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sofa industry

軟體沙發行業的全球領導者



MORRIS
HOLDINGS LIMITED

MORRIS HOLDINGS LIMITED
慕容控股有限公司

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

Stock code 股份代號 : 1575

Interim Report 2017 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. Chen Guohua
Mr. Shen Zhidong
Mr. Zeng Jin

Independent non-executive Directors

Mr. Huang Wenli
Mr. Liu Haifeng
Mr. Shao Shaomin

AUDIT COMMITTEE

Mr. Shao Shaomin (*Chairman*)
Mr. Huang Wenli
Mr. Liu Haifeng

REMUNERATION COMMITTEE

Mr. Huang Wenli (*Chairman*)
Mr. Liu Haifeng
Mr. Shao Shaomin

NOMINATION COMMITTEE

Mr. Liu Haifeng (*Chairman*)
Mr. Huang Wenli
Mr. Shao Shaomin

COMPANY SECRETARY

Ms. Hui Yin Shan

AUDITOR

Ernst and Young
22/F, Citic Tower,
1 Tim Mei Avenue,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

董事會成員

執行董事

鄒格兵先生 (*主席及行政總裁*)
陳國華先生
沈志東先生
曾金先生

獨立非執行董事

黃文禮先生
劉海峰先生
邵少敏先生

審核委員會

邵少敏先生 (*主席*)
黃文禮先生
劉海峰先生

薪酬委員會

黃文禮先生 (*主席*)
劉海峰先生
邵少敏先生

提名委員會

劉海峰先生 (*主席*)
黃文禮先生
邵少敏先生

公司秘書

許燕珊女士

核數師

安永會計師事務所
香港中環添美道
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開曼群島主要股份過戶登記總處

Conyers Trust Company (Cayman) Limited
Cricket Square
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Grand Cayman KY1-1111
Cayman Islands



Corporate Information 公司資料

HONG KONG BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

Cricket Square
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Cayman Islands

HEADQUARTERS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISER

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

COMPLIANCE ADVISER

GF Capital (Hong Kong) Limited
29-30th Floor, Li Po Chun Chambers
189 Des Voeux Road Central, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
China Citic Bank
China Merchants Bank Co., Ltd.
Taishin International Bank

STOCK CODE

1575

WEBSITE

www.morrisholdings.com.hk

INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

香港股份過戶登記分處

卓佳證券登記有限公司
香港皇后大道東183號合和中心22樓

註冊辦事處

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海寧經濟開發區
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香港中環
遮打道18號
歷山大廈27樓

合規顧問

廣發融資(香港)有限公司
香港德輔道中189號李寶椿大廈29-30樓

主要往來銀行

中國農業銀行股份有限公司
中國中信銀行
招商銀行股份有限公司
台新國際商業銀行

股份代號

1575

公司網站

www.morrisholdings.com.hk

投資者關係顧問

金通策略有限公司



Financial Highlights 財務摘要



FINANCIAL HIGHLIGHTS FOR SIX MONTHS ENDED 30 JUNE 2017

- Revenue increased by approximately 23.3% to approximately RMB515.0 million for the six months ended 30 June 2017 (2016: approximately RMB417.8 million)
- Gross profit increased by approximately 9.0% to approximately RMB139.9 million for the six months ended 30 June 2017 (2016: approximately RMB128.3 million)
- Profit for the period increased by approximately 89.9% to approximately RMB56.6 million for the six months ended 30 June 2017 (2016: approximately RMB29.8 million)
- Basic earnings per share increased by approximately 44.2% to approximately RMB5.74 cents for the six months ended 30 June 2017 (2016: approximately RMB3.98 cents)
- The board (the “**Board**”) of directors (the “**Directors**”) of Morris Holdings Limited (the “**Company**”) has resolved to declare interim dividend of HK1.5 cents per ordinary share (2016: Nil) and a special dividend of HK4.5 cents per ordinary share (2016: Nil) for the six months ended 30 June 2017

截至2017年6月30日止6個月之財務摘要

- 截至2017年6月30日止6個月收益增加約23.3%至約人民幣515.0百萬元（2016年：約人民幣417.8百萬元）
- 截至2017年6月30日止6個月毛利增加約9.0%至約人民幣139.9百萬元（2016年：約人民幣128.3百萬元）
- 截至2017年6月30日止6個月期內溢利增加約89.9%至約人民幣56.6百萬元（2016年：約人民幣29.8百萬元）
- 截至2017年6月30日止6個月每股基本盈利增加約44.2%至約人民幣5.74分（2016年：約人民幣3.98分）
- 慕容控股有限公司（「本公司」）董事（「董事」）會（「董事會」）決議就截至2017年6月30日止6個月宣派中期股息每股普通股1.5港仙（2016年：無）及特別股息每股普通股4.5港仙（2016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 the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”) to the shareholders of the Company (the “**Shareholders**”).

BUSINESS REVIEW

During the Reporting Period, the Group has been committed to promote its own brands, to develop new products and to improve its production and operation efficiency, which has greatly enhanced the competitiveness of its sofa export business. The Group has also focused on developing its retail business and establishing a new retail sofa brand for the China market.

Since the successful transformation of the Group's business model from original-equipment-manufacturing (“**OEM**”) to original-brand-manufacturing (“**OBM**”), and followed by its successful listing (“**Listing**”) in early 2017, the brand “Morris Holdings Limited” has gained greater recognition in the market of the United States (“**U.S.**”). With the enhanced product quality and the improved customer loyalty in the U.S. market, the Group's revenue increased by approximately 23.3% to approximately RMB515.0 million for the six months ended 30 June 2017 from approximately RMB417.8 million for the six months ended 30 June 2016.

In April 2017, the Group participated in the High Point Market exhibition held in High Point, North Carolina, the U.S.. At the exhibition, the Group showcased its latest sofa products with new designs and new functions, and received good responses and encouraging feedback from both existing and potential customers. The exhibition provided the Group the opportunities to communicate with customers and other sofa suppliers, and enabled the Group to gain a greater understanding of the U.S. sofa market and market trend. Through its marketing efforts, the Group has promoted its own brand “Morris Holdings Limited” in the U.S. market as a brand which is known for its design, quality and good value for money.

各位股東，

本人謹代表董事會向本公司股東（「**股東**」）提呈本公司及其附屬公司（「**本集團**」）截至2017年6月30日止6個月（「**報告期間**」）的中期報告。

業務回顧

報告期間，本集團持續大力推廣自主品牌、開發新產品及提高生產經營效率，大大提升集團沙發出口的競爭力；本集團開始在中國市場發展零售業務並致力於建立全新沙發零售品牌。

自本集團業務模式由原設備生產業務模式轉型為原品牌生產業務模式，並於2017年初成功上市（「**上市**」）後，「Morris Holdings Limited」品牌於美國市場的知名度不斷攀升。加之產品質量的一貫保證及美國客戶的信任與支持，本集團收益由截至2016年6月30日止6個月的約人民幣417.8百萬元增加約23.3%至截至2017年6月30日止6個月的約人民幣515.0百萬元。

2017年4月，本集團參與了美國北卡羅來納州高點市舉辦的高點家具展。在家具展上，本集團向現有及潛在客戶展示了最新沙發產品的設計和功能，並獲得了現有及潛在客戶的良好反饋。家具展為集團、客戶及其他沙發供貨商提供了交流的機會，並使得本集團得以深入瞭解美國的沙發市場及發展趨勢。通過營銷團隊的努力，本集團將其自有品牌「Morris Holdings Limited」於美國市場以款式新穎、質量優越、性價比高的品牌形象推向市場。



Chairman's Statement 主席報告書



In order to meet the increasing demand from its customers and the rapid growth of its business, the Group recruited a large number of new workers and increased the floor area of its plant and office in the People's Republic of China (“**PRC**”) from 100,528.4 square meters as at 31 December 2016 to 201,565.4 square meters as at 30 June 2017. The Group's expansion of its production facilities has also been progressing well in an orderly and planned manner during the Reporting Period, which has substantially increased the Group's production capacity.

The management believes that online shopping is the new trend. During the Reporting Period, the Group entered into agreements with two well-known online shopping platforms in the U.S. to sell its own-branded sofa products. The Group rented a 8,450.5 square meters warehouse in Mocksville, North Carolina, U.S., from which its sofas could be directly shipped to online shoppers. The Group also provides pre-sale and after-sales services in response to the changing customer demand. The Group also improved its inventory control and management.

To satisfy customers' demand for high quality products with new features, the Group's research and development center in Haining developed 15 new production technologies and 13 new products during the Reporting Period. The Group believes its continuous technological upgrades, diversified product portfolio and sofas with smart features have increased customers' awareness of its products and have positive effects on the promotion of its brand.

為滿足新增的客戶需求並配合未來業務的快速增長，本集團聘請大量產線工人。位於中華人民共和國（「**中國**」）的廠房和辦公室的面積亦從2016年12月31日的100,528.4平方米增至2017年6月30日的201,565.4平方米。本集團生產設備的擴充於報告期間有序並順利地進行，大幅提升了本集團的產能。

管理層認為線上購物是新的趨勢，於報告期間已與兩家美國著名線上購物平台訂立合作協議，銷售本集團自有品牌所生產之沙發產品，並在美國北卡羅萊納州的Mocksville租用面積為8,450.5平方米的倉庫，直接由該倉庫供應給終端網購消費者。本集團亦可根據顧客的需求提供售前及售後服務。本集團已針對庫存的控制及管理進行了改善。

為滿足客戶對手具備新功能的優質產品的需求，於報告期間，本集團位於海寧的研發中心開發了15項新的生產技術及13項新的產品。本集團相信持續技術升級、多元化產品組合以及具備智能特性的沙發可提高客戶對本集團產品的關注度，並對本集團的品牌推廣帶來正面效果。



Chairman's Statement 主席報告書

PROSPECT

The Group's major tasks in the forthcoming future include further increasing market presence in the U.S., expanding its business into other overseas markets, developing its China sofa retail business as well as improving production capacity.

