2.5% respectively.

Sources of liquidity include cash and cash equivalents, cash from operations and general banking facilities granted to the Samson, allowing the Group to maintain strong and prudent liquidity for day-to-day operations and business development.

With an international operation, Samson is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Vietnamese Dong. Although the majority of the total revenue is denominated in U.S. dollars, a substantial portion of cost of sales is paid in Vietnamese Dong and Renminbi. The exchange rates of Vietnamese Dong and Renminbi to U.S. dollars have fluctuated substantially in recent years and may continue to fluctuate in the foreseeable future.

The Group's current assets increased by 8.1% to US$386.0 million from US$357.2 million as at 31 December 2020; the Group's current liabilities increased by 15.2% to US$237.3 million from US$206.0 million as at 31 December 2020. The current ratio (current assets/ current liabilities) is 1.6 times (31 December 2020: 1.7 times).

PLEDGE OF ASSETS

As at 31 December 2021, certain of the Group's property, plant and equipments, investment properties, inventories and trade and other receivables with an aggregate carrying amount of US$67.2 million (31 December 2020: US$185.0 million) have been pledged to a bank to secure the general banking facilitiy granted to the Group.

CAPITAL EXPENDITURE

Capital expenditures for the year ended 31 December 2021 amounted to US$4.8 million compared to US$7.7 million in 2020. Capital expenditure was mainly incurred for the purpose of upgrading and renovation of property, plant and machinery in the U.S. and the expansion of new production lines in the U.S. and Vietnam.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

The Group had no material acquisition nor disposal during the year ended 31 December 2021.

OUTLOOK

Looking ahead to 2022, the strong recovery of the U.S. market remains a source of optimism for the furniture industry in general. Despite that the Federal Reserve considered a raise in the interest rate, which is likely to trigger a rising mortgage rate and negative effect on the housing market, the market demand has been recovering from COVID-19 impacts based on a higher employment rate and the compensatory consumption in the United States. Amid the trends, our order pipeline has shown a strong upside since last year.

With the improved production capacity in Vietnam and Bangladesh, Samson has been able to mitigate the supply chain disruptions from the pandemic throughout 2021. Given the strong demand and the high-level backlogs from 2021, Samson expects to launch another new factory in Vietnam in 2022, further enhancing our production capacity and manufacturing efficiency. In terms of logistics, Samson continues to strengthen the partnership with the shipping service providers to mitigate the container shortage problem.

With a global manufacturing base, experienced management team and improving efficiencies and core competitiveness, Samson is expected to keep increasing the capacity and profitability. Combining its successful strategy of supply chain and diversified brands, Samson is well-positioned to maintain its competitive edges and continue to expand market share in the U.S., bringing fruitful results for 2022.

DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.02 per share for the year ended 31 December 2021 (2020: Nil), amounting to approximately HK$62.1 million (2020: Nil), subject to approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM"). Upon approval of the shareholders of the Company, the proposed final dividend will be paid on 22 June 2022 to the shareholders of the Company whose names appear on the Company's register of members as at 10 June 2022. The aggregate amount shall be paid out of the Company's share premium account if sanction by an ordinary resolution passed at the AGM.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2021, the Group employed approximately 7,200 (31 December 2020: 6,600) full-time employees in the PRC, the U.S., Taiwan, Bangladesh, Indonesia and Vietnam. For the year ended 31 December 2021, the total remuneration of employees (including the remuneration of the Company's directors) was approximately US$111.8 million (31 December 2020: US$101.6 million).

The Company believes that the ability to grow as a successful business depends on the quality of our management and employees. The Company is committed to recruiting, training and retaining skilled and experienced employees throughout our operations globally to better serve our customers. The Company intends to do this through our remuneration packages, including discretionary bonuses and share option scheme, as well as an emphasis on employee training. The emolument of the employees of the Group is determined on the basis of their merit, qualifications and competence. The emoluments of the directors and senior management of the Company are decided by the Company's board of directors with the recommendation of the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

EXECUTIVE DIRECTORS

Shan Huei KUO, also known as Samuel Kuo, aged 66, is an Executive Director of the Company and Chairman of the Board since 11 July 2005, Chairman of the Nomination Committee and Chief Executive Officer of Lacquer Craft Manufacturing Co., Ltd. (Zhejiang) ("Lacquer Craft"). Mr. Kuo is a director of various subsidiaries of the Company. Mr. Kuo is one of the founders of our business and has been one of the principal managers responsible for our business and corporate strategy, marketing and production operations and expansion strategies. Mr. Kuo has more than 30 years of experience in the furniture business in Taiwan, the PRC and the U.S.. Mr. Kuo is also the former Chairman of the Taiwan Businessmen's Association Dongguan. Mr. Kuo served two years in the military in Taiwan after obtaining a Bachelor of Arts degree in Economics Development from Tamkang University in 1978.

Mr. Kuo is the husband of Ms. Yi-Mei LIU, Executive Director of the Company and Deputy Chairman of the Board. Mr. Kuo and Ms. Liu are the controlling and substantial shareholders of the Company.

Mr. Kuo is also a director of Advent Group Limited and Magnificent Capital Holding Limited, the substantial and controlling shareholders of the Company.

Yi-Mei LIU, also known as Grace Liu, aged 64, is an Executive Director of the Company and the Deputy Chairman of the Board since 11 July 2005. She is also a director of all subsidiaries of the Company. Ms. Liu, together with her husband, Mr. Shan Huei KUO, Executive Director of the Company and Chairman of the Board, are founders of our business. Ms. Liu has over 30 years of experience in the furniture business and she has been closely involved in executing the corporate strategy and daily operations of our Group. In addition to her general management role, she oversees the financial control, cash management and human resources operations of our business. Ms. Liu obtained a Bachelor of Arts degree in English Literature from Suzhou University in 1979.

Ms. Liu and Mr. Kuo are the controlling and substantial shareholders of the Company.

Ms. Liu is also a director of Advent Group Limited and Magnificent Capital Holding Limited, the substantial and controlling shareholders of the Company.

Pursuant to the statement of disciplinary action of the Stock Exchange against Ms. Liu dated 10 January 2022, the Company made a partial disposal (the "Disposal") of the held-for-trading investment in December 2019, which constituted a major transaction subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company failed to comply with the requirements due to a misinterpretation of the Listing Rules by Ms. Liu. Ms. Liu had also failed to report the Disposal to the Board. Ms. Liu breached Rule 3.08 of the Listing Rules and her undertaking in relation to her failure to procure the Company's Listing Rules compliance with respect to the Disposal. Accordingly, the Listing Committee of the Stock Exchange publicly criticised Ms. Liu and the Company for their respective breaches mentioned above. Further details of the above are disclosed in the Company's announcements dated 16 September 2020 and 10 January 2022.

Mohamad AMINOZZAKERI, also known as Mohamad Amini, aged 61, is an Executive Director of the Company since 24 October 2005. Mr. Aminozzakeri is also a director of Houson International Limited and WG Debt Collections (UK) Limited, members of the Group and President of Lacquer Craft and has been with our Group since May 1995. Prior to becoming President, he held senior management positions in Lacquer Craft both in manufacturing and sales and marketing, and was formerly the executive Vice-President of Lacquer Craft. Mr. Aminozzakeri owned and operated furniture retail stores in California and Arizona for 6 years before then. Mr. Aminozzakeri has over 34 years of experience in the furniture industry and obtained a Bachelor of Science degree in Mechanical Engineering from California State University in Long Beach in 1983.

NON-EXECUTIVE DIRECTOR

Sheng Hsiung PAN, also known as William Pan, aged 66, is a Non-executive Director of the Company since 24 October 2005 and a member of the Audit Committee and Remuneration Committee of the Company. He is the Chief Executive Officer of Tai-Chuan Wooden MFG Co., Ltd, a cue manufacturer. Mr. Pan has over 30 years of experience in sales, marketing, manufacturing, and product development in the cue industry and sales and marketing in billiard cue and related accessories. Mr. Pan obtained a Bachelor of Arts degree in Economics Development from Tamkang University in 1979.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ming-Jian KUO, also known as Andrew Kuo, aged 60, is an Independent Non-executive Director of the Company since 24 October 2005, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Kuo is currently the chairman of Cathay United Bank Co., Ltd. and a director of Cathay Financial Holding Co., Ltd. (a company listed on Taiwan Stock Exchange Corporation). He also a Non-executive Director of Far East Horizon Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a director of Long Chen Paper Co., Ltd. (a company listed on Taiwan Stock Exchange Corporation), and an Independent Director of Huali Industrial Group Company Limited, a company listed on the Shenzhen Stock Exchange. Mr. Kuo was the Chairman of Cathy United Bank (China) Limited from June 2018 to June 2021, and the Chief Executive Officer and a partner of Zoyi Capital Ltd. respectively from January 2013 to June 2017 and from June 2017 to December 2018. Mr. Kuo was the Vice Chairman (in charge of Greater China private equity investment business) and the Senior Advisor of The Blackstone Group (HK) Limited respectively from October 2007 to January 2013 and from January 2013 to March 2018. He was appointed Managing Director of H&Q Asia Pacific ("H&Q") in September 2005. Before joining H&Q, Mr. Kuo was the Senior Country Officer and Head of Investment Bank of JPMorgan Chase in Hong Kong and has more than 15 years of experience in the corporate finance industry. Since the merger of JPMorgan and Jardine Fleming in 2000, Mr. Kuo had been responsible for the firm's banking business and all investment banking activities in Taiwan. Mr. Kuo was also Vice Chairman of the Greater China Operating Committee of JPMorgan Chase, and since April 2005 he had been responsible for JPMorgan's Financial Sponsor Industry of Asia, ex-Japan. Mr. Kuo had also been Managing Director of the heritage Chase Manhattan Bank since October 1998. Prior to joining JPMorgan Chase, Mr. Kuo worked at Citibank Taipei for more than nine years, last as Head of the Corporate Banking Group responsible for client management. Prior to this, Mr. Kuo was head of the Merchant Banking Group in charge of investment banking and capital market products. He previously worked at Citibank New York, focusing on strategic products, and had experience in Treasury Marketing and Foreign Exchange Trading for six years at Citibank Taipei. He was also the Chief Trader and Head of FX for Citibank from 1993 to 1995. Mr. Kuo retired as a member of the Youth Presidents' Organization and became a member of Taiwan Mergers & Acquisitions and Private Equity Council both in December 2013. Mr. Kuo obtained a Bachelor degree with a major in Business Administration from Fu-Jen Catholic University in 1983 and Master of Business Administration degree from City University of New York in 1989.

Siu Ki LAU, also known as Kevin Lau, aged 63, is an Independent Non-executive Director of the Company since 24 October 2005. He is the Chairman of the Audit Committee of the Company. With over 40 years of experience in corporate finance, financial advisory and management, accounting and auditing, Mr. Lau is currently a financial advisory consultant running his own management consultancy firm, Hin Yan Consultants Limited. Previously, Mr. Lau worked at Ernst & Young for over 15 years. Mr. Lau is a fellow member of both the Association of Chartered Certified Accountants ("ACCA") and The Hong Kong Institute of Certified Public Accountants. He served as a member of the world council of ACCA from 2002 to 2011. Mr. Lau also served on the executive committee of the Hong Kong branch of ACCA ("ACCA Hong Kong") from 1995 to 2011, and was the chairman of ACCA Hong Kong in 2000/2001. Mr. Lau also serves as an Independent Non-executive Director of six other listed companies in Hong Kong: Binhai Investment Company Limited, Comba Telecom Systems Holdings Limited, Embry Holdings Limited, FIH Mobile Limited, TCL Electronics Holdings Limited and IVD Medical Holding Limited. He also serves as Company Secretary of Hung Fook Tong Group Holdings Limited, Yeebo (International Holdings) Limited and Expert Systems Holdings Limited, companies listed in Hong Kong. In addition, he also served as an Independent Non-executive Director of China Medical & HealthCare Group Limited, a company listed in Hong Kong, from 3 June 2004 to 6 December 2018. Mr. Lau graduated from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1981.

On 12 May 2021, Securities Futures Commission ("SFC") issued a press release in relation to the proceedings brought by the SFC against China Medical & HealthCare Group Limited ("CMHG") and six individuals who were then directors of CMHG (the "Relevant Directors"), including Mr. Lau, being an independent non-executive director of CMHG at the material time. Mr. Lau was one of the Relevant Directors that was sanctioned and fined for failing to disclose inside information as soon as reasonably practicable. Further details of the above are disclosed in the Company's announcements dated 13 May 2021 and 20 May 2021.

Sui-Yu WU, also known as SY Wu, aged 63, is an Independent Non-executive Director of the Company since 15 December 2008 and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Wu has been practising law for over 30 years, and is the founding partner of Wu & Partners, Attorneys-at-Law, a firm based in Taipei, Taiwan which he founded in 2004. He has been a member of the Taipei Bar Association since 1983. His practice focuses on international economic law and WTO-related practices, cross-border commercial transactions and disputes, and mergers & acquisitions. Before that, Mr. Wu was a senior partner of Lee, Tsai & Partners from 2000 to 2004, the managing partner of Perkins Coie, Taipei Office from 1997 to 2000, and was an Of Counsel of Perkins Coie during 1996 to 1997. Prior to Perkins Coie, Mr. Wu had been with Lee & Li, Attorneys-at-Law since 1981, and was a visiting attorney at Van Bael & Bellis (Brussels, Belgium) and Nishimura & Partners (Tokyo, Japan) in 1988 and 1989 respectively. In addition to Taiwan, Mr. Wu has been licensed to practise law in New York State since 1990, and has been a member of the American Bar Association and International Bar Association since 1991. He was the Chair of International Trade Committee of the Inter-Pacific Bar Association from 1999 to 2001, and a director of Taipei Bar Association from 1993 to 1996. On the academic track, he was an associate professor at the Soochow University Law School from 1996 to 2005, and Institute of Law for Science and Technology, Tsing Hua University Law School from 2002 to 2005. Mr. Wu received a SJD degree and an LLM degree from the University of Michigan Law School, and an LLB degree from the Law Department of National Taiwan University in 1980.

SENIOR MANAGEMENT

Samson Marketing

Larry CRYAN, aged 66, is Vice President of Operations of Samson Marketing since July 2009 and has been with our Group since July 1999. Mr. Cryan has previously held the positions of Vice President of Operations of Legacy Classic, Corporate Manager of Administration with Hyundai Furniture and also Credit Manager at Ladd Furniture. Mr. Cryan has over 30 years of experience in the furniture industry. Mr. Cryan was awarded a Bachelor of Arts degree in History from the University of Greensboro in 1977.

Earl R. WANG, aged 58, is Vice President of Mass Merchandise Division (d.b.a. Samson International) of Samson Marketing. Mr. Wang has previously held the positions of President of Legacy Classic Kids and has been with our Group since December 2011. Prior to joining our Group Mr. Wang previously held the position of Sr. Vice President of Merchandising at LEA/American Drew/Hammary. With more than 20 years' experience in the furniture industry, Mr. Wang has held various management positions in product development and merchandising as well as working for Universal Furniture Mass Merchandise Division and Riverside Furniture. Mr. Wang received a Bachelor of Science Degree in Business Administration from Illinois Wesleyan University, Bloomington, IL in 1986.

Universal Furniture

Jeffrey R. SCHEFFER, aged 66, is President and Chief Executive Officer of Universal Furniture. Mr. Scheffer joined our Group in December 2008 and came to us from Stanley Furniture where he was President and Chief Executive Officer. During Mr. Scheffer's 35 years' career in the furniture industry, he has also held the top executive position of American Drew and executive positions with Hyundai Furniture and Carter Industries. Mr. Scheffer was also Vice President-Sales at Universal Furniture from 1992-1996. He obtained a Bachelor of Science degree in Business from Miami University in 1978.

Tsuan-Chien CHANG, also known as Jeffery Chang, aged 58, is Vice President and Chief Financial Officer of Universal Furniture who joined the Group in December of 2008. Prior to joining our Group, Mr. Chang held Controller and Vice President of Operation with Huntington Furniture Industries and as a General Manager at William's Imports. Mr. Chang has more than 20 years of experience in the furniture industry. Mr. Chang received a Bachelor of Science degree in Accountancy in 1993 and a Master degree in Business Administration from California State University, Fresno in 1995.

Legacy Classic

Neill Robinson, age 45, is President and Chief Executive Officer of Legacy Classic Furniture. Mr. Robinson joined our group in March 2021. Mr. Robinson who most recently served as North America President of Theodore Alexander (TA) is a 23-year veteran of the furniture industry. He began his career as a highly successful retail salesperson in New England before joining Universal Furniture and Craftmaster Furniture. Neill joined TA as VP of Sales in 2013 and was later promoted to President of TA in 2017. Mr. Robinson is a graduate of Northeastern University in Boston, MA with a BA in Criminal Justice.

Chen-Kun SHIH, aged 51, is Vice President and Chief Financial Officer of Legacy Classic Furniture, Craftmaster Furniture and Grand Manor Furniture. Prior to his current position, Mr. Shih held the same position at Craftmaster Furniture and has more than 17 years of related working experience in Taiwan, China and the U.S.. Mr. Shih began his career at Ernst & Young. He obtained a Bachelor degree in Accounting from the National Chung Hsing University in 1993, and was awarded a Master degree in Business Administration in Finance from the State University of New York at Buffalo in May 1999. Mr. Shih is a Certified Internal Auditor and Certified Public Accountant of the U.S.

Gerald E. SAGERDAHL, aged 71, is Executive Vice President of Sales of Legacy Classic and has been with our Group since March 1999. Mr. Sagerdahl previously held the positions of Vice President at Master Design, Rachlin Furniture and GranTree Furniture Inc. and Sales Manager at Ronald A. Rosberg Corporation. Mr. Sagerdahl has more than 38 years of experience in the furniture industry. Mr. Sagerdahl obtained a Bachelor of Arts degree in Computer Science from College of San Mateo, California in 1973.

Craftmaster Furniture, Inc. ("Craftmaster Furniture")

Roy R. CALCAGNE, aged 64, is President and Chief Executive Officer of Craftmaster Furniture and has been with our Group since August 2003. Prior to joining our Group, Mr. Calcagne was Vice President of Merchandising at Broyhill Furniture Industry. He has previously worked for Joan Fabrics Corporation as Vice President of Sales and Macy's department store as Merchandise Manager and Upholstery Buyer. Mr. Calcagne has over 27 years of experience in the furniture industry. Mr. Calcagne was awarded a Bachelor of Science degree in Marketing from Fairleigh Dickinson University in 1981.

Kevin MANN, aged 57, is Vice President of Operations of Craftmaster Furniture. Prior to joining Craftmaster Furniture, Mr. Mann was Director of Manufacturing of Clayton Marcus Furniture Inc. and also held positions as Plant Manager and Director of Engineering. Mr. Mann started his career at Bassett Upholstery working as an Engineer. Mr. Mann was awarded a Bachelor of Science degree in Industrial Education Technology from Western Carolina University in 1987.

Roy C. BEARDEN, aged 65, is Vice President of Manufacturing of Craftmaster Furniture. Prior to joining Craftmaster Furniture, Mr. Bearden was General Manager of Jackson Furniture Ind. Inc. and also held positions as Plant Manager with England Home Furnishings, Inc. and Levi Strauss & Company. Mr. Bearden has 20 years of experience in the furniture industry. Mr. Bearden was awarded a Bachelor of Science degree in Business Management from Arkansas State University in 1980.

