



MORRIS

HOME HOLDINGS LIMITED

MORRIS HOME HOLDINGS LIMITED

慕容家居控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 1575

精緻慕容

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中 期 報 告

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CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

Ms. WU Weixia (*appointed on 14 April 2022*)
Mr. TAN Tianhong (*appointed on 14 April 2022*)
Ms. ZHAO Hongyan (*appointed on 14 April 2022*)
Mr. LIU Haifeng (*resigned on 16 May 2022*)
Mr. CHU Guodi (*resigned on 16 May 2022*)
Mr. QIAN Jun (*resigned on 14 April 2022*)

AUDIT COMMITTEE

Ms. WU Weixia (*Chairlady of committee, appointed on 14 April 2022*)
Mr. TAN Tianhong (*appointed on 14 April 2022*)
Ms. ZHAO Hongyan (*appointed on 14 April 2022*)
Mr. LIU Haifeng (*resigned on 16 May 2022*)
Mr. CHU Guodi (*resigned on 16 May 2022*)
Mr. QIAN Jun (*resigned on 14 April 2022*)

REMUNERATION COMMITTEE

Mr. TAN Tianhong (*Chairman of committee, appointed on 14 April 2022*)
Ms. WU Weixia (*appointed on 14 April 2022*)
Ms. ZHAO Hongyan (*appointed on 14 April 2022*)
Mr. LIU Haifeng (*resigned on 16 May 2022*)
Mr. CHU Guodi (*resigned on 16 May 2022*)
Mr. QIAN Jun (*resigned on 14 April 2022*)

董事會成員

執行董事

鄒格兵先生(主席兼行政總裁)
沈志東先生
吳月明先生

獨立非執行董事

吳偉霞女士(於2022年4月14日獲委任)
檀天紅先生(於2022年4月14日獲委任)
趙紅岩女士(於2022年4月14日獲委任)
劉海峰先生(於2022年5月16日辭任)
褚國弟先生(於2022年5月16日辭任)
錢俊先生(於2022年4月14日辭任)

審核委員會

吳偉霞女士(委員會主席，
於2022年4月14日獲委任)
檀天紅先生(於2022年4月14日獲委任)
趙紅岩女士(於2022年4月14日獲委任)
劉海峰先生(於2022年5月16日辭任)
褚國弟先生(於2022年5月16日辭任)
錢俊先生(於2022年4月14日辭任)

薪酬委員會

檀天紅先生(委員會主席，
於2022年4月14日獲委任)
吳偉霞女士(於2022年4月14日獲委任)
趙紅岩女士(於2022年4月14日獲委任)
劉海峰先生(於2022年5月16日辭任)
褚國弟先生(於2022年5月16日辭任)
錢俊先生(於2022年4月14日辭任)

NOMINATION COMMITTEE

Ms. ZHAO Hongyan (*Chairlady of committee, appointed on 14 April 2022*)
Ms. WU Weixia (*appointed on 14 April 2022*)
Mr. TAN Tianhong (*appointed on 14 April 2022*)
Mr. LIU Haifeng (*resigned on 16 May 2022*)
Mr. CHU Guodi (*resigned on 16 May 2022*)
Mr. QIAN Jun (*resigned on 14 April 2022*)

COMPANY SECRETARY

Mr. LAM Hoi Lun

AUTHORISED REPRESENTATIVE

Mr. WU Yueming
Mr. LAM Hoi Lun

AUDITOR

HLB Hodgson Impey Cheng Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

提名委員會

趙紅岩女士(委員會主席，
於2022年4月14日獲委任)
吳偉霞女士(於2022年4月14日獲委任)
檀天紅先生(於2022年4月14日獲委任)
劉海峰先生(於2022年5月16日辭任)
褚國弟先生(於2022年5月16日辭任)
錢俊先生(於2022年4月14日辭任)

公司秘書

林海麟先生

授權代表

吳月明先生
林海麟先生

核數師

國衛會計師事務所有限公司

開曼群島主要股份過戶登記 總處

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
夏慤道16號
遠東金融中心17樓

CORPORATE INFORMATION (CONTINUED)
公司資料(續)

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

STOCK CODE

1575

WEBSITE

www.morrishome.com.hk

註冊辦事處

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

中國總部

中國浙江省
海寧經濟開發區
由拳路500號

香港主要營業地點

香港長沙灣
荔枝角道838號
勵豐中心708–709室

主要往來銀行

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

股份代號

1575

公司網站

www.morrishome.com.hk

FINANCIAL HIGHLIGHTS 財務摘要

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

- Revenue decreased by approximately 80.4% to approximately RMB53.9 million for the six months ended 30 June 2022 (2021: approximately RMB274.9 million)
- Gross loss recorded in the amount of approximately RMB4.3 million for the six months ended 30 June 2022 (2021: gross profit approximately RMB82.6 million)
- The Group recorded a loss of approximately RMB125.9 million for the six months ended 30 June 2022 (2021: approximately RMB42.8 million)
- Basic loss per share was approximately RMB12.00 cents for the six months ended 30 June 2022 (2021: approximately RMB4.52 cents)
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil)

截至2022年6月30日止6個月之 財務摘要

- 截至2022年6月30日止6個月收入減少約80.4%至約人民幣53.9百萬元(2021年：約人民幣274.9百萬元)
- 截至2022年6月30日止6個月錄得毛損約人民幣4.3百萬元(2021年：毛利約人民幣82.6百萬元)
- 截至2022年6月30日止6個月本集團錄得虧損約人民幣125.9百萬元(2021年：約人民幣42.8百萬元)
- 截至2022年6月30日止6個月每股基本虧損為約人民幣12.00分(2021年：約人民幣4.52分)
- 董事會不建議就截至2022年6月30日止6個月支付任何中期股息(2021年：無)

CHAIRMAN'S STATEMENT

主席報告書

Dear shareholders,

On behalf of the Board, I am pleased to present the interim report of Morris Home Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”) to the shareholders of the Company (the “**Shareholders**”).

The first half of 2022 remained to be challenging for the Group against the backdrop of the trade-war between China and the US, the negative impact brought to the global economy by Coronavirus Disease 2019 (“**COVID-19**”), and the suspension of our major factories in PRC in early 2022.

We will cautiously deploy resources during the uncertain times to maintain our presence and prepare for future development.

Product is key to the long-term success of our business, and “Exquisite” product is our main theme since 2019. We have devoted more time and effort to improve our product quality and style and to enhance the product value for our consumers. With our continuous focus on the R&D, we hope to acquire more achievements, with the view to bringing better products to customers.

OUTLOOK

We expect to face more challenges and opportunities in the second half of 2022. We will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operation and sales strategies. In addition, we will continue to work on our debt restructuring and fund-raising efforts.

Zou Gebing

Chairman and Executive Director

Hong Kong, 30 August 2022

各位股東，

本人謹代表董事會向慕容家居控股有限公司(「**本公司**」)各位股東(「**股東**」)提呈本公司及其附屬公司(「**本集團**」)截至2022年6月30日止6個月(「**報告期間**」)的中期報告。

2022年上半年對本集團而言繼續充滿挑戰，我們面臨中美貿易戰帶來的與日俱增的壓力、新型冠狀病毒(「**COVID-19**」)給全球經濟造成的創傷，以及2022年初我們在中國的主要工廠停工。

在充滿不確定性的時期，我們將審慎地部署資源，以維持我們的市場影響力，並為日後發展做足準備。

產品乃我們業務長遠成功的關鍵，而「精緻」產品自2019年開始已是我們的主題。我們已投入更多時間及精力改善產品品質及風格，為消費者提升產品價值。憑藉對研發的持續關注，我們有望獲得更多成就，以期為客戶帶來更好的產品。

展望

我們預期將於2022年下半年面對更多的挑戰及機遇。我們將密切關注形勢發展，繼續完善管理制度，及時調整經營及銷售策略。此外，我們將繼續努力落實債務重組工作及集資活動。

鄒格兵

主席兼執行董事

香港，2022年8月30日

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 未經審核簡明綜合損益及其他全面收益表

For the six months ended 30 June 2022
截至2022年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月		
		Notes 附註	2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue	收入	5	53,949	274,881
Cost of sales	銷售成本		(58,275)	(192,236)
Gross (loss)/profit	(毛損)/毛利		(4,326)	82,645
Other income and gains	其他收入及收益	5	14,799	9,805
Allowance for expected credit losses in respect of financial assets carried at amortised cost, net	按攤銷成本列賬的金融資產的預期信貸虧損撥備，淨額		(5,429)	(256)
Selling and distribution expenses	銷售及分銷開支		(14,134)	(37,573)
Administrative expenses	行政開支		(112,027)	(64,903)
Other expenses and losses	其他開支及虧損		(938)	(20,937)
Finance costs	融資成本		(3,840)	(10,980)
Loss before tax	除稅前虧損	6	(125,895)	(42,199)
Income tax expense	所得稅開支	7	-	(636)
Loss for the period	期內虧損		(125,895)	(42,835)
Other comprehensive income/(loss):	其他全面收益/(虧損)：			
Item may be reclassified to profit or loss	可能重新分類至損益的項目			
Exchange differences on translation of financial statements	換算財務報表的匯兌差額		4,662	(5,555)
Item that were reclassified to profit or loss	已重新分類至損益的項目			
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries	出售附屬公司時重新分類累計匯兌波動儲備		-	(1,759)
Other comprehensive income/(loss) for the period, net of income tax	期內其他全面收益/(虧損)，扣除所得稅		4,662	(7,314)
Total comprehensive loss for the period	期內全面虧損總額		(121,233)	(50,149)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
 未經審核簡明綜合損益及其他全面收益表(續)

For the six months ended 30 June 2022
 截至2022年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Notes 附註	
Loss attributable to:	以下人士應佔虧損：		
Owner of the Company	本公司擁有人	(123,990)	(41,780)
Non-controlling interests	非控股權益	(1,905)	(1,055)
		(125,895)	(42,835)
Total comprehensive loss attributable to:	以下人士應佔全面虧損總額：		
Owner of the Company	本公司擁有人	(119,476)	(49,135)
Non-controlling interests	非控股權益	(1,757)	(1,014)
		(121,233)	(50,149)
		RMB cents 人民幣分	RMB cents 人民幣分
Loss per share attributable to ordinary equity holders of the Company	本公司普通權益持有人應佔每股虧損		
		8	
Basic (Unaudited)	基本(未經審核)	(12.00)	(4.52)
Diluted (Unaudited)	攤薄(未經審核)	(12.00)	(4.52)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

未經審核簡明綜合財務狀況表

As at 30 June 2022
於2022年6月30日

		Notes 附註	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	5,474	1,068
Right-of-use assets	使用權資產	10	4,638	7,641
Total non-current assets	非流動資產總額		10,112	8,709
CURRENT ASSETS	流動資產			
Inventories	存貨		59,081	83,177
Trade receivables	貿易應收款項	11	30,724	39,873
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12	49,425	35,109
Amount due from a shareholder	應收一名股東款項		335	322
Amount due from related companies	應收關連公司款項		193,018	179,502
Pledged deposits	已抵押存款	13	38	14,705
Cash and cash equivalents	現金及現金等價物	13	28,664	13,485
Total current assets	流動資產總額		361,285	366,173
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	14	161,260	179,145
Contract liabilities	合約負債	15	10,358	9,858
Other payables and accruals	其他應付款項及應計費用	15	153,076	43,320
Amount due to related companies	應付關連公司款項		40,304	27,734
Bank and other borrowings	銀行及其他借款	16	68,165	64,616
Warranty provision	保修撥備		409	2,907
Lease liabilities	租賃負債		10,710	13,032
Derivative financial instruments	衍生金融工具		361	78
Convertible loan	可換股貸款	17	69,498	69,977
Income tax payables	應付所得稅		3,534	3,382
Total current liabilities	流動負債總額		517,675	414,049

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
未經審核簡明綜合財務狀況表(續)

As at 30 June 2022
於2022年6月30日

		Notes 附註	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
NET CURRENT LIABILITIES	流動負債淨額		(156,390)	(47,876)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總額減流動負債		(146,278)	(39,167)
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債		34	34
Lease liabilities	租賃負債		6,731	11,970
Total non-current liabilities	非流動負債總額		6,765	12,004
Net liabilities	負債淨額		(153,043)	(51,171)
EQUITY	權益			
Share capital	股本	18	8,188	6,914
Reserves	儲備		(157,844)	(56,455)
Equity attributable to owners of the Company	本公司擁有人應佔權益		(149,656)	(49,541)
Non-controlling interests	非控股權益		(3,387)	(1,630)
Total equity	權益總額		(153,043)	(51,171)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