The U.S. market has always been the Group's primary market. The management will increase the size of the sales team in order to maintain close business relationship with existing customers. The Group intends to increase its brand recognition with existing customers, while actively developing business relationships with new customers. The Group will participate in the Las Vegas Furniture Show for the first time in the second half of 2017 where the Group's brands and products will be promoted to new customers, with an aim to develop new business relationships. The Group also intends to expand into other overseas markets, including Ireland, the United Kingdom, Australia, South Korea, etc. The Company is in the process of setting up sales teams in the target markets.

The Group has accumulated invaluable experience when transforming from an OEM business to an OBM business. In the future, the Group will focus on the development of OBM products, striving to achieve a top ranking in global sofa brands and to produce world-class sofa products. The Group will continue to attempt to uplift its position in the industry and to enhance its bargaining power in the supply chain.

"MorriSofa" is a newly established brand specifically designed for China and Hong Kong markets. Its brand positioning is young, stylish, technological and multi-functional. The Group has employed an Italian designer for MorriSofa's exterior design, and a U.S. designer for functional design, through which fashion and function are perfectly combined. To develop the MorriSofa brand, the Group plans to open a MorriSofa retail flagship store in Shanghai by the end of 2017, and to gradually expand to other parts of China. In Hong Kong, a MorriSofa retail flagship store on Morrison Hill Road in Wan Chai is expected to open in September 2017. By integrating online channels with offline platforms, the Group attempts to capture the Hong Kong market with the support of its high-quality new products.

展望

本集團未來發展的主要任務是進一步開拓美國市場、將業務擴展至其他海外國家、發展中國沙發零售業務以及產能擴張等。

美國市場一直以來是本集團的主要市場。管理層會透過壯大銷售隊伍以維持與現有客戶的緊密業務關係。提升現有客戶對本集團品牌的認可度，同時也積極與新客戶發展業務關係。本集團會在2017年下半年首度參與拉斯維加斯家具展，向新客戶推廣本集團旗下的品牌與產品，旨在拓展新的業務關係。本集團亦擬擴展至其他海外市場，包括愛爾蘭、英國、澳大利亞、韓國等。公司正陸續在上述各市場成立銷售團隊。

在由原設備生產模式業務轉型至原品牌生產模式業務的過程中，本集團累積了豐富的發展經驗。在未來，本集團會以發展原品牌業務為中心，致力成為世界領先的沙發品牌並用心製造出世界一流的沙發產品。本集團持續努力提升在行業中地位從而增強其於供應鏈中的議價能力。

「慕容沙發」是專門針對中國及香港市場而全新設立的一系列品牌產品。其品牌定位為年輕、時尚、高科技、多功能。本集團已聘用一位意大利設計師進行外形設計、美國設計師進行功能設計，集時尚與實用於一身。為發展「慕容沙發」品牌，本集團預計於2017年底在上海開設慕容沙發零售旗艦店，並按計劃逐步向國內其他地區拓展。在香港，「慕容沙發」位於灣仔摩理臣山道的零售旗艦店計劃於2017年9月開張。結合線上線下，向香港市場推廣慕容品牌、展示優質的新產品。



Chairman's Statement 主席報告書



In terms of capacity expansion, the Group has increased its production capacity by almost doubling the floor area of its plant and office in the PRC in the first half of 2017. Newly-recruited employees have been trained systematically and started to work in the production facilities. The management may continue to enhance production capacity in Haining to satisfy the increase in sales and production demand.

In addition to the Group's organic growth, merger and acquisition is another way of growing the Group's business. The Group is actively looking for suitable merger and acquisition targets to further expand and strengthen its position in the market.

APPRECIATION

On behalf of the Directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, the continuing support of our business partners, customers and the Shareholders.

By order of the Board

Morris Holdings Limited

Zou Gebing

Chairman and Executive Director

Hong Kong, 25 August 2017

在產能擴張方面，本集團已於2017年上半年將其位於中國的廠房及辦公室面積增加近一倍，用以提升本集團的產能。新聘請的僱員已接受系統的培訓並已於生產線上開始工作。管理層可能會繼續提升於海寧的產能以滿足銷量增加及生產需求。

另外，本集團除了透過內部有機增長，也通過併購而增長壯大集團作為另一發展方向。本集團會積極留意適合的併購對象，從而進一步擴展及鞏固其於市場中的地位。

致謝

本人謹此代表董事會向管理層及全體員工作出之努力及貢獻以及我們商業夥伴、客戶及股東的持續支持致以誠摯謝意及讚許。

承董事會命

慕容控股有限公司

鄒格兵

主席兼執行董事

香港，2017年8月25日



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

	Notes 附註	Six months ended 30 June 截至6月30日止6個月	
		2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
REVENUE 收入	6	515,022	417,804
Cost of sales 銷售成本		(375,107)	(289,513)
Gross profit 毛利		139,915	128,291
Other net income and gains 其他收入及收益淨額	6	3,638	3,127
Selling and distribution expenses 銷售及分銷開支		(32,188)	(31,773)
Administrative expenses 行政開支		(36,702)	(44,660)
Other expenses and losses 其他開支及虧損		(88)	(541)
Finance costs 融資成本		(6,025)	(5,973)
PROFIT BEFORE TAX 除稅前溢利	7	68,550	48,471
Income tax expense 所得稅開支	8	(11,986)	(18,623)
PROFIT FOR THE PERIOD 期內溢利		56,564	29,848
OTHER COMPREHENSIVE INCOME 其他全面收益			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods: 於其後期間並未重新分類至損益的其他全面收益：			
Exchange differences on translation of financial statements 換算財務報表的匯兌差額		(3,142)	(1,616)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD 期內全面收益總額		53,422	28,232
Profit attributable to owners of the Company 本公司擁有人應佔溢利		56,564	29,848
Total comprehensive income attributable to owners of the Company 本公司擁有人應佔全面收益總額		53,422	28,232
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY 本公司普通權益持有人應佔每股盈利			
Basic and diluted 基本及攤薄	9	RMB5.74 cents 人民幣5.74分	RMB3.98 cents 人民幣3.98分



Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AS AT 30 JUNE 2017 於2017年6月30日

	Notes 附註	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016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	11	51,107	44,092
Prepaid land lease payment 預付土地租賃款項		7,416	7,641
Deferred tax assets 遞延稅項資產		4,160	2,986
Total non-current assets 非流動資產總額		62,683	54,719
CURRENT ASSETS 流動資產			
Inventories 存貨		330,212	314,543
Trade and bills receivables 貿易應收款項及應收票據	12	212,751	219,980
Prepayments, deposits and other receivables 預付款項、按金及其他應收款項	13	219,148	218,294
Due from related parties 應收關連方款項	17	21,860	–
Pledged deposits 已抵押存款	14	199,558	220,822
Cash and cash equivalents 現金及現金等價物	14	62,547	73,647
Total current assets 流動資產總額		1,046,076	1,047,286
CURRENT LIABILITIES 流動負債			
Trade and bills payables 貿易應付款項及應付票據	15	472,488	542,715
Other payables and accruals 其他應付款項及應計費用	16	64,243	72,863
Interest-bearing bank borrowings 計息銀行借款	18	180,837	277,183
Warranty provision 保修撥備		1,666	2,790
Income tax payables 應付所得稅		44,961	43,810
Total current liabilities 流動負債總額		764,195	939,361
NET CURRENT ASSETS 流動資產淨值		281,881	107,925
TOTAL ASSETS LESS CURRENT LIABILITIES 資產總額減流動負債		344,564	162,644
NON-CURRENT LIABILITIES 非流動負債			
Deferred tax liabilities 遞延稅項負債		4,906	3,880
Net assets 資產淨值		339,658	158,764
EQUITY 權益			
Equity attributable to owners of the Company 本公司擁有人應佔權益			
Share capital 股本	19	6,914	1
Reserves 儲備		332,744	158,763
Total equity 權益總額		339,658	158,764



Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

	Share capital	Share premium (Note i)	Exchange fluctuation reserve (Note ii)	Reserve Funds (Note iii)	Retained profits	Total
	股本 RMB'000 人民幣千元	股份溢價 (附註i) RMB'000 人民幣千元	匯兌 波動儲備 (附註ii) RMB'000 人民幣千元	儲備資金 (附註iii) RMB'000 人民幣千元	保留溢利 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2016 於2016年1月1日	1	-	7,528	8,081	59,447	75,057
Profit for the period 期內溢利	-	-	-	-	29,848	29,848
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	-	-	(1,616)	-	-	(1,616)
Total comprehensive income for the period 期內全面收益總額	-	-	(1,616)	-	29,848	28,232
At 30 June 2016 於2016年6月30日	1	-	5,912	8,081	89,295	103,289
At 1 January 2017 於2017年1月1日	1	-	10,559	8,081	140,123	158,764
Issue of shares pursuant to the Listing of the Company (Note 19 (iii)) 根據本公司上市發行股份(附註19 (iii))	1,728	232,314	-	-	-	234,042
Capitalisation Issue of shares (Note 19 (iv)) 股份資本化發行(附註19 (iv))	5,185	(5,185)	-	-	-	-
Expenses incurred in connection with issue of new shares 就發行新股產生的開支	-	(14,720)	-	-	-	(14,720)
Dividend paid 已派發股息(Note 10)	-	-	-	-	(91,850)	(91,850)
Profit for the period 期內溢利(附註10)	-	-	-	-	56,564	56,564
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	-	-	(3,142)	-	-	(3,142)
Total comprehensive income for the period 期內全面收益總額	-	-	(3,142)	-	56,564	53,422
At 30 June 2017 於2017年6月30日	6,914	212,409	7,417	8,081	104,837	339,658

Note:

- (i) Share premium
Share premium represents the excess of the proceeds received over the nominal value of the Company's share issued.
- (ii) Exchange fluctuation reserve
The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of the Company and subsidiaries with functional currencies other than Renminbi ("RMB").
- (iii) Reserve funds
The transfers from retained profits to the reserve funds were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC.