LacquerCraft Hospitality

Matthew Dehnert, age 49, is President of LacquerCraft Hospitality, Inc. Mr. Dehnert joined our group in August 2021. Mr. Dehnert joined us most recently from a custom lighting fabricator iWorks where he served as Director of Strategic Business Development since 2012. Prior to his tenure with iWorks, Mr. Dehnert held the position of VP of Sales and Marketing for Tiger Imports & Appian Textiles, LLC, a soft goods supplier to the hospitality sector. Mr. Dehnert is a graduate of Georgetown University with a BA in History.

Baker Interiors Group

Mike JOLLY, age 63, is the President of Baker Interiors Group, Ltd.. Mr. Jolly served in various executive positions at Bernhardt, where he was vice president of residential casegoods operations. Mr. Jolly also worked at Thomasville Furniture, where he was senior vice president of supply chain and operations as well as vice president of general production and sourcing manager. Mr. Jolly received a Bachelor of Science degree in Industry Engineering from North Carolina State University in 1979 and has completed additional executive management certificate at Toftrees Armstrong as well as six Sigma Green Belt Certificate. Mr. Jolly was the winner of 2017 ASFD Pinnacle Award in Occasional Tables category.

Ming-Der JUAN, also known as Oscar Juan, aged 48, is Vice President and Chief Financial Officer of Baker Interiors Group, Ltd. Prior to his current position, Mr. Juan held the same position at American Wire Research and has more than 18 years of related working experience in Taiwan, West Africa, India and the U.S.. Mr. Juan began his career at Group IMSA where he served as lead internal auditor responsible for Sarbanes-Oxley compliance review and risk management. Prior to AWR, Mr. Juan served as a controller at Apach Group, India, from 2010 to 2016 responsible for all finance and administrative functions. Mr. Juan obtained a Master degree in Business Administration from Dallas Baptist University in December 2002.

Grand Manor Furniture, Inc.

Michael MOORE, age 68, is President and Chief Executive Officer of Grand Manor Furniture and has been with the group since the May 2016 acquisition of the company. Mr. Moore brings almost 40 years of experience with some of the leading providers to the hospitality industry. Senior management positions with American of Martinsville, Sealy, Shelby Williams, Charter, and Flexsteel makes him uniquely suited to lead Grand Manor's hospitality focused business. Mr. Moore received a Bachelor of Science degree in Business from the University of North Carolina in 1975 and has completed additional management seminars at Duke University's Fuqua School of Business, the University of Pennsylvania's Wharton School of Business, and the Institute for International Studies & Training in Tokyo.

Lacquer Craft

Yue-Jane HSIEH, also known as Irene Hsieh, aged 51, is Senior Vice President of Finance of the Group and Taiwan country head. Ms. Hsieh is responsible for all of the company's financial functions, including accounting, audit, group treasury and tax, corporate finance and the company's investment portfolios. Ms. Hsieh is also responsible for board secretarial duties and assistant to Chairman Kuo. Prior to joining Samson in 2002, Ms. Hsieh held a management position in investment banking at Yuanta Core Pacific Securities and Sinopac Securities for more than 5 years. Earlier in her career, Ms. Hsieh served as senior-level position in E&Y and auditor in PWC each for 2 years. Her career spans more than 29 years of varied experience in financial management, auditing, investment banking, corporate finance and treasury. Ms. Hsieh obtained a Bachelor of Science degree in Accounting from Tunghai University in 1993.

The Board is committed to maintaining high corporate governance standards. The Company has applied the principles of and confirms that it has complied with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange during the year ended 31 December 2021, save for certain deviations from the code provisions which are explained in the relevant paragraphs in this corporate governance report.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

BOARD OF DIRECTORS

The Board is responsible for setting the Group's strategic goals, providing leadership to put them into effect, supervising the management of the business, controlling the Group, promoting the success of the Group, setting appropriate policies to manage risks and reporting to shareholders on their stewardship. Matters reserved to the Board for its decision are those affecting the Group's overall strategic policies, financial control, and the shareholders of the Company.

The Board has delegated the day-to-day responsibilities to the Chief Executive Officers/Presidents of the Group and their teams and specific responsibilities to the Remuneration Committee, Audit Committee and Nomination Committee.

The Chairman of the Board is Mr. Shan Huei KUO. The day-to-day management of the business is delegated to the Chief Executive Officers/Presidents, assisted by the senior management, of the Company's principal subsidiaries. The Chief Executive Officers of Lacquer Craft, Universal Furniture, Legacy Classic Furniture, Craftmaster Furniture, Baker Interiors Group, LacquerCraft Hospitality and Grand Manor Furniture are Mr. Shan Huei KUO, Mr. Jeffrey R. SCHEFFER, Mr. Neill Robinson, Mr. Roy R. CALCAGNE, Mr. Mike JOLLY, Mr. Matthew Dehnert and Mr. Michael MOORE, respectively. The President of Lacquer Craft is Mr. Mohamad AMINOZZAKERI.

Though Mr. Shan Huei KUO is the Chairman of the Board and also the Chief Executive Officer of Lacquer Craft, the Group does not intend to separate these two functions as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. Shan Huei KUO.

The primary role of the Chairman is to provide leadership for the Board. He ensures that all directors are properly briefed on issues arising at board meetings and all directors receive adequate information, which is complete and reliable, in a timely manner and encourages all directors to make a full and active contribution to the Company's affairs.

The primary responsibilities of Chief Executive Officers/Presidents comprise the day-to-day management of the business, the implementation of major strategies and initiatives adopted by the Board, the development and formulation of business plans, budgets, strategies, business and financial objectives for consideration by the Board, and the establishment and maintenance of proper internal controls and systems.

The Board believes that the existing roles between the Chairman and the Chief Executive Officers/Presidents provides the Group with strong leadership, ensures prompt and efficient implementation of decisions and best promotes the interests of shareholders.

As at 31 December 2021, the Board comprised seven directors, including three Executive Directors, namely Mr. Shan Huei KUO (Chairman), Ms. Yi-Mei LIU (Deputy Chairman) and Mr. Mohamad AMINOZZAKERI, one Non-executive Director, namely Mr. Sheng Hsiung PAN and three Independent Non-executive Directors, namely Mr. Ming-Jian KUO, Mr. Siu Ki LAU and Mr. Sui-Yu WU, with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of directors are set out on pages 9 to 11 of this annual report. The list of directors (by category) is also disclosed in all corporate communications issued by the Company.

Mr. Shan Huei KUO and Ms. Yi-Mei LIU, Executive Directors, are husband and wife. Save as herein disclosed, none of the directors or Chief Executive Officers/Presidents are related.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

During the year ended 31 December 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its Independent Non-executive Directors written annual confirmation of their independence pursuant to the Listing Rules and the Company considers that each of them is independent in accordance with the Listing Rules and unrelated in every aspect including financial, business, or family.

The Company has already arranged for appropriate insurance cover to protect its directors from possible legal action against them.

APPOINTMENT AND RE-ELECTION AND REMOVAL OF DIRECTORS

The procedure and process of appointment, re-election and removal of directors are laid down in the Company's articles of association which provide that all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill casual vacancy shall hold office until the next following general meeting of the Company and for new director appointed as an addition to the Board until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

Each of the Non-executive Directors is engaged on a service contract for a term of three years and shall be subject to retirement by rotation at least once every three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own "Code for Securities Transactions by Directors and Employees" (the "Company's Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to govern the securities transactions of the directors and relevant employees.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code and the Company's Code throughout the year ended 31 December 2021.

No incident of non-compliance of the Company's Code by the relevant employees who are likely to possess inside information of the Company was noted by the Company.

COMMITTEES

The Remuneration Committee and the Audit Committee were established on 24 October 2005 and the Nomination Committee was established on 20 March 2012. The terms of reference of the Remuneration Committee, Audit Committee and Nomination Committee are posted on the Company's website (www.samsonholding.com) and the Stock Exchange's website (www.hkexnews.hk). The composition of the Remuneration Committee, Audit Committee and Nomination Committee are as follows:

Remuneration Committee	Audit Committee	Nomination Committee
Mr. Ming-Jian KUO *(Chairman)*	Mr. Siu Ki LAU *(Chairman)*	Mr. Shan Huei KUO *(Chairman)*
Mr. Sheng Hsiung PAN	Mr. Sheng Hsiung PAN	Mr. Ming-Jian KUO
Mr. Sui-Yu WU	Mr. Sui-Yu WU	Mr. Sui-Yu WU

Remuneration Committee

The Remuneration Committee is primarily responsible for making recommendations to the Board on the Company's policy and structure for all remuneration packages of all directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration. It reviews and makes recommendation to the Board on the remuneration packages of all directors (including Executive Directors) and senior management with reference to corporate goals and objectives resolved by the Board from time to time.

One Remuneration Committee meeting was held during the year to review the remuneration policy for and the remuneration packages of all directors and senior management of the Group.

Details of the remuneration of the senior management by band are set out in note 9 to the financial statements for the year ended 31 December 2021.

Audit Committee

The Audit Committee is primarily responsible for monitoring integrity of financial statements, annual reports and accounts as well as half-year reports, reviewing significant financial reporting judgments and the Group's financial controls, internal control and risk management systems as well as effectiveness of the internal audit function, overseeing the relationship with the external auditors, including making recommendations to the Board on the appointment, reappointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors, and reviewing arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee members have substantial experience in management, corporate finance, financial advisory and management, accounting and auditing.

During the year, the Audit Committee met twice to discharge its responsibilities and review and discuss the interim and annual financial results and approve the remuneration and terms of engagement of the external auditors. In addition, the Audit Committee has reviewed the financial reporting system, risk management and internal control systems as well as the internal audit function of the Group and was satisfied with the effectiveness of the Group's risk management and internal controls systems.

Nomination Committee

The Nomination Committee is responsible for making recommendations to the Board for consideration and approval on nominations, appointment of Directors and Board succession, with a view to appoint to the Board individuals with the relevant experience and capabilities to maintain and improve competitiveness of the Company. The Nomination Committee formulates the policy, review the size, structure and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and assess the independence of the Independent Non-executive Directors in accordance with the criteria prescribed under the Listing Rules.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy and Director and Senior Management Succession Plan that are necessary to complement the corporate strategy and achieve Board diversity as well as succession planning, where appropriate, before making recommendation to the Board.

One Nomination Committee meeting was held in 2021 to review the independence of the Independent Non-executive Directors and consider the qualifications of the retiring directors standing for re-election at the annual general meeting as well as review the structure, size and composition and effectiveness of the Board and the committees and the implementation and effectiveness of the Board Diversity Policy.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to achieve diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Board Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy and Director and Senior Management Succession Plan which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and where applicable, senior management and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2021, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are 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 main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group ("Senior Management"). The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls.

The Group has formulated and adopted Risk Management Policy in providing directions in identifying, evaluating and managing significant risks. At least on an annual basis, the Senior Management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The handling and dissemination of inside information of the Company are strictly controlled to preserve the confidentiality, including but not limited to the following ways:

1. Restrict access to inside information to a limited number of employees on a need-to-know basis;

2. Remind employees who are in possession of inside information to be fully conversant with their obligations to preserve the confidentiality;

3. Ensure appropriate confidentiality agreements are in place when the Company enters into significant negotiations or dealings with third party(ies); and

4. Inside information is handled and communicated by designated persons.

The Board and the senior management of the Company review the safety measures regularly to ensure that the Company's inside information is properly handled and disseminated.

In addition, the Group has engaged an independent professional advisor to review the risk management and internal control systems, as well as the internal audit functions of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. It examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the senior management of the Company. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remedial actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk management and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board has approved the appointment of an independent professional adviser of the Company to conduct a thorough review of and make recommendations to improve the Company's internal controls and to ensure compliance with Chapter 14 of the Listing Rules. The adviser has identified certain internal control deficiencies and made recommendations for improvement. The Company has commenced and will continue with the implementation of the recommendations.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's Code, and the Company's compliance with the CG Code and disclosure in the corporate governance report. The Board is also satisfied that the directors have contributed sufficient time in performance of their responsibilities as directors of the Company.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The following meetings of the Company were held during the year:

	Number of meetings held
Board	9
Audit Committee	2
Remuneration Committee	1
Nomination Committee	1
Annual General Meeting	1

Individual attendance of each director is as follows:

	No. of meetings attended/held during the tenure of directorship				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Shan Huei KUO *(Chairman)*	9/9	N/A	N/A	1/1	1/1
Ms. Yi-Mei LIU *(Deputy Chairman)*	9/9	N/A	N/A	N/A	1/1
Mr. Mohamad AMINOZZAKERI	9/9	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Sheng Hsiung PAN	9/9	2/2	1/1	N/A	1/1
Independent Non-executive Directors					
Mr. Ming-Jian KUO	9/9	N/A	1/1	1/1	1/1
Mr. Siu Ki LAU	9/9	2/2	N/A	N/A	1/1
Mr. Sui-Yu WU	9/9	2/2	1/1	1/1	1/1

Apart from regular Board meetings, a meeting between the Chairman of the Board and the Non-executive Directors (including Independent Non-executive Directors) of the Company was held during the year.

CONTINUING PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure the he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

All Directors are encouraged to participate on continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to all the Directors. All Directors participated in courses relating to roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors have provided the Company their training records for the year under review.

PRACTICES AND CONDUCT OF MEETINGS

Notice of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

For regular Board meetings and committee meetings, the Board has used its best endeavour to send Board papers together with all appropriate information to all directors at least 3 days before the regular Board meetings or committee meetings to keep the directors apprised of the latest developments and financial positions of the Company and to enable them to make informed decisions.

The Company's articles of association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such director or any of his associates has a material interest and this provision has always been complied with.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for the preparation of financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report on pages 61 to 65.

AUDITORS' REMUNERATION

During the year, the remuneration paid to the external auditors of the Group in respect of audit services and non-audit services amounted to approximately US$645,000 and US$239,000 respectively. The non-audit services mainly consist of professional advisory on taxation (US$153,000) and review of interim financial information (US$86,000).

COMPANY SECRETARY

Mr. Kwong Cho SHEUNG of JPG CPA Limited, external service provider, has been engaged as the Company Secretary of the Company. Mr. Sheung confirmed that he has received not less than 15 hours professional training during the Year Under Review. Its primary contact person at the Company is Ms. Yue-Jane HSIEH, Irene, assistant to the Chairman of the Company.

SHAREHOLDERS' RIGHTS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include AGM, annual report, various notices, announcements and circulars. Procedure for demanding a poll has been included in circulars accompanying notice convening a general meeting and such procedure has been read out by the chairman of the general meeting.

To safeguard the interests and rights of shareholders, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions proposed at the shareholders' meetings are voted by poll pursuant to the Listing Rules. The poll results are also posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.samsonholding.com) immediately after the relevant shareholders' meetings.

Putting Forward Proposals at General Meetings

The AGM and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s).

There are no provisions in the Company's articles of association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the below paragraph.

As regards proposing a person for election as a director of the Company, please refer to the procedures posted on the Company's website (www.samsonholding.com).

Convening an Extraordinary General Meeting by Shareholders

Pursuant to article 79 of the Company's articles of association, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event that the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Enquiries to the Board

The Company has disclosed all necessary information to the shareholders in compliance with Listing Rules. Updated and key information of the Group is also available on the Company's website (www.samsonholding.com). The Company also replies the enquiries from shareholders timely. The Directors host the AGM each year to meet the shareholders and answer their enquiries.

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 13/F, No. 200, Sec.4, Wen Shin Rd., Taichung, 404 Taiwan R.O.C
(For the attention of the Chief Investor Relations Officer)

Email: investors@lacquercraft.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee, Audit Committee and Nomination Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

Articles of Association

During the year, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is available on the Company's website (www.samsonholding.com) and the Stock Exchange's website (www.hkexnews.hk).

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

INTRODUCTION

Samson Holding Limited (the "Company") together with its subsidiaries (the "Group" or "we") are pleased to present the sixth Environmental, Social and Governance Report (the "ESG Report") for the financial year ended 31 December 2021 ("FY2021"). The ESG Report not only elaborates our commitments and strategies on corporate social responsibility, but also summaries the Group's Environmental, Social and Governance ("ESG") initiatives, plans and performance in sustainable development.

Established in 1995, we are a furniture manufacturing and wholesale company whose products cover a wide range of furniture for homes, offices and hotels. Our vision is to become a global leader in the furniture industry through delivering quality furniture at affordable prices and providing caring customer service so as to meet customers' demands.

With the belief that sustainability extends beyond mere business success, it is our mission to continue to build a sustainable business by manufacturing and marketing premium furniture for a better living so that long-term values can be created for both our customers and shareholders. The Group believes sustainability is the key to achieving continuous success, therefore we have integrated this key concept into our business strategy. To pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into our risk management system. We adhere to the ESG management direction in accordance with the concept of sustainable development and are committed to progressing effectively and responsibly towards ESG affairs.

The ESG Governance Structure

The Group has developed an ESG governance structure to ensure ESG governance aligns with its business strategy and to integrate ESG management into its business operations and decision-making process.

The Board of Directors (the "Board") holds the overall responsibility for the Group's ESG issues and sets out ESG management approach, strategy, priorities and objectives. The Board is also responsible for setting up environmental targets, aiming at aligning with the national vision of carbon neutrality and enhancing corporate reputation. In order to better manage the Group's ESG performance, related issues and potential risks, the Board regularly evaluates and determines ESG-related risks and opportunities of the Group, as well as reviews its performance against ESG-related targets. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal control systems and approving disclosures in the ESG Report.

To develop systematic management of ESG issues under the Board's delegations, the Group has established the ESG working group (the "working group"). The working group is composed of core members from various departments, which facilitates the Board's oversight of ESG matters. The working group has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, keeping track of and reviewing the progress made against the Group's ESG-related targets, ensuring compliance with ESG-related laws and regulations, assisting in conducting materiality assessment and preparing ESG reports. The working group arranges meetings regularly to evaluate the effectiveness of current policies and procedures, and formulates appropriate solutions to improve the overall performance of ESG policies. The working group reports to the Board periodically, assists in assessing and identifying the Group's ESG risks and opportunities, ensuring the implementation and effectiveness of the risk management and internal control systems.

REPORTING SCOPE

The reporting scope is determined based on the materiality and significance of ESG impacts of the business segments under the Group's direct operational control. This ESG Report covers the Group's headquarters in Taiwan and its subsidiaries, including Lacquer Craft Manufacturing Co., Ltd. in the People's Republic of China (the "PRC"), Craftmaster Furniture, Inc. in the United States (the "U.S."), and Timber Industries Co., Ltd. in Vietnam. The Group has also expanded the scope of reporting in FY2021 by including the Baker Interiors Group, Ltd. in the U.S.. Therefore, the ESG data presented in the following sections may vary from last year. The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosures when and where applicable.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report on pages 14 to 23 of this annual report.

During the preparation for this ESG Report, the Group has applied the following reporting principles:

Materiality: Materiality assessment was conducted to identify material issues during FY2021, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and working group. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of key performance indicators ("KPIs") data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous report for comparison. If there are any changes in the scope of disclosure or calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures being taken during FY2021.