未經審核簡明綜合權益變動表

For the six months ended 30 June 2022
截至2022年6月30日止6個月

		Attributable to equity holders of the parent 母公司權益持有人應佔									
		Share capital	Share premium (Note i)	Other reserve	Treasury shares (Note ii)	Exchange fluctuation reserve (Note iii) 匯兌波動儲備	Reserve funds (Note iv) 儲備資金	Accumulated losses	Total	Non-controlling interests	Total equity
		股本	股份溢價 (附註i)	其他儲備	庫存股份 (附註ii)	儲備 (附註iii)	儲備資金 (附註iv)	累計虧損	總額	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2021 (Audited)	於2021年1月1日 (經審核)	6,914	153,071	(731)	(8,992)	(11,197)	60,528	(123,026)	76,567	176	76,743
Loss for the period	期內虧損	-	-	-	-	-	-	(41,780)	(41,780)	(1,055)	(42,835)
Other comprehensive loss for the period:	期內其他全面虧損:										
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	(5,596)	-	-	(5,596)	41	(5,555)
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries	出售附屬公司時重新分類累計匯兌波動儲備	-	-	-	-	(1,759)	-	-	(1,759)	-	(1,759)
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	(7,355)	-	(41,780)	(49,135)	(1,014)	(50,149)
At 30 June 2021 (Unaudited)	於2021年6月30日 (未經審核)	6,914	153,071	(731)	(8,992)	(18,552)	60,528	(164,806)	27,432	(838)	26,594
At 1 January 2022 (Audited)	於2022年1月1日 (經審核)	6,914	153,071	(731)	(8,992)	(15,797)	60,528	(244,534)	(49,541)	(1,630)	(51,171)
Loss for the period	期內虧損	-	-	-	-	-	-	(123,990)	(123,990)	(1,905)	(125,895)
Other comprehensive income for the period:	期內其他全面收益:										
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	4,514	-	-	4,514	148	4,662
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	4,514	-	(123,990)	(119,476)	(1,757)	(121,233)
Issue of new ordinary shares from placing	因配售而發行新普通股	1,274	18,323	-	-	-	-	-	19,597	-	19,597
Transaction costs attributable to issue of new ordinary shares from placing	因配售而發行新普通股應佔的交易成本	-	(236)	-	-	-	-	-	(236)	-	(236)
At 30 June 2022 (Unaudited)	於2022年6月30日 (未經審核)	8,188	171,158	(731)	(8,992)	(11,283)	60,528	(368,524)	(149,656)	(3,387)	(153,043)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) 未經審核簡明綜合權益變動表(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

Notes:

(i) Share premium

Under the Company Law (Revised) Chapter 22 of the Cayman Islands, share premium of the Company is available for paying distributions and dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distributions or dividend payments, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Treasury shares

As at 30 June 2022, 75,812,000 ordinary shares acquired under the Restricted Share Award Scheme were deemed to be held in treasury, representing 6.32% of the shares in issue as at 30 June 2022. The nominal value of shares held in treasury was approximately RMB8,992,000.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of the Company and subsidiaries with functional currencies other than Renminbi ("RMB").

(iv) Reserve funds

The transfers from retained profits to the reserve funds were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC.

附註：

(i) 股份溢價

根據開曼群島公司法(經修訂)第22章，須按組織章程大綱及細則的規定將本公司之股份溢價用作向股東支付分派及股息，及前提條件是緊隨分派或股息付款後，本公司能夠支付其常規業務過程中到期的債務。

(ii) 庫存股份

於2022年6月30日，根據受限制股份獎勵計劃購入的75,812,000股普通股被視為庫存股份，佔於2022年6月30日已發行股份的6.32%。庫存股份的賬面值約為人民幣8,992,000元。

(iii) 匯兌波動儲備

匯兌波動儲備包括換算本公司及附屬公司財務報表內人民幣(「人民幣」)以外的功能貨幣產生的所有相關匯兌差額。

(iv) 儲備資金

本公司根據有關中國規則及法規以及本公司於中國成立的附屬公司的組織章程細則將保留溢利轉撥為儲備資金。

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

未經審核簡明綜合現金流量表

For the six months ended 30 June 2022
截至2022年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
	Notes 附註		
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用現金淨額	(10,284)	(177,152)
CASH FLOW FROM INVESTING ACTIVITIES:	投資活動所得現金流量：		
Payment for purchases of items of property, plant and equipment	購買物業、廠房及設備項目的付款	(5,038)	(1,836)
Net cash inflow on disposal of subsidiaries	出售附屬公司現金流入淨額	-	34,837
Repayment to related companies	向關連公司償還款項	4,899	-
Advance from related companies	來自關連公司的墊款	(20,125)	-
Interest received	已收利息	30	324
Decrease in pledged deposits	已抵押存款減少	14,667	22,764
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	投資活動(所用)/所得現金淨額	(5,567)	56,089
CASH FLOW FROM FINANCING ACTIVITIES:	融資活動所得現金流量：		
New bank borrowings	新銀行借款	36,466	341,929
Repayment of bank borrowings	償還銀行借款	(32,958)	(70,938)
Repayment of convertible loan	償還可換股貸款	-	(15,084)
Repayment of lease liabilities	償還租賃負債	(8,353)	(9,034)
Advance from shareholder	股東墊款	-	322
Advance from related companies	來自關連公司的墊款	11,096	102,407
Repayment to related companies	向關連公司償還款項	(1,475)	(200,939)
Proceeds from placing of new shares	配售新股份所得款項	19,597	-
Expenses on placing of new shares	配售新股份開支	(236)	-
Interest paid	已付利息	(1,313)	(9,575)
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資活動所得現金淨額	22,824	139,088
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	6,973	18,025
Cash and cash equivalents at the beginning of period	期初現金及現金等價物	13,485	35,969
Effect of foreign exchange rate changes	外匯匯率變動的影響	8,206	266
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結餘	28,664	54,260
	13		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 未經審核簡明綜合財務報表附註

For the six months ended 30 June 2022
截至2022年6月30日止6個月

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 18 December 2013. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 708–709, Laford Centre, 838 Lai Chi Kok Road, Cheung Sha Wan, Hong Kong.

The Company had its primary Listing (“**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 January 2017 (“**Listing Date**”).

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

1. 一般資料

本公司為一家於2013年12月18日在開曼群島註冊成立的獲豁免有限公司。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。本公司的主要營業地點位於香港長沙灣荔枝角道838號勵豐中心708–709室。

本公司於2017年1月12日（「上市日期」）在香港聯合交易所有限公司（「聯交所」）主板進行其首次上市（「上市」）。

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements (the “**unaudited interim results**”) is prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Hong Kong Companies Ordinance. These unaudited interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim report are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 3 below.

This unaudited condensed consolidated interim financial statements is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated. This unaudited condensed consolidated interim financial statements has not been audited or reviewed by the Company’s external auditors, but has been reviewed by the Company’s Audit Committee.

2. 編製基準

此等未經審核簡明綜合中期財務報表(「**未經審核中期業績**」)乃根據香港會計師公會(「**香港會計師公會**」)頒佈的香港會計準則(「**香港會計準則**」)第34號中期財務報告及香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)附錄16之披露規定及香港公司條例編製。此等未經審核中期業績不包括年度財務報表規定之所有資料及披露事項，並應與本集團截至2021年12月31日止年度之年度財務報表一併閱讀。

編製此未經審核中期報告所採納的會計政策及編製基準，與本集團截至2021年12月31日止年度之年度財務報表所採納者一致，乃按照香港會計師公會頒佈的香港財務報告準則(「**香港財務報告準則**」)(亦包括香港會計準則及詮釋)及香港普遍採納之會計原則及香港公司條例所規定之披露事項編製，惟採納下述附註3所披露之經修訂香港財務報告準則除外。

除另有指明者外，此未經審核簡明綜合中期財務報表以人民幣(「**人民幣**」)呈列，而所有數值均湊整至最接近的千位數(「**人民幣千元**」)。此未經審核簡明綜合中期財務報表並未經由本公司外聘核數師審核或審閱，但已獲本公司審核委員會審閱。

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of amendments to HKFRSs effective as of 1 January 2022.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and managed.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments are as follows:

- a. Retail segment
- b. Manufacturing segment

3. 會計政策及披露之變動

除採納自2022年1月1日起生效的經修訂香港財務報告準則外，編製未經審核中期業績所採用的會計政策與編製本集團截至2021年12月31日止年度的年度綜合財務報表所遵循者一致。

香港財務報告準則第3號(修訂本)	對概念框架的提述
香港會計準則第16號(修訂本)	物業、廠房及設備—擬定用途前所得款項
香港會計準則第37號(修訂本)	虧損合約—履行合約的成本
香港財務報告準則(修訂本)	香港財務報告準則2018年至2020年之年度改進

於本中期期間應用香港財務報告準則的修訂本對本集團於本期間及過往期間的財務狀況及表現及/或該等簡明綜合財務報表所載的披露並無重大影響。

4. 分部資料

就資源分配及評估分部表現向董事會(即主要經營決策者)呈報的資料集中在所交付或提供貨品或服務的類別。此亦為組織及管理本集團的基準。

具體而言，本集團根據香港財務報告準則第8號經營分部劃分的可呈報分部如下：

- a. 零售分部
- b. 生產分部

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

4. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

4. 分部資料(續)

分部收入及業績

下表載列本集團按可呈報及經營分部劃分的收入及業績分析：

		Retail segment 零售分部		Manufacturing segment 生產分部		Elimination of intersegment sales 分部間銷售對銷		Total 合計	
		Six months ended 30 June 2022 截至2022年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2021 截至2021年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2022 截至2022年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2021 截至2021年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2022 截至2022年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2021 截至2021年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2022 截至2022年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2021 截至2021年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)
Segment revenues	分部收入								
- External sales	- 外部銷售	36,219	109,007	17,730	165,874	-	-	53,949	274,881
- Internal sales	- 內部銷售	-	-	3,965	65,843	(3,965)	(65,843)	-	-
		36,219	109,007	21,695	231,717	(3,965)	(65,843)	53,949	274,881
Segment loss	分部虧損	(11,683)	(15,429)	(106,976)	(22,461)	-	-	(118,659)	(37,890)
Interest income	利息收入							30	324
Fair value change on derivative component of convertible loan	可換股貸款衍生部分 的公允價值變動							(272)	(33)
Gain on disposal of subsidiaries	出售附屬公司的收益							-	8,451
Loss on derecognition of a subsidiary	終止確認一間附屬 公司的虧損							(15)	-
Unallocated corporate expenses	未分配企業開支							(5,580)	(12,447)
Unallocated finance costs	未分配融資成本							(1,399)	(604)
Loss before taxation	除稅前虧損							(125,895)	(42,199)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

4. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Segment loss represents the loss from each segment without allocation of interests income, fair value change on derivative component of convertible loan, loss on derecognition of a subsidiary, gain on disposal of subsidiaries, unallocated corporate expenses and unallocated finance costs. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

4. 分部資料(續)

分部收入及業績(續)

分部虧損指各分部產生的虧損，並無分配利息收入、可換股貸款衍生部分的公允值變動、終止確認一間附屬公司的虧損、出售附屬公司的收益、未分配企業開支及未分配融資成本。此乃就資源分配及表現評估向董事會呈報的方法。

分部間銷售按現行市價扣除。

分部資產及負債

		Retail segment 零售分部		Manufacturing segment 生產分部		Consolidated 綜合	
		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Segment assets	分部資產	34,508	48,067	292,984	294,912	327,492	342,979
Unallocated corporate assets	未分配企業資產					43,905	31,903
Consolidated assets	綜合資產					371,397	374,882
Segment liabilities	分部負債	32,507	37,241	398,839	304,202	431,346	341,443
Unallocated corporate liabilities	未分配企業負債					93,094	84,610
Consolidated liabilities	綜合負債					524,440	426,053

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising other unallocated corporate assets); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amount due to a related company, convertible loan and other unallocated corporate liabilities).

