



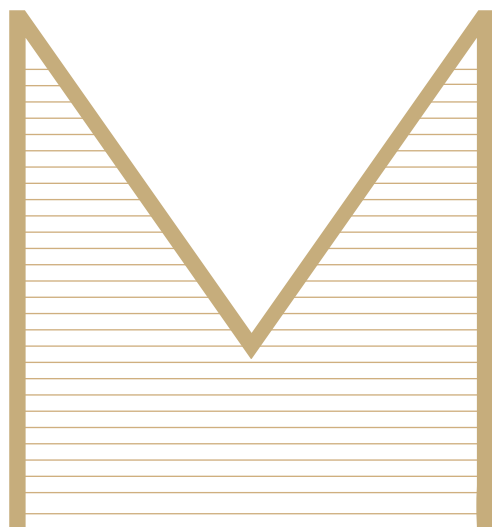
MORRIS
HOLDINGS LIMITED

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
2018 中期報告

GLOBAL
LEADER IN
THE UPHOLSTERED
SOFA INDUSTRY

軟體沙發行業的
全球**領導者**

MORRIS



Contents

目 錄

MORRIS HOLDINGS LIMITED 慕容控股有限公司 - INTERIM REPORT 2018 中期報告

Corporate Information 公司資料	2
Financial Highlights 財務摘要	4
Chairman's Statement 主席報告書	5
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	9
Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表	10
Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表	11
Condensed Consolidated Statement of Cash Flows 簡明綜合現金流量表	12
Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註	13
Management Discussion and Analysis 管理層討論及分析	43
Other Information 其他資料	48



Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Zou Gebing (*Chairman and Chief Executive Officer*)
Mr. Shen Zhidong
Mr. Zeng Jin
Mr. Wu Yueming (appointed on 6 June 2018)
Mr. Chen Guohua (retired on 17 May 2018)

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. Ho Ka Yan

AUTHORISED REPRESENTATIVE

Mr. Shen Zhidong (appointed on 17 May 2018)
Ms. Ho Ka Yan

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 (*主席兼行政總裁*)
沈志東先生
曾金先生
吳月明先生 (於2018年6月6日獲委任)
陳國華先生 (於2018年5月17日退任)

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

何家欣女士

授權代表

沈志東先生 (於2018年5月17日獲委任)
何家欣女士

核數師

安永會計師事務所
香港中環
添美道1號
中信大廈22樓

開曼群島主要股份過戶 登記總處

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

HONG KONG BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISER

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

COMPLIANCE ADVISER

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
Bank of China (Hong Kong) Limited
Citibank

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

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

中國總部

中國浙江省
海寧經濟開發區
由拳路500號

香港主要營業地點

香港皇后大道中99號
中環中心67樓6707室

法律顧問

何韋鮑律師行
香港
中環
遮打道18號
歷山大廈27樓

合規顧問

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
中信銀行
招商銀行股份有限公司
合新國際商業銀行
中國銀行(香港)有限公司
花旗銀行

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 2018

- Revenue increased by approximately 27.4% to approximately RMB655.9 million for the six months ended 30 June 2018 (2017: approximately RMB515.0 million)
- Gross profit increased by approximately 32.2% to approximately RMB185.0 million for the six months ended 30 June 2018 (2017: approximately RMB139.9 million)
- Profit for the period increased by approximately 40.2% to approximately RMB79.3 million for the six months ended 30 June 2018 (2017: approximately RMB56.6 million)
- Basic earnings per share increased by approximately 38.2% to approximately RMB7.93 cents for the six months ended 30 June 2018 (2017: approximately RMB5.74 cents)
- The Board has resolved to declare interim dividend of HK1.8 cents per ordinary share (2017: HK1.5 cents) and no special dividend for the six months ended 30 June 2018

截至2018年6月30日止6個月之 財務摘要

- 截至2018年6月30日止6個月收益增加約27.4%至約人民幣655.9百萬元（2017年：約人民幣515.0百萬元）
- 截至2018年6月30日止6個月毛利增加約32.2%至約人民幣185.0百萬元（2017年：約人民幣139.9百萬元）
- 截至2018年6月30日止6個月期內溢利增加約40.2%至約人民幣79.3百萬元（2017年：約人民幣56.6百萬元）
- 截至2018年6月30日止6個月每股基本盈利增加約38.2%至約人民幣7.93分（2017年：約人民幣5.74分）
- 董事會議決就截至2018年6月30日止6個月宣派中期股息每股普通股1.8港仙（2017年：1.5港仙）及並不宣派特別股息

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 Holdings Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Reporting Period") to the shareholders of the Company (the "Shareholders").