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback regarding our businesses and ESG aspects. To understand and address their key concerns, we have maintained close communication with our key stakeholders. Through ongoing communication, we have collected their views and opinions, which help us identify ESG-related risks and formulate our sustainability strategies. We will continue to increase the involvement of stakeholders via constructive conversation to chart a course for long-term prosperity. The Group's communication channels with the key stakeholders and their respective expectations are as follows:

Stakeholders	Expectations	Communication Channels
Investors and shareholders	• Compliant operation • Economic performance • Business strategies and performance • Corporate governance system	• AGM and other shareholder meetings • Financial reports • Announcements and circulars • Company website
Customers	• Product and service quality • Protection of data privacy • Business integrity	• Customer satisfaction survey • Customer service manager • Company website, hotline or email • Financial reports
Employees	• Employees' health and safety • Development and training • Remuneration and benefits • Equal opportunities	• Training and orientation • Company activities • Performance reviews • Employee handbook • Opinion box • Complaint channels
Suppliers	• Fair and open procurement • Business ethics and reputation	• Procurement process • On-site visits • Supplier audit • Supplier management meeting
Regulatory bodies and government authorities	• Payment of tax • Compliant operation	• Compliance advisor • On-site inspections • Legal advisor
Media, community, and non-governmental organisations	• Transparent information disclosure • Giving back to society • Environmental protection • Compliant operation	• Company website • ESG reports • Community activities • Media channels

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report. To further identify and prioritise material ESG topics, we have conducted a materiality assessment through an online survey consisting of rating and open-ended questions covering areas on environmental protection, employment, operational practices, and community investment. The following diagram illustrates the steps of the materiality assessment process:

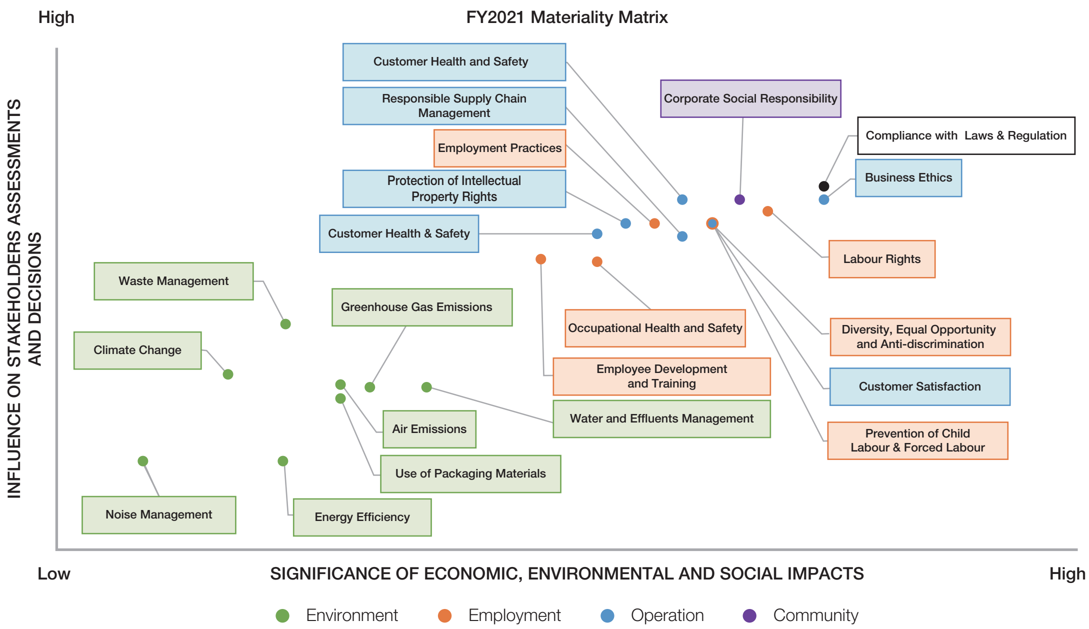
1. **Identification:** Identify a list of material topics by benchmarking against policies, industry standards, and corporate development strategies.

2. **Engagement:** Conduct materiality assessment in the form of a survey and invite stakeholders to assess the importance of each topic.

3. **Prioritisation:** The material topics are analysed and prioritised based on the survey results.

4. **Validation:** Stakeholders' opinions and the materiality assessment results are reviewed and discussed with the Board and working group, thus determining the focus of disclosure and the direction for improving ESG performance in the future.

The following matrix is a summary of the Group's material ESG issues.



During FY2021, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

We treasure your feedback and comments on our sustainability performances. You can provide valuable advice of the ESG Report or our sustainability performances by email at investors@lacquercraft.com.

A. ENVIRONMENTAL

A1. Emissions

As a corporation principally engaged in furniture production, we recognise our responsibilities towards the potential negative environmental impacts associated with our business activities, and we strive to nurture and strengthen our employees' awareness of environmental protection in their daily work processes.

The Group has also integrated environmental consideration into its decision-making process and embraced the responsibilities to create an environmentally sustainable business. We have formulated an Environmental and Emergency Response Manual for our operations in the U.S. to prevent the occurrence of accidents and deal with any incidents that will potentially bring adverse impacts to the environment.

In our daily operation, we focus on cleaner production by investing in mitigation technologies, upgrading high-efficient machinery, implementing environmental protection initiatives and cultivating a green culture within the Group. We strive to achieve energy conservation, usage reduction, pollution reduction and efficiency enhancement. In the long run, we will continue to enhance our environmental management strategies in monitoring and minimising the environmental impacts brought by our businesses regularly.

During FY2021, the Group was not aware of any material non-compliance with environment-related laws and regulations, including but not limited to the Environmental Protection Administration of Taiwan, the Environmental Protection Law of the PRC, the National Environmental Policy Act of the U.S., and the Law on Environmental Protection (55/2014/QH13) of Vietnam that would have a significant impact on the Group.

Air Emissions

The Group's major business in furniture production inevitably generates air emissions from processes such as woodworking, polishing and painting. To monitor the potential environmental impacts of our operations and to ensure that the corresponding emission levels are in accordance with the legal requirements, regular inspections on the quality of the emitted air were conducted. In addition, emission permits were obtained at our manufacturing sites. Air emissions generated from business operations of the Group mainly include volatile organic compounds ("VOCs") and dust from our manufacturing processes, as well as exhaust gas such as nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") from the use of company vehicles.

Types of Exhaust Gas	Unit	FY2021	FY2020	FY2019
NO_x	kg	1,275.54	1,701.23	802.89
SO_x	kg	2.82	2.73	0.65
PM	kg	121.95	122.11	57.75

We are committed to controlling our air emissions as we believe that this will not only reduce our environmental footprints, but also provide a safe and healthy workplace for our employees. Our ventilation system and in-house treatment facilities are regularly inspected to ensure their effectiveness. Under abnormal circumstances, the operation will be suspended until inspection and maintenance are carried out. Using FY2021 as the baseline year, the Group will gradually reduce its total air emissions intensity in the next five years. In addition, Initiatives on equipment upgrade, process modification and pollutant treatment are implemented:

- Boiler modification to replace heavy oil with natural gas;
- Spray booth modification to reduce unorganised organic gas emissions;
- Baghouse filter and activated carbon filter to significantly reduce the emissions of air pollutants;
- Change of paint formula from oil-based to water-based or UV-based; and
- Dust removal system to remove dust generated from production lines.

Greenhouse Gas ("GHG") Emissions

In view of global warming and climate change, we endeavour to mitigate GHG emissions by adopting energy efficiency measures as stated in the section "Use of Resources" in aspect A2. The major sources of GHG emissions of the Group were from fuel consumed by vehicles and stationary machinery (Scope 1), purchased electricity (Scope 2) and business air travel (Scope 3).

With all the efforts which have been exerted, the Group has maintained the amount of total GHG emissions intensity at a similar level between FY2021 and FY2020. Looking ahead, we will continue to look for opportunities to reduce our carbon footprints. Using FY2021 as the baseline year, the Group will gradually reduce its total GHG emissions intensity in the next five years.

Indicator[1]	Unit	FY2021	FY2020	FY2019
Scope 1 – Direct GHG emissions	tCO_2e	782.37	457.89	526.99
Scope 2 – Energy indirect GHG emissions	tCO_2e	19,943.26	20,584.73[2]	14,936.03
Scope 3 – Other indirect GHG emissions	tCO_2e	29.58	9.49	110.19
Total GHG emissions (Scope 1, 2 and 3)	**tCO_2e**	**20,755.21**	**21,052.11[2]**	**15,573.21**
Total GHG emissions intensity[3]	**tCO_2e/US$'000**	**0.04**	**0.05[2]**	**0.04**

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development; "Emissions Factors from Cross-Sector Tools" published by the Greenhouse Gas Protocol; "2006 IPCC Guidelines for National Greenhouse Gas Inventories" published by IPCC; "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5); "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; the "List of Grid Emission Factors" published by the Institute for Global Environmental Strategies; the latest emission factors of PRC's regional power grid basis; the latest grid mission factor of the U.S.; and the latest grid emission factor of Taiwan.

2. Figure restate.

3. During FY2021, the Group's total revenue is US$488,108,696.72. This data will also be used for calculating other intensity data.

Waste Management

Different from the end-of-pipe approach, we actively reduce our waste generation at source starting through better product design, raw material selection, process optimisation and production controls. Reduction at source not only lowers our waste generation, but also increases material utilisation rate, enhances production efficiency, and lowers unnecessary production costs due to wastage.

To minimise our impacts to the environment, the Group strictly manages the handling of wastes disposal and formulated specific handling procedures for non-hazardous and hazardous wastes.

Non-hazardous Wastes

The Group has formulated the Non-hazardous Management Plan to govern the managing procedures for domestic waste and non-hazardous industrial waste. Wastes should be properly stored, categorised, recycled or disposed of at source by the waste generating units according to the Non-hazardous Management Plan. The waste area has been inspected weekly by responsible personnel. Only licensed and qualified waste collectors are appointed for further handling and disposal.

During FY2021, the Group's non-hazardous waste disposal intensity has increased due to data availability for Timber Industries Co., Ltd. in Vietnam. Also, the increase in the disposal of metal and cotton were due to the demolition of workshops in the Group's PRC operation. Using FY2021 as the base year, the Group will gradually reduce its total non-hazardous waste intensity in the following five years.

Types of Non-hazardous Waste	Unit	FY2021	FY2020	FY2019
Wood	tonnes	778.48	788.45	8,843.78
Metal	tonnes	1,364.84	619.72	245.16
Cotton material	tonnes	25.43	11.84	81.20
Domestic waste and others	tonnes	59.76	120.23	602.36
Total non-hazardous waste	**tonnes**	**2,228.51**	**1,540.24**	**9,772.50**
Total non-hazardous waste intensity	**tonnes/US$'000**	**0.005**	**0.004**	**0.03**

Hazardous Wastes

For hazardous waste, the Group has established the Hazardous Waste Management Plan to safeguard the health and safety of our employees, as well as the environment. The Group is committed to maintaining the highest standards for preventing discharges of oil to navigable waters and the environment through the implementation of this Spill Prevention Control and Countermeasures ("SPCC") Plan.

Detailed procedures on handling hazardous waste are outlined to ensure proper storage, transfer, labelling and disposal. Training has been provided to employees in the U.S. on how to handle hazardous and regulated wastes. Licensed waste collectors are assigned to collect, transfer and treat our hazardous waste. To reduce the amount of hazardous waste, we are committed to optimising the manufacturing process, strengthening management work and providing training to employees. Emergency Plans and Management Procedures are also formulated in the Environmental and Emergency Response Manual for both operation in the U.S. and the PRC to prevent and deal with any spills or leaks of hazardous material. In our factory in the U.S., we have taken measures to reduce our hazardous waste through reformulation of our finishing materials to more low solids.

During FY2021, the Group has resumed the operation from the pandemic and has included the data of Timber Industries Co., Ltd. in Vietnam. Therefore, hazardous waste disposal intensity has been increased significantly when compared to FY2020. Using FY2021 as the base year, the Group will gradually reduce its total hazardous waste intensity in the following five years.

Types of Hazardous Waste	Unit	FY2021	FY2020	FY2019
Chemical waste	tonnes	122.35	83.43	290.18
Others	tonnes	373.41	80.99	397.72
Total hazardous waste	**tonnes**	**495.76**	**164.42**	**687.90**
Total hazardous waste intensity	**tonnes/US$'000**	**0.001**	**0.0004**	**0.002**

A2. Use of Resources

The Group endeavours to minimise the negative environmental impacts of our business operations as an on-going commitment to corporate sustainability. We put efforts on strengthening our employees' environmental awareness by providing various training and incentive programmes to promote resource conservation. We continuously uphold and promote the principle of effective use of resources and continue with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations.

Energy Efficiency

The Group strives to optimise the use of energy across business operation and thus reducing corresponding GHG emissions. To understand our consumption pattern, we have established energy management system with programmable controllers to systematically measure and record our energy consumption data. The major types of energy consumed are electricity for daily operations and fuels for stationary and mobile sources.

With all the efforts which has been exerted, the Group has maintained the energy consumption intensity at a similar level between FY2021 and FY2020.

Types of Energy	Unit	FY2021	FY2020	FY2019
Direct energy consumption[4]	**MWh**	**3,380.28**	**2,799.27**	**2,413.03**
Natural gas	MWh	1,493.04	611.20	1,119.24
Diesel oil	MWh	1,387.35	1,572.18	1,047.15
Propane	MWh	–	361.26	23.81
Unleaded petrol	MWh	481.17	238.11	182.69
Liquefied petroleum gas ("LPG")	MWh	18.72	16.52	40.14
Indirect energy consumption	**MWh**	**31,510.94**	**27,123.95[5]**	**21,507.36**
Purchased electricity	MWh	31,510.94	27,123.95[5]	21,507.36
Total energy consumption	**MWh**	**34,891.22**	**29,923.22[5]**	**23,920.39**
Total energy consumption intensity	**MWh/US$'000**	**0.07**	**0.08[5]**	**0.05**

Notes：

4. Actual direct energy consumptions are as follows:

- Natural gas: 144,208.31 m^3 (FY2021); 59,033.80 m^3 (FY2020); 107,013.62 m^3 (FY2019)
- Diesel oil: 129,619.68 litres (FY2021); 146,888.58 litres (FY2020); 97,834.49 litres (FY2019)
- Propane: 0 gallons (FY2021); 13,380.00 gallons (FY2020); 882.00 gallons (FY2019)
- Unleaded petrol: 49,648.93 litres (FY2021); 24,569.54 litres (FY2020); 18,850.46 litres (FY2019)
- LPG: 2,577.00 litres (FY2021); 2,273.67 litres (FY2020); 5,525.61 litres (FY2019)

5. Figure restate.

Using FY2021 as the base year, the Group aims to reduce its energy consumption intensity gradually in the following five years. The Group will also improve staffs' awareness on energy-saving measures by organising talks and seminars annually.

Apart from monitoring, we are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection and complying with relevant environmental laws and regulations. Our energy-savings practices are summarised as below:

Lighting

1. Replace traditional bulbs with energy-efficient LEDs;

2. Adopt motion and light sensors on fixtures to automatically turn off when no one is in the area and to dim when there is ambient daylight; and

3. Turn off unnecessary lighting during non-operation hours.

Air-conditioning

4. Adjust temperature according to weather;

5. Maintain the indoor temperature at moderate level; and

6. Set thermostats to automatic energy-saving programme during off-schedule hours.

Electrical appliances and machineries

7. Turn off all electrical appliances before leaving the office;

8. Post energy saving reminders next to switches;

9. Switch to low-energy-consumption sleep mode when not in use;

10. Install high-volume low-speed ("HVLS") fans to eliminate less energy-efficient fans;

11. Upgrade air compressors to variable speed compressors to adjust; and

12. Reduce power consumption.

Water and Effluents Management

To reduce our water consumption, we have implemented effective water management with measures such as monitoring our water use and inspecting water pipes regularly. The underground fire pipe network has been changed to a fully exposed pipe network to prevent water leakage. While greywater is reused to maximise utilisation. Besides, the Group is dedicated to cultivating a water conservation culture among employees. We have been strengthening our water-saving promotion, posting water-saving reminders in prominent places near water taps, and guiding employees to use water reasonably.

During FY2021, the Group's total water consumption intensity has decreased significantly when compared to FY2020, as the Group has rented out part of the factory in the PRC. In addition, The Group did not encounter any issues in sourcing water that is fit for purpose.

Indicator	Unit	FY2021	FY2020	FY2019
Freshwater	m^3	97,696.59	175,399.00	148,283.08
Total water consumption intensity	**m^3/US$'000**	**0.20**	**0.44**	**0.42**

Regarding water discharge, the main effluent is the wastewater from the spray process and domestic use. Rainwater and sewage are diverted to avoid pollution to water bodies. Discharge permits are obtained prior to discharge and wastewater is treated by in-house facility to meet quality standards. During FY2021, the Group had discharged a total of 75,725.16 m^3 of water.

Using FY2021 as the base year, the Group aims to reduce water consumption intensity gradually in the following five years. Starting from FY2022, the Group will also promote efficient water consumption. Promotional efforts include sticking posters on eye-catching places, etc. The Group will also celebrate water saving events starting from FY2022 by organising interactive activities, sending intranet notifications and emails to remind staff to cherish water resources.

Use of Packaging Materials

Our operation involves the use of packaging materials for containment and protection of products. In order to optimise our way of packaging, we have a Bill of Materials for each production item which designates specifically which material is the most suitable and efficient for the package, with the aim to minimise the amount of packaging material used. The types and amounts of the major packaging materials that we have used are plastic and carton box. During FY2021, the Group's packaging material consumption performances are similar compared to FY2020, as each factory is responsible for different business segment, therefore there is no big difference in the data in FY2021. The packaging materials consumption performances in FY2021 were as follows:

Types of Packaging Materials	Unit	FY2021	FY2020	FY2019
Plastic	tonnes	733.23	772.55	446.75
Carton box	tonnes	2,727.23	2,591.42	2,127.28
Total packaging material consumption	**tonnes**	**3,460.46**	**3,363.97**	**2,574.03**
Total packaging material consumption intensity	**tonnes/US$'000**	**0.01**	**0.01**	**0.01**

Paper Consumption

As a responsible corporate, the Group values paper-saving and regularly monitors the consumption of office paper. A paperless office is promoted to employees by encourage the use of e-communication channels such as the intranet to reduce unnecessary paper use. For unavoidable paper printing, the Group encourages employees to use double-sided printing. Reminders on paper reusing are also posted around office. During FY2021, the Group's total paper consumption has increased significantly when compared to FY2020 due to the change in reporting scope. During FY2021, the Group had consumed a total of 135.62 tonnes of paper and recycled 47.56 tonnes of paper.

A3. The Environment and Natural Resources

As a responsible corporate, we are devoted to achieving sustainable development for generating long-term values for the community and our stakeholders. We spend efforts in mitigating our potential environmental impacts and pursue the best industrial practices to reduce natural resource consumption and develop effective environmental management. We went through environmental impact assessment to evaluate the environmental risks of our business operation, and continuously adopt preventive measures to reduce potential risks, and ensure compliance with relevant laws and regulations.

Soil and Underground Water Management

Due to the Group's manufacturing processes, underground water and soil may be at risk of contamination. The Group regularly extracts and assesses underground water samples to ensure minimal pollutants are leaked into underground water supplies. Methodologies of contamination assessment, locations of potential contamination and preventive measures are elaborated in the Group's Soil and Underground Water Contamination Report.