附註：

- (i) 股份溢價
股份溢價指所得款項超過本公司已發行股份之面值。
- (ii) 匯兌波動儲備
匯兌波動儲備包括換算本公司及附屬公司財務報表內人民幣(「人民幣」)以外的功能貨幣產生的所有相關匯兌差額。
- (iii) 儲備資金
本公司根據有關中國規則及法規以及本公司於中國成立的附屬公司的組織章程細則將保留溢利轉撥為儲備資金。



Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

	Notes 附註	Six months ended 30 June 截至6月30日止6個月	
		2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES			
經營活動(所用)/所得現金淨額		(50,446)	69,515
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		(9,291)	(3,438)
Proceeds from disposal of items of property, plant and equipment 出售物業、廠房及設備項目的所得款項		768	-
Proceeds from disposal of an available-for-sale investment 出售一項可供出售投資的所得款項		-	26,009
Interest received 已收利息		1,764	640
Increase/(decrease) in pledged deposits 已抵押存款增加/(減少) Other investing activities 其他投資活動		21,264 -	(77,631) (29,679)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES			
投資活動所得/(所用)現金淨額		14,505	(84,099)
CASH FLOW FROM FINANCING ACTIVITIES:			
融資活動所得現金流量：			
New interest-bearing bank borrowings 新計息銀行借款		332,251	287,159
Repayment of interest-bearing bank borrowings 償還計息銀行借款		(428,011)	(285,203)
Expenses paid in connection with the issue of shares 就發行新股所支付的費用		(14,720)	-
Proceeds from issue of new shares 發行新股所得款項	19	234,042	-
Interest paid 已付利息		(6,025)	(5,973)
Dividend paid 已付股息	10	(91,850)	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES			
融資活動所得/(所用)現金淨額		25,687	(4,017)
Net decrease in cash and cash equivalents 現金及現金等價物減少淨額		(10,254)	(18,601)
Cash and cash equivalents at the beginning of period 期初現金及現金等價物		73,647	33,131
Effect of foreign exchange rate changes 外幣匯率變動的影響		(846)	697
Analysis of balances of cash and cash equivalents			
Cash and bank balances			
現金及現金等價物結餘分析			
現金及銀行結餘	14	62,547	15,227



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017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 Unit 6707, 67/F, The Center, 99 Queen's Road Central, Hong Kong.

The Company had its primary 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.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements are 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.

These unaudited condensed consolidated interim financial statements 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 2016.

1. 公司資料

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皇后大道中99號中環中心67樓6707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。

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

2. 編製基準

該等未經審核簡明綜合中期財務報表乃根據香港會計師公會（「香港會計師公會」）頒布的香港會計準則（「香港會計準則」）第34號中期財務報告及聯交所證券上市規則（「上市規則」）附錄16之披露規定編製。

此等未經審核簡明綜合中期財務報表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2016年12月31日止年度之年度財務報表一併閱讀。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

2. BASIS OF PREPARATION (Continued)

The accounting policies and the basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2016, 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.

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention. These unaudited condensed consolidated interim financial statements are presented in RMB and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the unaudited condensed consolidated interim financial statements for the Reporting Period.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Annual Improvements 2014-2016 Cycle	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there has been no significant changes to the accounting policies in the unaudited condensed consolidated interim financial statements.

2. 編製基準 (續)

編製該等未經審核簡明綜合中期財務報表所採納的會計政策及編製基準，與編製本集團截至2016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」）（包括香港會計準則及詮釋）、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，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。

該等未經審核簡明綜合中期財務報表乃按歷史成本慣例編製。除另有指明者外，該等未經審核簡明綜合中期財務報表以人民幣呈列，所有數值均調整至最接近的千位數（「人民幣千元」）。

3. 會計政策及披露之變動

本集團於本報告期間之未經審核簡明綜合中期財務報表首次採納下列經修訂香港財務報告準則。

香港會計準則 第7號（修訂本）	披露計劃
香港會計準則 第12號（修訂本）	就未變現虧損確認 遞延稅項資產
二零一四年至 二零一六年 週期之年度改進	多項香港財務報告 準則修訂

採用上述經修訂香港財務報告準則對該等未經審核簡明綜合中期財務報表並無重大財務影響，未經審核簡明綜合中期財務報表採用之會計政策並無重大變動。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

4. ISSUED BUT NOT YET EFFECTIVE HKFRSS

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

Amendments to HKFRS 2	<i>Classifications and Measurement of Share-based payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ²
Amendments to HKAS 40	<i>Transfers to Investment Property</i> ¹
Annual Improvements 2014-2016 Cycle	Amendments to a number of HKFRSs ⁴
HK(IFRIC) – Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ No mandatory effective date yet determined but available for adoption
- ⁴ Effective for annual periods beginning on or after 1 January 2018, with early application permitted

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. 已頒佈但尚未生效的香港財務報告準則

本集團並無於該等未經審核簡明綜合中期財務報表內應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第2號(修訂本)	以股份為基礎支付交易的分類及計量 ¹
香港財務報告準則第4號(修訂本)	於香港財務報告準則第4號保險合約應用香港財務報告準則第9號之金融工具 ¹
香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第10號及香港會計準則第28號(2011年)(修訂本)	投資者與其聯營公司或合營企業之間的資產銷售或注入 ³
香港財務報告準則第15號	客戶合約收入 ¹
香港財務報告準則第15號(修訂本)	香港財務報告準則第15號客戶合約收入之澄清 ¹
香港財務報告準則第16號	租賃 ²
香港會計準則第40號(修訂本)	轉撥至投資物業 ¹
二零一四年至二零一六年週期之年度改進	多項香港財務報告準則修訂 ⁴
香港(國際財務報告詮釋委員會) – 詮釋第22號	外匯交易及預付代價 ¹

- ¹ 於2018年1月1日或之後開始的年度期間生效
- ² 於2019年1月1日或之後開始的年度期間生效
- ³ 尚未釐定強制生效日期，惟可予採納
- ⁴ 於2018年1月1日或之後開始的年度期間生效，並獲准提早應用

本集團現正就該等新訂及經修訂香港財務報告準則於首次採納時之影響進行評估。截至目前，本集團認為該等新訂及經修訂香港財務報告準則將不會對本集團的營運業績及財務狀況產生重大影響。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

5. SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

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

(b) Non-current assets

China (including Hong Kong) 中國 (包括香港)
Cambodia 柬埔寨

58,523 51,733

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

5. 分部資料

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

地區資料

(a) 來自外部客戶的收入

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

(b) 非流動資產

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
China (including Hong Kong) 中國 (包括香港)	14,107	9,888
Cambodia 柬埔寨	44,416	41,845
	58,523	51,733

以上非流動資產資料乃根據資產的位置呈列，不包括遞延稅項資產。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

5. SEGMENT INFORMATION (Continued) 5. 分部資料 (續)

Information about major customers

有關主要客戶的資料

	Six months ended 30 June	
	截至6月30日止6個月	
	2017	2016
	2017年	2016年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(unaudited)	(unaudited)
	(未經審核)	(未經審核)
Customer 1 客戶1	96,380	N/A* 不適用*
Customer 2 客戶2	91,655	74,673
Customer 3 客戶3	83,718	54,792
Customer 4 客戶4	N/A* 不適用*	47,286

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

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



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

6. REVENUE, OTHER NET 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:

6. 收入、其他收入及收益淨額

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。

本集團的收入、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

	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue 收入		
Sales of goods 銷售貨品	515,022	417,804
Other net income and gains 其他收入及收益淨額		
Interest income 利息收入	1,764	640
Exchange (loss)/gains, net 匯兌(虧損)/收益, 淨額	(4,212)	2,478
Gain on disposal of an available-for-sale 出售一項可供出售投資的收益	-	9
Government grant# 政府補助#	6,000	-
Others 其他	86	-
	3,638	3,127

Government grant has been received from the local governments in Zhejiang Province in respect of the Listing on the Stock Exchange. There were no unfulfilled conditions or contingencies relating to these subsidies as at 30 June 2017 (2016: Nil).

浙江省地方政府就在聯交所主板進行上市授出的政府補助。於2017年6月30日，概無有關該等補貼的未達成條件或意外事件(2016年：零)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

7. PROFIT BEFORE TAX

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

7. 除稅前溢利

本集團的除稅前溢利乃經扣除／(計入)下列各項：

	Six months ended 30 June 截至6月30日止6個月	
	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Cost of inventories sold 已售存貨成本**	380,594	288,981
Depreciation 折舊	1,155	1,432
Recognition of prepaid land lease payments 預付土地租賃款項確認	83	79
(Gain)/loss on disposal of items of property, plant and equipment, net 出售物業、廠房及設備項目的(收益)／虧損，淨額	(6)	6
Minimum lease payments under operating leases 經營租賃項下的最低租賃付款	8,551	6,135
Salaries, wages and benefits in kind 薪金、工資及實物利益	69,074	60,836
Pension scheme contributions* 退休計劃供款*	3,142	2,805
(Reversal of provision)/provision against obsolete and slow-moving inventories**		
陳舊及積壓存貨(撥備撥回)／撥備**	(5,487)	532
Impairment of trade receivables, net*** 貿易應收款項減值，淨額***	-	154
Reversal of product warranty 產品保修撥回	(1,125)	(1,980)
Listing expenses 上市開支	2,690	15,900

* At 30 June 2017, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2016: Nil).

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

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

* 於2017年6月30日，本集團並無已沒收供款可供扣減其未來年度的退休計劃供款(2016年：零)。

** 以上項目計入綜合損益及其他全面收益表的「銷售成本」內。

*** 該項目計入綜合損益及其他全面收益表的「其他開支及虧損」內。



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8. INCOME TAX EXPENSES

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong. Under the income tax law of the PRC, companies with operations in PRC are subject to corporate income tax (“CIT”) at a rate of 25% (2016: 25%) on the taxable income.