BUSINESS REVIEW

The Group achieved satisfactory financial results in the first half of 2018. The revenue continued to grow rapidly, as the result of the efforts by the management team and employees. The revenue of the Group increased by approximately 27.4% to approximately RMB655.9 million for the six months ended 30 June 2018 from approximately RMB515.0 million for the six months ended 30 June 2017.

Brand building

It is the Group's coherent strategy to develop its own brand and strive to build an internationally renowned furniture company. Therefore, in the first half of 2018, the Group actively engaged with brand promotion activities. In Hong Kong, the Group launched TV commercials on different TV channels during the World Cup competitions. In addition, we regularly distribute print ads in well-known furniture magazines, newspapers, electronic social media, search web platforms, buses, MTR and etc. In mainland China, the Group conducted special branding reports in traditional well-known business magazines and furniture magazines. In addition, the Group also actively promoted articles, pictures and videos on the main domestic network platforms, bringing the brand image of "young", "modern", "fresh" and "multi-functional" to mass consumers.

Building of corporate culture

The Group attaches great importance to the development of talents, and the establishment of a unique corporate culture and the use of the soft power of enterprises is an important way to attract talents. With 'Five Hearts of Morris', ambition, confidence, determination, perseverance and loyalty, as the core values of its corporate culture, the Group targeted to establish a distinctive corporate culture. After the Chinese New Year of 2018, the show up rate of workers exceeded 99%, which demonstrated the employees' adherence to the Group's cultural value.

各位股東，

本人謹代表董事會向本公司各位股東（「股東」）提呈慕容控股有限公司（「本公司」）及其附屬公司（「本集團」）截至2018年6月30日止6個月（「報告期間」）的中期報告。

業務回顧

本集團於2018年上半年取得良好的業績，收入繼續快速增長，是本集團管理團隊和員工們共同努力經營的結果。本集團收入由截至2017年6月30日止6個月的約人民幣515.0百萬元增加約27.4%至截至2018年6月30日止6個月的約人民幣655.9百萬元。

品牌建設

發展自有品牌、致力打造出國際知名的傢俱企業，是本集團一貫的策略，因此在2018年上半年，本集團積極推行品牌推廣活動。在香港地區，本集團在世界杯期間在不同的電視頻道等投放了電視廣告，此外我們也定期在知名的傢俱雜誌、報紙、電子社交媒體、搜尋網頁平台、巴士港鐵等等投放平面廣告。在大陸地區，本集團在傳統知名商業雜誌與傢俱雜誌等進行專題品牌報道；另外，在國內的主要網絡平台也積極推送文章、圖片和視頻，把品牌「年輕」、「時尚」、「小清新」同時兼具功能性的形象帶給廣大消費者。

企業文化建設

本集團非常重視人才發展，而建立獨有企業文化、發揮企業的軟實力是吸引人才的一個重要途徑。作為企業文化的核心價值「五心慕容」—「雄心」、「信心」、「決心」、「恆心」、「忠心」，是本集團致力於建立特有的企業文化。本集團在2018年春節後舊員工的復工率超過99%，證明員工對本集團文化價值的認同。



Chairman's Statement

主席報告書

Capacity expansion

In the first half of 2018, the Company proactively expanded its production capacity by rapidly increasing the number of workers to enhance the capacity of the production lines. In addition, the capacity expansion plan of the construction of a new production facility, Morris Center, has been elected to be part of the 2018 Major Industrial Projects of Zhejiang Province in July 2018. It is expected that the construction of Morris Center will be commenced within 2018.

Business development in North America

With the increasing popularity of the Group, the customer's trust in the Group also increases. The Group operated a total of four warehouses in the U.S. in the first half of 2018, which enhanced the pre-sales and after-sales services of the products, improved the timeliness of delivery and facilitated the development of the online shopping business. As a result, the Group received more orders from key customers in the first half of 2018. Shipments to key customers recorded a rapid growth in the first half of 2018.