Noise Management

Noise is inevitably generated from vehicles and machineries at our manufacturing facilities. We are committed to strictly adhering to noise level standards according to the relevant laws and regulations by carrying out monthly noise level inspection and assessment report regularly. In order to reduce the noise level and nuisance to the surroundings, we have adopted the following measures:

- Conduct regular maintenances to ensure the equipment is in good condition;
- Phrase out noise-generating old machines;
- Introduce advanced low-noise automation facilities;
- Relocate noise-generating processes to the middle section of the factory to add insulation; and
- Take noise generation into account in engineering design and equipment selection.

A4. Climate Change

The management of the Group understands that climate change may adversely impact to our businesses and the global economy as a whole. Therefore, other than reducing the environmental footprint caused the Group's furniture business, the Group also strives to identify any physical and transitional risks caused by climate change, and formulate polices to adapt to and/or mitigate these major impacts. Under the framework recommended by International Recommendations from Task Force on Climate-Related Financial Disclosures ("TCFD"), the Group has integrated climate risks into our Enterprise Risk Management ("ERM") processes and hereby discloses the related risks and respective actions taken.

Physical Risks

Extreme weather events are occurring more frequently with increasing severity, disasters such as floods, rainstorms, typhoons, droughts, etc., can greatly impact the Group's supply chain and assets. For example, the supply of timber can be interrupted due to destruction of forest from droughts. Events such as typhoons pose risks to the production as it may affect power supply, damage warehouses and production units. Workers are also at risk of work disruption, injuries and casualties. Damages to the Group's assets and interruption to the supply chain and production are detrimental to the Group's businesses due to increasing repairing costs and interrupted business operations.

In view of these risks, the Group has implemented Emergency Plans and Management Procedures to better adapt and mitigate these potential impacts, to protect our employees and equipment when extreme weather events are about to occur.

Transition Risks

Governments around the world are tightening environmental regulations and enacting climate-related legislation under the global movement for decarbonisation. Both risks and opportunities are presented in the form of government taxes and incentives in order to support the transition of different businesses to a greener mode of operation.

Other than tightening emission measures, businesses are also required to follow increasingly stringent disclosure and compliance measures. The general public are also becoming more aware of the sustainability of different businesses and their commitment to conduct green businesses. Thus, the Group recognises the potential compliance risks such as lawsuits and claims, as well as reputational risks if non-compliance occurs.

The Group will closely monitor the changes in the business environment and policy, and capitalise on the opportunities whenever possible to fulfil our role as a global citizen. In addition, the Group will also adjust and formulate appropriate business strategies, strive to complete the process of obtaining climate-related legislation and regulations to support the global vision of decarbonisation.

B. SOCIAL

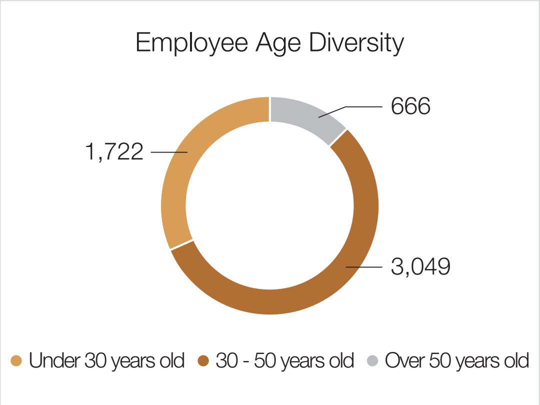
B1. Employment

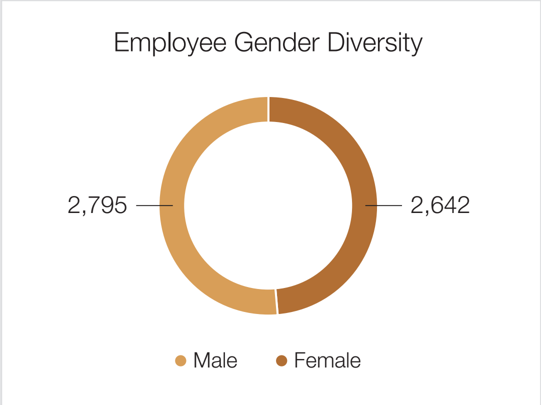
Employees are the fundamental to the continuous success of the Group. Thus, the Group has adopted a people-oriented management philosophy to attract, develop and retain employees, hence developing mutual trust and building a close relationship with its employees. Meanwhile, the Group respects and protects the rights of employees, safeguards employees' occupational health and safety, ensures sufficient resources for career development, and creates a comfortable and harmonious work environment.

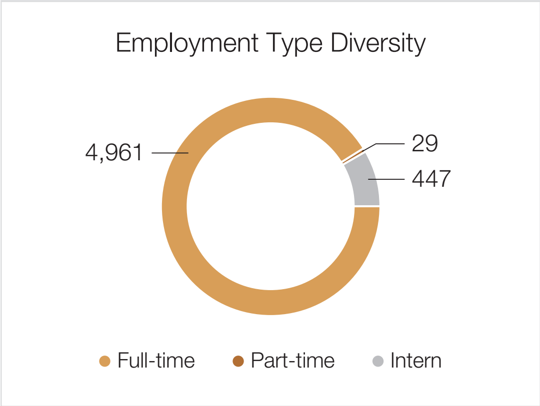
The Group has formally documented relevant employment policies as the Employee Handbook, covering recruitment, promotion and dismissal, remuneration and benefits, diversity and equal opportunities, etc.. We review these policies and our employment practices periodically to ensure the continuous improvements of our employment standards.

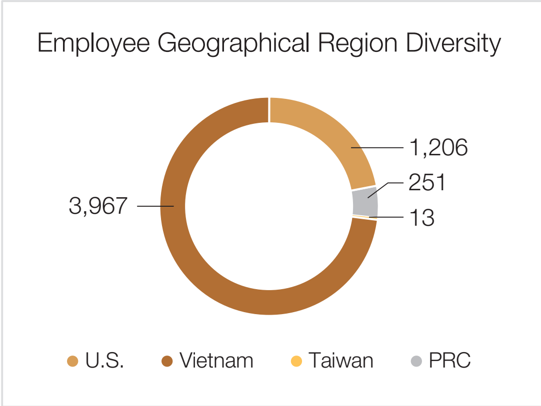
During FY2021, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Labour Standards Act of Taiwan, the Labour Law of the PRC, the Fair Labour Standards Act and the Americans with Disabilities Act of the U.S., as well as the Labour Code (10/2012/QH13) and the Law on Social Insurance (58/2014/QH13) of Vietnam that would have a significant impact on the Group.

As at the year ended 31 December 2021, the Group had a total of 5,437 employees in respect of the reporting scope. The following graphs show the age, gender, employment type and geographical region diversity of employees of the Group.









In FY2021, 2,410 employees have left. The employee turnover rate by gender, age group, and geographical region are as follows:

Indicators[6]	FY2021
By Gender	
Male	44%
Female	46%
By Age Group	
Under 30 years old	61%
30-50 years old	37%
Over 50 years old	33%
By Geographical Region	
U.S.	46%
Vietnam	42%
Taiwan	86%
PRC	72%
Total	**45%**

Note:

6. Employee turnover rate by category = total number of employees leaving employment during FY2021 by category/average number of employees at the beginning and the end of FY2021*100%.

Employment Practices

Recruitment and Promotion

The Group abides by an open, fair and just principle and considers candidates based on their merit and qualifications in the recruitment process. Prospective job applicants should complete an employment application form, followed by initial screening by the Human Resources Administrator and follow-up interview by respective departmental supervisor to ensure candidates' skills and abilities match the position. Besides, the Group has developed a series of sound employment rules and regulations and made clear provisions of the rights and obligations of employees as specified in the Employee Handbook, including remuneration, working hours and rest periods, welfare and benefits, to name but a few.

Moreover, the Group offers promotion and development opportunities for outstanding employees. Employees are subject to regular, quarterly as well as annual appraisals to realise their potential and weaknesses. Employees with great performance will be subject to promotion while employees found incapable of taking on the duties will be subjected to internal transfer.

Compensation and Dismissal

The Employee Handbook clearly defines the conditions under which employees will be compensated and situations where employees will not be compensated. Moreover, scenarios, such as immediate dismissal due to provision of false information or intended concealment of facts, under which employees have to compensate the Group are described precisely in the Employee Handbook.

In addition, the Group does not tolerate the dismissal of employees under any unreasonable basis. In case of misconduct or contravention of the express or implied terms and conditions of employment, employees are subject to warnings, misconduct records, demotion and wage cut or dismissal, depending on the severity of the misconduct and breach of the terms and conditions of employment as stated in the Employee Handbook.

Employee Relationships

Maintaining ongoing communication is essential to create long-term relationships with our employees. Therefore, we have set up various communication channels, such as hotline, email WeChat or suggestion box for our employees to voice out their opinions, suggestions and complaints to the management. These communication channels also serve as an opportunity for us to understand our employees' needs and concerns.

Labour Rights

Working Hours and Rest Periods

The Group has set up internal policies to strictly control employees' working hours and rest periods. Meanwhile, the attendance system of the Group ensures the compliance with relevant local laws and regulations. For employees who have to work overtime, an advance notice will be issued whenever possible and approval from department manager is needed, with additional overtime pays provided.

In addition to the basic paid annual leaves and statutory holidays stipulated by the local governments, which are also clearly stated in the Employee Handbook, employees are also entitled to extra leave benefits, such as marriage leave, maternity leave, compassionate leave, etc..

Other Benefits and Welfare

We strictly comply with relevant national laws and regulations and strive to provide all employees with benefits they should be entitled to. For the sake of increasing its employees' sense of belonging and providing them with better work experiences, the Group has offered various benefits and welfare for its employees. Apart from bonuses which depend on the work efficiency of its employees, the Group has also provided its employees with several insurance schemes in accordance with the local laws and regulations, such as social insurance, life insurance, health and dental insurance, worker's compensation insurance, etc. Furthermore, the Group will annually review and adjust the pay scale of its employees based on the provisions of the labour laws, contribution of the employees and the level of work completion.

Diversity, Equal Opportunity and Anti-discrimination

We are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. Thus, all employees are assured of equal opportunity in all Human Resources practices during their employment with the Group. Any form of discrimination, physical and verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation are stringently prohibited. Should any employee believe that there is a violation of the equal opportunity policy, he/she should advise and report to the Human Resources Director. In the meantime, any employee found to have acted in violation of the equal opportunity policy shall be subject to appropriate disciplinary action, including the termination of the employment contract.

B2. Health and Safety

The Group highly values employees' health and safety, and is always committed to providing employees a healthy, safe and comfortable working environment. We endeavour to eliminate potential occupational health and safety hazards and implement safety management measures in all aspects to ensure employees' health and safety during work, we have thus far implemented Safety Policy within the Group to protect our valuable human assets.

There were no reported cases of work-related fatalities for the past 3 years (including FY2021) and the Group was not aware of any material non-compliance with health and safety related laws and regulations, including but not limited to the Occupational Health and Safety Act of Taiwan, the Production Safety Law of the PRC, the Occupational Safety and Health of 1970 of the U.S., and the Law on Occupational Safety and Health (84/2015/QH13) of Vietnam that would have a significant impact on the Group. There are 10 employees who are injured during work, causing 536 work days lost during FY2021.

Occupational Health and Safety

To pursue an injury-free working environment, the Group has set up an Occupational Health and Safety Management System which contains regulations to govern the use of all machineries, equipment and danger signs. Specifically, the Group identifies and clearly defines the potential risk level and corresponding operational procedures for employees who are exposed to noise, paint and dust. Moreover, the Group organises periodical trainings for its employees on the correct procedures for operating machinery and equipment, and keeping themselves safe in case of fires or explosions.

For its operation in the PRC, the Group has carried out the Occupational Hazardous Agents Test and Assessment, and has received the Certification of Occupational Health Service issued by the State Administration of Work Safety. As such, the potential risk factors for each position and the corresponding preventive measures are up-to-standard. Recommended corrective methods are also identified and adopted.

For its operation in the U.S., employees who may be exposed to hazardous energy will receive training before assignment to ensure they fully understand the Energy Control Policy and acquire the necessary skills to apply, use, and remove energy controls. The contents of the training include not only the requirements of the OSHA standards for The Control of Hazardous Energy (Lockout/Tagout), but also the purpose and use of energy-control, recognition of hazardous energy sources, the types and magnitude of energy at workplace, and the methods necessary for isolating and controlling energy, etc. In addition, employees who are frequently exposed to chemicals are required to enrol the Hazardous Communication Program ("HCP") under their respective supervisor.

Besides, the Group is committed to comprehensively creating a clean and tidy working environment by prohibiting smoking, drugs and alcohols in the workplace. Also, the Group makes every effort to build a healthy and safe working environment for its employees by providing sufficient personal protection equipment for employees and conduct induction training for all new employees. Regular health checks are also provided for employees in order to figure out occupational diseases at the right time. Meanwhile, employees are required to use the protective equipment issued by the Group during work, including but not limited to masks, gloves, protective boots, safety straps, etc., for the sake of ensuring safety of the employees.

In order to prepare for any emergency situations such as fire accidents and chemical leakages, we have adopted an Emergency Contingency Plan, which clearly outlines the detailed emergency procedures to minimise employee exposure to danger and injuries. Fire drills and evacuation practices are also carried out regularly to ensure our employees are equipped with the knowledge in responding and reacting under these situations.

In response to the Coronavirus Disease 2019 ("COVID-19") pandemic, the Group has implemented Mask Policy and Infectious Disease Control Plan which outlines the Group's overall response to an infectious disease. In order to ensure the plan runs smoothly in the Group, we require all managers and supervisors to be familiar with the details of the implementation and be ready to answer questions from employees. Apart from providing face masks and taking body temperature, the Group also strictly enforces social distancing to prevent congregating in the operations during break or lunch time. In addition, to reduce the transmission of the virus in the community and in the workplace, the Group reminds its employees of the importance of staying home when feeling sick, frequently washing hands with soap and avoiding public places.

B3. Development and Training

It is our aim to bring out the best in employees which drives the growth of the Group as we believe that talents build the future of the Group. Thus, we are committed to nurturing our talents by providing diversified learning channels. Guidelines on education and training management are clearly stated in the Associate Handbook for the sake of fully empowering our employees with the knowledge and skills required to excel in their professional fields as well as motivating employees to further self-learning, thereby creating a talent pool which can contribute to the continuous success of the Group.

Employee Development and Training

The Group provides a series of internal training programmes to address the training needs of every department, positions and employees. All employees will be provided with induction training, which cover topics such as safe production, fire safety, corporate culture and vision in order to help new employees to familiarise themselves with our corporate culture and working environment. The Group also provides on-the-job training relevant to employees' particular position. Besides, employees are encouraged to pursue additional education and training on their own to better qualify themselves for their current positions and future opportunities.

Besides, employees who may be exposed to hazardous energy and chemicals are required to attend additional orientations and training to familiarise themselves with the use of hazardous energy and chemicals. For details regarding the occupational health and safety training, please refer to the section headed "Occupational Health and Safety".

During FY2021, the percentage of employees trained and average training hours completed per employee by gender and employee category on career development related trainings are as follows:

	Percentage of employees trained[7]	Average training hours[8]
By Gender		
Male	59%	5.83
Female	41%	4.29
By Employee Category		
Senior management	1%	2.46
Management	9%	0.92
Other employees	90%	5.38

Notes:

7. Percentage of employees trained = total employees trained by category during FY2021/total employees trained during FY2021*100%.

8. Average training hours = total training hours by category during FY2021/total number of employees at the end of FY2021.

B4. Labour Standards

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process according to laws and regulations. The Group strictly complies with local laws, Child Labour Policy and Recruitment Management Procedures have been implemented accordingly. During the recruitment process, candidates have to complete an employment application from the Human Resource Department which is responsible for conducting background checks and reference checks. Moreover, the Human Resources Department holds the responsibility of ensuring the identical documents are carefully checked. If violation is involved, it will be dealt with in the light of circumstances.

During FY2021, the Group was not aware of any material non-compliance with laws and regulations related to the prevention of child labour and forced labour, including but not limited to the Labour Standards Act of Taiwan, the Labour Law of the PRC, the Fair Labour Standards Act of the U.S., and the Labour Code (10/2012/QH13) of Vietnam that would have a significant impact on the Group.

B5. Supply Chain Management

Responsible Supply Chain Management

As a socially responsible enterprise, the Group places heavy emphasis on the management of potential environmental and social risks in the supply chain. We have formulated the Rules of Conduct Supplier Agreement at our U.S. operation in which it binds our suppliers and vendors to the specific minimum standards that we believe are essential, such minimum standards include but are not limited to the respect of the freedom of association and collective bargaining, provision of health and safety workplace, minimisation of the environmental impact. Besides, the Group has established the Supplier Review Management Procedure at its PRC operation to standardise the procurement system and supplier selection process so as to effectively monitor the procurement procedures. All suppliers and vendors of the Group are evaluated carefully and are subjected to regular monitoring and assessment. During FY2021, the Group has a total of 1,305 suppliers in respect of the reporting scope. Their geographical regions are shown below.

Geographical Regions	Number
U.S.	604
PRC (including Hong Kong)	286
Vietnam	364
Others (including but not limited to Italy, India, Indonesia, Philippines, and Thailand)	51
Total	**1,305**

Supplier Assessment

The Group has established a rigorous supplier selection system. During FY2021, the Group has implemented the practices relating to engaging suppliers to all suppliers. The Group takes into account the market price, technological advancement and quality when selecting a supplier, we will give priorities to local suppliers, or those who use environmentally friendly products and services, or suppliers that meet green specifications.

The Group has also formulated policies and procedures to ensure suppliers could compete in a transparent and fair way. We will not discriminate against any suppliers, and we do not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers will not be allowed to participate in relevant procurement activities. The Group will only select suppliers who have good track record in the past and have no serious violations of business ethics.

Supplier Monitoring

Upon qualifying as the Group's supplier, regular reviews, due diligence, supplier environmental and social risk assessment, and site visits are conducted to monitor their performance in areas including environment, health, safety, and labour practices. Should the supplier's performance fall below the Group's standards or breaches to local laws and regulations, the Group will terminate the supplier relationship immediately.

B6. Product Responsibility

The Group actively safeguards the quality of our products and is devoted to delivering excellent customer experience. We strive to continuously improve the quality of our products and services, and are committed to conducting business in a responsible manner and gaining greatest customer satisfaction.

During FY2021, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to the Consumer Protection Act of Taiwan, Law of the PRC on the Protection of Consumer Rights and Interests, Product Quality Law of the PRC, Consumer Product Safety Act of the U.S., Consumer Product Safety Improvement Act of the U.S., and the Law on Protection of Consumer Rights (59/2010/QH12) of Vietnam that would have a significant impact on the Group.

Product Quality

We recognise the importance of achieving and maintaining high product quality standard to the sustainable growth of the Group. In FY2021, there were no product recalls for safety and health reasons. To maintain high product quality, we have established Quality Control Unit, which it is responsible for ensuring the overall quality standards and products manufactured at each production stage. We have also formulated a Nonconforming Product Management Procedures for our operation at the PRC, which provide guidelines for recalling products that do not meet our quality standards. As stated in the Non-conforming Product Management Procedures, any products that are recalled will be reviewed, analysed and handled in order to prevent the occurrence of similar events.