Other segment information

	Retail segment 零售分部		Manufacturing segment 生產分部		Unallocated 未分配		Total 合計	
	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)
Addition of property, plant and equipment 添置物業、廠房及設備	-	1,190	5,038	646	-	-	5,038	1,836
Depreciation of property, plant and equipment 物業、廠房及設備折舊	123	848	628	495	-	-	751	1,343
Depreciation of right-of-use assets 使用權資產折舊	3,051	4,680	-	-	-	-	3,051	4,680
Provision/(reversal of) against obsolete and slow-moving inventories 陳舊及滯銷存貨撥備/(撥回)	183	350	12,091	(43,011)	-	-	12,274	(42,661)
Allowance for/(reversal of) expected credit losses on financial assets at amortised cost, net 按攤銷成本計量的金融資產預期信貸虧損撥備/(撥回)淨額	570	(242)	4,848	501	11	(3)	5,429	256
Finance costs 融資成本	279	560	2,162	9,816	1,399	604	3,840	10,980

4. 分部資料(續)

分部資產及負債(續)

就監控分部表現及分配分部間資源而言：

- 所有資產分配至經營分部，惟未分配企業資產(主要包括其他未分配企業資產)除外；及
- 所有負債分配至經營分部，惟未分配企業負債(主要包括應付一間關連公司款項、可換股貸款及其他未分配企業負債)除外。

其他分部資料

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

4. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)
The People's Republic of China (including Hong Kong)	中華人民共和國 (包括香港)	24,573	29,944
The United Kingdom	英國	16,424	76,894
The U.S.	美國	10,867	159,609
Others	其他	2,085	8,434
		53,949	274,881

(b) Non-current assets

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
The People's Republic of China (including Hong Kong)	中華人民共和國 (包括香港)	7,677	5,068
The United Kingdom	英國	2,435	3,570
The U.S.	美國	-	71
		10,112	8,709

4. 分部資料(續)

地區資料

(a) 來自外部客戶的收入

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	30 June 2021 2021年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)
The People's Republic of China (including Hong Kong)	中華人民共和國 (包括香港)	24,573	29,944
The United Kingdom	英國	16,424	76,894
The U.S.	美國	10,867	159,609
Others	其他	2,085	8,434
		53,949	274,881

(b) 非流動資產

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
The People's Republic of China (including Hong Kong)	中華人民共和國 (包括香港)	7,677	5,068
The United Kingdom	英國	2,435	3,570
The U.S.	美國	-	71
		10,112	8,709

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4. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets (Continued)

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

Information about major customers

Revenue from major customers which did not consist any related parties of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

4. 分部資料(續)

地區資料(續)

(b) 非流動資產(續)

以上非流動資產資料乃根據資產的位置呈列。

有關主要客戶的資料

相應年度佔本集團總收入10%以上的主要客戶(並不包括任何關連方)的收入載列如下：

Six months ended 30 June
截至6月30日止6個月

		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Customer 1	客戶1	15,535	79,416
Customer 2	客戶2	N/A不適用*	48,036
Customer 3	客戶3	N/A不適用*	31,155
Customer 4	客戶4	N/A不適用*	30,732

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

* 來自客戶收入少於本集團總收入的10%。

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5. REVENUE, OTHER INCOME AND GAINS

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

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

5. 收入、其他收入及收益

收入指所銷售貨品扣除退貨、貿易折扣及增值稅撥備後的發票淨值。

收入、其他收入及收益淨額分析如下：

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue	收入		
<i>Recognised at a point of time:</i>	<i>於時間點確認：</i>		
Manufacturing and sales of sofas, sofa cover and other furniture products	生產及銷售沙發、沙發套及其他傢俱產品	53,741	274,547
Commission income	佣金收入	208	334
Other income and gains	其他收入及收益		
Interest income	利息收入	30	325
Gain on disposal of subsidiaries	出售附屬公司的收益	-	8,450
Government subsidies	政府補貼	933	158
Rental income	租金收入	138	713
Sales of raw materials	銷售原材料	96	-
Compensation income	補償收入	13,366	-
Others	其他	236	159
		14,799	9,805

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6. LOSS BEFORE TAX

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

6. 除稅前虧損

本集團的除稅前虧損乃經扣除/(計
入)下列各項：

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Cost of inventories sold	已售存貨成本	46,001	234,897
Depreciation of property, plant and equipment	物業、廠房及設備折舊	751	1,343
Depreciation of right-of-use assets	使用權資產折舊	3,051	4,680
Salaries, wages and benefits in kind	薪金、工資及實物利益	81,780	69,357
Pension scheme contributions	退休計劃供款	5,285	7,309
Provision/(reversal of) against obsolete and slow-moving inventories	陳舊及滯銷存貨撥備/(撥回)	12,274	(42,661)
Allowance for expected credit losses on financial assets at amortised cost, net	按攤銷成本計量的金融資產 預期信貸虧損撥備，淨額	5,429	256
Reversal of product warranty, net	產品保修撥回，淨額	(2,498)	(1,452)
Interest for convertible loan	可換股貸款利息	1,399	604
Interest for lease liabilities	租賃負債利息	564	801
Loss on sales of raw materials	銷售原材料虧損	-	14,308
Exchange losses	匯兌虧損	420	1,353

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7. INCOME TAX

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%).

PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% during the period (2021: 25%). Pursuant to the relevant laws and regulations in the PRC, Zhejiang Morris Fashion Home Co., Ltd. (“**Fashion Home**”) and Zhejiang Apollo Leather Products Co., Ltd. (“**Apollo**”), which qualified as High and New Technology Enterprises (“**HNTE**”) on 30 November 2018, were entitled to a reduced enterprise income tax rate of 15%. During the period ended 30 June 2022, Fashion Home and Apollo applied the qualification of HNTE and are entitled to the reduced tax rate of 15% until the year ended 16 December 2024.

The U.S. corporate tax rate is 21% for the period ended 30 June 2022 in accordance to the Tax Cuts and Jobs Act. The U.S. income tax includes (a) federal income tax calculated at a fixed rate of 21% for the period ended 30 June 2022 (2021: a fixed rate of 21%) on the estimated U.S. federal taxable income and state income tax calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

7. 所得稅

根據香港兩級制利得稅率制度，合資格集團實體首2,000,000港元的溢利將按8.25%的稅率徵稅，而超過2,000,000港元的溢利則按16.5%的稅率徵稅。不符合兩級制利得稅率制度資格的集團實體的溢利將繼續按16.5% (2021年：16.5%) 的固定稅率徵稅。

期內，中國附屬公司須按25% (2021年：25%) 稅率繳納中國企業所得稅。根據中國相關法律及法規，於2018年11月30日符合高新技術企業(「**高新技術企業**」)資格的浙江慕容時尚家居有限公司(「**時尚家居**」)及浙江阿波羅皮革製品有限公司(「**阿波羅**」)，有權享有減免企業所得稅稅率15%。截至2022年6月30日止期間，時尚家居及阿波羅已申請高新技術企業資格，並有權享有減免稅率15%，直至截至2024年12月16日止年度為止。

根據減稅與就業法案，截至2022年6月30日止期間的美國企業稅率為21%。美國所得稅包括(a)就估計美國聯邦應課稅收入按截至2022年6月30日止期間的固定稅率21% (2021年：固定稅率21%) 計算的聯邦所得稅及於兩個期間內就各州的估計州應課稅收入，按不同州所得稅率計算的州所得稅。特定州份的應課稅收入(即州應課稅收入)按經作出州份稅項調整(其後分配或按比例分派至各州)的聯邦應課稅收入(即按比例分派或特別分配至本集團經營所在相關州份的應課稅收入百分比)，根據先前年度的州報稅表提供的分配因素而計算得出。

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7. INCOME TAX (Continued)

Pursuant to the income tax rules and regulations of United Kingdom (UK), the subsidiary comprising the Group in UK is liable to United Kingdom CIT at a tax rate of 19% for the period ended 30 June 2022.

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

7. 所得稅(續)

根據英國所得稅規則及規例，組成本集團的英國附屬公司於截至2022年6月30日止期間須按19%的稅率繳納英國企業所得稅。

其他地區之應課稅溢利之稅項乃根據本集團經營業務所在司法管轄區之現行稅率計算。

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Current – Hong Kong	即期—香港	–	46
Deferred tax	遞延稅項	–	590
Tax expense for the period	期內稅項開支	–	636

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8. LOSS PER SHARE ATTRIBUTABLE TO
ORDINARY EQUITY HOLDERS OF THE
COMPANY

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

8. 本公司普通權益持有人應
佔每股虧損

歸屬於本公司擁有人的每股基本及攤
薄虧損乃根據以下數據計算：

		Six months ended 30 June 2022 截至2022年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Six months ended 30 June 2021 截至2021年 6月30日 止6個月 RMB'000 人民幣千元 (Unaudited) (未經審核)
Loss for the purpose of basic and diluted loss per share	用以計算每股基本及 攤薄虧損的虧損	(123,990)	(41,780)
		'000 千股	'000 千股
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	用以計算每股基本及攤薄 虧損的普通股加權平均數	1,033,580	924,188

Note: Diluted loss per share for the period ended 30 June 2022 and 2021 were the same as basic loss per share.

附註：截至2022年及2021年6月30日止期間的每股攤薄虧損與每股基本虧損相同。

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9. DIVIDENDS

The Board has proposed not to declare interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSET

During the six months period ended 30 June 2022, the Group acquired items of plant and machinery with a cost of approximately RMB5.0 million (six months ended 30 June 2021: approximately RMB1.8 million) and disposed property, plant and equipment with a net carrying amount of approximately RMB nil (six months ended 30 June 2021: RMB1.1 million).

During the six months period ended 30 June 2022 and 2021, the Group did not enter into any new lease agreement for the use of retail shop. The Group is required to make fixed monthly payment during the contract period. During the six months period ended 30 June 2022 and 2021, the Group did not recognise any right-of-use assets and lease liabilities. In addition, the Group disposed of a leasehold land together with a subsidiary located in Cambodia during the period ended 30 June 2021, and the Group recognised a disposal of right-of-use asset of approximately RMB7.2 million.

9. 股息

董事會不建議就截至2022年6月30日止6個月宣派中期股息(截至2021年6月30日止6個月：無)。

10. 物業、廠房及設備及使用權資產

截至2022年6月30日止6個月期間，本集團收購廠房及機器項目，成本約人民幣5.0百萬元(截至2021年6月30日止6個月：約人民幣1.8百萬元)及出售賬面淨值約人民幣零元(截至2021年6月30日止6個月：人民幣1.1百萬元)的物業、廠房及設備。

截至2022年及2021年6月30日止6個月期間，本集團並無就使用零售店訂立任何新租賃協定。本集團須於合約期內每月支付固定款項。截至2022年及2021年6月30日止6個月期間，本集團並無確認任何使用權資產及租賃負債。此外，本集團於截至2021年6月30日止期間出售位於柬埔寨的一幅租賃土地連同一間附屬公司，本集團確認出售使用權資產約人民幣7.2百萬元。

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11. TRADE RECEIVABLES

11. 貿易應收款項

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Trade receivables from third parties	來自第三方的貿易應收款項	47,516	51,480
Less: allowance for expected credit losses	減：預期信貸虧損撥備	(16,792)	(11,607)
		30,724	39,873

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to two months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團與其客戶的貿易賬期以信貸為主。信貸期一般為一至兩個月，主要客戶的信貸期延長至最多三至六個月。本集團一直嚴格控制其未收回應收款項及高級管理人員定期檢查逾期結餘。本集團並無就其貿易應收款項結餘持有任何抵押品。貿易應收款項為不計息。

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11. TRADE RECEIVABLES (Continued)

An ageing analysis of trade receivables as at the end of the Reporting Period, based on the invoice date and net of provision, is as follows:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月內	13,441	32,955
4 to 6 months	4至6個月	9,605	6,290
7 to 12 months	7至12個月	7,678	628
		30,724	39,873

11. 貿易應收款項(續)

於報告期間末，按發票日期和扣除撥備呈列的貿易應收款項的賬齡分析如下：

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Advance to suppliers	預付供應商款項	13,688	6,668
Other prepayments	其他預付款項	3,063	2,320
Deposits and other receivables	按金及其他應收款項	32,674	26,121
		49,425	35,109

12. 預付款項、按金及其他應收款項

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For the six months ended 30 June 2022
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13. CASH AND CASH EQUIVALENTS AND
PLEGDED DEPOSITS

13. 現金及現金等價物及已抵
押存款

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	28,702	28,190
Less: Pledged deposits for bills payable	減：應付票據的已抵押存款	(38)	(14,705)
Cash and cash equivalents	現金及現金等價物	28,664	13,485

As at the end of the period ended 30 June 2022, the cash and bank balances denominated in RMB amounted to RMB2,599,000 (2021: RMB17,638,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

於截至2022年6月30日止期間末，以人民幣計值的現金及銀行結餘為人民幣2,599,000元（2021年：人民幣17,638,000元）。人民幣不可自由兌換為其他貨幣，然而，根據中國內地外匯管制法規及結匯、售匯及付匯管理規定，本集團獲准透過獲授權開展外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款根據每日銀行存款利率按浮動利率計息。銀行結餘存於近期無違約記錄且信譽良好的銀行。

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14. TRADE AND BILLS PAYABLES

14. 貿易應付款項及應付票據

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Trade payables to third parties	應付第三方的貿易款項	101,260	91,982
Bills payables	應付票據		
– arising from intra-group purchases	– 來自集團內部公司購買的應付票據	60,000	67,348
– arising from third party purchases	– 來自第三方購買的應付票據	–	19,815
		161,260	179,145

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

於報告期間末，按發票日期呈列的貿易應付款項及應付票據的賬齡分析如下：

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 month	1個月內	14,798	15,187
2 to 3 months	2至3個月	9,718	7,772
4 to 6 months	4至6個月	8,403	60,700
Over 6 months	超過6個月	128,341	95,486
		161,260	179,145

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days while bills payables are settled within 1 year.