Online business development

The Group has launched its online sales business in the United States (the "U.S.") in the second half of 2017 and is giving satisfactory progress. The Group's products are already sold on eight U.S. online platforms. In line with the development trend of online shopping, the Group will continue to vigorously develop the online business in the U.S. and seek development opportunities. In China, the Group launched its official online store on JD.com, and plans to set up more stores in other major online shopping platforms to serve the vast majority of online shopping consumers in China.

產能擴張

公司在2018年上半年積極擴充產能，快速增加工人數量，以加大生產線的容量。另外，新生產設施慕容中心新增產能計劃已經在2018年7月入選2018年度浙江省重大產業項目，預計年內可以啟動慕容中心建設。

北美業務發展

隨著本集團的知名度日益增加，客戶對本集團的信賴度也越來越高；本集團於2018年上半年在美國一共營運4個倉庫，增強了產品的售前和售後服務、提高了供貨的及時性，以及推動網購業務的發展。因此，本集團也在2018年上半年獲得了主要客戶的更多訂單。主要客戶的出貨量在2018年上半年錄得高速增長。

線上業務的發展

本集團在2017年下半年開展了美國的線上銷售業務，至今進展滿意。本集團的產品已經在8個美國線上平台銷售。配合網上購物的發展趨勢，本集團會繼續大力發展美國的線上業務，尋求發展機遇。在中國，本集團已經設立了京東網店，並計劃在其他主要網購平台設立更多網店，服務中國廣大網購消費者。



Chairman's Statement 主席報告書

Offline business development

In the U.S. market, the Group is committed to developing its own-brand retail business while continuing to develop its own-brand wholesale business, providing greater impetus for future growth. In the China market, we adopt two-way development mode: self-operated and agency mode. As at August 2018, the Group operates a total of four self-operated stores, two in Hong Kong, one in Shanghai and one in Hangzhou. The storefront and in-store design style of the self-operated store is fashionable and elegant, and an experience is provided to consumers such that the brand image of “Fall in Love, Fall in MorriSofa” is reflected with the impressive products. In addition, in the first half of 2018, the Group actively participated in furniture exhibitions across the country to promote brands and attract distributors across the country at the same time. In the first half of 2018, the Group has participated in furniture exhibitions in Shenzhen, Hong Kong, Shanghai and Beijing. Since the beginning of August 2018, the Group has signed formal contracts with eight franchise agents and letters of intent with four franchise agents.

PROSPECT

Branding strategy

In the future, the Group will continue to develop its own brand as the main enterprise development strategy, and carefully create a young and fashionable sofa and furniture brand in the mid-market.

In the U.S., the Group is planning to extend its position in the industry value-chain through the acquisition of Jennifer Convertibles, Inc., and expand its own brand wholesale business to its own brand retail business. Jennifer Convertibles, Inc. has a long history and a good sales network. Through its network, the Group can sell higher-end and more unique products, enhance the brand image and market position of the Group's products. In addition, with further development of its U.S. business it can provide impetus for the future development of the Group in the medium and long term. As at the date of this report, the acquisition of Jennifer Convertibles, Inc. has not completed. Further details of the acquisition are set out in the Company's announcement dated 4 July 2018 and the circular dated 14 August 2018. The US-China trade war may bring uncertainties, but the Group's management believes that the threat of possible tariff will have limited impact on the Group's business, and will formulate counter-measures to reduce the impact of trade war, while exerting the competitive advantage of independent brand strategy.