Product Safety

We ensure product safety by applying strict safety standards which are aligned with compliance standards and customer requirements, Hazard Identification and Risk Evaluation Procedures for Products are implemented. To ensure that materials for our furniture do not contain any harmful substances or chemicals, the materials provided by our suppliers are tested and assessed systematically via international testing bodies. For example, in selecting paints and powder for our furniture, our suppliers are requested to submit third-party testing reports, so as to make sure the lead content for our products does not exceed the threshold limit. Likewise, for all foam-based components, fire retardant chemicals that can be harmful to people and the environment are not employed.

If any of our products are discovered to have any safety and health issues, we will stop the related production and recall the products in accordance with the Product Recall Control Procedures. We will also conduct a comprehensive investigation in order to find out the root causes and impacts of the problems.

Customer Satisfaction

Feedbacks and complaints from the Group's customers are welcomed as they are the key to enhancing the Group's service. In FY2021, the Group received 20 products and service-related complaints. The Group has established a set of procedures in handling customers' feedback or complaints in a professional manner. When receiving product or service-related enquiries or complaints, we will communicate with customers immediately and making corresponding responses in a timely manner. For each complaint received, we are committed to investigating the root causes and identify the areas for improvement in order to enhance the quality of the Group's service and products. All complaint cases and corresponding details are documented to reduce the possibility of re-occurrence in the future.

Privacy Protection

The Group attaches great importance to the protection of confidential data of our customers. We are determined to protecting customers' personal data by handling them with the highest degree of confidentiality. We have established the Code of Ethical Business Conduct and Social Networking Policy to govern the collection and use of customers' data. Our employees are constantly being reminded to keep customers' personal data to the highest level of security, and they prohibited from revealing or capitalising on any confidential matters or customer's information without prior consent. Only authorised personnel are allowed to access confidential information. Any employee who is found to have misused, unauthorised accessed to, or mishandled of confidential information will be subjected to the Discipline Policy up to and including immediate discharge.

We have also formulated a Confidentiality and Privacy Policy for our vendors and suppliers to ensure any information concerning products and services, clients or customers, sales, merchandising and marketing plans, etc. are kept confidential. A Data Privacy Addendum is also attached in the Confidentiality and Privacy Policy to outline the requirements and responsibilities of vendors and suppliers in relation to any customer information that the Group shared. Any non-conformity with the policies may result in partnership termination.

Advertising and Labelling

The Group emphasises the importance of proper advertising and labelling. With regard to labelling, we have included Product Identification and Traceability Management Procedures, and strictly adhere to relevant laws and regulations and attach safety labels such as tip-over warning labels and flammability warning labels on our products to keep our customers well-informed with the potential risks or hazards that may occur if the products are improperly used. Information on the materials used in the products with detailed instructions on the proper use of products are also provided for customers. Concerning advertising, we will verify all information regarding our products and business upon publication of promotion materials or product sales to prevent any false, misleading or deceptive information being publicised.

Protection of Intellectual Property ("IP") Rights

We believe our brand and IP rights are critical to the success of our Group. The Group has adopted a number of measures and policies to protect our IP rights so as to prevent any misuse or leakage of our IP. Employees are also prohibited from disclosing or exploiting any patents and trademarks to any third parties. In addition, we require our vendors to only present original designs and product ideas without conflict of other parties' rights. Vendors should also ensure they have the ability to grant us all rights (including copyrights, patents, rights of publicity and trademarks) for designs or products that they sell to us. For any infringement of our IP, we will urge infringers to cease such action, and further action will be taken if infringement continues.

B7. Anti-corruption

We believe that a corporate culture of high integrity is the key to our continued success, therefore we emphatically affirm our zero-tolerance stance regarding corruption, fraud, bribery, extortion, and all other behaviours that severely violate professionalism and work ethics. We are committed to building a fair, open, and transparent corporate culture, and we require our staff to adhere to the principle of integrity and comply with all applicable laws in a manner that excludes considerations of personal advantage or gain. All staff members are required to sign a Letter of Commitment for Integrity along with the Labour Contract.

During FY2021, there was no concluded legal case regarding corrupt practices brought against the Group or its employee. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Anti-corruption Act of Taiwan, the Criminal Law of the PRC, the American Anti-Corruption Act, and the Vietnam's Law on Anti-Corruption (36/2018/QH14) that would have a significant impact on the Group.

Business Ethics

The Group strictly adheres to a high standard of business conduct, and has established the Code of Ethical Business Conduct to define appropriate measures in handling gifts, favours, entertainments and payments received, potential conflict of interests, etc. to comply with relevant laws and regulations. During FY2021, the Directors and employees of the Group have received approximately 10 hours and 180 hours of anti-corruption training respectively. Such training familiarises the Board and employees at various levels with their corresponding roles and responsibilities in anti-corruption and business ethics, and helps cultivate employee's awareness towards anti-corruption.

To further maintain and achieve the highest degree of openness, probity and accountability, the Group has established a whistle-blowing mechanism where employees can act appropriately, without fear of retaliation. Within the whistle-blowing mechanism, detailed reporting and investigative procedures are set out to encourage employees to report fraudulent activities anonymously and to ensure that their reports are given due regard. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantial.

B8. Community Investment

Corporate Social Responsibility

The Group believes in shouldering the responsibility of contributing society and strives to be a responsible corporate citizen. We aim to exert positive influences on the community where we operate and live by actively participating in and supporting various charitable and community activities, related policy on Community Engagement has been implemented. During FY2021, the Group has actively participated in the charity and social welfare activities, contributed approximately US$403,075 on the community, cancer centres, anti-defamation league, and education.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – Air Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water and Effluents Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water and Effluents Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials, Paper Consumption
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources – Soil and Underground Water Management, Noise Management
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment – Employment Practices, Labour Rights, Diversity, Equal Opportunity and Anti-discrimination
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Employee Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child Labour and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management – Responsible Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Responsible Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management – Responsible Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Responsible Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Responsible Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality, Product Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Business Ethics
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment – Corporate Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Corporate Social Responsibility

The directors present the report of directors and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out on pages 73 to 74.

BUSINESS REVIEW AND OUTLOOK

A review of the business and the likely future development of the Group as well as an analysis of the Group's performance for the year ended 31 December 2021 are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on the respective pages 4 to 5 and pages 6 to 8 of this annual report which constitute part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss on page 66 of this annual report.

The directors recommend the payment of a final dividend of HK$0.02 per share, amounting to approximately HK$62.1 million (equivalent to approximately US$8.0 million[Note]) to the shareholders of the Company whose names appear on the Company's register of members on 10 June 2022, subject to the approval of the shareholders at the forthcoming AGM.

Note: exchange rate: US$1 to HKD$7.8 (for reference only)

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent in the furniture business industry and some are from external sources. Major risks are summarised below.

(i) The primary market for sales of our products is the U.S. and a decrease in demand for residential furniture in the U.S. and/or change of U.S. economy including consumers spending, housing markets, and even severe weather could adversely affect our results of operations. Our core business is in the residential furniture in the U.S., therefore change in the industry will affect the business significantly.

(ii) The residential furniture industry is subject to fashion trends and consumer tastes, which can change rapidly.

Failure to anticipate or respond to changes in consumer tastes and fashion trends in a timely manner could result in a decrease in future sales and profits.

(iii) We compete not only with U.S. furniture companies, but also importers who source furniture from the Southeast Asia. Areas of competition include product designs, production costs, marketing programs, customer services. If we do not respond timely to our competitors, our costs may increase or the consumer demand for our products may decline and so as our revenue and profits.

(iv) The risk exists that negative macroeconomic changes, mainly in the U.S., Vietnam, and China may result in negative changes in the business environment. Slower consumer spending may result in reduced demand for our products, reduced orders from our distributors, order cancellations, higher discounts, increased inventories, lower revenue and margins. In addition, the book of accounts of the Company is prepared in U.S. Dollars, therefore changes in other currencies will also affect the revenue recognised, as well as margins and other income, etc.

(v) Majority of our products are manufactured by our own manufacturing plants. Upholstery are primarily from our operations in the U.S. Disruption in the supply of raw materials and some key components, skilled labour may cause problems in our supply chain. We have developed long-standing relationships with a number of our suppliers so as to minimise the impact from any supply disruptions and ensure that we can locate alternative suppliers of comparable quality at a reasonable price with limited impact.

(vi) While the beginning of 2020 is marked by the global spread of COVID-19 and had posed uncertainty to the current economic situation. However, the U.S. economy recovers gradually as the effect of the COVID-19 has been mitigated in 2021. The Company continues coordinate with different parties and takes swift actions to ensure stable operations. We also closely monitor the development of the COVID-19 situation and strictly follow the guidance of local authorities to ensure the safety and health of employees. The Company will use its best endeavors to mitigate the adverse impact of the COVID-19 outbreak on the Group.

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

With a vision to become a global leader in the furniture industry, we understand our responsibility is not limited to create a better life at home, also to make the environment a better place for everyone to live in. With various environmental policies and practices established, we strive to minimise the environmental impacts of our production. Through implementing control measures, the level of air pollutants is reduced before emitting into the atmosphere to meet the government standards. We also have proper treatment procedure for managing hazardous waste. To improve resources efficiency, we reuse/recycle waste materials such as wood, and conserve energy such as installing LEDs lighting and educate employees.

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China and Vietnam while the Company itself is listed on the Stock Exchange. Our establishment and according operations shall comply with the relevant laws and regulations in the U.S., Vietnam, Mainland China and Hong Kong. During the year ended 31 December 2021 and up to the date of this report, we have complied with all the relevant laws and regulations in the above-mentioned jurisdictions.

For more details, please refer to the "Environmental, Social and Governance Report" section.

KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has maintained a good relationship with its employees, customers and suppliers:

Employees: We recognise the importance of our employees, and strive to fulfil our responsibility by providing a fair and safe workplace for all employees, where they can develop their careers while maintaining a healthy work-life balance.

Customers: It is vital to build up the customers trust on our products and services. To do so, we strive to maintain high product quality and offer safe products to create a better home for our customers. Listening to our customers is also our priority and corresponding systems are set up to handle customers' complaints or inquiries.

Suppliers: Suppliers are the key of product success. We carefully select our suppliers and require them to satisfy certain assessment criteria which are not limited to price, skills level and quality assurance standard, and also to make sure the materials use in production do not have significant adverse impacts to the environment and surrounding communities, and are safe for our consumers. We also require them to sign a probity agreement.

For more details, please refer to the "Environmental, Social and Governance Report" section.

FIVE YEARS OF FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 144 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2021, the Company's reserves available for distribution to shareholders were as follows:

	2021	2020
	US$'000	*US$'000*
Share premium	**105,972**	105,972
Contributed surplus	**80,186**	80,186
Accumulated losses	**(48,562)**	(47,795)
	137,596	138,363

Under the Companies Law of the Cayman Islands, the share premium account and the contributed surplus are distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 13 and 14 to the financial statements, respectively.

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 26 to the financial statements.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Shan Huei KUO *(Chairman)*
Ms. Yi-Mei LIU *(Deputy Chairman)*
Mr. Mohamad AMINOZZAKERI

Non-executive Director

Mr. Sheng Hsiung PAN

Independent Non-executive Directors

Mr. Ming-Jian KUO
Mr. Siu Ki LAU
Mr. Sui-Yu WU

In accordance with the provisions of the Company's articles of association (the "Articles"), Messrs. Mohamad AMINOZZAKERI, Sheng Hsiung PAN and Ming-Jian KUO will retire by rotation pursuant to article 130 of the Articles at the forthcoming AGM. All the retiring directors, being eligible, will offer themselves for re-election thereat.

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2021.

SHARE OPTION SCHEME

Following the expiry on 16 November 2015 of the Company's share option scheme adopted in 2005, the Company has adopted a new share option scheme on 18 May 2016 (the "2016 Share Option Scheme") to attract and incentivise skilled and experienced personnel. The 2016 Share Option Scheme shall be valid and effective for a period of 10 years until 18 May 2026.

Details of the share options granted and outstanding under the 2016 Share Option Scheme during the year ended 31 December 2021 were as follows:

	Date of grant	Exercise price *HK$/share*	Vesting date	Exercise period	Number of share options: Outstanding as at 1.1.2021	Expired during the year	Outstanding as at 31.12.2021
Other employees:							
In aggregate	11.11.2016	0.67	11.11.2016	11.11.2016 – 10.11.2021	26,700,000	(26,700,000)	–
Total					26,700,000	(26,700,000)	–
Exercisable at the end of the year					26,700,000		–
Weighted average exercise price (HK$ per share)*					0.67		–

* The exercise price of the share options is subject to adjustment in the case of changes in the Company's share capital.

During the year, 26,700,000 share options were lapsed (2020: Nil).

During the year ended 31 December 2021, there was no share option granted (2020: Nil), and the Group did not recognise any share option expense (2020: Nil).

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes disclosed above, at no time during the year and at the end of the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the interests of the directors or chief executive in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of directors	Capacity	Number of issued ordinary shares held (Long positions)	Percentage of the issued share capital of the Company
Mr. Shan Huei KUO	Held by controlled corporations *(Note)*	2,146,346,773	69.07%
Ms. Yi-Mei LIU	Held by controlled corporations *(Note)*	2,146,346,773	69.07%
Mr. Mohamad AMINOZZAKERI	Beneficial owner	10,000,000	0.32%

Note: The 2,146,346,773 shares were held by Advent Group Limited ("Advent").

Mr. Shan Huei KUO and Ms. Yi-Mei LIU each holds 50% of the equity interest in Magnificent Capital Holding Limited which owns 70% of the issued share capital of Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are husband and wife. Therefore, Mr. Shan Huei KUO and Ms. Yi-Mei LIU are deemed to be interested in the shares of the Company which are owned by Advent.

Other than as disclosed above, none of the directors or chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2021, the interests of the substantial shareholders and other persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Number of issued ordinary shares held (Long positions)	Percentage of the issued share capital of the Company
Magnificent Capital Holding Limited	Held by a controlled corporation	2,146,346,773	69.07%
Advent Group Limited ("Advent")	Beneficial owner	2,146,346,773	69.07%

Note: Mr. Shan Huei KUO and Ms. Yi-Mei LIU each holds 50% of the equity interest in Magnificent Capital Holding Limited which owns 70% of the issued share capital of Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are husband and wife. Therefore, Mr. Shan Huei KUO and Ms. Yi-Mei LIU are deemed to be interested in the shares of the Company which are owned by Advent. Mr. Shan Huei KUO and Ms. Yi-Mei LIU are also the directors of Advent and Magnificent Capital Holding Limited.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

CONNECTED TRANSACTIONS

During the year, the Group paid rental charge to Samson Global Co., Ltd. which is wholly-owned by Mr. Shan Huei KUO and Ms. Yi-Mei LIU. These related party transactions are regarded as continuing connected transactions and qualified as a "de minimis transaction" pursuant to Chapter 14A of the Listing Rules. The details of these transactions are set out in note 33 to the financial statements.

Other than as disclosed above, there were no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, entered into or subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's largest and five largest customers and suppliers, respectively, were as follows:

– the largest customer	9%
– five largest customers	22%
– the largest supplier	15%
– five largest suppliers	31%

During the year, none of the directors, their close associates nor any shareholders of the Company, which to the knowledge of the directors, owned more than 5% of the number of the Company's issued shares had an interest in any of the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained a sufficient public float throughout the year and up to the date of this report.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately US$475,000.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout the year.

The Company has arranged for appropriate insurance cover to protect its directors from possible legal actions against them.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Company that have occurred since the end of the year.

AUDITORS

A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Shan Huei KUO
Chairman

24 March 2022

Ernst & Young
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Quarry Bay, Hong Kong

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TO THE SHAREHOLDERS OF SAMSON HOLDING LTD.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Samson Holding Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 66 to 143, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value of inventories	
Inventories of US$139,938,000, as included in the consolidated financial statements as at 31 December 2021, was a material balance for the Group. The measurement of which required significant management judgement in determining an appropriate costing basis and assessing if their net realisable values were lower than the carrying amounts of the inventories at the year end. There were also judgements required in determining inventory excess and obsolescence provisions as these were based on forecasted inventory usage and sales. Relevant disclosures are included in notes 3 and 19 to the consolidated financial statements for the year ended 31 December 2021.	Our procedures included: • Evaluating the methodology and performing test of controls over the costing basis of inventories; • Attending inventory counts to observe the physical condition of a sample of inventories selected as at year end; • Assessing the inventory excess and obsolescence provision policy and considering management's judgement by comparing it to the historical data; and • Assessing the net realisable values by comparing the unit prices of subsequent sales with the unit costs for significant items.
Impairment of goodwill	
Goodwill, as included in the consolidated financial statements as at 31 December 2021, amounted to US$25,793,000. The determination as to whether goodwill was impaired involved management judgement to estimate the value-in-use of the cash-generating units to which the goodwill was allocated. There were also judgements required in estimating the value-in-use by management that involve an estimate of the expected future cash flows from the cash-generating units and an appropriate discount rate to calculate the present value of the projected cash flows. Relevant disclosures are included in notes 3 and 16 to the consolidated financial statements for the year ended 31 December 2021.	Management prepared discounted cash flow models to perform the impairment assessment. We involved our internal specialists in evaluating the discounted cash flow models, assumptions and key parameters used by management. Our procedures included: • Assessing the historical accuracy of the prior year's assumptions and estimates made by management, as appropriate; • Assessing the reasonableness of management's key assumptions, including growth rates and discount rates used in the discounted cash flow models; • Reperforming the management's sensitivity calculations; and • Assessing the adequacy of disclosures on the impairment assessment, specifically the key assumptions that have the most significant effect on the determination of the recoverable amount of the goodwill.

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 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.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

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 Chung Chi Ming.