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

8. 所得稅開支

根據開曼群島及英屬處女群島（「英屬處女群島」）的規則及規例，本集團毋須於開曼群島及英屬處女群島繳納任何所得稅。

香港利得稅乃根據於往年內在香港產生的估計應課稅溢利按16.5%的稅率（2016年：16.5%）計提撥備。根據中國所得稅法，於中國擁有業務的公司須根據應課稅收入按企業所得稅（「企業所得稅」）稅率25%（2016年：25%）繳稅。

於其他地區的應課利得稅乃按本集團經營所在司法權區的現行稅率計算。

Six months ended 30 June 截至6月30日止6個月

	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Current – PRC 即期 – 中國	5,619	14,421
Current – Hong Kong 即期 – 香港	6,516	810
Deferred 遞延稅項	(149)	3,392
Tax charge for the period 期內稅項支出	11,986	18,623



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9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 June 2017 and 2016 is based on the profit for the period attributable to ordinary equity holders of the Company of RMB56,564,000 (2016: RMB29,848,000), and the weighted average number of ordinary shares of 984,806,630 (2016: 750,000,000) in issue during the six months ended 30 June 2017.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2017 represented 100 ordinary shares of the Company as at 1 January 2017, 99,900 ordinary shares of the Company issued under the Share Split (as defined in note 19) and 749,900,000 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 19), as if these additional shares issued under the Share Split and the Capitalisation Issue had been in issue throughout the six months ended 30 June 2017, and weighted average number of 234,806,630 ordinary shares of the Company issued upon the Listing on the Main Board of the Stock Exchange on 12 January 2017.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 June 2016 represented 100 ordinary shares of the Company as at 1 January 2016, 99,900 ordinary shares of the Company issued under the Share Split and 749,900,000 ordinary shares of the Company issued under the Capitalisation Issue, as if these additional shares issued under the Share Split and the Capitalisation Issue had been in issue throughout the six months ended 30 June 2016.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2017 and 2016 as the Group had no potentially diluted ordinary shares in issue during those periods.

9. 本公司普通權益持有人應佔 每股盈利

截至2017年及2016年6月30日止6個月，每股基本盈利乃根據本期間本公司普通權益持有人應佔溢利人民幣56,564,000元（2016年：人民幣29,848,000元）以及於截至2017年6月30日止6個月已發行普通股的加權平均數984,806,630股（2016年：750,000,000股）計算。

截至2017年6月30日止6個月，用以計算每股基本盈利的普通股加權平均數即本公司於2017年1月1日的100股普通股、本公司根據股份分拆（定義見附註19）發行的99,900股普通股及本公司根據資本化發行（定義見附註19）而發行的749,900,000股普通股，猶如該等根據股份分拆及資本化發行而發行的額外股份於截至2017年6月30日止6個月整段期間已發行，並包括於2017年1月12日在聯交所主板上市後發行的234,806,630股普通股的加權平均數。

截至2016年6月30日止6個月，用以計算每股基本盈利的普通股加權平均數即本公司於2016年1月1日的100股普通股、本公司根據股份分拆發行的99,900股普通股及本公司根據資本化發行而發行的749,900,000股普通股，猶如該等根據股份分拆及資本化發行而發行的額外股份於截至2016年6月30日止6個月整段期間已發行。

由於本集團於截至2017年及2016年6月30日止6個月並無已發行的潛在攤薄普通股，故就該期間呈列的每股基本盈利並無調整。



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FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

10. DIVIDENDS

During the Reporting Period, the Company recognised the following dividends as distribution:

10. 股息

於報告期間，本公司確認分派下列股息：

	Six months ended 30 June 截至6月30日止6個月	
	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Final dividend of HK1.8 cents per ordinary share for the year ended 31 December 2016 (2016: Nil) 截至2016年12月31日止年度末期股息每股普通股1.8港仙 (2016年：無)	15,746	-
Special dividend of HK8.7 cents per ordinary share for the year ended 31 December 2016 (2016: Nil) 截至2016年12月31日止年度特別股息每股普通股8.7港仙 (2016年：無)	76,104	-
	91,850	-

Subsequent to the end of the Reporting Period, the Board has resolved to declare interim dividend of HK1.5 cents per ordinary share (2016: Nil) and a special dividend of HK4.5 cents per ordinary share (2016: Nil) for the six months ended 30 June 2017 to be paid on 25 September 2017 to shareholders whose names appeared on the register of members on 13 September 2017.

報告期間結束後，董事會決議就截至2017年6月30日止6個月宣派中期股息每股普通股1.5港仙（2016年：無）及特別股息每股普通股4.5港仙（2016年：無），於2017年9月25日派付予於2017年9月13日名列於股東名冊的股東。



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11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of plant and machinery with a cost of approximately RMB9.3 million (2016: approximately RMB3.4 million). Items of plant and machinery with a net book value of approximately RMB0.8 million (2016: RMB6,000) were disposed of during the six months ended 30 June 2017, resulting in a gain on disposal of approximately RMB6,000 (2016: loss on disposal RMB6,000).

12. TRADE AND BILLS RECEIVABLES

Trade receivables from third parties 來自第三方的貿易應收款項
 Impairment of trade receivables 貿易應收款項減值

Trade receivables, net 貿易應收款項，淨額
 Bills receivable arising from intra-group sales
 應收票據 — 來自集團內銷售

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

11. 物業、廠房及設備

於報告期間，本集團收購廠房及機器項目，成本約人民幣9.3百萬元（2016年：約人民幣3.4百萬元）。於截至2017年6月30日止6個月，賬面淨值約人民幣0.8百萬元（2016年：人民幣6,000元）的廠房及機器項目已予出售，導致出售收益約人民幣6,000元（2016年：出售虧損人民幣6,000元）。

12. 貿易應收款項及應收票據

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016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	212,731	200,466
Impairment of trade receivables 貿易應收款項減值	-	(159)
Trade receivables, net 貿易應收款項，淨額	212,731	200,307
Bills receivable arising from intra-group sales 應收票據 — 來自集團內銷售	20	19,673
	212,751	219,980

本集團與其客戶的貿易賬期以信貸為主。信貸期一般為一至兩個月，主要客戶的信貸期延長至最多兩至三個月。本集團並無就其貿易應收款項及應收票據結餘持有任何抵押品。貿易應收款項及應收票據為不計息。



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12. TRADE AND BILLS RECEIVABLES (Continued)

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

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Within 3 months 3個月內	130,407	201,870
4 to 6 months 4至6個月	80,156	12,110
7 to 12 months 7至12個月	2,188	6,000
	212,751	219,980

12. 貿易應收款項及應收票據 (續)

於本報告期末，按發票日期和扣除撥備呈列的貿易應收款項及應收票據的賬齡分析如下：

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016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	149,802	147,033
Other prepayments 其他預付款項	18,267	3,579
Deposits and other receivables 按金及其他應收款項	50,897	67,515
Current portion of prepaid land lease payments 預付土地租賃款項的流動部份	182	167
	219,148	218,294

13. 預付款項、按金及其他應收款項

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14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

14. 現金及現金等價物及已抵押存款

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016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	262,105	294,469
Less: Pledged deposits for bills payable 減：應付票據的已抵押存款	(198,558)	(197,942)
Less: Pledged deposits for bank loans (Note 18) 減：銀行貸款的已抵押存款 (附註18)	(1,000)	(22,880)
Cash and cash equivalents 現金及現金等價物	62,547	73,647

As at the end of the Reporting Period, the cash and bank balances denominated in RMB amounted to RMB199,558,000 (2016: RMB202,203,000). RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

於報告期末，以人民幣計值的現金及銀行結餘為人民幣199,558,000元（2016年：人民幣202,203,000元）。人民幣不可自由兌換為其他貨幣，然而，根據中國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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15. TRADE AND BILLS PAYABLES

15. 貿易應付款項及應付票據

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016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	228,149	297,466
Bills payable 應付票據		
– arising from intra-group purchases – 來自集團內部公司購買的應付票據	140,400	121,133
– arising from third party purchases – 來自第三方購買的應付票據	103,939	124,116
	472,488	542,715

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

於報告期末，按發票日期呈列的貿易應付款項及應付票據的賬齡分析如下：

	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)	2015 2015年 RMB'000 人民幣千元 (audited) (經審核)
Within 1 month 1個月內	168,476	177,558
1 to 3 months 1至3個月	130,508	163,753
4 to 6 months 4至6個月	143,776	180,468
Over 6 months 超過6個月	29,728	20,936
	472,488	542,715

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days while bills payable are settled on a term of 90 to 180 days.

貿易應付款項及應付票據為不計息。貿易應付款項通常於30至180日內結算，而應付票據則於90至180日內結算。





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16. OTHER PAYABLES AND ACCRUALS

16. 其他應付款項及應計費用

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Other payables 其他應付款項	58,344	50,403
Accruals 應計費用	5,625	22,164
Receipt in advance 預收款項	274	296
	64,243	72,863

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。



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簡明綜合財務報表附註

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17. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

17. 與關連方的結餘

根據香港公司條例第383(1)(d)條及公司(披露董事利益資料)規則第三部分，與關連方的結餘的分析披露如下：

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)	Maximum outstanding amount during the period/year 期內／年內最高未償還金額	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Amounts due from related parties					
應收關連方款項					
Morris Group Co., Ltd (“ Morris PRC ”) 慕容集團有限公司(「慕容中國」)	21,824	–		21,824	481,970
Morris Capital Limited (“ Morris Capital ”) 慕容資本有限公司(「慕容資本」)	36	–		36	23
	21,860	–			

Notes:

- (a) These entities are controlled by the controlling shareholders of the Company.
- (b) Mr. Zou and Ms. Wu are the controlling shareholders of the Company.

The outstanding balances with the above related parties represented balances that were non-trade in nature, unsecured, interest-free and were repayment on demand.