貿易應付款項及應付票據為不計息。貿易應付款項通常於30至180日內結算，而應付票據則於1年內結算。

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15. OTHER PAYABLES AND ACCRUALS

15. 其他應付款項及應計費用

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Other payables	其他應付款項	140,883	32,298
Accruals	應計費用	12,193	11,022
		153,076	43,320
Contract liabilities	合約負債	10,358	9,858

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

其他應付款項及應計費用為免息及通常須按要求償還。

16. BANK AND OTHER BORROWINGS

16. 銀行及其他借款

		30 June 2022 2022年6月30日			31 December 2021 2021年12月31日		
		Effective interest rate 實際利率 (Unaudited) (未經審核)	Maturity 到期 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Unaudited) (未經審核)	Effective interest rate 實際利率 (Audited) (經審核)	Maturity 到期 (Audited) (經審核)	RMB'000 人民幣千元 (Audited) (經審核)
Current – secured	即期 – 已抵押						
Bank loans	銀行貸款	4.5%–6.6%	2022–2023 2022年至2023年	68,165	4.5%–6.5%	2022 2022年	50,669
Current – unsecured	即期 – 無抵押						
Other borrowings	其他借款	N/A 不適用	N/A 不適用	–	4.9%–9.0%	2022 2022年	13,947
				68,165			64,616

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16. BANK AND OTHER BORROWINGS (Continued)

16. 銀行及其他借款(續)

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Analysed as follow:	分析如下：		
Bank and other borrowings repayable within one year or on demand	於一年內或按要求償還的 銀行及其他借款	68,165	64,616

Notes:

附註：

Certain of the Group's secured bank and other borrowings are secured by:

本集團的若干已抵押銀行及其他借款以下列各項作抵押：

- (i) pledges of certain parcels of land and buildings which were provided by Morris PRC as at 30 June 2022 and 31 December 2021;
- (ii) personal guarantees provided by the Controlling Shareholders as at 30 June 2022 and 31 December 2021;
- (iii) corporate guarantees provided by Morris PRC as at 30 June 2022 and 31 December 2021;
- (iv) corporate guarantees provided by Morris Real Estate, a company controlled by the Controlling Shareholders as at 30 June 2022 and 31 December 2021;
- (v) corporate guarantees provided by independent third parties as at 30 June 2022 and 31 December 2021; and
- (vi) pledges of certain properties which were provided by Morris Real Estate, a company controlled by the Controlling Shareholders as at 30 June 2022 and 31 December 2021.

- (i) 以慕容中國於2022年6月30日及2021年12月31日提供的若干土地及樓宇作抵押；
- (ii) 控股股東於2022年6月30日及2021年12月31日提供的個人擔保；
- (iii) 慕容中國於2022年6月30日及2021年12月31日提供的企業擔保；
- (iv) 控股股東控制的公司慕容地產於2022年6月30日及2021年12月31日提供的企業擔保；
- (v) 獨立第三方於2022年6月30日及2021年12月31日提供的企業擔保；及
- (vi) 以控股股東控制的公司慕容地產於2022年6月30日及2021年12月31日提供的若干物業作抵押。

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17. CONVERTIBLE LOAN

17. 可換股貸款

	30 June 2022 2022年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2021 2021年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Liability component of the Convertible loan 可換股貸款的負債部分	69,498	69,977

On 5 January 2018, the Company entered into a convertible loan (the “**Convertible Loan**”) agreement (the “**Convertible Loan Agreement**”) with International Finance Corporation (“**IFC**”), pursuant to which IFC agreed to lend, and the Company agreed to borrow, the Convertible Loan in an aggregate principal amount of HK\$200,000,000. IFC has the right to convert all or any part of the outstanding principal amount of the Convertible Loan into shares of the Company at an initial conversion price of HK\$2.22 per conversion share (subject to adjustments as set out in the Convertible Loan Agreement). The outstanding principal of the Convertible Loan bears interest at a rate of 1.25% per annum above 6 months HIBOR. Interest period of the Convertible Loan shall be a period of six months in each case beginning on an interest payment date and ending on the day immediately before the next following interest payment date.

於2018年1月5日，本公司與國際金融公司(「國際金融公司」)訂立一份可換股貸款(「可換股貸款」)協議(「可換股貸款協議」)，根據該協議，國際金融公司同意出借及本公司同意借入本金總額為200,000,000港元的可換股貸款。國際金融公司有權按每股換股股份2.22港元(可根據可換股貸款協議所載作出調整)的初始換股價將全部或部分可換股貸款未償還本金轉換成本公司股份。可換股貸款未償還本金額按年利率1.25%(高於六個月香港銀行同業拆息)計息。於各種情況下，可換股貸款的利息期為六個月，自付息日期起至緊接下一個付息日期前一日止。

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17. CONVERTIBLE LOAN (Continued)

Unless previously converted, the Company shall repay 50% of the non-converted portion of the Convertible Loan outstanding as at fourth anniversary of the date of the Convertible Loan (the “**First Repayment Instalment Date**”).

Subject to any repayment to be made on the First Repayment Instalment Date as set out above, the outstanding amount of the non-converted portion of the Convertible Loan shall be repaid on the fifth anniversary of the date of the Convertible Loan (the “**Maturity Date**”) together with a redemption premium (the “**Redemption Premium**”) which is an amount equal to 3.25% per annum of such portion of the principal amount of the Convertible Loan to be repaid in respect of the period beginning on the date of the advance and ending on the day immediately before the date of repayment or prepayment. Any amount of the Convertible Loan which is redeemed by the Company will forthwith be cancelled.

In the year 2020, the Convertible Loan was defaulted due to the Company failed to repay the instalment in accordance with the repayment schedule. On 29 May 2020, the Company was granted a temporary waiver by IFC to postpone the instalments. At the same time, the repayment schedule of the Convertible Loan was amended from original Maturity Date to on/prior to 28 December 2021. The Company recorded gain on modification of the Convertible Loan of approximately RMB11,503,000. A new Convertible Loan was recognised with effective interest rate with 6.99%, where fair value of derivative financial instruments were Nil.

During the year ended 31 December 2021, the Convertible Loan was matured and fell due for repayment. The total outstanding principals amount and related overdue interests of approximately RMB73,974,000 (2021: approximately RMB72,875,000) were not repaid as at 30 June 2022.

17. 可換股貸款(續)

除先前轉換外，本公司須償還於可換股貸款日期滿四週年當日(「**首次分期還款日**」)未轉換可換股貸款的50%未轉換部分。

根據上文所載首次分期還款日作出的任何還款，可換股貸款未轉換部分的未償還金額連同贖回溢價(「**贖回溢價**」)(就於墊款當日起計至緊接還款或提前還款日期前一日止期間將予還款或提前還款的可換股貸款本金額有關部分每年3.25%的等值金額)須於可換股貸款日期滿五週年當日(「**到期日**」)償還。本公司贖回的任何金額的可換股貸款將立即註銷。

於2020年度，因本公司未能按還款時間表償還分期付款，可換股貸款已屬違約。於2020年5月29日，本公司獲國際金融公司授出臨時豁免，以將分期款項延遲支付。同時，可換股貸款之還款期時間表已修訂為於原定到期日至2021年12月28日／之前。本公司錄得修訂可換股貸款收益約人民幣11,503,000元。新可換股貸款按6.99%的實際利率確認，而衍生金融工具的公允值為零。

截至2021年12月31日止年度，可換股貸款已到期並須進行清償。未償還本金總額及相關逾期利息約人民幣73,974,000元(2021年：約人民幣72,875,000元)於2022年6月30日尚未清償。

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17. CONVERTIBLE LOAN (Continued)

The Convertible Loan recognised in the consolidated statement of financial position of the Group is bifurcated into two components for accounting purpose, namely the liability component and the derivative component, and the movements of these components during the reporting period are as follows:

17. 可換股貸款(續)

於本集團綜合財務狀況表確認的可換股貸款分為兩個會計部分，即負債部分和衍生部分，於報告期間的該等部分變動如下：

		Liability component	Derivative financial instrument	Total
		負債部分	衍生金融工具	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
As at 1 January 2021 (Audited)	於2021年1月1日(經審核)	84,356	–	84,356
Repayment of Convertible Loan	償還可換股貸款	(11,737)	–	(11,737)
Amortisation of liability component of the Convertible Loan	可換股貸款負債部分的攤銷	178	–	178
Accrual interest	應計利息	(371)	–	(371)
Fair value change	公允值變動	–	78	78
Exchange difference	匯兌差額	(2,449)	–	(2,449)
As at 31 December 2021 and 1 January 2022 (Audited)	於2021年12月31日及2022年1月1日(經審核)	69,977	78	70,055
Fair value change	公允值變動	–	272	272
Exchange difference	匯兌差額	(479)	11	(468)
As at 30 June 2022 (Unaudited)	於2022年6月30日(未經審核)	69,498	361	69,859

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18. SHARE CAPITAL

18. 股本

		30 June 2022 2022年6月30日		31 December 2021 2021年12月31日	
		US\$'000 千美元 (Unaudited) (未經審核)	RMB'000 equivalent 人民幣千元 等值 (Unaudited) (未經審核)	US\$'000 千美元 (Audited) (經審核)	RMB'000 equivalent 人民幣千元 等值 (Audited) (經審核)
<i>Authorised:</i>	法定：				
10,000,000,000 ordinary shares of US\$0.001 each	10,000,000,000股每股面值0.001美元的普通股	10,000		10,000	
<i>Issued and fully paid:</i>	已發行及繳足：				
1,200,000,000 (2021: 1,000,000,000) ordinary shares of US\$0.001 each	1,200,000,000股(2021年：1,000,000,000股)每股面值0.001美元的普通股	1,200	8,188	1,000	6,914

The movements in the Company's issued share capital during the period are as follow:

本公司於本期間的已發行股本變動如下：

		Number of ordinary shares in issue 已發行 普通股數目	Issued capital 已發行 資本 RMB'000 人民幣千元
As at 31 December 2021 and 1 January 2022 (Audited)	於2021年12月31日及2022年1月1日(經審核)	1,000,000,000	6,914
Placing of new shares	配售新股份	200,000,000	1,274
As at 30 June 2022 (Unaudited)	於2022年6月30日(未經審核)	1,200,000,000	8,188

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19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the end of the Reporting Period.

20. RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year:

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Morris PRC	慕容中國		
Rental expenses (note (a))	租金開支(附註(a))	8,901	9,986

The above related parties are companies controlled by the Controlling Shareholders. The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Note:

- (a) These related party transactions also constitute non-exempt continuing connected transactions as defined under Chapter 14A of the Listing Rules. Details of these rental arrangements were disclosed in the Company's announcements dated 8 July 2020, 21 August 2020 and 23 September 2020 and the Company's circular dated 3 September 2020.