Ernst & Young
Certified Public Accountants
Hong Kong
24 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
REVENUE	5	488,109	397,582
Cost of sales		(359,539)	(302,075)
Gross profit		128,570	95,507
Other income, gains, losses and expenses	5	21,097	13,629
Distribution costs		(12,038)	(11,731)
Sales and marketing expenses		(60,331)	(57,288)
Administrative expenses		(45,359)	(52,459)
Share of profit/(loss) of an associate	18	281	(54)
Finance costs	7	(3,448)	(4,499)
PROFIT/(LOSS) BEFORE TAX	6	28,772	(16,895)
Income tax (expense)/credit	10	(1,614)	1,174
PROFIT/(LOSS) FOR THE YEAR		27,158	(15,721)
Attributable to:			
Owners of the parent		27,158	(14,007)
Non-controlling interest		–	(1,714)
		27,158	(15,721)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
– Basic (in US cent)		0.87	(0.45)
– Diluted (in US cent)		0.87	(0.45)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 *US$'000*	2020 *US$'000*
PROFIT/(LOSS) FOR THE YEAR	**27,158**	(15,721)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,461**	(2,746)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**28,619**	(18,467)
Attributable to:		
Owners of the parent	**28,619**	(16,764)
Non-controlling interest	**–**	(1,703)
	28,619	(18,467)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 US$'000	2020 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	81,588	85,062
Investment properties	14	18,172	7,234
Right-of-use assets	15(a)	78,771	46,713
Goodwill	16	25,793	25,793
Other intangible assets	17	4,400	4,400
Investment in an associate	18	1,215	934
Deposits for acquisition of prepaid land lease		–	36,880
Deferred tax assets	25	4,550	4,299
Total non-current assets		214,489	211,315
CURRENT ASSETS			
Inventories	19	139,938	124,593
Trade and other receivables	20	89,507	97,221
Held-for-trading investments	21	88,362	95,490
Tax recoverable		3,230	3,513
Pledged bank deposits	22	–	10,308
Cash and cash equivalents	22	65,009	26,047
Total current assets		386,046	357,172
CURRENT LIABILITIES			
Trade and other payables	23	81,169	77,756
Interest-bearing bank borrowings	24	138,911	109,609
Lease liabilities	15(b)	6,309	7,510
Tax payable		10,951	11,171
Total current liabilities		237,340	206,046
NET CURRENT ASSETS		148,706	151,126
TOTAL ASSETS LESS CURRENT LIABILITIES		363,195	362,441

continued/…

	Notes	2021 US$'000	2020 US$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*15(b)*	**18,229**	19,622
Interest-bearing bank borrowings	*24*	**18,848**	45,365
Deferred tax liabilities	*25*	**2,494**	2,449
Total non-current liabilities		**39,571**	67,436
Net assets		**323,624**	295,005
EQUITY			
Issued capital	*26*	**155,374**	155,374
Reserves	*28*	**168,250**	139,631
Total equity		**323,624**	295,005

Shan Huei KUO
Director

Yi-Mei Liu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Attributable to owners of the parent											
	Note	Issued capital US$'000 (note 26)	Share repurchase reserve US$'000 (note 26)	Share premium US$'000	Capital redemption reserve US$'000	Share option reserve US$'000 (note 27)	Merger reserve US$'000 (note 28)	Other reserve US$'000 (note 28)	Exchange reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
At 1 January 2020		155,946	(492)	105,892	1,012	256	1,581	–	(6,641)	61,002	318,556	8,866	327,422
Loss for the year		–	–	–	–	–	–	–	–	(14,007)	(14,007)	(1,714)	(15,721)
Other comprehensive loss for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(2,757)	–	(2,757)	11	(2,746)
Total comprehensive loss for the year		–	–	–	–	–	–	–	(2,757)	(14,007)	(16,764)	(1,703)	(18,467)
Acquisition of additional interest in a subsidiary	29	–	–	–	–	–	–	(6,787)	–	–	(6,787)	(7,163)	(13,950)
Shares cancelled		(572)	492	80	–	–	–	–	–	–	–	–	–
At 31 December 2020 and 1 January 2021		155,374	–	105,972*	1,012*	256*	1,581*	(6,787)*	(9,398)*	46,995*	295,005	–	295,005
Profit for the year		–	–	–	–	–	–	–	–	27,158	27,158	–	27,158
Other comprehensive income for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	1,461	–	1,461	–	1,461
Total comprehensive income for the year		–	–	–	–	–	–	–	1,461	27,158	28,619	–	28,619
Transfer of share option reserve upon the expiry of share options		–	–	–	–	(256)	–	–	–	256	–	–	–
At 31 December 2021		155,374	–	105,972*	1,012*	–*	1,581*	(6,787)*	(7,937)*	74,409*	323,624	–	323,624

* These reserve accounts comprise the consolidated reserves of US$168,250,000 (2020: US$139,631,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		28,772	(16,895)
Adjustments for:			
Interest expenses	7	3,448	4,499
Interest income	5	(2,186)	(2,345)
Gain on disposal of items of property, plant and equipment	5	(954)	(1,180)
Impairment of other intangible assets	6	–	735
Net loss/(gain) on held-for-trading investments	5	2,666	(2,008)
Depreciation of investment properties	6	829	228
Depreciation of property, plant and equipment	6	9,486	9,555
Depreciation of right-of-use assets	6	7,491	8,187
Amortisation of other intangible assets	6	–	219
Impairment of trade receivables	6	252	648
Write-down of inventories to net realisable value	6	921	3,561
Reversal of write-down of inventories	6	(2,760)	(5,466)
Reversal of impairment of property, plant and equipment	6	(7,040)	–
Share of (profit)/loss of an associate	18	(281)	54
		40,644	(208)
(Increase)/decrease in inventories		(13,254)	17,893
Decrease in trade and other receivables		3,755	6,334
Increase in trade and other payables		2,972	1,606
Cash generated from operations		34,117	25,625
Overseas tax (paid)/refunded		(1,763)	686
Interest expenses on lease liabilities	7	(1,314)	(1,420)
Net cash flows from operating activities		31,040	24,891

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 US$'000	2020 US$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5	2,186	2,345
Purchase of items of property, plant and equipment		(4,809)	(7,657)
Proceeds from disposal of items of property, plant and equipment		1,111	1,717
Purchase of held-for-trading investments		(2,481)	(1,864)
Proceeds from disposal of held-for-trading investments		2,934	–
Redemption on maturity of held-for-trading investments		4,009	2,130
Decrease in short term bank deposits		–	4,200
Decrease/(increase) in pledged bank deposits		10,308	(6,366)
Net cash flows from/(used in) investing activities		13,258	(5,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		128,499	150,399
Repayment of bank loans		(125,789)	(182,563)
Principal portion of lease payments	30(b)	(6,099)	(6,645)
Acquisition of additional interest in a subsidiary		–	(13,950)
Interest paid	7	(2,134)	(3,079)
Net cash flows used in financing activities		(5,523)	(55,838)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		38,775	(36,442)
Cash and cash equivalents at the beginning of year		26,047	62,678
Effect of foreign exchange rate changes, net		187	(189)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	22	65,009	26,047

1. CORPORATE AND GROUP INFORMATION

Samson Holding Ltd. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal place of business of the Company is located at Unit 1007, 10th Floor, Haleson Building, 1 Jubilee Street, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- manufacturing and sale of furniture
- trading of furniture and procurement services
- investment holding

In the opinion of the directors, the Company's immediate holding company is Advent Group Limited, which is incorporated in the British Virgin Islands ("BVI") and its ultimate holding company is Magnificent Capital Holding Limited, which is also incorporated in the BVI.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Craftmaster Furniture, Inc.	United States ("U.S.")	US$0.01	–	100	Manufacturing and sale of furniture
Dongguan Huanhua Home Furniture Co., Ltd. ("DHH")*	People's Republic of China ("PRC")	RMB2,000,000	–	100	Trading of furniture
Grand Manor Furniture, Inc.	U.S.	US$4,008,000	–	100	Manufacturing and sale of furniture
LacquerCraft Hospitality, Inc.	U.S.	US$1,000	–	100	Marketing and sale of furniture
Universal Furniture International, Inc.	U.S.	US$0.35	–	100	Marketing and sale of furniture
Baker Interiors Group, Ltd.	U.S.	US$35,000,000	–	100	Manufacturing and sale of furniture

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Lacquer Craft Manufacturing Co., Ltd. (Zhejiang) ("LCZJ")*	PRC	US$80,000,000	–	100	Manufacturing and sale of furniture
Legacy Classic Furniture, Inc.	U.S.	US$4,450,000	–	100	Marketing and sale of furniture
PT Lacquercraft Industry Indonesia	Republic of Indonesia ("Indonesia")	Indonesian Rupiah 22,507,500,000	–	100	Manufacturing and sale of furniture
Samson International Enterprises Limited	BVI/Taiwan	US$50,000	–	100	Trading of furniture and procurement services
Samson Investment Holding Co.	U.S.	US$0.10	–	100	Investment holding
Trendex Furniture Ind. Co., Ltd.	Bangladesh	Bangladesh Taka 400,000	–	100	Manufacturing and sale of furniture
Uniview Trading Limited	Hong Kong	HK$1	–	100	Trading of furniture
Kingswood Talent Limited	BVI	US$50,000	–	100	Trading of furniture
United Bright International Enterprises Limited	BVI	US$50,000	–	100	Trading of furniture
Jolly State International Limited	BVI	US$46,500,000	–	100	Investment holding
Timber Industries Co., Ltd.	Vietnam	VND133,215,000,000	–	100	Manufacturing and sale of furniture
Samson Industries Co., Ltd.	Vietnam	VND631,224,724,745	–	100	Manufacturing and sale of furniture

* LCZJ and DHH are registered as wholly-foreign-owned enterprises under PRC law.

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

2.1 BASIS OF PREPARATION

These consolidated 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. They have been prepared under the historical cost convention, except for held-for-trading investments which have been measured at fair value. These consolidated financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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 the statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the statement of 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in US$ and Vietnamese Dong ("VND") based on the London Interbank Offered Rate ("LIBOR") as at 31 December 2021. For the LIBOR-based borrowings, since the interest rates of these borrowings were not replaced by RFRs during the year, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRSs are described below: (continued)

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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 are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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 described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investment in associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its held-for-trading investments at fair value at the end of each reporting period. 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.

2.4 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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 the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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 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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. 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 the statement of 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:

Freehold land	Not depreciated
Buildings	2.5% to 5%
Plant and machinery	10%
Leasehold improvements	Over the shorter of the lease terms and 10%
Motor vehicles	20%
Furniture, fixtures and equipment	20%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of 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 under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line basis at 2% to 11% per annum to write off the cost of investment properties over their estimated useful lives.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee *(continued)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	33 to 47 years
Office and warehouses	1 to 10 years
Equipment	1 to 8 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately disclosed in the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment, laptop computers and motor vehicles that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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 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:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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 statement 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans, borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank 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 the statement of 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 the statement of profit or loss.

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 the statement of 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.

Share repurchase reserve

Own equity instruments which are repurchased and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method 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.

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 the 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 the statement of profit or loss.

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 the 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 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 and an associate, 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, and 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, and 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 and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 the reporting period.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of furniture

Revenue from sale of furniture is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the furniture.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Rental related income, representing mainly electricity, water and steam fees are recognised when the services and facilities are provided.

Service fee income is recognised at the point in time when the services were rendered.

Other income

Interest income is recognised 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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customers).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China and Vietnam are required to participate in a central pension scheme operated by the respective governments in the PRC and Vietnam. These subsidiaries are required to contribute a certain specific percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Company's subsidiaries in the U.S. have established defined contribution retirement plans for their eligible employees in the U.S.. The assets of the plans are held separately from those of the Group, in funds under the control of trustees.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These consolidated financial statements are presented in United States dollars, which is the Company's functional currency. 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the United States dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into United States dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into United States dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into United States dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into United States dollars 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Net realisable value of inventories

The measurement of net realisable value of inventories required significant management judgement in determining an appropriate costing basis and assessing if net realisable value of inventories was lower than the carrying amount of the inventories at the year end. There are also judgements required in determining inventory excess and obsolescence provisions as these are based on forecast inventory usage and sales.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Useful lives of other intangible assets

As at 31 December 2021, the carrying amount of the Group's intangible assets excluding goodwill was approximately US$4,400,000 (2020: US$4,400,000). The estimated useful lives of the assets reflect the management's estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of the customer base and the possibility of renewal of sales contracts.

Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore amortisation expenses and impairment losses in the future years. Details of the other intangible assets are set out in note 17.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2021 was US$25,793,000 (2020: US$25,793,000). Further details are set out in note 16.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., real consumer spending) are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20.

4. OPERATING SEGMENT INFORMATION

The Group's revenue arises principally from the manufacturing and sale of furniture.

For the purpose of resource allocation and performance assessment, the Group's executive directors review the operating results and financial information on a brand by brand basis. They focus on the operating results of each brand. Each brand constitutes an operating segment of the Group. As the brands share similar economic characteristics, have similar products, are produced under similar production processes and have a similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Segment profit before tax of US$54,887,000 (2020: US$25,068,000) represents the profit/(loss) before tax earned by the single reportable segment excluding administrative expenses, other income, gains, losses and expenses, non-lease-related finance costs and share of profit/(loss) of an associate.

Other segment information

Amounts regularly provided to the executive directors but not included in the measure of segment profits are as follows:

	Reportable segment total *US$'000*	Unallocated *US$'000*	Total *US$'000*
2021			
Share of profit of an associate	**–**	**(281)**	**(281)**
Impairment loss recognised in the statement of profit or loss, net	**252**	**–**	**252**
Depreciation of property, plant and equipment	**8,615**	**871**	**9,486**
Reversal of write-down of inventories, net	**(1,839)**	**–**	**(1,839)**
Investment in an associate	**1,215**	**–**	**1,215**
Capital expenditure*	**4,809**	**–**	**4,809**
2020			
Share of loss of an associate	–	54	54
Impairment losses recognised in the statement of profit or loss, net	1,383	–	1,383
Depreciation of property, plant and equipment	8,645	910	9,555
Reversal of write-down of inventories, net	(1,905)	–	(1,905)
Investment in an associate	934	–	934
Capital expenditure*	7,657	–	7,657

* Capital expenditure consists of additions to property, plant and equipment.

The unallocated depreciation of property, plant and equipment is in connection with corporate headquarters' property, plant and equipment, which is not included in segment information.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in the PRC, the U.S., Bangladesh and Vietnam.

The Group's revenue from external customers by their geographical locations, and the information about its non-current assets by geographical locations, are detailed below:

	Revenue from external customers Year ended 31 December		Non-current assets *(Note)* As at 31 December	
	2021	2020	**2021**	2020
	US$'000	*US$'000*	***US$'000***	*US$'000*
PRC, including Hong Kong	**11,487**	7,526	**15,618**	65,287
U.S.	**467,834**	378,499	**97,410**	79,240
Bangladesh	**–**	–	**3,554**	4,140
Vietnam	**–**	–	**92,327**	57,100
Others	**8,788**	11,557	**1,030**	1,249
	488,109	397,582	**209,939**	207,016

Note: Non-current assets excluded the deferred tax assets.

Information about a major customer

During the years ended 31 December 2021 and 2020, no revenue from any single customer accounted for 10% or more of the total revenue of the Group.

5. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES

An analysis of revenue is as follows:

	2021	2020
	US$'000	*US$'000*
Revenue from contracts with customers		
Sale of furniture	**487,802**	397,274
Revenue from other sources		
Service fee income	**307**	308
	488,109	397,582

5. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

Segment – Furniture	2021 US$'000	2020 US$'000
Types of goods		
Sale of furniture and total revenue from contracts with customers	487,802	397,274
Geographical markets		
PRC, including Hong Kong	11,180	7,218
U.S.	467,834	378,499
Others	8,788	11,557
Total revenue from contracts with customers	487,802	397,274
Timing of revenue recognition		
Goods transferred at a point in time and total revenue from contracts with customers	487,802	397,274

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment – Furniture	2021 US$'000	2020 US$'000
Revenue from contracts with customers		
External customers and total revenue from contracts with customers	487,802	397,274

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 US$'000	2020 US$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	21,687	20,126

5. REVENUE, OTHER INCOME, GAINS, LOSSES AND EXPENSES (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of furniture

The performance obligation is satisfied upon delivery of the furniture and payment is generally due within 30 to 90 days from delivery, except for several customers, where payment in advance is normally required.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of furniture are a part of contracts that have an original expected duration of one year or less.

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

	2021 ***US$'000***	2020 *US$'000*
Other income		
Bank interest income	**144**	272
Interest income from held-for-trading investments	**2,042**	2,073
Rental income	**4,899**	2,341
Rental related income	**4,646**	472
	11,731	5,158
Other gains, losses and expenses		
Foreign exchange differences, net	**654**	514
Gain on disposal of items of property, plant and equipment	**954**	1,180
Net (loss)/gain on held-for-trading investments	**(2,666)**	2,008
Reversal of impairment of property, plant and equipment	**7,040**	–
Others	**3,384**	4,769
	9,366	8,471
	21,097	13,629

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2021 US$'000	2020 US$'000
Cost of inventories sold		361,378	303,980
Depreciation of investment properties	14	829	228
Depreciation of property, plant and equipment	13	9,486	9,555
Depreciation of right-of-use assets	15(a)	7,491	8,187
Amortisation of other intangible assets	17	–	219
Reversal of impairment of property, plant and equipment	13	(7,040)	–
Gain on disposal of items of property, plant and equipment		(954)	(1,180)
Lease payments not included in the measurement of lease liabilities	15(c)	191	803
Auditors' remuneration		884	904
Employee benefit expense (excluding directors' remuneration):			
Wages, salaries and allowances		109,436	99,547
Retirement benefit scheme contributions*		951	804
		110,387	100,351
Impairment of other intangible assets	17	–	735
Impairment of trade receivables	20	252	648
Write-down of inventories to net realisable value		921	3,561
Reversal of write-down of inventories		(2,760)	(5,466)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 US$'000	2020 US$'000
Interest on bank loans	**2,134**	3,079
Interest on lease liabilities	**1,314**	1,420
	3,448	4,499

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 US$'000	2020 US$'000
Fees	**201**	201
Other emoluments:		
Salaries, allowances and benefits in kind	**1,232**	1,032
	1,433	1,233

In prior years, a director was granted share options in respect of his services to the Group. Further details of the share options are set out in note 27 to the financial statements.

(a) Independent non-executive directors

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

	2021 US$'000	2020 US$'000
Ming-Jian KUO	**31**	31
Siu Ki LAU	**31**	31
Sui-Yu WU	**31**	31
	93	93

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and a non-executive director

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Total remuneration US$'000
2021			
Executive directors:			
Shan Huei KUO	31	545	576
Yi-Mei LIU	31	365	396
Mohamad AMINOZZAKERI	31	322	353
	93	1,232	1,325
Non-executive director:			
Sheng Hsiung PAN	15	–	15
	108	1,232	1,340
2020			
Executive directors:			
Shan Huei KUO	31	462	493
Yi-Mei LIU	31	298	329
Mohamad AMINOZZAKERI	31	272	303
	93	1,032	1,125
Non-executive director:			
Sheng Hsiung PAN	15	–	15
	108	1,032	1,140

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

There were no performance related bonuses and pension scheme contributions paid to the executive directors and a non-executive director during the year (2020: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2020: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2020: three) highest paid employees who are not directors of the Company are as follows:

	2021 US$'000	2020 US$'000
Salaries, allowances and benefits in kind	2,173	1,632
Retirement benefit scheme contributions	–	–
	2,173	1,632

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

	Number of employees 2021	2020
HK$3,500,001 to HK$4,000,000 (approximately US$449,001 to US$513,000)	1	1
HK$4,000,001 to HK$4,500,000 (approximately US$513,001 to US$577,000)	–	1
HK$4,500,001 to HK$5,000,000 (approximately US$577,001 to US$641,000)	1	1
HK$8,000,001 to HK$8,500,000 (approximately US$1,026,001 to US$1,090,000)	1	–
	3	3

10. INCOME TAX

For the Group's subsidiaries established in the U.S., income tax is calculated at the rate of 21% (2020: 21%).

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax was made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

Taiwan income tax is calculated at 20% (2020: 20%) of certain subsidiaries' assessable profits.

In accordance with the relevant tax rules and regulations in Vietnam, the income tax rate applicable to the Group's subsidiaries in Vietnam is 20% (2020: 20%).