附註：

- (a) 該等實體由本公司控股股東控制。
- (b) 鄒先生及鄔女生為本公司的控股股東。

與上述關連方的未償還結餘屬非貿易性質、無抵押、不計息及按要求償還。

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18. INTEREST-BEARING BANK BORROWINGS

18. 計息銀行借款

	30 June 2017 2017年6月30日			31 December 2016 2016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	2.1%-6.5%	on demand 按要求	140,896	1.4%-7.4%	on demand 按要求	187,072
Bank loans 銀行貸款	N/A 不適用	Within twelve months 12個月內	–	4.4%-4.6%	Within twelve months 12個月內	35,000
Factoring loans with recourse 附追索權的保理貸款	3.46%	Within twelve months 12個月內	39,941	3.7%	Within twelve months 12個月內	55,111
			180,837			277,183

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Analysed into: 分析為以下各項：		
Bank borrowings repayable within one year or on demand 於一年內或按要求償還的銀行借款	180,837	277,183



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18. INTEREST-BEARING BANK BORROWINGS (Continued)

Notes:

Certain of the Group's secured bank loans are secured by:

- (i) pledged deposits of RMB1,000,000 as at 30 June 2017 (31 December 2016: RMB22,880,000);
- (ii) pledges of certain parcels of land and buildings which were provided by Morris PRC as at 31 December 2016;
- (iii) pledges of certain properties as at 31 December 2016 which were provided by the controlling shareholders of the Company;
- (iv) personal guarantees provided by the controlling shareholders as at 31 December 2016;
- (v) corporate guarantees provided by Morris PRC as at 31 December 2016;
- (vi) corporate guarantees provided by Zhejiang Morris Property Co., Ltd ("Morris Real Estate"), a company controlled by the controlling shareholders of the Company as at 31 December 2016;
- (vii) guarantees provided by independent third parties as at 30 June 2017 and 31 December 2016; and
- (viii) pledges of certain properties as at 31 December 2016 which were provided by Morris Real Estate, a company controlled by the controlling shareholders of the Company.

18. 計息銀行借款 (續)

附註：

本集團的若干已抵押銀行貸款以下列各項作抵押：

- (i) 於2017年6月30日以人民幣1,000,000元(2016年12月31日：人民幣22,880,000元)的存款作抵押；
- (ii) 於2016年12月31日，以慕容中國提供的若干幅土地及建築物作抵押；
- (iii) 於2016年12月31日以本公司控股股東提供的若干物業作抵押；
- (iv) 控股股東於2016年12月31日提供的個人擔保；
- (v) 慕容中國於2016年12月31日提供的公司擔保；
- (vi) 本公司控股股東控制的公司浙江慕容世家地產有限公司(「慕容地產」)於2016年12月31日提供的公司擔保；
- (vii) 獨立第三方於2017年6月30日及2016年12月31日提供的擔保；及
- (viii) 以本公司控股股東控制的公司慕容地產於2016年12月31日提供的若干物業作抵押。

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19. SHARE CAPITAL

19. 股本

	30 June 2017 2017年6月30日		31 December 2016 2016年12月31日	
	Number of ordinary shares 普通股數目 (unaudited) (未經審核)	Amount 金額 (unaudited) (未經審核)	Number of ordinary shares 普通股數目 (audited) (經審核)	Amount 金額 (audited) (經審核)
		US\$'000 美元千元		US\$'000 美元千元
Authorised: 法定：				
At 1 January 2017/1 January 2016 於2017年1月1日／2016年1月1日	10,000,000,000	10,000	50,000	50
Share Split (Note i) 股份分拆 (附註i)	-	-	49,950,000	-
Increase in authorised share capital (Note ii) 增加法定股本 (附註ii)	-	-	9,950,000,000	9,950
At 30 June 2017/31 December 2016 於2017年6月30日／2016年12月31日	10,000,000,000	10,000	10,000,000,000	10,000
		RMB'000 人民幣千元		RMB'000 人民幣千元
Issued and fully paid: 已發行及繳足：				
At 1 January 2017/1 January 2016 於2017年1月1日／2016年1月1日	100,000	1	100	1
Share Split (Note i) 股份分拆 (附註i)	-	-	99,900	-
Global Offering (Note iii) 全球發售 (附註iii)	250,000,000	1,728	-	-
Capitalisation Issue (Note iv) 資本化發行 (附註iv)	749,900,000	5,185	-	-
At 30 June 2017/31 December 2016 於2017年6月30日／2016年12月31日	1,000,000,000	6,914	100,000	1

Note:

(i) Pursuant to the written resolutions of the sole shareholder of the Company passed on 10 December 2016, each share of the Company of US\$1 in the issued and unissued share capital of the Company was sub-divided into 1,000 shares of US\$0.001 each, such that the authorised share capital of the Company became US\$50,000 divided into 50,000,000 shares of US\$0.001 each and the issued share capital of the Company became US\$100 divided into 100,000 shares of US\$0.001 each (“Share Split”).

附註：

(i) 根據本公司單一股東於2016年12月10日通過的書面決議案，本公司已發行及未發行股本中每股1美元的股份獲分拆為1,000股每股面值0.001美元的股份，令致本公司的法定股本變為50,000美元，分拆為50,000,000股每股面值0.001美元的股份，而本公司的已發行股本變為100美元，分拆為100,000股每股面值0.001美元的股份（「股份分拆」）。



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19.SHARE CAPITAL (Continued)

Note (Continued):

- (ii) Pursuant to the written resolutions of the sole shareholder passed on 10 December 2016, the authorised share capital of the Company was increased from US\$50,000 to US\$10,000,000 by the creation of a further 9,950,000,000 shares of US\$0.001 each.
- (iii) In connection with the Listing, 250,000,000 new ordinary shares of US\$0.001 each of the Company were issued at a price of HK\$1.05 per ordinary share for a total cash consideration, before expenses, of HK\$262,500,000 (equivalent to approximately RMB234,042,000) (the “**Global Offering**”). Dealings in the shares of the Company on the Stock Exchange commenced on 12 January 2017.
- (iv) Upon the creation of the Company’s share premium account as a result of the Global Offering pursuant to the Listing, an amount of US\$749,900 (equivalent to approximately RMB5,185,000) standing to the credit of the share premium account of the Company has been capitalised on 12 January 2017 by applying such sum towards paying up in full at par a total of 749,900,000 ordinary shares for allotment and issue to the then existing shareholders of the Company (the “**Capitalisation Issue**”).

20.CONTINGENT LIABILITIES

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

19.股本（續）

附註（續）：

- (ii) 根據單一股東於2016年12月10日通過的書面決議案，本公司的法定股本透過進一步增設9,950,000,000股每股面值0.001美元的股份而自50,000美元增至10,000,000美元。
- (iii) 就上市而言，本公司以每股普通股1.05港元發行250,000,000股（每股面值0.001美元）新普通股，現金代價總額（扣除開支前）為262,500,000港元（相當於約人民幣234,042,000元）（「**全球發售**」）。本公司股份自2017年1月12日於聯交所開始買賣。
- (iv) 根據上市，在本公司因全球發售而設立股份溢價賬後，錄得金額為749,900美元（相當於約人民幣5,185,000元）的股份溢價賬進賬，相關金額已於2017年1月12日透過用於按面值悉數繳足配發及發行予本公司當時現有股東的749,900,000股股份而資本化（「**資本化發行**」）。

20.或然負債

本集團於本報告期末並無任何重大或然負債。



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21. OPERATING LEASE COMMITMENT

The Group leases an office property, showrooms and factory premises under operating lease arrangements. The leases for these properties are negotiated for terms ranging from 1.5 to 10 years.

At 30 June 2017, the Group had total future minimum lease payments during under non-cancellable operating leases falling due as follows:

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Within one year 一年內	11,913	5,330
In the second to fifth years, inclusive 第二年至第五年，包括首尾兩年	10,276	3,094
Over five years 五年以上	8,502	-
	30,691	8,424

22. COMMITMENTS

In addition to the operating lease commitments detailed in note 21 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2017 2017年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2016 2016年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Contracted, but not provided for: 已訂約但未撥備：		
Buildings 建築物	1,289	570

21. 經營租賃承擔

本集團根據經營租賃安排租賃辦公物業、展廳及廠房。該等物業的租賃按1.5至10年期磋商。

於2017年6月30日，本集團根據不可撤銷經營租約而須於下列限期支付的未來最低租賃付款總額如下：

22. 承擔

除上述附註21詳述的經營租賃承擔外，本集團於本報告期末擁有以下資本承擔：



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簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

23. RELATED PARTY TRANSACTION

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the period:

23. 關連方交易

- (a) 除財務報表其他部份詳述的交易外，本集團於期內與關連方進行以下重大交易：

	Six months ended 30 June 截至6月30日止6個月	
	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Jennifer Convertibles, Inc.		
Sales of finished goods 銷售成品	-	29,378
Morris PRC 慕容中國		
Purchases of inventories 購買存貨	-	55,379
Purchases of electricity 購買電力	326	1,169
Rental expenses 租金開支	5,704	3,619
Agency fee 代理費	-	5,531

The above related parties are companies controlled by the controlling shareholders of the Company. The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Note:

These related party transactions also constitute non-exempt continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

附註：

該等關連方交易亦構成上市規則第14A章定義的不獲豁免持續關連交易。

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FOR THE SIX MONTHS ENDED 30 JUNE 2017 截至2017年6月30日止6個月

23. RELATED PARTY TRANSACTION (Continued)

(b) Compensation of key management personnel of the group

23. 關連方交易 (續)

(b) 本集團主要管理人員的薪酬

	Six months ended 30 June 截至6月30日止6個月	
	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)	2016 2016年 RMB'000 人民幣千元 (unaudited) (未經審核)
Fees 袍金	352	1,060
Salaries, allowances and benefits in kind 薪金、津貼及實物利益	2,633	1,954
Discretionary bonuses 酌情花紅	1,128	3,194
Pension scheme contributions 退休計劃供款	76	62
Total compensation paid to key management personnel 支付予主要管理人員的薪酬總額	4,189	6,270

24. EVENT AFTER THE REPORTING PERIOD

No subsequent event has occurred after 30 June 2017 which may have a significant effect on the assets and liabilities or future operation of the Group.