線下業務的發展

在美國市場，本集團在繼續發展自主品牌批發業務的同時也致力發展自主品牌零售業務，為未來發展提供更大的動力。在中國市場，我們採取自營、代理雙向發展模式。於2018年8月，本集團一共經營4家自營店，在香港有兩家，其餘兩家分別在上海和杭州。自營店的店面、店內設計風格時尚優雅，為消費者提供「慕容沙發 一眼入心」品牌形象的引人入勝的產品。此外，本集團在2018年上半年積極參與全國各地的傢俱展，推廣品牌的同時亦吸引全國的經銷代理商。在2018年上半年，本集團已經在深圳、香港、上海和北京參與傢俱展。自2018年8月初以來，本集團已經與8家代理商簽訂正式合約，並與4家代理商簽訂意向合約書。

展望

品牌戰略

本集團未來繼續以發展自主品牌為主要企業發展策略，精心打造以中端市場為主、年輕、時尚的沙發及傢俱品牌。

在美國，本集團計劃透過收購Jennifer Convertibles, Inc.來延伸本集團在產業價值鏈的位置，把自主品牌批發業務延伸擴張到自主品牌零售業務。Jennifer Convertibles, Inc.擁有悠久的歷史和良好的銷售網絡，本集團可以透過其網絡銷售更高端、更具自主特色的產品，提升本集團產品的品牌形象和市場地位，並可以進一步發展美國的業務，為本集團未來的中長期發展提供動力。於本報告日期，對Jennifer Convertibles, Inc.未完成收購。有關收購詳情載列於本公司日期為2018年7月4日的公告及日期為2018年8月14日的通函。中美貿易戰可能會帶來不定因素，但是本集團管理層相信關稅的潛在徵收威脅對本集團的業務影響有限，並且會制定應對措施，降低貿易戰的影響，同時發揮自主品牌策略的競爭優勢。



Chairman's Statement 主席報告書

In China, with the rising consumption power of the younger generation and consumption upgrading, the development of the domestic market is also the Group's short and medium-term goal. The Group believes that its products have advantages in design, speed of style update, quality, market position and better value for money. The products can meet the style and taste of the younger generation and provide a new generation of multi-functional sofa for the consumer groups seeking beauty and fashion and pursuing quality of life. The Group is committed to making "MorriSofa" a new generation of sofa brand. To develop the domestic market, the Group plans to operate self-operated stores in major first-tier cities, and also rely on agents to expand distribution networks in other major cities across the country. We will strictly require agents to unify the store design and bring the design concept and the brand mission of "MorriSofa" to the vast number of Chinese consumers.

In terms of e-commerce, the Group is actively entering the main e-commerce platform in China and the U.S., connecting online and offline sales channels, grasping the traditional sales channels and the general trend of online shopping.

在中國，隨著年輕人的消費能力越來越強和消費升級，發展國內市場也是本集團未來中短期的目標。本集團認為我們的產品在設計、款式更新速度、質量、市場定位、性價比方面都有優勢，比較能滿足年輕一代的風格與品味，為尋求美觀時尚，追求生活品質的消費群體提供新一代的多功能沙發，本集團致力把「慕容沙發」打造成一個新一代的沙發品牌。發展國內市場，本集團計劃除了在主要一線城市經營自營店外，也依靠分銷代理商在全國其他城市鋪開分銷網絡，我們會嚴格要求分銷代理統一店內設計，把「慕容沙發」的設計理念和品牌使命帶給廣大中國消費者。

在電商方面，本集團正在積極進入中國和美國的主要電商平台，貫通線上、線下銷售渠道，掌握傳統銷售渠道的同時也把握網上購物的大趨勢。

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 2018 截至2018年6月30日止6個月

		Six months ended 30 June 截至6月30日止6個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
	Notes 附註		
REVENUE 收入	5	655,896	515,022
Cost of sales 銷售成本		(470,887)	(375,107)
Gross profit 毛利		185,009	139,915
Other net income and gains 其他收入及收益淨額	5	28,368	3,638
Selling and distribution expenses 銷售及分銷開支		(45,217)	(32,188)
Administrative expenses 行政開支		(54,750)	(36,702)
Other expenses and losses 其他開支及虧損		(365)	(88)
Finance costs 融資成本		(11,986)	(6,025)
PROFIT BEFORE TAX 除稅前溢利	6	101,059	68,550
Income tax expense 所得稅開支	7	(21,773)	(11,986)
PROFIT FOR THE PERIOD 期內溢利		79,286	56,564
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		(1,944)	(3,142)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD 期內全面收益總額		77,342	53,422
Profit attributable to owners of the Company 本公司擁有人應佔溢利		79,286	56,564
Total comprehensive income attributable to owners of the Company 本公司擁有人應佔全面收益總額		77,342	53,422
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	8		
Basic (unaudited) 基本 (未經審核)		RMB7.93 cents 人民幣7.93分	RMB5.74 cents 人民幣5.74分
Diluted (unaudited) 攤薄 (未經審核)		RMB7.27 cents 人民幣7.27分	RMB5.74 cents 人民幣5.74分