19. 或然負債

本集團於報告期末並無任何重大或然負債。

20. 關連方交易

(a) 與關連方的交易

除財務報表其他部分詳述的交易外，本集團於本年度與關連方進行以下重大交易：

上述關連方均為由控股股東控制的公司。該等交易乃根據相關訂約方相互協定的條款及條件進行。

附註：

- (a) 該等關連方交易亦構成上市規則第14A章定義的不獲豁免持續關連交易。該等租賃安排的詳情已於本公司日期為2020年7月8日、2020年8月21日和2020年9月23日的公告及本公司日期為2020年9月3日的通函內披露。

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20. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

		Six months ended 30 June 截至6月30日止6個月	
		2022 2022年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Fees	袍金	1,795	859
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	486	1,388
Discretionary bonuses	酌情花紅	–	6,350
Pension scheme contributions	退休計劃供款	42	127
Total compensation paid to key management personnel	支付予主要管理人員的薪酬總額	2,323	8,724

20. 關連方交易(續)

(b) 本集團主要管理人員的薪酬

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

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

21. 金融工具的公允值及公允值層級

本集團金融工具的賬面值及公允值與公允值合理相若。

管理層已評估現金及現金等價物、已抵押存款、貿易應收款項、計入預付款項、按金及其他應收款項的金融資產、貿易應付款項及應付票據、計入其他應付款項及應計費用的金融負債、銀行及其他借款及應收／應付關連公司款項的公允值與其賬面值相若，主要由於該等工具短期內到期。

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's corporate finance team headed by the Chief Financial Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

During the period, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. 金融工具的公允值及公允值層級(續)

本集團旗下由首席財務官帶領的企業融資團隊負責就金融工具的公允值計量制定政策及程序。企業融資團隊直接向首席財務官匯報。於各報告日期，企業融資團隊分析金融工具價值變動及釐定應用於估值的主要輸入數據。估值已由首席財務官審閱及批准。

金融資產及負債的公允值以自願交易方(強迫或清盤出售者除外)當前交易中該工具的可交易金額入賬。

期內金融資產及金融負債第1級及第2級公允值計量之間並無轉移，亦無轉入或轉出第3級的情況(2021年：無)。

下表提供有關初始確認後按公允值計量並根據公允值的可觀察程度分類為第1至3級的金融工具分析。

- 第1級公允值計量基於相同資產或負債於活躍市場的報價(未經調整)得出。
- 第2級公允值計量基於直接(即價格)或間接(即自價格計算得出)輸入數據(第1級所包括有關資產或負債的可觀察報價除外)得出。
- 第3級公允值計量乃自估值技術計算得出，其中包括有關資產或負債並非基於可觀察市場數據(不可觀察輸入數據)的輸入數據。

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21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Financial asset and liabilities measured at fair value

21. 金融工具的公允值及公允值層級(續)

按公允值計量的金融資產及負債

		As at 30 June 2022 於2022年6月30日			
		Level 1 第1級	Level 2 第2級	Level 3 第3級	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)	(Unaudited) (未經審核)
Liability	負債				
Derivative financial instruments	衍生金融工具	–	–	361	361

		As at 31 December 2021 於2021年12月31日			
		Level 1 第1級	Level 2 第2級	Level 3 第3級	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)
Liability	負債				
Derivative financial instruments	衍生金融工具	–	–	78	78

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Financial asset and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The fair value of derivative and liability component of Convertible Loan was valued by an independent valuer. It was calculated by discounting the future cash-flow at market rate and including some unobservable inputs. See note 17 for the detailed information and the movement of the fair value of derivative financial instruments.

Below is a summary of the valuation technique used and the key inputs to the valuation of derivative financial instruments:

21. 金融工具的公允值及公允值層級(續)

按公允值計量的金融資產及負債(續)

有關第3級公允值計量的資料

可換股貸款衍生及負債部分的公允值由獨立估值師估值，乃透過按市場利率及計入部分不可觀察輸入數據貼現未來現金流量計算。有關衍生金融工具的詳細資料及公允值變動，請參閱附註17。

以下概述衍生金融工具估值所用估值技術及主要輸入數據：

	Fair value hierarchy	Valuation technique	Significant unobservable inputs	As at 30 June 2022	As at 31 December 2021
	公允值層級	估值技術	重大不可觀察輸入數據	於2022年6月30日 (Unaudited) (未經審核)	於2021年12月31日 (Audited) (經審核)
Convertible Loan	Level 3	Binomial pricing model	Risk-free rate	1.685%	0.02%
可換股貸款	第三層	二項式定價模型	無風險利率		
			Volatility	221.5%	130.9%
			波幅		
			Discount rate	10.08%	13.75%
			貼現率		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 未經審核簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止6個月

22. EVENT AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, in August 2022, the Company announced that on 26 May 2022, the Company entered into the Share Subscription Agreement (as amended and supplemented by the Supplemental Share Subscription Agreement) with the Offeror, pursuant to which the Company has conditionally agreed to allot and issue, and the Offeror has conditionally agreed to subscribe for 1,300,000,000 Subscription Shares at the Share Subscription Price of HK\$0.063 per Subscription Share for the total Consideration of HK\$81,900,000. For more details, please refer to the Company's announcement dated 5 August 2022.

22. 報告期後事項

報告期後，於2022年8月，本公司於2022年5月26日宣佈，本公司與要約人訂立股份認購協議(經補充股份認購協議修訂及補充)，據此，本公司有條件同意配發及發行，及要約人有條件同意按股份認購價每股認購股份0.063港元認購1,300,000,000股認購股份，總代價為81,900,000港元。更多詳情請參閱本公司日期為2022年8月5日之公告。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

During the Reporting Period, the Company was faced with complex and adverse trading environment, including but not limited to the widespread impact of COVID-19 pandemic, continued trade war between the US and China and the suspension of our major factories in PRC in early 2022, which resulted in adverse effects to the performance of the Group for the first half of 2022. The Group's revenue decreased from approximately RMB274.9 million in the Comparative Period to approximately RMB53.9 million in the Reporting Period, representing a decrease of approximately 80.4%. Loss for the period increased by approximately 194.2% from approximately RMB42.8 million in the Comparative Period to approximately RMB125.9 million in the Reporting Period.

Business development in the U.S. and U.K.

Due to financial difficulties and the suspension of our major factories in PRC in early 2022, some of our substantial customers stopped placing orders with the Group, pending the outcome of the restructuring and the proposed share subscription. Although the suspension has a negative impact to the Company's brand and its business, with the long history and good reputation among the export customers, the Group is confident that its business will be gradually restored and resumed after the successful completion of the proposed share subscription.

Amidst the difficult business environment, the management of the Group sought to tackle these challenges by consolidating relationship with selected key customers.

Retail business development in China and Hong Kong

As of August 2022, the Group had a total of 1 flagship showroom, 1 self-operated retail store, 30 franchise stores and 2 online stores across different provinces in Mainland China.

業務回顧

於報告期間，本公司面對複雜而不利的貿易環境，包括但不限於COVID-19疫情的廣泛影響、中美貿易戰持續以及我們在中國的主要工廠於2022年初停工，這對本集團於2022年上半年的表現造成不利影響。本集團的收入由比較期間的約人民幣274.9百萬元減少至報告期間的約人民幣53.9百萬元，減幅約為80.4%。期內虧損由比較期間的約人民幣42.8百萬元增加約194.2%至報告期間的約人民幣125.9百萬元。

於美國及英國的業務發展

由於財務困難及我們在中國的主要工廠於2022年初停工，我們的若干主要客戶停止向本集團下訂單，並正在觀望重整及建議股份認購的結果。儘管停工對本公司的品牌及業務造成負面影響，但憑藉悠久歷史及在出口客戶中的良好聲譽，本集團堅信在成功完成建議股份認購後，其業務將逐步復原及恢復。

在艱難的營商環境中，本集團管理層設法通過鞏固與選定主要客戶的關係來應對該等挑戰。

於中國及香港的零售業務發展

截至2022年8月，本集團共有1間旗艦展廳、1間自營零售店、30間代理店及2間網店，遍佈中國內地不同省份。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED) 管理層討論及分析(續)

In Hong Kong, the Group had a total of 4 self-operated retail stores in Central, Sha Tin, Tsuen Wan and West Kowloon, and 7 points of consignment sales in East Kowloon, Yuen Long, Wan Chai, Lai Chi Kok, Tsuen Wan and Fo Tan. The Group also introduced auxiliary decoration services to establish one-stop services including decoration and furniture setting, instilling its stylish home design concept into Hong Kong market. Two more self-operated retail stores located in Megabox, Kowloon Bay and Park Central, Tseung Kwan O are planned to be opened in the second half of 2022.

Our commitment to design and customer service has continuously improved our “Morrisofa” brand image and increased our customer base and loyalty.

FINANCIAL REVIEW

For the six months ended 30 June 2022, the principal business activities of Group comprise the manufacturing and sales of sofas, sofa covers and other furniture products.

During the Reporting Period, the revenue of the Group amounted to approximately RMB53.9 million (2021: approximately RMB274.9 million), representing an decrease of approximately 80.4% as compared with the corresponding period last year, which was mainly attributed to the decrease in revenue generated from sale of sofas, sofa covers and other furniture products resulted from the decrease in export business, affected by the suspension of the factories in PRC in early 2022.

The Group’s gross loss for the Reporting Period was approximately RMB4.3 million (2021: gross profit approximately RMB82.6 million), representing an decrease of approximately 105.2% as compared with the corresponding period last year. The decrease in gross profit was primarily due to the clearance sales of finished goods.

於香港，本集團於中環、沙田、荃灣及西九龍設有4間自營零售店，並於東九龍、元朗、灣仔、荔枝角、荃灣及火炭設有7個寄售點。本集團亦引入裝潢配套服務，打造一條龍裝潢、傢俱擺設服務，為香港市場注入慕容的時尚家居設計意念。另外兩間位於九龍灣Megabox及將軍澳將軍澳中心的自營零售店計劃於2022年下半年開業。

我們對設計及客戶服務的承諾使我們的「Morrisofa」品牌形象不斷提升並擴大了客戶基礎及忠誠度。

財務回顧

截至2022年6月30日止6個月，本集團的主要業務為生產及銷售沙發、沙發套及其他傢俱產品。

於報告期間，本集團收入約為人民幣53.9百萬元(2021年：約人民幣274.9百萬元)，較去年同期減少約80.4%，主要由於位於中國的工廠於2022年初停工，出口業務因此減少，導致銷售沙發、沙發套及其他傢俱產品產生的收入減少。

本集團報告期間毛損約為人民幣4.3百萬元(2021年：毛利約人民幣82.6百萬元)，較去年同期減少約105.2%。毛利減少主要是由於製成品清倉銷售。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

The net loss of the Group amounted to approximately RMB125.9 million (2021: approximately RMB42.8 million) during the Reporting Period. The increase in net loss was mainly attributable to the decrease in sales volume in export business after the suspension of the factories in PRC.

The Company's basic loss per ordinary share was approximately RMB12.00 cents for the six months ended 30 June 2022 (2021: approximately RMB4.52 cents) based on the loss for the period attributable to ordinary equity holders of the Company of approximately RMB124.0 million (2021: approximately RMB41.8 million), and the weighted average number of ordinary shares of 1,033,580,265 for the six months ended 30 June 2022 (30 June 2021: 924,188,000).

Cost of sales

The cost of sales of the Group decreased by approximately 69.7% from approximately RMB192.2 million for the six months ended 30 June 2021 to approximately RMB58.3 million for the six months ended 30 June 2022, which was primarily due to the decrease in sales volume in export business and the suspension of the factories in PRC.

Other income and gains

The other income and gains of the Group increased from approximately RMB9.8 million for the six months ended 30 June 2021 to approximately RMB14.8 million for the six months ended 30 June 2022. Such increase was mainly due to the increase in compensation on factory relocation and government subsidies.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 62.5% from approximately RMB37.6 million for the six months ended 30 June 2021 to approximately RMB14.1 million for the six months ended 30 June 2022. Such decrease was primarily due to the decrease in export after the suspension of factories in PRC.