10. INCOME TAX (continued)

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

	2021 US$'000	2020 US$'000
Current tax:		
U.S.	300	(1,412)
Taiwan	1,150	1,025
Vietnam	174	–
Hong Kong	94	–
Elsewhere	102	769
	1,820	382
Deferred tax *(note 25)*	(206)	(1,556)
	1,614	(1,174)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the countries (or jurisdictions) in which the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2021 US$'000	2021 %	2020 US$'000	2020 %
Profit/(loss) before taxation	28,772		(16,895)	
Taxation at the U.S. federal income tax rate of 21% (2020: 21%)	6,042	21.0	(3,548)	21.0
U.S. state income tax at other rates	52	0.2	(576)	3.4
Tax effect of expenses not deductible for tax purpose	1,927	6.7	9,031	(53.5)
Tax effect of income not taxable	(3,909)	(13.6)	(4,856)	28.8
Tax effect of tax losses not recognised	1,605	5.6	672	(4.0)
Effect of profits in subsidiaries operating in other jurisdictions	(4,103)	(14.3)	(1,897)	11.2
Tax charge/(credit) at the Group's effective rate	1,614	5.6	(1,174)	6.9

11. DIVIDENDS

Final dividend of HK$0.02 per share amounting to approximately HK$62.1 million (equivalent to approximately US$8.0 million) in respect of the year ended 31 December 2021 (2020: Nil) has been proposed by the directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted profit/(loss) per share are based on:

	2021 ***US$'000***	2020 *US$'000*
Profit/(loss) for the year attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings/(loss) per share calculations	**27,158**	(14,007)

	2021 ***Number of shares***	2020 *Number of shares*
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculations	**3,107,473,773**	3,108,758,365

For the year ended 31 December 2021, the Company's share options have no dilutive effect as the exercise price of the share options was higher than the average market price of the Company's shares and they were all lapsed during year. No adjustment had been made to the basic loss per share amount presented for the year ended 31 December 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land* US$'000	Buildings US$'000	Plant and machinery US$'000	Leasehold improvements US$'000	Motor vehicles US$'000	Furniture, fixtures and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost:								
At 1 January 2020	9,636	124,712	66,587	18,031	2,528	47,879	200	269,573
Exchange realignment	(8)	3,299	3,563	992	53	1,294	(16)	9,177
Additions	–	2,505	2,327	1	156	2,143	525	7,657
Transfers	–	703	–	–	–	–	(703)	–
Disposals	–	(158)	(354)	(20)	(157)	(648)	–	(1,337)
At 31 December 2020 and 1 January 2021	9,628	131,061	72,123	19,004	2,580	50,668	6	285,070
Exchange realignment	(6)	1,144	1,297	364	19	466	–	3,284
Additions	–	982	1,818	337	548	1,119	5	4,809
Transfer from other receivables and prepayments	–	–	–	1,326	–	–	–	1,326
Transfer to investment properties *(note 14)*	–	(26,371)	–	–	–	–	–	(26,371)
Disposals	–	–	(96)	–	(39)	(643)	–	(778)
At 31 December 2021	**9,622**	**106,816**	**75,142**	**21,031**	**3,108**	**51,610**	**11**	**267,340**
Accumulated depreciation and impairment:								
At 1 January 2020	–	69,406	59,846	14,951	1,438	36,458	–	182,099
Exchange realignment	–	3,299	3,544	989	39	1,283	–	9,154
Depreciation provided for the year	–	4,829	1,663	423	232	2,408	–	9,555
Eliminated on disposals	–	(87)	(303)	(2)	(62)	(346)	–	(800)
At 31 December 2020 and 1 January 2021	–	77,447	64,750	16,361	1,647	39,803	–	200,008
Exchange realignment	–	1,166	1,264	363	11	446	–	3,250
Depreciation provided for the year	–	4,871	1,868	380	247	2,120	–	9,486
Reversal of impairment *(note 6)*	–	(7,040)	–	–	–	–	–	(7,040)
Transfer to investment properties *(note 14)*	–	(19,331)	–	–	–	–	–	(19,331)
Eliminated on disposals	–	2	(58)	(2)	(15)	(548)	–	(621)
At 31 December 2021	**–**	**57,115**	**67,824**	**17,102**	**1,890**	**41,821**	**–**	**185,752**
Net carrying amount:								
At 31 December 2021	**9,622**	**49,701**	**7,318**	**3,929**	**1,218**	**9,789**	**11**	**81,588**
At 31 December 2020	9,628	53,614	7,373	2,643	933	10,865	6	85,062

* The freehold land is situated in the U.S..

13. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2021, certain of the Group's property, plant and equipment with a net carrying amount of US$13,221,000 (2020: US$44,279,000) were pledged to banks to secure certain credit facilities granted to the Group (note 31).

For the purpose of impairment assessment, assets have been allocated to one individual cash generating unit ("CGU") and the recoverable amount of the CGU has been determined based on the value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a ten-year period, and a discount rate of 12%. Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on the CGU's past performance and management's expectations for the market development. No impairment was charged during the year ended 31 December 2021.

During the year ended 31 December 2021, certain of previous impaired buildings were leased out to independent third parties for rental income. The directors of the Company conducted a review by making reference to a valuation report prepared by an independent firm of professionally qualified valuers and determined that a reversal of provision for impairment of approximately US$7,040,000 (2020: Nil) on relevant buildings was made. The recoverable amounts were determined based on their fair values less costs of disposal.

14. INVESTMENT PROPERTIES

	US$'000
Cost:	
At 31 December 2020 and 1 January 2021	12,185
Transfer from property, plant and equipment *(note 13)*	7,040
Transfer from right-of-use *(note 15(a))*	1,728
Transfer form other receivables and prepayments	2,999
At 31 December 2021	**23,952**
Accumulated depreciation:	
At 1 January 2020	4,723
Provided for the year	228
At 31 December 2020 and 1 January 2021	4,951
Provided for the year	829
At 31 December 2021	**5,780**
Net carrying amount:	
At 31 December 2021	**18,172**
At 31 December 2020	7,234

The Group's investment properties are commercial properties in the U.S. and industrial properties in the PRC. The commercial properties in the U.S. are situated on freehold land and the building elements are depreciated on a straight-line basis at 2.5% per annum. The industrial properties in the PRC are situated on leasehold land. They are depreciated on a straight-line basis at 2.0% to 11.0% per annum.

14. INVESTMENT PROPERTIES (continued)

As at 31 December 2021, certain of the Group's investment properties with a net carrying amount of US$5,093,000 (2020: US$7,234,000) were pledged to banks to secure credit facilities granted to the Group (note 31).

The fair value of the Group's investment properties at 31 December 2021 was US$21,100,000 (2020: US$12,650,000) and US$180,997,000 (2020: Nil) in the U.S. and the PRC, respectively. Their fair values were determined by the directors of the Company by making reference to the valuation reports prepared by the independent firms of professional qualified valuers.

Fair value hierarchy

The fair value measurement hierarchy of the Group's investment properties is as follows:

	2021 *US$'000*	2020 *US$'000*
Significant unobservable inputs *(Level 3)*:		
Commercial properties	**21,100**	12,650
Industrial properties	**180,997**	–
	202,097	12,650

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.

The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value. There was no movement of fair value measurements categorised within Level 3 of the fair value hierarchy during the year.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs
Commercial properties	Discounted cash flow method	Estimated rental value Long term vacancy rate Discount rate
Industrial properties	Market comparison	Estimated price per square metre

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

A significant change of inputs in respect of the estimated rental value, long term vacancy rate or discount rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flows are estimated as gross income less vacancy costs, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted to arrive at the fair value.

Under the market comparison approach, fair value is estimated with reference to recent transactions for similar properties in the proximity with adjustments for the differences in floor area, etc. between the comparable properties and the subject properties. A significant increase/(decrease) in the estimated price per square metre in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. The valuations take into account the characteristics of the properties which include the location, size and other factors collectively.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of property and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods between 39 and 47 years, and no ongoing payments will be made under the terms of these land leases. Leases of office and warehouses generally have lease terms between 1 and 10 years (2020: between 1 and 10 years), while other equipment generally has lease terms between 1 and 8 years (2020: between 1 and 8 years). Certain offices and other equipment generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

15. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land US$'000	Office and warehouses US$'000	Equipment US$'000	Total US$'000
As at 1 January 2020	22,163	27,738	2,252	52,153
Additions	–	2,538	74	2,612
Depreciation charge *(note 6)*	(702)	(6,631)	(854)	(8,187)
Exchange realignment	124	11	–	135
As at 31 December 2020 and 1 January 2021	21,585	23,656	1,472	46,713
Additions	–	3,157	348	3,505
Transfer from deposits for acquisition of prepaid land lease	36,880	–	–	36,880
Transfer to investment properties *(note 14)*	(1,728)	–	–	(1,728)
Depreciation charge *(note 6)*	(1,096)	(5,690)	(705)	(7,491)
Exchange realignment	892	–	–	892
As at 31 December 2021	**56,533**	**21,123**	**1,115**	**78,771**

A leasehold land situated in Vietnam with a net carrying amount of approximately US$36,465,000 (2020: Nil) is in the process of obtaining the land use right certificates for the self-owned land. The Group has been using the land without objection from the relevant authorities. The risk of having to relocate the business operations from the land is relatively low.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 US$'000	2020 US$'000
Carrying amount at 1 January	**27,132**	31,161
Additions	**3,505**	2,612
Accretion of interest recognised during the year *(note 7)*	**1,314**	1,420
Payments	**(7,413)**	(8,065)
Exchange realignment	**–**	4
Carrying amount at 31 December	**24,538**	27,132
Analysed into:		
Current portion	**6,309**	7,510
Non-current portion	**18,229**	19,622
	24,538	27,132

15. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 US$'000	2020 US$'000
Interest on lease liabilities	**1,314**	1,420
Depreciation charge of right-of-use assets	**7,491**	8,187
Expense relating to short-term leases*	**18**	554
Expense relating to leases of low-value assets*	**173**	249
Total amount recognised in profit or loss	**8,996**	10,410

* The expenses are included in cost of sales, distribution costs, sales and marketing expenses and administrative expenses.

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of commercial properties in the U.S. and industrial properties in the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was US$4,899,000 (2020: US$2,341,000), details of which are included in note 5 to the financial statements.

At 31 December 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 US$'000	2020 US$'000
Within one year	**8,273**	4,896
After one year but within two years	**8,269**	5,900
After two years but within three years	**6,884**	4,511
After three years but within four years	**6,171**	4,468
After four years but within five years	**2,980**	3,559
Over five years	**2,184**	–
	34,761	23,334

16. GOODWILL

	2021 US$'000	2020 US$'000
Cost and carrying amount at 1 January and 31 December	25,793	25,793

For the purposes of impairment testing, goodwill has been allocated to three individual cash-generating units ("CGU(s)"). The carrying amount of goodwill as at the end of the reporting period allocated to each of the CGUs is as follows:

	2021 US$'000	2020 US$'000
Brand A	11,475	11,475
Brand C	2,230	2,230
Brand E	12,088	12,088
	25,793	25,793

During the year, management of the Group determined that there was no impairment of its CGUs including goodwill with an indefinite useful life. The basis of the recoverable amounts of the above CGUs and the major underlying assumptions are summarised below:

The recoverable amounts of these CGUs have been determined based on a value-in-use calculation. Management believes these units have an indefinite useful life. However, for the purposes of the impairment test, the calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 11.4% to 15.0% (2020: 13.5% to 15.0%) with a growth rate of 3% to 10% (2020: 3% to 8%). These CGUs' cash flows beyond the five-year period are extrapolated using a growth rate of 3%.

Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on the CGUs' past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of these CGUs to exceed the aggregate recoverable amount of the CGUs.

17. OTHER INTANGIBLE ASSETS

	Trademark Brand B	Trademark Brand D	Total
	US$'000	*US$'000*	*US$'000*
Net carrying amount at 1 January 2020	954	4,400	5,354
Amortisation provided during the year *(note 6)*	(219)	–	(219)
Impairment during the year *(note 6)*	(735)	–	(735)
Net carrying amount at 31 December 2020, 1 January 2021 and 31 December 2021	–	4,400	4,400

Brand B

During the year ended 31 December 2020, management considered that trademark B, which had an estimated useful life of 14 years, was fully impaired, given the business relationship with the customer had become unlikely to continue.

Brand D

The trademark Brand D is considered to have an indefinite useful life because it can be renewed every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, and support that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademark is considered by management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows in the foreseeable future. The trademark will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purposes of impairment testing, the trademark Brand D with an indefinite useful life set out in this note has been allocated to an individual CGU.

During the year, management of the Group determined that there was no impairment loss of its CGU containing the trademark Brand D with an indefinite useful life. The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

For the purposes of the impairment test, the calculation uses cash flow projections based on financial budgets approved by management covering a 20-year period, and a discount rate of 18.8% (2020: 17.0%) with a growth rate of 1% to 10% (2020: 1% to 10%). This growth rate is based on the furniture industry growth forecasts in the U.S. and does not exceed the average long term growth rate for the furniture industry.

17. OTHER INTANGIBLE ASSETS (continued)

Brand D (continued)

Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on the CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this unit to exceed the recoverable amount of the CGU.

As at 31 December 2021, the Group did not pledge any intangible assets (2020: US$4,400,000) to banks to secure credit facilities granted to the Group (note 31).

18. INVESTMENT IN AN ASSOCIATE

	2021 ***US$'000***	2020 *US$'000*
Share of net assets	**858**	577
Goodwill on acquisition	**357**	357
	1,215	934

Particulars of the Group's associate are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
H. Nicholas & CO Joint Stock Company	Ordinary shares	Vietnam	45.5%	Manufacturing and sale of furniture

On 1 July 2019, the Company entered into a strategic agreement with an independent third party to acquire 45.5% equity interest in H. Nicholas & CO Joint Stock Company, a company in Vietnam. Since the Group has significant influence over the board of directors of this investee, it is classified as investment in associate and accounted for using the equity method.

18. INVESTMENT IN AN ASSOCIATE (continued)

The summarised financial information in respect of the Group's associate is set out below:

	2021 US$'000	2020 US$'000
Current assets	4,627	2,073
Non-current assets, excluding goodwill	933	811
Goodwill on acquisition of the associate	357	357
Current liabilities	(3,524)	(1,313)
Non-current liabilities	(151)	(303)
Net assets	2,242	1,625
Net assets, excluding goodwill	1,885	1,268

	2021 US$'000	2020 US$'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	45.5%	45.5%
Group's share of net assets of the associate, excluding goodwill	858	577
Goodwill on acquisition	357	357
Carrying amount of the investment	1,215	934
Revenue	7,573	3,781
Profit/(loss) and total comprehensive income/(loss) for the year	617	(118)

As at 31 December 2021 and 2020, management reviewed the carrying amount of the associate. The recoverable amount of the associate is determined with reference to management's estimate of discounted future cash flows and financial position of the associate as at the end of the reporting period.

19. INVENTORIES

	2021 US$'000	2020 US$'000
Raw materials	50,585	39,330
Work in progress	12,142	15,188
Finished goods	77,211	70,075
	139,938	124,593

At 31 December 2021, the Group's inventories with a carrying amount of US$24,316,000 (2020: US$64,887,000) were pledged as security for the Group's credit facilities, as further detailed in note 31 to the financial statements.

20. TRADE AND OTHER RECEIVABLES

	2021 US$'000	2020 US$'000
Trade receivables	59,485	62,000
Impairment allowance	(1,838)	(1,775)
	57,647	60,225
Other receivables and prepayments *(Note)*	31,860	36,996
	89,507	97,221

Note: Other receivables and prepayments mainly include advances to suppliers, interest receivables and deposits. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2021, the probability of default applied ranged from 0.12% to 0.32% (2020: from 0.13% to 0.31%) and the loss given default was estimated to be 100% (2020: 100%). As at 31 December 2021 and 2020, the loss allowance was assessed to be minimal.

20. TRADE AND OTHER RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowances, is as follows:

	2021 US$'000	2020 US$'000
Within 1 month	34,211	27,130
1 to 2 months	13,258	19,399
Over 2 months	10,178	13,696
	57,647	60,225

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 US$'000	2020 US$'000
At beginning of the year	1,775	3,666
Impairment losses recognised *(note 6)*	252	648
Amount written off as uncollectible	(189)	(2,539)
At end of year	1,838	1,775

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

20. TRADE AND OTHER RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Current	Past due Less than 1 month	Past due 1 to 3 months	Past due Over 3 months	Total
As at 31 December 2021					
Expected credit loss rate (%)	**0.31**	**1.23**	**1.22**	**31.61**	**3.09**
Gross carrying amount (US$'000)	**37,243**	**11,981**	**5,494**	**4,767**	**59,485**
Expected credit losses (US$'000)	**117**	**147**	**67**	**1,507**	**1,838**
As at 31 December 2020					
Expected credit loss rate (%)	0.28	1.00	1.00	26.76	2.86
Gross carrying amount (US$'000)	39,858	12,676	3,871	5,595	62,000
Expected credit losses (US$'000)	112	127	39	1,497	1,775

As at 31 December 2021, certain subsidiaries had pledged trade and other receivables of approximately US$24,549,000 (2020: US$53,880,000) to secure credit facilities granted to the Group (note 31).

21. HELD-FOR-TRADING INVESTMENTS

	2021 *US$'000*	2020 *US$'000*
Debt securities, at fair value:		
Listed in the U.S. with average yield rate of 4.93% and maturity in September 2021	**–**	1,228
Listed in Hong Kong with average yield rate of 3.16% to 3.33% and maturity from April 2021 to January 2028	**2,669**	5,032
Listed in Singapore with average yield rate of 2.74% to 2.93% and maturity from March 2021 to August 2030	**2,878**	5,050
Listed in other jurisdictions with average yield rate of 2.26% to 3.18% and maturity from March 2021 to September 2080	**2,133**	1,241
Investment fund portfolio A, at fair value *(Note)*	**79,990**	82,232
Investment fund portfolio B, at fair value *(Note)*	**218**	215
Investment fund portfolio C, at fair value *(Note)*	**197**	200
Investment fund portfolio D, at fair value *(Note)*	**277**	292
	88,362	95,490

21. HELD-FOR-TRADING INVESTMENTS (continued)

The above investments as at 31 December 2021 and 2020 were classified as financial assets at fair value through profit or loss as they are held for trading.

Note: The investment fund portfolios A, B, C and D were mandatorily classified as financial assets at fair value through profit or loss, as their contractual cash flows were not solely payments of principal and interest. Investment fund portfolio A was a wealth management product issued by Union Bancaire Privée in Luxembourg. The Group acquired investment fund portfolio A at an investment cost of US$80,500,000. During the year ended 31 December 2021, the Group received dividends of US$1,646,000 (2020: US$1,605,000) from investment fund portfolio A and the Group did not acquire or dispose of investment fund portfolio A during the year. As at 31 December 2021, the Group holds 80,500 units (31 December 2020: 80,500 units) of fund portfolio A which accounted for approximately 13.3% (31 December 2020: 14.5%) of the total assets of the Group, and the unrealised loss of investment fund portfolio A amounted to US$2,242,000 was charged to statement of profit or loss during the year ended 31 December 2021 (2020: unrealised profit of US$1,663,000). The Group holds the portfolio A for capital appreciation and has been closely monitoring the performance from time to time.

22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	Note	**2021** ***US$'000***	2020 *US$'000*
Cash and bank balances		**65,009**	36,355
Less: Pledged bank deposits	*31*	**–**	(10,308)
Cash and cash equivalents		**65,009**	26,047

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$2,291,000 (2020: US$1,991,000). The 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 and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE AND OTHER PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	US$'000	*US$'000*
Trade payables:		
Within 1 month	**14,423**	12,517
1 to 2 months	**3,221**	3,457
Over 2 months	**4,746**	5,879
	22,390	21,853
Other payables and accruals	**58,779**	55,903
	81,169	77,756

The trade payables are non-interest-bearing and are normally settled on 60-day credit terms.