24. 報告期後事項

於2017年6月30日後概無發生可能對本集團資產及負債或未來營運構成重大影響的期後事項。



Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

The revenue of the Group increased from approximately RMB417.8 million for the six months ended 30 June 2016 to approximately RMB515.0 million for the six months ended 30 June 2017, representing an increase of approximately 23.3%. The profit for the period increased by approximately 89.9% from approximately RMB29.8 million for the six months ended 30 June 2016 to approximately RMB56.6 million for the six months ended 30 June 2017. If excluding the one-off Listing expenses incurred for the six months ended 30 June 2016 and 2017 and the government grant recorded for the six months ended 30 June 2017, the profit for the period would increase by approximately 16.6% from approximately RMB45.7 million for the six months ended 30 June 2016 to approximately RMB53.3 million for the six months ended 30 June 2017. The Company's basic and diluted earnings per ordinary share was RMB5.74 cents for the six months ended 30 June 2017 (2016: RMB3.98 cents) based on the profit for the period attributable to ordinary equity holders of the Company of approximately RMB56.6 million (2016: approximately RMB29.8 million), and the weighted average number of ordinary shares of 984,806,630 for the six months ended 30 June 2017 (2016: 750,000,000) on the assumption that the Share Split (see in Note 19) and Capitalisation Issue (see in Note 19), had been completed on 1 January 2016.

Revenue

The revenue of the Group increased by approximately 23.3%, from approximately RMB417.8 million for the six months ended 30 June 2016 to approximately RMB515.0 million for the six months ended 30 June 2017, which was primarily attributable to the successful promotion of OBM products in U.S. markets, the increased popularity of functional sofas and the depreciation of RMB against U.S. dollar.

Cost of sales

The cost of sales of the Group increased by approximately 29.6% from approximately RMB289.5 million for the six months ended 30 June 2016 to approximately RMB375.1 million for the six months ended 30 June 2017, which was primarily due to the increase in cost of raw materials and the expansion of the production capacity of the Group for the six months ended 30 June 2017.

財務回顧

本集團收入由截至2016年6月30日止6個月的約人民幣417.8百萬元增加至截至2017年6月30日止6個月約人民幣515.0百萬元，升幅約為23.3%。期內溢利由截至2016年6月30日止6個月的約人民幣29.8百萬元增加約89.9%至截至2017年6月30日止6個月的約人民幣56.6百萬元。倘不包括截至2016年及2017年6月30日止6個月產生的一次性上市開支及截至2017年6月30日止6個月所錄得的政府補助，期內溢利將由截至2016年6月30日止6個月的約人民幣45.7百萬元增加約16.6%至截至2017年6月30日止6個月的約人民幣53.3百萬元。本公司截至2017年6月30日止6個月的普通每股基本及攤薄盈利為人民幣5.74分（2016年：人民幣3.98分），乃根據本期間本公司普通權益持有人應佔溢利約人民幣56.6百萬元（2016年：約人民幣29.8百萬元）以及截至2017年6月30日止6個月普通股的加權平均數984,806,630股（2016年：750,000,000股）計算，並假設股份分拆（見附註19）及資本化發行（見附註19）已於2016年1月1日完成。

收入

本集團收入由截至2016年6月30日止6個月的約人民幣417.8百萬元增加約23.3%至截至2017年6月30日止6個月的約人民幣515.0百萬元，主要由於成功於美國市場推廣OBM產品、多功能沙發備受歡迎及人民幣兌美元貶值。

銷售成本

本集團銷售成本由截至2016年6月30日止6個月的約人民幣289.5百萬元增加約29.6%至截至2017年6月30日止6個月的約人民幣375.1百萬元，主要由於原材料成本增加及本集團於2017年6月30日止6個月產能擴大。



Management Discussion and Analysis

管理層討論及分析

Gross profit

The gross profit of the Group increased by approximately 9.0% from approximately RMB128.3 million for the six months ended 30 June 2016 to approximately RMB139.9 million for the six months ended 30 June 2017. The gross profit margin decreased from approximately 30.7% for the six months ended 30 June 2016 to approximately 27.2% for the six months ended 30 June 2017, which was primarily due to the higher percentage increase in cost of raw materials and the cost of expansion of production capacity of the Group, which outweighed the percentage increase in revenue during the corresponding period.

Other net income and gains

The other net income and gains of the Group increased from approximately RMB3.1 million for the six months ended 30 June 2016 to approximately RMB3.6 million for the six months ended 30 June 2017. Such increase was primarily due to an one-off government grant of RMB6.0 million recorded for the six months ended 30 June 2017, which was partially offset by the exchange losses recorded for the six months ended 30 June 2017.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 1.3% from approximately RMB31.8 million for the six months ended 30 June 2016 to approximately RMB32.2 million for the six months ended 30 June 2017. Such increase was primarily due to the increase in carriage outwards expenses which mainly included the delivery expenses charged by logistics companies for delivery of the products from warehouse to the ports and loading charges and declaration charges, which was partially offset by the decrease in promotion expenses in the U.S. market due to the maturity of the U.S. market.

毛利

本集團毛利由截至2016年6月30日止6個月的約人民幣128.3百萬元增加約9.0%至截至2017年6月30日止6個月的約人民幣139.9百萬元。毛利率由截至2016年6月30日止6個月的約30.7%降至截至2017年6月30日止6個月的約27.2%，主要由於原材料成本增長百分比比較高及本集團產能成本擴大超過同期收益增長百分比所致。

其他收入及收益淨額

本集團其他收入及收益淨額由截至2016年6月30日止6個月的約人民幣3.1百萬元增長至截至2017年6月30日止6個月的約人民幣3.6百萬元。該增加主要由於截至2017年6月30日止6個月所獲一次性政府補貼人民幣6.0百萬元被截至2017年6月30日止6個月錄得的匯兌虧損所部分抵銷。

銷售及分銷開支

本集團銷售及分銷開支由截至2016年6月30日止6個月的約人民幣31.8百萬元增加1.3%至截至2017年6月30日止6個月的約人民幣32.2百萬元。該增加主要由於購貨運費（主要包括物流公司將產品由倉庫運送至港口所收取的運費以及裝卸費及報關費）增加，並被美國市場推廣開支減少（因為美國市場的成熟）所部分抵銷。



Management Discussion and Analysis

管理層討論及分析

Administrative expenses

The administrative expenses of the Group decreased by approximately 17.9% from approximately RMB44.7 million for the six months ended 30 June 2016 to approximately RMB36.7 million for the six months ended 30 June 2017, which was primarily due to the decrease in Listing expenses of approximately RMB2.7 million incurred for the six months ended 30 June 2017, as compared to the Listing expenses of approximately RMB15.9 million incurred for the six months ended 30 June 2016.

Finance costs

The finance costs of the Group for the Reporting Period was similar to the corresponding period in 2016 primarily due to similar average interest rate of bank borrowings in both periods.

Income tax expense

The income tax expense of the Group decreased by approximately 35.5% from approximately RMB18.6 million for the six months ended 30 June 2016 to approximately RMB12.0 million for the six months ended 30 June 2017. In addition, the effective tax rate decreased from approximately 38.4% for the six months ended 30 June 2016 to approximately 17.5% for the six months ended 30 June 2017. The substantial decrease in both income tax expense and effective tax rate for the six months ended 30 June 2017 was mainly attributable to (i) decrease in non-deductible Listing expenses incurred during the six months ended 30 June 2017; (ii) increase of super-deduction of eligible research and development expenditure for the six months ended 30 June 2017 arising from the manufacturing costs incurred by the Group that qualified for an additional 50% tax deduction for PRC corporate income tax purpose in accordance with the Circular on Improving the Policy on Extra Pre-tax Deduction of Research and Development Expenses which was promulgated by the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology of the PRC on 2 November 2015 and with effect from 1 January 2016.

行政開支

本集團行政開支由截至2016年6月30日止6個月約人民幣44.7百萬元減少約17.9%至截至2017年6月30日止6個月約人民幣36.7百萬元，主要由於截至2017年6月30日止6個月上市開支減少約為人民幣2.7百萬元，而截至2016年6月30日止6個月上市開支約為人民幣15.9百萬元。

財務成本

報告期間，本集團財務成本與2016年同期相若，主要由於上述兩個期間銀行借款平均利率相若。

所得稅開支

本集團所得稅開支由截至2016年6月30日止6個月的約人民幣18.6百萬元減少約35.5%至截至2017年6月30日止6個月約人民幣12.0百萬元。此外，實際稅率由截至2016年6月30日止6個月約38.4%減少至截至2017年6月30日止6個月約17.5%。截至2017年6月30日止6個月的所得稅開支及實際稅率均大幅降低主要由於(i) 截至2017年6月30日止6個月產生的不可抵扣上市開支減少；(ii) 截至2017年6月30日止6個月的合資格研發開支超額抵扣增加所致，此乃由於根據中國財政部、國家稅務總局及科技部於2015年11月2日頒佈並於2016年1月1日生效的《關於完善研究開發費用稅前加計扣除政策的通知》，本集團產生的生產成本合資格額外抵扣50%的中國企業所得稅。



Management Discussion and Analysis

管理層討論及分析

Profit for the period

As a result of the foregoing, the profit for the period increased by approximately 89.9% from approximately RMB29.8 million for the six months ended 30 June 2016 to approximately RMB56.6 million for the six months ended 30 June 2017. If excluding the one-off Listing expenses incurred for the six months ended 30 June 2017 and 2016 and one-off government grant received for the six months ended 30 June 2017, the profit for the period would increase by approximately 16.6% from approximately RMB45.7 million for the six months ended 30 June 2016 to approximately RMB53.3 million for the six months ended 30 June 2017.

LIQUIDITY AND CAPITAL RESOURCES

Working capital

For six months ended 30 June 2017, cash and cash equivalents of the Group decreased by approximately RMB11.1 million, which was comprised of the net cash flows used in operating activities of approximately RMB50.4 million, net cash flows generated from investing activities of approximately RMB14.5 million, and net cash flows generated from financing activities of approximately RMB25.7 million, while approximately RMB0.8 million was the net exchange losses arising from foreign exchange rate changes.

Borrowing and pledge of assets

As at 30 June 2017, the Group's interest-bearing bank borrowings amounted to approximately RMB180.8 million (31 December 2016: approximately RMB277.2 million), all of which were repayable on demand or within 12 months from 30 June 2017. The bank loans' interest rates ranged between 2.1% to 6.5% (31 December 2016: 1.4% to 7.4%) per annum.