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

AS AT 30 JUNE 2018 於2018年6月30日

	Notes 附註	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	62,593	57,638
Prepaid land lease payments 預付土地租賃款項		7,073	7,054
Deferred tax assets 遞延稅項資產		3,171	1,941
Total non-current assets 非流動資產總額		72,837	66,633
CURRENT ASSETS 流動資產			
Inventories 存貨		340,429	343,289
Trade and bills receivables 貿易應收款項及應收票據	11	513,550	389,002
Prepayments, deposits and other receivables 預付款項、按金及其他應收款項	12	129,370	88,844
Pledged deposits 已抵押存款	13	75,270	181,861
Cash and cash equivalents 現金及現金等價物	13	104,426	26,241
Total current assets 流動資產總額		1,163,045	1,029,237
CURRENT LIABILITIES 流動負債			
Trade and bills payables 貿易應付款項及應付票據	14	283,973	438,206
Other payables and accruals 其他應付款項及應計費用	15	47,302	51,497
Interest-bearing bank borrowings 計息銀行借款	16	207,946	149,659
Derivative component of convertible loan 可換股貸款的衍生部分	17	21,156	–
Warranty provision 保修撥備		1,917	3,292
Income tax payables 應付所得稅		82,841	61,520
Total current liabilities 流動負債總額		645,135	704,174
NET CURRENT ASSETS 流動資產淨值		517,910	325,063
TOTAL ASSETS LESS CURRENT LIABILITIES 資產總額減流動負債		590,747	391,696
NON-CURRENT LIABILITIES 非流動負債			
Convertible loan 可換股貸款	17	148,067	–
Deferred tax liabilities 遞延稅項負債		13,702	8,942
Net assets 資產淨值		428,978	382,754
EQUITY 權益			
Equity attributable to owners of the Company			
本公司擁有人應佔權益			
Share capital 股本	18	6,914	6,914
Reserves 儲備		422,064	375,840
Total equity 權益總額		428,978	382,754

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018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	總額 RMB'000 人民幣千元
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 18 (i)) 因公司上市而發行股份 (附註18 (i))	1,728	232,314	-	-	-	234,042
Capitalisation Issue of shares (Note 18 (ii)) 股本的資本化發行 (附註18 (ii))	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 (Note 9) 已派付股息 (附註9)	-	-	-	-	(91,850)	(91,850)
Profit for the period 期內溢利	-	-	-	-	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
At 1 January 2018 於2018年1月1日	6,914	211,900	(797)	12,000	152,737	382,754
Dividend paid (Note 9) 已付股息 (附註9)	-	-	-	-	(31,118)	(31,118)
Profit for the period 期內溢利	-	-	-	-	79,286	79,286
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	-	-	(1,944)	-	-	(1,944)
Total comprehensive income for the period 期內全面收益總額	-	-	(1,944)	-	79,286	77,342
At 30 June 2018 於2018年6月30日	6,914	211,900	(2,741)	12,000	200,905	428,978

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) 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
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公司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) 匯兌波動儲備
匯兌波動儲備包括換算本公司及附屬公司財務報表內人民幣以外的功能貨幣產生的所有相關匯兌差額。
- (iii) 儲備資金
本公司根據有關中國規則及法規以及本公司於中國成立的附屬公司的組織章程細則將保留溢利轉撥為儲備資金。