於報告期間，本集團虧損淨額約為人民幣125.9百萬元(2021年：約人民幣42.8百萬元)。虧損淨額增加主要由於中國工廠停工後出口業務銷量減少。

本公司截至2022年6月30日止6個月的每股普通股基本虧損約為人民幣12.00分(2021年：約人民幣4.52分)，乃根據本公司普通權益持有人應佔期內虧損約人民幣124.0百萬元(2021年：約人民幣41.8百萬元)以及截至2022年6月30日止6個月普通股的加權平均數1,033,580,265股(2021年6月30日：924,188,000股)計算。

銷售成本

本集團的銷售成本由截至2021年6月30日止6個月的約人民幣192.2百萬元減少約69.7%至截至2022年6月30日止6個月的約人民幣58.3百萬元，主要由於出口業務的銷量下降以及中國工廠停工。

其他收入及收益

本集團的其他收入及收益由截至2021年6月30日止6個月的約人民幣9.8百萬元增加至截至2022年6月30日止6個月的約人民幣14.8百萬元。有關增幅主要由於工廠搬遷補償及政府補貼增加。

銷售及分銷開支

本集團的銷售及分銷開支由截至2021年6月30日止6個月的約人民幣37.6百萬元減少約62.5%至截至2022年6月30日止6個月的約人民幣14.1百萬元。該減幅主要由於中國工廠停工後出口減少。

Administrative expenses

The administrative expenses of the Group increased by approximately 72.6% from approximately RMB64.9 million for the six months ended 30 June 2021 to approximately RMB112.0 million for the six months ended 30 June 2022. Such increase was primarily attributed to the reclassification of manufacturing related rental expenses from cost of sales to administrative expenses and the redundancy payment due to the suspension of factories in PRC.

Finance costs

The finance costs of the Group decreased by approximately 65.5% from approximately RMB11.0 million for the six months ended 30 June 2021 to approximately RMB3.8 million for the six months ended 30 June 2022. The decrease in finance costs was mainly due to the decrease in interest for lease liabilities.

Other expenses and losses

The other expenses and losses of the Group decreased from approximately RMB20.9 million for the six months ended 30 June 2021 to approximately RMB0.9 million for the six months ended 30 June 2022 was mainly due to the decrease in the loss on clearance sales of aged raw materials as compared to last period.

Income tax expense

The Group did not record any income tax expense for the six months ended 30 June 2022, as compared to income tax credit of approximately RMB0.6 million for the six months ended 30 June 2021.

行政開支

本集團的行政開支由截至2021年6月30日止6個月的約人民幣64.9百萬元增加約72.6%至截至2022年6月30日止6個月的約人民幣112.0百萬元。該增幅主要由於將製造相關的租金開支由銷售成本重新分類為行政開支以及因中國工廠停工而產生的遣散費。

融資成本

本集團的融資成本由截至2021年6月30日止6個月的約人民幣11.0百萬元減少約65.5%至截至2022年6月30日止6個月的約人民幣3.8百萬元。融資成本減少主要由於租賃負債利息減少。

其他開支及虧損

本集團其他開支及虧損由截至2021年6月30日止6個月的約人民幣20.9百萬元減少至截至2022年6月30日止6個月的約人民幣0.9百萬元，主要是由於相較上一期間長賬齡原材料清倉銷售虧損減少。

所得稅開支

本集團於截至2022年6月30日止6個月並無錄得任何所得稅開支，而截至2021年6月30日止6個月則錄得所得稅抵免約人民幣0.6百萬元。

LIQUIDITY AND CAPITAL RESOURCES

Borrowing and pledge of assets

As at 30 June 2022, the Group's interest-bearing bank and other borrowings amounted to approximately RMB68.2 million (31 December 2021: approximately RMB64.6 million). The bank loans' interest rates ranged from 4.5% to 6.6% (31 December 2021: 4.5% to 9%) per annum.

As at 30 June 2022, approximately RMB0.04 million (31 December 2021: approximately RMB14.7 million) restricted bank balances were pledged for bank borrowings and bills payables. The decrease in restricted bank balance was mainly due to the decline in deposit level required by banks during the restructuring.

Gearing ratio

The gearing ratio of the Group, which is the ratio of the total debts (comprised of amounts due to related companies, lease liabilities, convertible loan and interest-bearing bank and other borrowings) to the equity attributable to owners of the Company. The gearing ratio of the Group was not applicable, as the Company has run into net liabilities as at 30 June 2022 and 31 December 2021.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2022.

Trade receivables

The trade receivables of the Group decreased to approximately RMB30.7 million as at 30 June 2022 (31 December 2021: approximately RMB39.9 million), primarily due to the decrease in sales to our customers after suspension of major factories in PRC in early 2022.

流動資金及資本來源

借款及資產抵押

於2022年6月30日，本集團的計息銀行及其他借款約為人民幣68.2百萬元(2021年12月31日：約人民幣64.6百萬元)。銀行貸款年利率介乎4.5%至6.6%(2021年12月31日：介乎4.5%至9%)。

於2022年6月30日，約人民幣0.04百萬元(2021年12月31日：約人民幣14.7百萬元)的受限制銀行結餘已用作銀行借款及應付票據的抵押。受限制銀行結餘減少主要由於重整期間銀行要求的按金水平下降。

資產負債比率

本集團的資產負債比率為總債務(包括應付關連公司款項、租賃負債、可換股貸款及計息銀行及其他借款)與本公司擁有人應佔權益之間的比率。於2022年6月30日及2021年12月31日，本集團之資產負債比率不適用，原因為本公司已陷入淨負債狀況。

或然負債

本集團於2022年6月30日並無任何重大或然負債。

貿易應收款項

本集團於2022年6月30日的貿易應收款項減少至約人民幣30.7百萬元(2021年12月31日：約人民幣39.9百萬元)，主要由於2022年初中國主要工廠停工後我們向客戶所作銷售有所減少。

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB161.3 million as at 30 June 2022 (31 December 2021: approximately RMB179.1 million), primarily due to the decrease in purchase from the Group's suppliers after suspension of major factories in PRC in early 2022.

Foreign exchange exposure

Revenue from major customers is mainly from the U.S. while the production facilities of the Group are mainly located in the PRC. Accordingly, most of the sales are denominated in U.S. dollars while the costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollars against RMB could adversely affect the financial results of the Group. During the six months ended 30 June 2022, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group used forward exchange contract for hedging purpose during 2021 and no hedging instruments outstanding as at 30 June 2022 (31 December 2021: Nil). The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in the future.

貿易應付款項及應付票據

本集團於2022年6月30日的貿易應付款項及應付票據減少至約人民幣161.3百萬元(2021年12月31日:約人民幣179.1百萬元),主要由於2022年初中國主要工廠停工後向本集團供應商採購減少。

外匯風險

來自主要客戶的收入主要源自美國,而本集團的生產設施主要位於中國。因此,大部分銷售額以美元計值,而本集團營運產生的成本一般以人民幣結算。因此,倘美元兌人民幣的匯價發生波動,則可能會對本集團的財務業績產生不利影響。截至2022年6月30日止6個月,本集團業務或流動資金並無因匯率波動而出現任何重大困難或受到重大影響。本集團於2021年以遠期外匯合約作對沖用途,於2022年6月30日並無未償還對沖工具(2021年12月31日:無)。本集團將繼續密切留意對其現有業務及未來新投資所引致的匯率風險。

GOING CONCERN

The Group incurred a net loss of approximately RMB125,895,000 during the six months ended 30 June 2022 and, as of that date, the Group's current liabilities exceeded its current assets and total liabilities exceeded its total assets by approximately RMB156,390,000 and RMB153,043,000 (31 December 2021: approximately RMB47,876,000 and RMB51,171,000), respectively. As at the same date, the Group's aggregate interest-bearing bank and other borrowings, lease liabilities and convertible loan amounted to approximately RMB68,165,000, RMB17,441,000 and RMB69,498,000 (31 December 2021: approximately RMB64,616,000, RMB25,002,000 and RMB69,977,000), respectively, whilst its cash and cash equivalents amounted to approximately RMB28,664,000 (31 December 2021: approximately RMB13,485,000). The Group's convertible loan, in the principal amount outstanding as at 30 June 2022 of approximately RMB69,498,000 (31 December 2021: approximately RMB69,977,000), matured and fell due for repayment during the period ended 30 June 2022. The outstanding principal amount and related overdue interests, in the amount of approximately RMB73,974,000 (31 December 2021: approximately RMB72,875,000) in aggregate, were not repaid as at 30 June 2022.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Company is carrying out certain plans (including without limitation the following measures) to mitigate the liquidity position and to improve the Group's financial position:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations.
- (ii) Two of the indirect wholly-owned subsidiaries of the Group filed pre-restructuring applications with the People's Court of Haining City to request the Court to allow those two subsidiaries to formulate pre-restructuring plans to resolve the debt positions. Please refer to page 53 for details.

持續經營

本集團於截至2022年6月30日止6個月產生虧損淨額約人民幣125,895,000元，截至該日，本集團的流動負債超過其流動資產，負債總額超過其資產總額分別約人民幣156,390,000元及人民幣153,043,000元（2021年12月31日：約人民幣47,876,000元及人民幣51,171,000元）。於同日，本集團的計息銀行及其他借款、租賃負債及可換股貸款總額分別約為人民幣68,165,000元、人民幣17,441,000元及人民幣69,498,000元（2021年12月31日：約人民幣64,616,000元、人民幣25,002,000元及人民幣69,977,000元），而其現金及現金等價物約為人民幣28,664,000元（2021年12月31日：約人民幣13,485,000元）。本集團於2022年6月30日未償還本金約人民幣69,498,000元（2021年12月31日：約人民幣69,977,000元）的可換股貸款，於截至2022年6月30日止期間到期及應予償還。未償還本金及相關逾期利息合計約人民幣73,974,000元（2021年12月31日：約人民幣72,875,000元），於2022年6月30日尚未償還。

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

- (i) 本集團正採取措施收緊成本控制旨在取得來自經營的正向現金流量。
- (ii) 本集團的兩家間接全資附屬公司，向海寧市人民法院提出預重整申請，請求法院允許該等兩家附屬公司制定預重整方案以解決其債務狀況。詳情請參閱第53頁。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
管理層討論及分析(續)

- (iii) The Group is in the process of negotiating with its convertible loan holder and bank to restructure and/or refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future.
- (iii) 本集團正與其可換股貸款持有人和銀行進行磋商，就其借款進行重組及／或再融資，並獲得必要的融資以滿足本集團在不久將來的營運資金及財務需求。
- (iv) The Directors are considering various alternatives to strengthen the capital base of the Company including but not limited to, seeking new investment and business opportunities. During the six months ended 30 June 2022, the Company has entered into the placing agreement with the placing agent on 25 February 2022 to place 200,000,000 placing shares at the placing price of HK\$0.12 per placing share, raising net proceeds in the amount of approximately HK\$23.71 million.
- (iv) 董事正考慮不同方法加強本公司的資本基礎，包括但不限於尋求新投資及業務機遇。截至2022年6月30日止6個月，本公司已於2022年2月25日與配售代理訂立配售協議，以按配售價每股配售股份0.12港元配售200,000,000股配售股份，籌得所得款項淨額約23.71百萬港元。
- (v) The ultimate holding company of the Company, Morris Capital Limited, has stated that it is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due.
- (v) 本公司最終控股公司慕容資本有限公司表示其有意向本集團提供財務支持，以使本集團能夠持續經營並於其負債到期時結清。
- (vi) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them.
- (vi) 本集團現正與其若干債務人重新磋商還款時間表及根據與彼等協定之還款時間表努力要求其債務人償還貿易應收款項、其他應收款項及應收關聯公司款項。
- (vii) On 22 April 2022, the Company and a potential subscriber ("**Potential Subscriber**") entered into a memorandum of understanding, pursuant to which the Potential Subscriber intended to subscribe for 1,300,000,000 new shares of the Company for the total consideration of HK\$81,900,000 or HK\$0.063 per Share. On 26 May 2022, a binding subscription agreement was signed but the subscription is still subject to satisfaction of conditions including the obtaining of shareholders' approval of the Company. Please refer to page 54 for details.
- (vii) 於2022年4月22日，本公司與一名潛在認購者(「潛在認購者」)訂立一項諒解備忘錄，據此，潛在認購者擬認購本公司1,300,000,000股新股份，代價總額為81,900,000港元或每股0.063港元。於2022年5月26日，一份具約束力之認購協議已告簽立，惟認購事項仍須待取得本公司股東批准等條件獲達成後方可作實。詳情請參閱第54頁。

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 January 2022, the Company and Silverbricks Securities Company Limited (“**Silverbricks**”) entered into the placing agreement (the “**First Placing Agreement**”), pursuant to which the Company appointed Silverbricks to place, on a best effort basis, a maximum of 200,000,000 shares to not less than six independent placees at a price of HK\$0.175 per share, raising net proceeds of approximately HK\$34.65 million which are intended to be used to repay debts and replenish the working capital of the Group. The First Placing Agreement was terminated on 11 February 2022.