As at 30 June 2017, approximately RMB199.6 million (31 December 2016: approximately RMB220.8 million) restricted bank balances were pledged for bank borrowings and bills payables.

期內溢利

由於上述原因，期內溢利由截至2016年6月30日止6個月的約人民幣29.8百萬元增加約89.9%至截至2017年6月30日止6個月約56.6百萬元。倘不包括於截至2017年及2016年6月30日止6個月產生的一次性上市開支及截至2017年6月30日止6個月所獲得的政府補助，期內溢利將由截至2016年6月30日止6個月的約人民幣45.7百萬元增加約16.6%至截至2017年6月30日止6個月的約人民幣53.3百萬元。

流動資金及資本來源

營運資金

截至2017年6月30日止6個月，本集團之現金及現金等價物減少約人民幣11.1百萬元，包括經營活動所用現金流量淨額約人民幣50.4百萬元，投資活動所得現金流量淨額約人民幣14.5百萬元及融資活動所得現金流量淨額約人民幣25.7百萬元，其中約人民幣0.8百萬元為外幣匯率變動的匯兌虧損淨額。

借款及資產抵押

於2017年6月30日，本集團的計息銀行借款約為人民幣180.8百萬元(2016年12月31日：約人民幣277.2百萬元)，全部均須按要求償還或於2017年6月30日起12個月內償還。銀行貸款年利率介乎2.1%至6.5%之間(2016年12月31日：介乎1.4%至7.4%之間)。

於2017年6月30日，約人民幣199.6百萬元(2016年12月31日：約人民幣220.8百萬元)的受限制銀行結餘已用作銀行借款及應付票據的抵押。



Management Discussion and Analysis

管理層討論及分析

Gearing ratio

The gearing ratio of the Group, which is total interest-bearing bank borrowings divided by total equity as at end of the year/period and multiplied by 100%, decreased from approximately 174.6% as at 31 December 2016 to approximately 53.2% as at 30 June 2017, which was primarily due to the increase in total equity and the decrease in interest-bearing bank borrowings as at 30 June 2017.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2017.

Trade and bills receivables

The trade and bills receivables of the Group decreased to approximately RMB212.8 million as at 30 June 2017 (31 December 2016: approximately RMB220.0 million), primarily due to the decrease in the discounting of less low credit rating bills which could not satisfy the derecognition criteria of the relevant accounting standard, to obtain financing from banks.

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB472.5 million as at 30 June 2017 (31 December 2016: approximately RMB542.7 million), primarily due to the increase in timely payment to the suppliers for third party purchases.

Foreign exchange exposure

Revenue from major customers is mainly from the U.S. while the production facilities of the Group are mainly located in the PRC. Accordingly, most of the sales are denominated in U.S. dollar while the costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of U.S. dollar against RMB could adversely affect the financial results of the Group. During the six months ended 30 June 2017, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

資產負債比率

本集團資產負債比率（按年／期末的計息銀行借款總額除以權益總額再乘以100%計算）由截至2016年12月31日約174.6%減少至截至2017年6月30日約53.2%，主要由於2017年6月30日總權益增加而計息銀行借款減少所致。

或然負債

本集團於2017年6月30日並無任何重大或然負債。

貿易應收款項及應收票據

本集團截至2017年6月30日的貿易應收款項及應收票據減至約人民幣212.8百萬元（2016年12月31日：約人民幣220.0百萬元），主要由於減少折現較低的信貸評級票據（不符合相關會計準則的終止確認規定）以獲取銀行融資。

貿易應付款項及應付票據

本集團截至2017年6月30日的貿易應付款項及應付票據減少至約人民幣472.5百萬元（2016年12月31日：約人民幣542.7百萬元），主要由於就第三方採購更及時向供應商付款的總數增加。

外匯風險

來自主要客戶的收入主要源自美國，而本集團的生產設備主要位於中國境內。因此，大部分銷量均以美元計值，本集團營運引致的成本一般以人民幣清償。因此，若美元兌人民幣匯價波動，可能會對本集團的財務業績產生不利影響。截至2017年6月30日止6個月，本集團經營或流動資金並無因匯率波動而出現重大困難或受影響。



Management Discussion and Analysis 管理層討論及分析

The Group did not use any financial instruments for hedging purposes during the six months ended 30 June 2017 and there was no hedging instruments outstanding as at 30 June 2017. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in the future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

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 they are in line with market practice and regulatory requirements. As at 30 June 2017, the Group employed a work force of 2,265 employees. The total salaries and related costs including the directors' remuneration for the six months ended 30 June 2017 amounted to approximately RMB72.2 million (2016: approximately RMB63.6 million).

INTERIM DIVIDEND

The Board has resolved to declare interim dividend of HK1.5 cents per ordinary share (2016: Nil) and a special dividend of HK4.5 cents per ordinary share (2016: Nil) for the six months ended 30 June 2017 to be paid on 25 September 2017 to shareholders whose names appeared on the register of members on 13 September 2017.

EVENT AFTER THE REPORTING PERIOD

No subsequent event has occurred after 30 June 2017 which may have a significant effect on the assets and liabilities or future operation of the Group.

本集團截至2017年6月30日止6個月並無使用金融工具作對沖之用，於2017年6月30日，本集團並無未結束的對沖工具。本集團將繼續對現有經營及未來投資所引致的匯率風險進行緊密監控。本集團將於適當時進一步實施必要的對沖安排，以減低任何重大的匯率風險。

人力資源管理

優秀及全情投入的員工是本集團不可或缺的資產，有助本集團於競爭激烈的市場中取得成功。本集團透過定期向員工提供全面培訓及企業文化教育，員工可獲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的具競爭力薪酬組合以及各種福利。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2017年6月30日，本集團僱用2,265名員工。截至2017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72.2百萬元（2016年：約人民幣63.6百萬元）。

中期股息

董事會議決宣派截至2017年6月30日止6個月之中期股息每股普通股1.5港仙（2016年：無）及特別股息每股普通股4.5港仙（2016年：無），於2017年9月25日派付予於2017年9月13日名列於股東名冊的股東。

報告期後事項

於2017年6月30日後概無發生可能對本集團資產及負債或未來營運構成重大影響的期後事項。



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 and, where applicable, the recommended best practices set out in the Corporate Governance Code (“**Corporate Governance Code**”) set out in Appendix 14 of the Listing Rules. The Company has applied and complied with the relevant provisions of the Corporate Governance Code for the period from Listing Date to 30 June 2017, save for the below deviations.

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

企業管治守則

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。本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四的《企業管治守則》（「企業管治守則」）的守則條文及建議最佳常規（如適用）。除下述偏離情況外，自上市日期起至2017年6月30日止期間，本公司已應用及遵守企業管治守則有關條文。

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



Other Information 其他資料

Under code provision A.6.7 of the Corporate Governance Code, independent non-executive directors and other non-executive directors should attend general meetings. One of the independent non-executive Directors, Ms. Zhang Bingbing, did not attend the annual general meeting of the Company, held on 31 May 2017 due to other business engagements.

Pursuant to code provision I(f) of the Corporate Governance Code and Rule 3.10(1) of the Listing Rules, an issuer must include at least three independent non-executive directors. Further, pursuant to Rule 3.21 of the Listing Rules, every issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 3.10(2) of the Listing Rules. The majority of the audit committee members must be independent non-executive directors of the issuer. The audit committee must be chaired by an independent non-executive director. As disclosed in the Company's announcement dated 31 May 2017, Ms. Zhang Bingbing resigned as an independent non-executive Director with effect from 31 May 2017. Following the resignation of Ms. Zhang Bingbing, the Company was not in compliance with Rules 3.10(1) and 3.21 of the Listing Rules. Mr. Liu Haifeng was appointed as an independent non-executive Director on 6 July 2017. Following his appointment, the Company is in compliance with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

根據企業管治守則守則條文A.6.7，獨立非執行董事及其他非執行董事應出席股東大會。其中一名獨立非執行董事張冰冰女士由於其他商務約定，故並無出席本公司於2017年5月31日舉行的股東週年大會。

根據企業管治守則守則條文I(f)及上市規則第3.10(1)條，發行人必須包括至少三名獨立非執行董事。此外，根據上市規則第3.21條，每家發行人必須設立審核委員會，其全體成員必須為非執行董事。審核委員會須至少由三名成員組成，其中至少一名須為具備上市規則第3.10(2)條所規定之適當專業資格或會計或相關的財務管理專長的獨立非執行董事。審核委員會的成員必須以發行人的獨立非執行董事佔大多數，出任主席者亦必須是獨立非執行董事。誠如本公司日期為2017年5月31日之通告所披露，張冰冰女士辭任獨立非執行董事，並於2017年5月31日生效。張冰冰女士辭任後，本公司未能符合上市規則第3.10(1)及3.21條之規定。於2017年7月6日，劉海峰先生獲委任為獨立非執行董事，委任後本公司已符合上市規則第3.10(1)及3.21條之規定。



Other Information 其他資料



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 of 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 throughout the period for the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2017.

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors since the annual report of the Company for the year ended 31 December 2016 is set out below:

Executive Directors

At the annual general meeting of the Company held on 31 May 2017, Mr. Wang Ming retired and did not seek for re-election as an executive Director due to the Company’s business needs requiring him to devote more time and effort on the import and export business of the Company.

With effect from 6 July 2017, Mr. Shen Zhidong has been appointed as an executive Director of the Company. For further details, please refer to the announcement of the Company dated 6 July 2017.