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018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	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
NET CASH USED IN FROM OPERATING ACTIVITIES			
經營活動所用／所得現金淨額		(211,876)	(50,446)
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		(6,911)	(9,291)
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
Interest received 已收利息		1,546	1,764
Decrease in pledged deposits 已抵押存款減少		106,591	21,264
NET CASH GENERATED FROM INVESTING ACTIVITIES			
投資活動所得現金淨額		101,226	14,505
CASH FLOW FROM FINANCING ACTIVITIES: 融資活動所得現金流量：			
New bank borrowings 新銀行借款		152,950	332,251
Repayment of bank borrowings 償還銀行借款		(94,751)	(428,011)
Repayment of interest of convertible loan 償還可換股貸款利息		(394)	–
Expenses paid in connection with the issue of shares 就發行股份已付的開支		–	(14,720)
Expenses paid in connection with the issue of convertible loan 就發行可換股貸款已付的開支		(4,558)	–
Proceeds from issue of new shares 發行新股所得款項	18	–	234,042
Proceeds from issue of convertible loan 發行可換股貸款所得款項		170,306	–
Interest paid 已付利息		(4,246)	(6,025)
Dividend paid 已派付股息	9	(31,118)	(91,850)
NET CASH GENERATED FROM FINANCING ACTIVITIES			
融資活動所得現金淨額		188,189	25,687
Net increase/(decrease) in cash and cash equivalents			
現金及現金等價物增加／(減少) 淨額		77,539	(10,254)
Cash and cash equivalents at the beginning of period 期初現金及現金等價物			
		26,241	73,647
Effect of foreign exchange rate changes 外匯匯率變動的影響			
		646	(846)
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	13	104,426	62,547



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018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 (“**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 have been 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 on the Stock Exchange of the Hong Kong Limited (the “**Listing Rules**”).

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 2017.

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（「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。

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2017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 2018 截至2018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 2017, 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 disclosure 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 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

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2017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，所有數值均湊整至最接近的千位數（「人民幣千元」）。

3. 會計政策及披露變動

本集團已就報告期間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2號的修訂 《香港財務報告準則》第4號的修訂	以股份為基礎支付交易的分類及計量 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 金融工具
《香港財務報告準則》第9號	具有負補償之提前還款特性
《香港財務報告準則》第9號的修訂 《香港財務報告準則》第15號	客戶合約收入
《香港財務報告準則》第15號的修訂	《香港財務報告準則》第15號客戶合約收入之澄清
《香港會計準則》第40號的修訂 香港（國際財務報告詮釋委員會） 一 詮釋第22號 二零一四年至 二零一六年週期之 年度改進	投資物業轉讓 外幣交易及預付代價
	《香港財務報告準則》第1號及《香港會計準則》第28號（修訂本）



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for HKFRS 15 Revenue from Contracts with Customers and HKFRS 9 Financial Instruments, which nature and effect of the adoption are disclosed as below, the adoption of the above new and revised HKFRSs has had no significant financial effect on this unaudited condensed interim financial information.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings as at 1 January 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

3. 會計政策及披露變動（續）

下文披露採納香港財務報告準則第15號來自客戶合約的收入及香港財務報告準則第9號金融工具的性質及影響，除此之外，採納上述新訂及經修訂香港財務報告準則並無對本未經審核簡明中期財務資料產生重大財務影響。

香港財務報告準則第15號來自客戶合約的收入

香港財務報告準則第15號取代香港會計準則第11號建築合約、香港會計準則第18號收入及相關詮釋，適用於所有自客戶合約產生的收入，惟該等合約屬於其他準則範圍，則另作別論。新準則確立一個五步模式，將自客戶合約產生的收入入賬。根據香港財務報告準則第15號，收入按能反映實體預期就向客戶轉讓貨品或服務而有權換取代價的金額確認。

該準則要求實體經計及將該模式各步驟應用於與客戶訂立的合約時所有相關事實及情況後作出判斷。該準則亦訂明獲取合約時增加的成本及與履行合約直接相關的成本的會計處理。

本集團採用經修訂的追溯法採納香港財務報告準則第15號，該方法使得本集團可根據首次應用香港財務報告準則第15號的累計影響對2018年1月1日期初保留盈利結餘進行調整。本集團選擇就已完成合約採取實際的權宜方法，並無重列於2018年1月1日前已完成的合約，故並無重列比較數字。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The Group's principal activities consist of the manufacture and sale of sofas, sofa covers and other furniture products (the "Group Products") and the Group provides trade discounts or volume rebates for some of these sales contracts with customers. The Group's contracts with customers for the sale of the Group Products generally include one performance obligation. The Group has concluded that revenue from sale of the Group Products should be recognised at the point in time when control of the asset is transferred to the customer. Therefore, the adoption of HKFRS 15 did not have an impact on the timing of revenue recognition.