On 25 February 2022, the Company and Silverbricks entered into another placing agreement (as supplemented by a supplemental agreement dated 28 February 2022) (the “**Second Placing Agreement**”), pursuant to which the Company appointed Silverbricks to place, on a best effort basis, a maximum of 200,000,000 shares to not less than six independent placees at a price of HK\$0.12 per share, raising net proceeds of approximately HK\$23.71 million which are intended to be used to repay debts and replenish the working capital of the Group. The Second Placing Agreement was completed on 23 March 2022.

根據一般授權配售新股份

於2022年1月18日，本公司與元庫證券有限公司(「元庫」)訂立配售協議(「**第一份配售協議**」)，據此，本公司委任元庫按盡最大努力原則，按每股股份0.175港元的價格向不少於六名獨立承配人配售最多200,000,000股股份，籌集所得款項淨額約34.65百萬港元，擬用於償還債務及補充本集團營運資金。第一份配售協議已於2022年2月11日終止。

於2022年2月25日，本公司與元庫訂立另一份配售協議(經日期為2022年2月28日的補充協議補充，「**第二份配售協議**」)，據此，本公司委任元庫按盡最大努力原則，按每股股份0.12港元的價格向不少於六名獨立承配人配售最多200,000,000股股份，籌集所得款項淨額約23.71百萬港元，擬用於償還債務及補充本集團營運資金。第二份配售協議已於2022年3月23日完成。

SANCTION OF RESTRUCTURING PROPOSAL FOR TWO SUBSIDIARIES IN THE PRC BY THE COURT

On 19 January 2022, two indirect wholly-owned subsidiaries of the Group, Zhejiang Apollo Leather Products Co., Ltd. (浙江阿波羅皮革製品有限公司) (“**Apollo Leather**”) and Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (“**Fashion Home**”) (collectively, the “**Relevant Subsidiaries**”), filed pre-restructuring applications (the “**Pre-restructuring**”) with the People’s Court of Haining City (the “**Haining Court**”) to request the Haining Court to allow the Relevant Subsidiaries to formulate pre-restructuring plans to resolve their debt positions. On 13 May 2022, the Haining Court accepted the restructuring application of the Relevant Subsidiaries on a consolidated basis (the “**Restructuring**”). The restructuring proposal was approved by the requisite number of creditors representing the requisite amount of debt at the creditors’ class meetings and was sanctioned by the Haining Court on 5 August 2022. Further details of the Pre-restructuring and the Restructuring were disclosed in the Company’s announcements dated 19 January 2022, 13 May 2022, 5 August 2022 and 18 August 2022.

SUBSCRIPTION AND PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 22 April 2022, the Company and Mr. Tse Kam Pang (the “**Subscriber UBO**”) entered into a memorandum of understanding (the “**MOU**”), pursuant to which the Subscriber UBO (or a company nominated and controlled by him) intended to subscribe for 1,300,000,000 new shares of the Company at the indicative total consideration of HK\$81,900,000 or HK\$0.063 per share. Further details of the MOU were disclosed in the Company’s announcement dated 22 April 2022.

法院批准兩間中國附屬公司的重整方案

於2022年1月19日，本集團兩間間接全資附屬公司浙江阿波羅皮革製品有限公司(「阿波羅皮革」)及浙江慕容時尚家居有限公司(「時尚家居」)(統稱為「相關附屬公司」)，向海寧市人民法院(「海寧法院」)提出預重整申請(「預重整」)，請求海寧法院允許相關附屬公司制定預重整方案，以解決其債務狀況。於2022年5月13日，海寧法院接受相關附屬公司在合併基礎上的重整申請(「重整」)。重整方案於債權人類別大會上獲所需數目的債權人(代表所需的債務金額)批准，並於2022年8月5日獲海寧法院批准。有關預重整及重整的進一步詳情分別披露於本公司日期為2022年1月19日、2022年5月13日、2022年8月5日及2022年8月18日的公告內。

根據特別授權認購及配售新股份

於2022年4月22日，本公司與謝錦鵬先生(「認購人最終受益人」)訂立一份諒解備忘錄(「諒解備忘錄」)，據此認購人最終受益人(或其提名及控制的公司)擬認購本公司1,300,000,000股新股份，指示性代價總額為81,900,000港元，或每股0.063港元。有關諒解備忘錄的進一步詳情披露於本公司日期為2022年4月22日的公告內。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

On 26 May 2022, the Company entered into the share subscription agreement (as supplemented by a supplemental agreement dated 5 August 2022) (the **“Share Subscription Agreement”**) with Century Icon Holdings Limited (the **“Offeror”**), a company controlled by the Subscriber UBO, pursuant to which the company conditionally agreed to allot and issue 1,300,000,000 shares at the subscription price of HK\$0.063 per share for the total consideration of HK\$81,900,000. On 5 August 2022, the Company and Forwin Securities Group Limited (**“Forwin”**) entered into the placing agreement (the **“Third Placing Agreement”**), pursuant to which Forwin agreed to place, on a fully underwritten basis, 250,000,000 shares to places for the total consideration of HK\$27,500,000 or HK\$0.11 per share. The Share Subscription Agreement and the Third Placing Agreement are inter-conditional with each others and are expected to complete simultaneously. An extraordinary general meeting (the **“EGM”**) will be held to consider and, if thought fit, pass resolutions to approve, among other matters, the Share Subscription Agreement and the Third Placing Agreement. Upon the completion of the Share Subscription Agreement and the Third Placing Agreement, the Offeror and parties acting in concert with it (including Morris Capital) will be interested in 1,966,500,000 shares, representing 71.51% of the issued shares as enlarged by the allotment and issue of the subscription shares and the placing shares. Pursuant to Rule 26.1 of the Takeovers Code, upon the completion of the share subscription, the Offeror is required to make an unconditional mandatory cash offers (the **“Offers”**) for all the issued shares and all the outstanding convertible loan (other than those already owned or to be acquired by the Offeror and parties acting in concert with it). Further details of the Share Subscription Agreement, the Third Placing Agreement and the Offers were disclosed in the Company’s announcement dated 5 August 2022.

SUBSEQUENT EVENTS

As disclosed in the Company’s announcement dated 5 August 2022, the Company is currently in negotiation with the International Finance Corporation (the **“Convertible Loan Creditor”**) in relation to the restructuring (the **“Debt Restructuring”**) of the repayment terms of the outstanding convertible loan (the **“Convertible Loan”**) in the aggregate principal amount of HK\$81,439,031.

於2022年5月26日，本公司與Century Icon Holdings Limited(「**要約人**」，一間由認購人最終受益人控制的公司)訂立股份認購協議(經日期為2022年8月5日的補充協議補充)(「**股份認購協議**」)，據此，本公司有條件同意按認購價每股股份0.063港元配發及發行1,300,000,000股股份，總代價為81,900,000港元。於2022年8月5日，本公司與富榮證券集團有限公司(「**富榮**」)簽訂了配售協議(「**第三份配售協議**」)，據此，富榮同意按全面包銷基準向承配人配售250,000,000股股份，總代價為27,500,000港元或每股0.11港元。股份認購協議及第三份配售協議互為條件，且預期將同時完成。本公司將舉行股東特別大會(「**股東特別大會**」)，藉以考慮及酌情通過決議案批准(其中包括)股份認購協議及第三份配售協議。於股份認購協議及第三份配售協議完成後，要約人及與其一致行動人士(包括慕容資本)將於1,966,500,000股股份(相當於經配發及發行認購股份及配售股份擴大後之已發行股份的71.51%)中擁有權益。根據收購守則規則26.1，待股份認購完成後，要約人須就全部已發行股份及所有未償還可換股貸款(要約人及與其一致行動人士已擁有或將予收購者除外)作出無條件強制現金要約(「**要約**」)。有關股份認購協議、第三份配售協議及要約的進一步詳情披露於本公司日期為2022年8月5日的公告內。

期後事項

誠如本公司日期為2022年8月5日的公告所披露，本公司現正與國際金融公司(「**可換股貸款債權人**」)就重組本金總額81,439,031港元的未償還可換股貸款(「**可換股貸款**」)的償還條款(「**債務重組**」)進行磋商。

HUMAN RESOURCES MANAGEMENT

Quality and dedicated staff are indispensable assets to the Group's success in the competitive market. By providing comprehensive training and corporate culture education periodically, the employees are able to obtain on-going training and development in the sofa manufacturing industry. Furthermore, the Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees. The Group reviews its human resources and remuneration policies periodically to ensure that they are in line with market practice and regulatory requirements. As at 30 June 2022, the Group employed a work force of 391 (31 December 2021: 1,070). The total salaries and related costs including the directors' remuneration for the six months ended 30 June 2022 amounted to approximately RMB81.8 million (for the six months ended 30 June 2021: approximately RMB69.4 million).

SHARE OPTION SCHEME

The Company operates a share option scheme (“**Share Option Scheme**”) which allows the Company to grant options to eligible persons as rewards for their contributions to the Group. The Share Option Scheme was adopted by the Company on 10 December 2016. No share options were granted under the Share Option Scheme since the listing date in January 2017, no share options were granted, exercised or cancelled during the Reporting Period and no share options were outstanding as at 30 June 2021 and the date of this report.

As at 30 June 2022 and the date of this report, the total number of options available for grant under the Share Option Scheme is 100,000,000 Shares, which represents 8.3% of the issued Shares as at 30 June 2022 and the date of this report.

人力資源管理

優秀及全情投入的員工是本集團不可或缺的資產，有助本集團於競爭激烈的市場中取得成功。本集團透過定期向員工提供全面培訓及企業文化教育，使員工亦可獲得沙發生產行業的持續培訓及事業發展機會。此外，本集團向所有員工提供符合業內慣例並具競爭力的薪酬組合及各項附加福利。本集團定期檢討人力資源及薪酬政策，確保有關政策符合市場慣例及監管要求。於2022年6月30日，本集團僱用391名員工(2021年12月31日：1,070名員工)。截至2022年6月30日止6個月的薪金及相關成本總額(包括董事薪酬)約為人民幣81.8百萬元(截至2021年6月30日止6個月：約人民幣69.4百萬元)。

購股權計劃

本公司設立購股權計劃(「**購股權計劃**」)，讓本公司向合資格人士授出購股權作為其對本集團作出貢獻的獎勵。購股權計劃於2016年12月10日獲本公司採納。自2017年1月上市日期起，概無根據購股權計劃授出任何購股權，於報告期間，概無購股權獲授出、行使或註銷，且於2021年6月30日及本報告日期，概無購股權尚未行使。

於2022年6月30日及本報告日期，根據購股權計劃可授予的購股權總數為100,000,000份，佔2022年6月30日及本報告日期已發行股份的8.3%。

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: Nil).

OUTLOOK

Broadening sources of income and cutting expenditure

The Group will take measures on broadening sources of income and cutting expenditure to cope with the continuing outbreak of COVID-19. In terms of broadening sources of income, the Group will continue to explore opportunities in other overseas markets and the domestic sales in China and Hong Kong. In terms of cost control measures, the management will continue to optimize human resources, enhance production management and improve production and operating efficiency, in order to minimize the impacts of the COVID-19 on the Group.

Branding strategy

In the future, the Group will uphold its strategies in developing self-owned brands, exploring retail channels, and carefully creating a young and fashionable sofa and furniture brand in the mid-market.

In China, in order to explore the domestic sofa and furniture market, the Group will continue to take part in fairs, and launch new products. In Hong Kong, the Group will continue to a foothold for "Morris".

中期股息

董事會已議決不就截至2022年6月30日止6個月宣派任何中期股息(2021年：無)。

展望

開源節流

應對持續的COVID-19爆發，本集團採取開源、節流措施應對。開源方面，本集團將繼續開拓其他海外市場的機會以及中國及香港地區的內銷。成本控制措施方面，管理層會繼續優化人力資源，改善生產管理，以提高生產及營運效率、把COVID-19對本集團的影響降低。

品牌戰略

本集團未來繼續一貫的策略，發展自主品牌、深耕零售渠道，精心打造以中端市場為主、年輕、時尚的沙發及傢俱品牌。

在中國，本集團將會繼續參展及推出新產品。在香港，本集團將繼續紮根「慕容」品牌。

OTHER INFORMATION 其他資料

CORPORATE GOVERNANCE CODE

The Company is committed to maintain high standards of corporate governance to protect the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions (“**Code Provisions**”) and, where applicable, the recommended best practices of the Corporate Governance Code (“**Corporate Governance Code**”) set out in Appendix 14 of the Listing Rules. Save for the disclosed below, the Company has applied and complied with the relevant provisions of the Code Provisions throughout the six months ended 30 June 2022.