證券交易的標準守則

本公司已採納上市規則附錄10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，彼等確認於報告期間已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、出售或贖回本公司上市證券

於截至2017年6月30日止6個月，本公司及其附屬公司概無購買、贖回或出售本公司任何上市證券。

董事及董事委員會組成變動

根據上市規則第13.51B(1)條，自本公司截至2016年12月31日止年度之年報以來的董事資料變動載述如下：

執行董事

於2017年5月31日舉行之本公司股東週年大會上，因應本公司的業務需求，王銘先生需要奉獻更多時間與精力在本公司進出口業務上，故此他已退任執行董事，且沒有膺選連任。

沈志東先生獲委任為本公司執行董事，自2017年7月6日起生效。更多詳情，請參閱本公司日期為2017年7月6日之公佈。



Other Information 其他資料

Independent non-executive Directors

At the annual general meeting of the Company held on 31 May 2017, Ms. Zhang Bingbing retired and did not seek for re-election as an independent non-executive Director due to her other business commitments. Following Ms. Zhang's retirement as an independent non-executive Director, she also ceased to act as the chairman of the nomination committee of the Company (the "**Nomination Committee**"), and a member of the audit committee of the Company (the "**Audit Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**").

With effect from 6 July 2017, Mr. Liu Haifeng has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. For further details, please refer to the announcement of the Company dated 6 July 2017.

獨立非執行董事

於2017年5月31日舉行之本公司股東週年大會上，張冰冰女士因需要專注個人其他業務發展，已退任獨立非執行董事，且沒有膺選連任。張女士退任獨立非執行董事後不再擔任本公司提名委員會（「**提名委員會**」）主席以及本公司審核委員會（「**審核委員會**」）及本公司薪酬委員會（「**薪酬委員會**」）成員。

劉海峰先生獲委任為獨立非執行董事、提名委員會主席、審核委員會及薪酬委員會成員，自2017年7月6日起生效。更多詳情請參閱本公司日期為2017年7月6日之公佈。



Other Information 其他資料

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 23 to the 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 2017 or at any time during the six months ended 30 June 2017.

DIRECTORS' INTERESTS IN SECURITIES

As at the date of this report, the interests and short positions of each Director and chief executive of the Company in the shares 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, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

(i) The Company

Name of director/chief executive 董事／主要行政人員姓名	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	750,000,000 shares (L) 750,000,000股(L)	75%

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

Note 2: 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.

董事於交易、安排及重大合同中的利益

除「關連交易及持續關連交易」一節及簡明綜合財務報表附註23所披露的關連方交易所披露者外，於2017年6月30日或截至2017年6月30日止6個月內的任何時間，概無與本公司業務有關而且本公司或其任何附屬公司作為訂約方及本公司董事或董事之關聯實體擁有直接或間接實質利益的重大交易、安排或合同。

董事於證券之權益

於本報告日期，本公司之董事及最高行政人員於本公司及其相聯法團（按證券及期貨條例（「證券及期貨條例」）第XV部賦予之涵義）之本公司股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及8部須通知本公司及聯交所（包括根據證券及期貨條例獲得或被視為有關的權益或淡倉）或根據證券及期貨條例第352條須列入其登記冊或須符合「標準守則」的權益及淡倉載列如下：

(i) 本公司

附註1：字母「L」表示該人在該等股份中的好倉。

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



Other Information 其他資料

(ii) Morris Capital (Note 1)

Name of director/chief executive 董事／主要行政人員姓名	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	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.

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

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

(ii) 慕容資本 (附註1)

Name of director/chief executive 董事／主要行政人員姓名	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
		85 shares of US\$1 each (L) 85股每股1美元的股份(L)	85%

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

附註2：字母「L」代表該名人士於該等股份的好倉。

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



Other Information 其他資料

SUBSTANTIAL SHAREHOLDERS' INTEREST

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

主要股東之權益

於本報告日期，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列股東（本公司董事或行政總裁除外）於本公司已發行股本中擁有相關權益或淡倉：

Name of shareholders 股東名稱	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	750,000,000 shares/股 (L)	75% (L)
Wu Xiangfei (Note 3) 鄒向飛（附註3）	Interest of spouse 配偶權益	750,000,000 shares/股 (L)	75% (L)
RAYS Capital Partners Limited 睿思資本有限公司	Investment manager 投資經理	90,112,000 shares/股 (L)	9.01% (L)
Ruan David Ching-chi 阮清旗	Interest of controlled corporation 受控法團權益	90,112,000 shares/股 (L)	9.01% (L)
Asian Equity Special Opportunities Portfolio Master Fund Limited 亞洲股權特別機會投資組合基金	Beneficial owner 實益擁有人	70,034,000 shares/股 (L)	7% (L)

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

附註1：字母「L」表示該人在該等股份中的好倉。

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

附註2：慕容資本是由鄒格兵先生擁有85%和鄒向飛女士擁有15%。

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

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

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

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



Other Information 其他資料

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 2017.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

There were no competing business of which a Director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 June 2017 or at any time during the six months ended 30 June 2017.

DEED OF NON-COMPETITION

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

The Company has received the confirmation of the Non-Compete Covenantors' in respect of their compliance with the noncompetition undertakings under the Deed of Non-competition during the six months ended 30 June 2017.

The independent non-executive Directors also reviewed the Non-Compete Covenantors' compliance with the non-competition undertakings. The independent non-executive Directors confirmed that the Non-Compete Covenantors were not in breach of the non-competition undertakings during the six months ended 30 June 2017.

管理合約

於截至2017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

本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。

董事於競爭業務的權益

於2017年6月30日或截至2017年6月30日止6個月內的任何時間，概無董事與本公司業務直接或間接構成競爭的業務中擁有任何重大權益。

不競爭契據

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

截至2017年6月30日止6個月，本公司已收到不競爭契約方按照不競爭契據的合規確認函。

截至2017年6月30日止6個月，獨立非執行董事已審查不競爭契約方對不競爭契據的合規性。獨立非執行董事確認，不競爭契約方不違反不競爭契據。



Other Information 其他資料



CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company and the Group had continuing connected transactions. For further details, please refer to the annual report of the Company dated 26 April 2017 and note 23 to the condensed consolidated financial statements in this report. For the six months ended 30 June 2017, the rental expenses paid to Morris PRC was approximately RMB5.7 million, which did not exceed the relevant annual cap for the same period.

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 30 June 2017, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 65.1% and 63.1% of the Group's total revenue and purchases for the six months ended 30 June 2017, respectively. The Group's largest customer accounted for around 18.7% of the Group's total revenue for the six months ended 30 June 2017. The Group's largest supplier accounted for around 19.8% of the Group's total purchase for the six months ended 30 June 2017.

At no time during the six months ended 30 June 2017 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.

關連交易及持續關連交易

於報告期間，本公司及本集團進行持續關連交易，更多詳情請參閱本公司日期為2017年4月26日的年報及簡明綜合財務報表附註23。截至2017年6月30日止6個月，支付予慕容中國的租金開支約為人民幣5.7百萬元，並無超出同期的相關年度上限。

主要客戶及供應商

於截至2017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2017年6月30日止6個月總收益及總採購額約65.1%及63.1%。本集團最大客戶佔本集團截至2017年6月30日止6個月總收益約18.7%。本集團最大供應商佔本集團截至2017年6月30日止6個月總採購額約19.8%。

於截至2017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 其他資料

USE OF PROCEEDS FROM THE COMPANY INITIAL PUBLIC OFFERING

As part of the preparation for the Listing, the Company implemented the Capitalisation Issue of 749,900,000 shares, and an issue of 250,000,000 new shares during the Global Offering of the Company on the Listing Date. All such shares issued were ordinary shares and the 250,000,000 new shares were issued at HK\$1.05 per share. The net proceeds of the Global Offering received by the Company were approximately HK\$262,500,000. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 December 2016 (the “**Prospectus**”). As at the date of this report, the Directors do not anticipate any change to the plan of use of proceeds as disclosed in the Prospectus.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Share Option Scheme**”) which allows the Company to grant options to eligible persons as rewards for their contributions to the Group. The Share Option Scheme has been adopted by the Company on 10 December 2016. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period from the Listing Date to 30 June 2017 and there were no outstanding share options under the Share Option Scheme as at 30 June 2017 and on the date of this report.

本公司首次公開發售所得款項 用途

作為籌備上市之部份，本公司資本化發行 749,900,000 股股份及於上市日期進行全球發售期間發行 250,000,000 股新股份。所有該等已發行股份均為普通股及 250,000,000 股新股份按每股 1.05 港元發行。本公司因全球發售而獲得的所得款項淨額約為 262,500,000 港元。該等所得款項淨額擬將用作本公司日期為 2016 年 12 月 30 日之招股章程（「**招股章程**」）「未來計劃及所得款項用途」一節所載之建議用途。截至本報告日期，董事認為招股書披露的所得款項用途的計劃沒有改變。

購股權計劃

本公司設有購股權計劃（「**購股權計劃**」），讓本公司可向合資格人士授出購股權作為其對本集團所作出貢獻的獎勵。本公司已於 2016 年 12 月 10 日採納購股權計劃。由上市日期至 2017 年 6 月 30 日期間，本公司概無根據購股權計劃授出、行使或註銷任何購股權，且於 2017 年 6 月 30 日及本報告日期，購股權計劃項下並無尚未行使的購股權。



Other Information 其他資料



AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Shao Shaomin, Mr. Huang Wenli and Mr. Liu Haifeng. The Audit Committee has reviewed with the management of the Company the unaudited condensed consolidated interim results and interim report of the Group for the six months ended 30 June 2017 and is of opinion that it complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM REPORT

This interim report will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.morrisholdings.com.hk. This interim report will also be despatched to the Shareholders.

By Order of the Board

Morris Holdings Limited
ZOU GEBING

Chairman and Executive Director

Hong Kong, 25 August 2017

審核委員會

審核委員會現時由三名獨立非執行董事組成，成員為邵少敏先生、黃文禮先生及劉海峰先生。審核委員會已連同本公司管理層審閱本集團截至2017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，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。

刊發中期報告

本中期報告將於聯交所網站(www.hkexnews.hk)及本公司網站(www.morrisholdings.com.hk)刊載。本中期報告亦將會寄發予股東。

承董事會命

慕容控股有限公司
鄒格兵

主席兼報行董事

香港，2017年8月25日



MORRIS
HOLDINGS LIMITED

MORRIS HOLDINGS LIMITED
慕容控股有限公司