Prior to the adoption of HKFRS 15, the Group recognised revenue from the sale of goods measured at fair value of the consideration received or receivable, net of allowances, trade discounts and/or volume rebates. If revenue cannot be reliably measured, revenue recognition is deferred until the uncertainty was resolved.

Under HKFRS 15, a transaction price is considered variable if a customer is provided with trade discounts or right of return. The Group estimates the amount of consideration to which it will be entitled in the sales of the Group Products and the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amount of allowances, trade discounts and right to return as this method better predicts the amount of variable consideration to which the Group will be entitled.

3. 會計政策及披露變動（續）

香港財務報告準則第15號來自客戶合約的收入（續）

香港財務報告準則第15號來自客戶合約的收入（續）

本集團的主要業務包括生產及銷售沙發、沙發套及其他傢俱產品（「集團產品」），而本集團就部分該等客戶銷售合約提供交易折扣或批量回扣。本集團銷售集團產品的客戶合約一般包括一項履約責任。本集團認為，銷售集團產品的收入應於資產控制權轉移至客戶時確認。因此，採納香港財務報告準則第15號並無對收入確認時間產生影響。

於採納香港財務報告準則第15號前，本集團按已收或應收代價的公允價值確認銷售貨品收入，並扣除折讓、交易折扣及／或批量回扣。倘收入無法可靠計量，則收入確認將遞延至解決不確定因素為止。

根據香港財務報告準則第15號，倘客戶獲得交易折扣或退貨權，則交易價格被視為可變。本集團估計其在集團產品銷售中將有權獲得的代價金額，而可變代價的估計金額僅在已確認累計收入金額不大可能會在與可變代價相關的不確定因素其後解決時出現重大撥回的情況下，方會納入交易價格。本集團採用預期價值法估計津貼金額、交易折扣及退貨權，原因為該方法能更好地預測本集團將有權收取的可變代價金額。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The Group has assessed that the adoption of HKFRS 15 did not materially affect how the Group recognised revenue and cost of sales under HKAS 18 when the customers have a right to allowance, trade discounts and volume rebates. Accordingly, except for the reclassification effect below, the adoption of HKFRS 15 does not have material financial impact on the Group's consolidated financial statements.

Reclassifications were made as at 30 June 2018 to be consistent with the terminology used under HKFRS 15, advances received from customers of RMB1.2 million (31 December 2017: RMB0.9 million) were reclassified from "Receipt in advance" to "contract liabilities" under "Other payables and accruals".

HKFRS 9 Financial Instrument

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied HKFRS 9 retrospectively in accordance with the transition requirements, with the initial application date of 1 January 2018. The Group has elected not to adjust the comparative information for the period beginning 1 January 2017, which the comparative information was prepared under classification and measurement requirements of HKAS 39.

3. 會計政策及披露變動 (續)

香港財務報告準則第15號來自客戶合約的收入 (續)

香港財務報告準則第15號來自客戶合約的收入 (續)

本集團已進行評估，採納香港財務報告準則第15號並無對本集團於客戶有權獲得折讓、交易折扣及批量回扣時如何根據香港會計準則第18號確認收入及銷售成本產生重大影響。因此，除下文所載的重新分類影響外，採納香港財務報告準則第15號並無對本集團綜合財務報表產生重大財務影響。

本集團於2018年6月30日作出重新分類以與香港財務報告準則第15號所用的術語一致：客戶墊款人民幣1.2百萬元（2017年12月31日：人民幣0.9百萬元）已自「預收款項」重新分類為「其他應付款項及應計費用」項下的「合約負債」。

香港財務報告準則第9號金融工具

於2018年1月1日或之後開始的年度期間，香港財務報告準則第9號取代香港會計準則第39號金融工具：確認及計量。該準則合併金融工具會計的所有三個方面：分類及計量、減值及對沖會計。

本集團已根據過渡規定追溯應用香港財務報告準則第9號，初始應用日期為2018年1月1日。本集團選擇不調整於2017年1月1日開始期間的比較資料，而該等比較資料乃根據香港會計準則第39號的分類及計量規定編製。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Classification and measurement

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9.