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

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

企業管治守則

本公司致力維持高水平的企業管治標準，以保障股東權益及提升企業價值及問責性。本公司已採納載於上市規則附錄十四的《企業管治守則》(「**企業管治守則**」)的守則條文(「**守則條文**」)及建議最佳常規(如適用)。除下述披露外，截至2022年6月30日止6個月，本公司已應用及遵守守則條文的有關條文。

根據企業管治守則守則條文C.2.1(先前為A.2.1)，主席及行政總裁(「**行政總裁**」)的角色應有所區分，並不應由同一人兼任。本公司已委任鄒格兵先生為主席兼行政總裁。董事會相信，主席及行政總裁的角色由同一人擔任將使本公司於制訂業務策略及執行業務計劃時更敏捷、有效率及更具效益。董事會相信，由經驗豐富的優秀人才組成的高級管理層及董事會進行營運足以達致平衡其權力與權限。董事會現時由三名執行董事(包括鄒格兵先生)及三名獨立非執行董事組成，因此其組成具有相當高的獨立性。然而，董事會仍將根據現況不時檢討董事會的架構及組成，以保持本公司的高水平企業管治常規。

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

Independent Non-executive Directors

Under Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company shall appoint sufficient number of independent non-executive Directors and at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. Pursuant to Rule 3.21 of the Listing Rules, the audit committee of a listed issuer shall only comprise non-executive directors with a minimum of three members and at least one being an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

The Company has at all times during the six months ended 30 June 2022 complied with Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules. Ms. Wu Weixia has appropriate professional qualifications and related accounting or financial expertise.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

Save as disclosed in the paragraph headed “Restricted Share Award Scheme” below, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities for the six months ended 30 June 2022.

獨立非執行董事

根據上市規則第3.10(1)及3.10(2)條，本公司須委任足夠數目的獨立非執行董事且至少一名獨立非執行董事具備適當的專業資格，或具備會計或相關財務管理專業知識。根據上市規則第3.21條，上市發行人的審核委員會應僅由非執行董事組成，至少有三名成員及至少一名應為具備適當專業資格或會計或相關財務管理專長的獨立非執行董事。

本公司於截至2022年6月30日止6個月一直符合上市規則第3.10(1)、3.10(2)及3.21條。吳偉霞女士具備適當專業資格及相關會計或財務專長。

證券交易的標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「**標準守則**」)作為本公司董事進行證券交易的行為守則。本公司向所有董事及相關員工進行具體查詢，查詢其於報告期間是否遵守標準守則，彼等均確認於報告期間已全面遵守載列於標準守則中之要求準則及董事進行證券交易的行為守則。

購買、出售或贖回本公司的上市證券

除下文「限制性股份獎勵計劃」一段所披露者外，截至2022年6月30日止6個月，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme (the “**Award Scheme**”) was adopted by the Board on 29 August 2019 (the “**Adoption Date**”) as an incentive to retain and encourage employees for the continual operation and development of the Group. Pursuant to the terms of the rules and trust deed of the Award Scheme, the trustee of the Award Scheme did not acquire any Shares during the first half of 2021. As at 30 June 2022, 75,812,000 Shares acquired under the Award Scheme were deemed to be held in treasury, representing 6.32% of the Shares in issue as at 30 June 2022.

CHANGES OF DIRECTOR AND COMPOSITION OF BOARD COMMITTEES

The changes of Directors and composition of Board Committees since 31 December 2021 are set out below:

Independent Non-executive Director

Mr. Qian Jun resigned as an Independent non-executive Director with effect from 14 April 2022. For further details, please refer to the announcement of the Company dated 17 January 2022.

Mr. Liu Haifeng and Mr. Chu Guodi resigned as Independent non-executive Directors with effect from 16 May 2022. For further details, please refer to the announcement of the Company dated 17 February 2022.

Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan were appointed as Independent non-executive Directors on 14 April 2022. For further details, please refer to the announcement of the Company dated 14 April 2022.

限制性股份獎勵計劃

董事會於2019年8月29日(「**採納日期**」)採納限制性股份獎勵計劃(「**獎勵計劃**」)，作為挽留及激勵僱員的獎勵，以有利於本集團持續運作及發展。根據獎勵計劃的規則和信託契約的條款，獎勵計劃的受託人在2021年上半年並無收購任何股份。於2022年6月30日，根據獎勵計劃所收購75,812,000股股份被視為庫存股份，相當於2022年6月30日已發行股份的6.32%。

董事及董事委員會組成變更

自2021年12月31日以來，董事及董事委員會組成的變動載列如下：

獨立非執行董事

錢俊先生已辭任獨立非執行董事，自2022年4月14日起生效。進一步詳情請參閱本公司日期為2022年1月17日的公告。

劉海峰先生及褚國弟先生已辭任獨立非執行董事，自2022年5月16日起生效。進一步詳情請參閱本公司日期為2022年2月17日的公告。

吳偉霞女士、檀天紅先生及趙紅岩女士於2022年4月14日獲委任為獨立非執行董事。進一步詳情請參閱本公司日期為2022年4月14日的公告。

OTHER INFORMATION (CONTINUED) 其他資料(續)

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANT

Save as those disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" and the related party transactions as disclosed in note 20 to the unaudited condensed consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at 30 June 2022 or at any time during the six months ended 30 June 2022.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2022, the interests and short positions of each Director and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required to be entered in the register referred to in section 352 of the SFO, or which were required to be notified under the Model Code, are set out below:

(i) The Company

Name of director/ chief executive 董事／最高行政人員姓名	Nature of Interest 權益性質	Number of securities (Note 1) 證券數目(附註1)	Approximate percentage of shareholding 佔股權概約百分比
Mr. Zou Gebing (Note 2) 鄒格兵先生(附註2)	Interest of controlled corporation 受控法團權益	666,500,000 shares (L) 666,500,000股(L)	55.54%

董事於重大交易、安排或合同 中的權益

除「關連交易及持續關連交易」一節及未經審核簡明綜合財務報表附註20所披露的關連方交易外，於2022年6月30日或截至2022年6月30日止6個月內任何時間，概無與本公司業務有關且本公司或其任何附屬公司作為訂約方及董事或董事之關連實體直接或間接擁有重大權益的重大交易、安排或合同。

董事於證券之權益

於2022年6月30日，本公司各董事及最高行政人員於本公司股份、本公司或任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之相關股份及債權證中擁有根據證券及期貨條例第XV部第7及第8分部須通知本公司及聯交所(包括根據證券及期貨條例有關規定被視作或被視為擁有的權益或淡倉)或須記錄於證券及期貨條例第352條所述登記冊或根據標準守則須予通知的權益及淡倉載列如下：

(i) 本公司

OTHER INFORMATION (CONTINUED)
其他資料(續)

Note 1: The letter “L” denotes the person’s long position in such shares.

附註1：字母「L」表示該人士在該等股份中的好倉。

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

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

(ii) Morris Capital (Note 1)

(ii) 慕容資本(附註1)

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

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

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

Note 2: The letter “L” denotes the person’s long position in such shares.

附註2：字母「L」代表該名人士於該等股份的好倉。

Save as disclosed above, none of the Directors, chief executives of the Company had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2022.

除上文所披露者外，於2022年6月30日，本公司之董事及最高行政人員概無於本公司或其任何相聯法團(按證券及期貨條例第XV部賦予之涵義)之股份、相關股份或債權證擁有須記入根據證券及期貨條例第352條須予存置之登記冊或根據標準守則須通知本公司及聯交所之任何其他個人、家族、公司及其他權益或淡倉。

OTHER INFORMATION (CONTINUED)
其他資料(續)

SUBSTANTIAL SHAREHOLDERS' INTEREST

主要股東之權益

Name of shareholders 股東名稱／姓名	Nature of Interest 權益性質	Number of securities (Note 1) 證券數目(附註1)	Approximate percentage of shareholding 佔股權概約百分比
Morris Capital (Note 2) 慕容資本(附註2)	Beneficial owner 實益擁有人	666,500,000 shares／股(L)	55.54% (L)
Wu Xiangfei (Note 3) 鄒向飛(附註3)	Interest of spouse 配偶權益	666,500,000 shares／股(L)	55.54% (L)
Morris ESOP Development Limited (Note 4) Morris ESOP Development Limited (附註4)	Trustee 信託人	75,812,000 shares／股(L)	6.32% (L)

As at 30 June 2022, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

於2022年6月30日，以下人士(本公司董事或最高行政人員除外)於股份或相關股份中擁有列入本公司根據證券及期貨條例第336條須予存置的登記冊的權益或淡倉：

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

附註1：字母「L」表示該人士在該等股份中的好倉。

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

附註2：慕容資本由鄒格兵先生擁有85%和鄒向飛女士擁有15%。

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

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

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

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

OTHER INFORMATION (CONTINUED) 其他資料(續)

Save as disclosed above, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO as at 30 June 2022.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the six months ended 30 June 2022.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme and share award scheme of the Company as disclosed in this report, at no time during the Reporting Period was the Company, its holding company, or its subsidiaries a party to any arrangements to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 30 June 2022, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 52.2% and 69.8% of the Group's total revenue and purchases for the six months ended 30 June 2022, respectively. The Group's largest customer accounted for around 28.7% of the Group's total revenue for the six months ended 30 June 2022. The Group's largest supplier accounted for around 18.4% of the Group's total purchase for the six months ended 30 June 2022.

At no time during the six months ended 30 June 2022 did a Director, a close associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

除上文所披露者外，於2022年6月30日，本公司並無接獲任何其他人士(本公司董事及最高行政人員除外)通知，表示其於本公司股份及／或相關股份中持有須根據證券及期貨條例第XV部第2及第3分部向本公司披露之權益或淡倉。

管理合約

於截至2022年6月30日止6個月，概無訂立或存在有關本公司全部或任何重大部分業務的經營管理的合約。

購買股份或債權證之安排

除本報告披露的本公司購股權計劃和股份獎勵計劃外，本公司、其控股公司或其任何附屬公司於報告期間任何時間概無訂立任何安排，使董事(包括其配偶及18歲以下的子女)可藉購入本公司或任何其他法團之股份或債權證而獲益。

主要客戶及供應商

於截至2022年6月30日止6個月，本集團向五大客戶之銷售額及向五大供應商之採購額分別佔本集團截至2022年6月30日止6個月總收益及總採購額約52.2%及69.8%。本集團最大客戶佔本集團截至2022年6月30日止6個月總收益約28.7%。本集團最大供應商佔本集團截至2022年6月30日止6個月總採購額約18.4%。

於截至2022年6月30日止6個月任何時間，概無董事、董事的緊密聯繫人或股東(就董事所知擁有本公司已發行股本5%以上權益者)於本集團五大客戶或供應商中擁有權益。

OTHER INFORMATION (CONTINUED) 其他資料(續)

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan. Ms. Wu Weixia is the chairlady of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated interim results and interim report of the Group for the six months ended 30 June 2022, discussed with the management and is of the opinion that it complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules as of the date of this report.

APPRECIATION

The Board would like to express our heartfelt gratitude towards the management team and staff for their commitment and diligence, and would like to thank our shareholders and business associates for their strong support to the Group.

By Order of the Board

Morris Home Holdings Limited

ZOU GEBING

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 August 2022

審核委員會

審核委員會現時由三名獨立非執行董事吳偉霞女士、檀天紅先生及趙紅岩女士組成。吳偉霞女士為審核委員會主席。審核委員會已審閱本集團截至2022年6月30日止6個月未經審核簡明綜合中期業績及中期報告，與管理層討論且認為其已符合適用會計準則、上市規則及法律規定，並已作出充分披露。

充足公眾持股量

根據本公司可取得的公開資料及就董事所知，董事確認本公司截至本報告日期一直維持上市規則所規定本公司已發行股本25%以上的充足公眾持股量。

致謝

董事會謹此對管理團隊及員工的貢獻及盡忠職守致以衷心謝意，並感謝股東及業務夥伴對本集團的鼎力支持。

承董事會命

慕容家居控股有限公司

鄒格兵

主席、行政總裁兼執行董事

香港，2022年8月30日



MORRIS
HOME HOLDINGS LIMITED

MORRIS HOME HOLDINGS LIMITED
慕容家居控股有限公司