Set out below is the breakdown of the other payables and accruals as at the end of the reporting period:

		2021	2020
	Notes	***US$'000***	*US$'000*
Contract liabilities	*(a)*	**30,562**	21,687
Other payables	*(b)*	**1,727**	2,499
Accruals		**26,490**	31,717
		58,779	55,903

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2021	31 December 2020	1 January 2020
	US$'000	*US$'000*	*US$'000*
Short-term advances received from customers:			
Sale of goods	**30,562**	21,687	20,216
Total contract liabilities	**30,562**	21,687	20,216

The balance represented short-term advances received to deliver furniture to customers. The increase in contract liabilities was mainly due to the increase in short-term advances received from major customers in relation to the sale of goods at the end of the year.

(b) Other payables are non-interest-bearing and have an average term of two months.

24. INTEREST-BEARING BANK BORROWINGS

	2021			2020		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current						
Bank loans – unsecured	0.69-1.33	2022	138,911	0.69 – 1.31	2021	101,252
Bank loan – secured	–	–	–	1.85	2021	8,357
			138,911			109,609
Non-current						
Bank loans – unsecured	1.0	2025	3,890	1.13	2022	45,365
Bank loan – secured	2.5	2023	14,958	–	–	–
			18,848			45,365
			157,759			154,974

	2021 US$'000	2020 US$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	138,911	109,609
In the second year	14,958	45,365
Over two years	3,890	–
	157,759	154,974

Notes:

(a) The Group has entered into a credit facility amounting to US$15,000,000 (2020: US$40,000,000). The credit facility was secured by certain assets of the Group and would expire in August 2023 (2020: March 2021). Details of the pledge of assets are disclosed in note 31 to the financial statements.

(b) Except for bank borrowings of US$4,117,000 (2020: US$4,999,000), which are denominated in VND, the remaining bank borrowings are denominated in US$.

25. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation	Others	Tax losses	Fair value adjustments arising from acquisition of a subsidiary	Right-of-use assets/ lease liabilities	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	4,999	(9,827)	(1,958)	6,489	–	(297)
Exchange differences	3	–	–	–	–	3
Deferred tax (credited)/charge to the statement of profit or loss during the year *(note 10)*	(3,207)	3,176	(738)	(295)	(492)	(1,556)
At 31 December 2020 and 1 January 2021	1,795	(6,651)	(2,696)	6,194	(492)	(1,850)
Deferred tax (credited)/charge to the statement of profit or loss during the year *(note 10)*	(705)	(730)	1,608	(296)	(83)	(206)
At 31 December 2021	1,090	(7,381)	(1,088)	5,898	(575)	(2,056)

Others mainly represent deferred taxes on temporary differences on allowances for trade receivables, inventories and accrued expenses.

Deferred tax assets and liabilities have not been offset for the purpose of presentation in the consolidated statement of financial position as they relate to different tax authorities. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2021	2020
	US$'000	*US$'000*
Deferred tax liabilities	**2,494**	2,449
Deferred tax assets	**(4,550)**	(4,299)
	(2,056)	(1,850)

At the end of the reporting period, the Group had unused tax losses of US$49,749,000 (2020: US$34,047,000) available to offset against future profits for which no deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The unrecognised tax losses comprise an amount of US$36,679,000 (2020: US$27,253,000) that may be carried forward for a period of up to five years from their respective years of origination. Other losses may be carried forward indefinitely.

25. DEFERRED TAX ASSETS/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 Mainland China. 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 Mainland China 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.

At 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately US$4,086,000 (2020: US$4,773,000) as at 31 December 2021.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2021	2020
	US$'000	*US$'000*
Authorised:		
6,000,000,000 ordinary shares of US$0.05 each	**300,000**	300,000

A summary of movements in the Group's share capital and share premium account is as follows:

	Number of shares in issue	**Issued share capital**	**Share premium account**	**Total**
		US$'000	*US$'000*	*US$'000*
Issued and fully paid				
At 1 January 2020	3,118,909,773	155,946	105,892	261,838
Shares cancelled	(11,436,000)	(572)	80	(492)
At 31 December 2020, 1 January 2021 and 31 December 2021	3,107,473,773	155,374	105,972	261,346

26. SHARE CAPITAL AND SHARE PREMIUM (continued)

Shares (continued)

During the year ended 31 December 2019, 11,436,000 ordinary shares were repurchased for a consideration of US$492,000 (equivalent to HK$3,855,000) and were cancelled on 11 February 2020.

The above ordinary shares repurchased were cancelled on delivery of share certificates. The nominal value of US$572,000 of all the shares cancelled during the year ended 31 December 2020 was transferred from the share repurchase reserve to share capital and share premium.

None of the Company's subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 27 to the consolidated financial statements.

27. SHARE OPTION SCHEME

The Company operates share option scheme (the "Share Option Scheme") to attract skilled and experienced personnel, to incentivise them to remain with the Group to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company. Eligible participants of the Share Option Scheme include any employee, any management member or director of the Group and third party service providers.

On 18 May 2016, a new share option scheme (the "2016 Share Option Scheme") was approved by a resolution of the shareholders and adopted by a resolution of the board of directors of the Company.

The maximum number of shares to be issued in respect of which options may be granted under the 2016 Share Option Scheme, upon their exercise, shall not exceed 10% of the issued share capital of the Company on 18 May 2016, i.e. 304,360,977 shares. As at 31 December 2020, the Company had 26,700,000 share options outstanding under the 2016 Share Option Scheme, representing approximately 0.9% of the issued share capital of the Company as at 31 December 2020.

The maximum number of shares issuable under share options to each eligible participant in the 2016 Share Option Scheme within any 12-month period is limited to 1% of the issued share capital of the Company at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options to be granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective close associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options to be granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective close associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and stated in the offer letter of the grant of options.

27. SHARE OPTION SCHEME (continued)

Subject to early termination of the 2016 Share Option Scheme in accordance with the scheme rules, the 2016 Share Option Scheme will expire on 18 May 2026.

The exercise price of share options is determinable by the directors and shall be the highest of: (i) the Stock Exchange closing price of the Company's shares on the date of grant; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of the share options granted and outstanding under the 2016 Share Option Scheme during the year were as follows:

					Number of share options		
	Date of grant	Exercise price *HK$/share*	Vesting date	Exercise period	Outstanding as at 1.1.2021	Expired during the year	Outstanding as at 31.12.2021
Other employees:							
In aggregate	11.11.2016	0.67	11.11.2016	11.11.2016-10.11.2021	26,700,000	(26,700,000)	–
Exercisable at the end of the year					26,700,000		–
Weighted average exercise price (HK$ per share)*					0.67		–

* The exercise price of the share options was subject to adjustment in the case of changes in the Company's share capital.

26,700,000 shares options were lapsed during the year (2020: Nil) and no share options were cancelled during the year (2020: Nil).

During the year ended 31 December 2021, there was no share option granted (2020: Nil), and the Group did not recognise any share option expense (2020: Nil).

28. 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 on page 70 of the consolidated financial statements.

Merger reserve

The merger reserve represents the difference between the nominal value of the shares of Samson Pacific Company Limited, the intermediate holding company of certain members of the Group, and the nominal value of the shares of its holding company, Samson Worldwide Limited issued for a share swap on 31 December 2005.

28. RESERVES (continued)

Other reserve

The other reserve represents the difference between the fair value of the consideration and carrying amount of the non-controlling interest for the acquisition of the remaining 30% of the equity interest in Jolly State International Limited and its subsidiary, namely Timber Industries Co., Ltd. (collectively "Timber") on 3 August 2020.

29. BUSINESS COMBINATION

On 3 August 2020, the Group entered into a share transfer agreement with an independent third party to acquire 30% of the equity interest of Timber, at a total cash consideration of US$13,950,000. As a result of the acquisition, the Group owns 100% of the equity interest of Timber. The acquisition was completed on 3 August 2020. The carrying amount of the non-controlling interest in Timber on the date of acquisition was US$7,163,000. The Group recognised a decrease in non-controlling interest of US$7,163,000 and a decrease in equity attributable to owners of the Company of US$6,787,000.

	2020 *US$'000*
Carrying amount of non-controlling interest acquired	7,163
Consideration paid to a non-controlling shareholder	(13,950)
Excess of consideration recognised within equity	(6,787)

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US$3,505,000 (2020: US$2,612,000) and US$3,505,000 (2020: US$2,612,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2021

	Lease liabilities ***US$'000***	**Bank loans** ***US$'000***
At 1 January	**27,132**	**154,974**
Changes from financing cash flows	**(6,099)**	**2,710**
Additions	**3,505**	**–**
Foreign exchange movement	**–**	**75**
Interest expense	**1,314**	**–**
Interest paid classified as operating cash flows	**(1,314)**	**–**
At 31 December	**24,538**	**157,759**

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

2020

	Lease liabilities US$'000	Bank loans US$'000
At 1 January	31,161	187,119
Changes from financing cash flows	(6,645)	(32,164)
Additions	2,612	–
Foreign exchange movement	4	19
Interest expense	1,420	–
Interest paid classified as operating cash flows	(1,420)	–
At 31 December	27,132	154,974

(c) Total cash outflow for leases

The total cash outflows for leases included in the consolidated statement of cash flows is as follows:

	2021 US$'000	2020 US$'000
With operating activities	1,505	2,223
With financing activities	6,099	6,645
	7,604	8,868

31. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks to secure credit facilities granted to the Group:

	Notes	2021 US$'000	2020 US$'000
Property, plant and equipment	13	13,221	44,279
Investment properties	14	5,093	7,234
Other intangible assets	17	–	4,400
Inventories	19	24,316	64,887
Trade and other receivables	20	24,549	53,880
Pledged bank deposits	22	–	10,308
		67,179	184,988

32. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021 US$'000	2020 US$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted, but not provided for, in the consolidated financial statements	6,621	3,306

33. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with related parties:

Name of related company	Nature of transaction	*Note*	2021 US$'000	2020 US$'000
Samson Global Co., Ltd.	Rental paid	*(a)*	43	41

Note:

(a) Samson Global Co., Ltd. is beneficially owned and jointly controlled by Mr. Shan Huei Kuo and Ms. Yi-Mei Liu, both being directors and ultimate controlling shareholders of the Company.

Compensation of key management personnel

The remuneration of members of key management personnel (including the directors of the Company as detailed in note 8 to the consolidated financial statements) during the year was as follows:

	2021 US$'000	2020 US$'000
Short term benefits	3,606	2,865

The remuneration of directors and key executives is determined by the Remuneration Committee of the Company having regard to the performance of the individuals and market trends.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2021

Financial assets

	Financial assets at fair value through profit or loss — Held for trading	Financial assets at amortised cost	Total
	US$'000	*US$'000*	*US$'000*
Trade receivables	–	57,647	57,647
Financial assets included in prepayments and other receivables	–	22,645	22,645
Held-for-trading investments	88,362	–	88,362
Cash and cash equivalents	–	65,009	65,009
	88,362	145,301	233,663

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade payables	22,390	22,390
Financial liabilities included in other payables and accruals	16,747	16,747
Interest-bearing bank borrowings	157,759	157,759
Lease liabilities	24,538	24,538
	221,434	221,434

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2020

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	Held for trading		
	US$'000	*US$'000*	*US$'000*
Trade receivables	–	60,225	60,225
Financial assets included in prepayments and other receivables	–	25,344	25,344
Held-for-trading investments	95,490	–	95,490
Pledged bank deposits	–	10,308	10,308
Cash and cash equivalents	–	26,047	26,047
	95,490	121,924	217,414

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade payables	21,853	21,853
Financial liabilities included in other payables and accruals	34,121	34,121
Interest-bearing bank borrowings	154,974	154,974
Lease liabilities	27,132	27,132
	238,080	238,080

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, trade payables, financial assets included in other receivables and prepayments, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the executive directors and the Audit Committee. 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 executive directors. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

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 Level 1 and Level 2 fair values of the held-for-trading investments are based on quoted market prices and quotes from financial institutions, respectively.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Total
	US$'000	*US$'000*	*US$'000*
As at 31 December 2021			
Held-for-trading investments	**7,680**	**80,682**	**88,362**
As at 31 December 2020			
Held-for-trading investments	12,551	82,939	95,490

The Group did not have any financial liabilities measured at fair value as at 31 December 2021 and 2020.

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 both financial assets and financial liabilities (2020: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, held-for-trading investments, pledged bank deposits, cash and cash equivalents, trade and other payables and interest-bearing bank borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 4% (2020: 5%) of the Group's sales were denominated in currencies other than the units' functional currencies, whilst approximately 78% (2020: 81%) of purchases were denominated in the units' functional currencies.

Certain operating units have foreign currency denominated purchases and, accordingly, the Group has trade and other payables denominated in foreign currencies. In addition, the Group has bank balances and bank borrowings denominated in currencies other than the functional currencies of the operating units. As a result, the Group is exposed to foreign currency risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB, GBP and VND exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Change in foreign currency rate *%*	Increase/ (decrease) in profit before tax *US$'000*
2021		
If the US$ weakens against the RMB	5%	(321)
If the US$ strengthens against the RMB	5%	321
If the US$ weakens against the GBP	5%	201
If the US$ strengthens against the GBP	5%	(201)
If the US$ weakens against the VND	5%	514
If the US$ strengthens against the VND	5%	(514)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Change in foreign currency rate %	Increase/ (decrease) in loss before tax US$'000
2020		
If the US$ weakens against the RMB	5%	611
If the US$ strengthens against the RMB	5%	(611)
If the US$ weakens against the GBP	5%	(172)
If the US$ strengthens against the GBP	5%	172
If the US$ weakens against the VND	5%	(48)
If the US$ strengthens against the VND	5%	48

Credit risk

As at 31 December 2021 and 2020, the credit risk of the Group which would cause a financial loss to the Group arose from counterparties failing to perform an obligation, with the maximum exposure equal to the carrying amounts of the recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group sets appropriate credit limits for customers, follows up overdue debts and reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. For listed held-for-trading investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 *US$'000*	Stage 2 *US$'000*	Stage 3 *US$'000*	Simplified approach *US$'000*	Total *US$'000*
Trade receivables*	–	–	–	59,485	59,485
Financial assets included in prepayments and other receivables – Normal**	24,126	–	–	–	24,126
Cash and cash equivalents	65,009	–	–	–	65,009
	89,135	–	–	59,485	148,620

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 *US$'000*	Stage 2 *US$'000*	Stage 3 *US$'000*	Simplified approach *US$'000*	Total *US$'000*
Trade receivables*	–	–	–	62,000	62,000
Financial assets included in prepayments and other receivables – Normal**	25,344	–	–	–	25,344
Pledged bank deposits	10,308	–	–	–	10,308
Cash and cash equivalents	26,047	–	–	–	26,047
	61,699	–	–	62,000	123,699

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The Group is principally engaged in the furniture industry, and there was a significant concentration of credit risk geographically within the Group as 86% (2020: 91%) of the total trade receivables were from the U.S. as at 31 December 2021. The Group also has a concentration of credit risk by analysis of customers as 49% (2020: 55%) and 34% (2020: 36%) of the total trade receivables were due from the Group's five largest customers and largest customer, respectively.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's liquidity position is monitored closely by the management of the Company.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2021

	On demand or less than 3 months *US$'000*	**3 to less than 12 months** *US$'000*	**Over 1 year** *US$'000*	**Total** *US$'000*
Trade payables	**17,644**	**4,746**	**–**	**22,390**
Other payables and accruals	**27,576**	**–**	**–**	**27,576**
Interest-bearing bank borrowings	**36,663**	**103,381**	**19,163**	**159,207**
Lease liabilities	**1,639**	**4,965**	**18,901**	**25,505**
	83,522	**113,092**	**38,064**	**234,678**

2020

	On demand or less than 3 months *US$'000*	3 to less than 12 months *US$'000*	Over 1 year *US$'000*	Total *US$'000*
Trade payables	15,974	5,879	–	21,853
Other payables and accruals	34,121	–	–	34,121
Interest-bearing bank borrowings	112,186	38,176	6,197	156,559
Lease liabilities	5,490	1,948	20,762	28,200
	167,771	46,003	26,959	240,733

The above amounts relating to the variable interest rate instruments for non-derivative financial liabilities are subject to change if the changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which includes bank borrowings disclosed in note 24 to the consolidated financial statements, and equity attributable to the owners of the parent, comprising issued capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or redemption of existing debt.

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 and maximise shareholders' value.

The Group monitors capital using a gearing ratio, which is debt divided by equity. The Group's policy is to maintain the gearing ratio at a suitably low level. Debt includes interest-bearing bank borrowings. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2021 ***US$'000***	2020 *US$'000*
Debt	**157,759**	154,974
Equity	**323,624**	295,005
Gearing ratio	**48.7%**	52.5%

37. 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:

	2021	2020
	US$'000	*US$'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	216,746	216,746
CURRENT ASSETS		
Due from subsidiaries	77,120	76,802
Other receivables	396	396
Cash and cash equivalents	93	1,408
Total current assets	77,609	78,606
CURRENT LIABILITIES		
Other payables	373	347
NET CURRENT ASSETS	77,236	78,259
Net assets	293,982	295,005
EQUITY		
Issued capital	155,374	155,374
Reserves *(Note)*	138,608	139,631
Total equity	293,982	295,005

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium US$'000	Share repurchase reserve US$'000	Capital redemption reserve US$'000	Contributed surplus* US$'000	Share option reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2020	105,892	(492)	1,012	80,186	256	(16,377)	170,477
Loss and the total comprehensive loss for the year	–	–	–	–	–	(31,418)	(31,418)
Shares cancelled	80	492	–	–	–	–	572
At 31 December 2020 and 1 January 2021	105,972	–	1,012	80,186	256	(47,795)	139,631
Loss and the total comprehensive loss for the year	–	–	–	–	–	(1,023)	(1,023)
Transfer of share option reserve upon the expiry of share options	–	–	–	–	(256)	256	–
At 31 December 2021	105,972	–	1,012	80,186	–	(48,562)	138,608

* Contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange therefor pursuant to a group reorganisation.

38. COMPARATIVE AMOUNTS

Certain comparative amounts have been re-presented to confirm to the current year's presentation.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 March 2022.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2021	2020	2019	2018	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE	**488,109**	397,582	457,240	478,800	487,541
Profit/(loss) before impairment of property, plant and equipment	**28,772**	(16,895)	(3,836)	20,847	105,611
Impairment of property, plant and equipment	**–**	–	(41,346)	–	–
Profit/(loss) before taxation	**28,772**	(16,895)	(45,182)	20,847	105,611
Taxation	**(1,614)**	1,174	(3,341)	(2,932)	(15,549)
Profit/(loss) for the year	**27,158**	(15,721)	(48,523)	17,915	90,062

ASSETS AND LIABILITIES

	As at 31 December				
	2021	2020	2019	2018	2017
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total assets	**600,535**	568,487	638,765	665,870	520,002
Total liabilities	**(276,911)**	(273,482)	(311,343)	(295,707)	(144,309)
Total equity	**323,624**	295,005	327,422	370,163	375,693