3. 會計政策及披露變動（續）

分類及計量

根據香港財務報告準則第9號，本集團初步按公允價值加（倘屬並非按公允價值計入損益的金融資產）交易成本計量金融資產。

根據香港財務報告準則第9號，債務金融工具其後按公允價值計入損益、按攤銷成本計量或按公允價值計入其他全面收益。分類乃基於兩個標準作出：本集團管理資產的業務模式；及工具的合約現金流量是否尚未償還本金金額的『僅為本金及利息付款』（「僅為本金及利息付款標準」）。

本集團債務金融資產的新分類及計量如下：

- 按攤銷成本計量的債務工具，而持有金融資產的業務模式旨在藉持有金融資產收取符合僅為本金及利息付款標準的合約現金流。此類別包括本集團貿易及其他應收款項。

其他金融資產的分類及其後計量如下：

- 按公允價值計入其他全面收益的權益工具，而其於終止確認時概無收益或虧損重新撥回損益。此類別僅包括權益工具，本集團擬就可預見未來持有該等權益工具及本集團於初步確認或過渡時不可撤回地選擇如此分類。按公允價值計入其他全面收益的權益工具無須遵照香港財務報告準則第9號進行減值評估。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Classification and measurement (Continued)

- Financial assets at FVPL comprise derivative instruments and unquoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

4. SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

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

3. 會計政策及披露變動 (續)

分類及計量 (續)

- 按公允價值計入損益的金融資產，即本集團於初步確認或過渡時並無不可撤回地選擇分類為按公允價值計入其他全面收益的衍生工具及無報價權益工具。此類別亦包括現金流量特性未能符合僅為本金及利息付款標準的債務工具，或業務模式並非旨在收取合約現金流或既收取合約現金流亦作出售的債務工具。

本集團的業務模式評估乃於初步應用日期(2018年1月1日)進行，其後追溯應用於並未於2018年1月1日前終止確認的金融資產。債務工具合約現金流量是否僅包括本金及利息的評估乃根據於初步確認資產時的事實及情況進行。

4. 分部資料

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

地區資料

(a) 來自外部客戶的收入

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

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

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

Geographical information (Continued)

(b) Non-current assets

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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)	24,450	22,214
Cambodia 柬埔寨	44,035	42,316
The United States of America 美國	1,181	162
	69,666	64,692

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

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。

Information about major customers

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

	Six months ended 30 June 截至6月30日止6個月	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Customer 1 客戶1	234,821	96,380
Customer 2 客戶2	N/A* 不適用*	91,655
Customer 3 客戶3	N/A* 不適用*	83,718

* 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.

有關主要客戶的資料

佔本集團期內收入的10%或以上的各主要客戶的收入載列如下：

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

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

5. 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:

5. 收入、其他收入及收益淨額

收入指所銷售貨品扣除退貨、折扣及增值稅後的發票淨值。

本集團的收入、其他收入及收益淨額分析如下：

	Six months ended 30 June 截至6月30日止6個月	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Revenue 收入		
Sales of goods 銷售貨品	655,896	515,022
Other net income and gains 其他收入及收益淨額		
Interest income 利息收入	1,546	1,764
Exchange gain/(loss), net 匯兌收益/(虧損), 淨額	8,891	(4,212)
Sales of scrap materials 銷售廢料	9,154	-
Fair value gain on derivative component of convertible loan 可換股貸款衍生組成部分的公允值收益	8,389	-
Government subsidies# 政府補貼#	-	6,000
Others 其他	388	86
	28,368	3,638

Subsidies have been received from the local governments in Zhejiang Province in respect of successful Listing in Hong Kong and the Group's contribution to sofa industry. There were no unfulfilled conditions or contingencies relating to these subsidies as at 30 June 2017.

浙江省地方政府就於香港成功上市及本集團對沙發產業的貢獻授出的補助。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。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

6. PROFIT BEFORE TAX

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

6. 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	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Cost of inventories sold ** 已售存貨成本**	469,947	380,594
Depreciation 折舊	2,457	1,155
Recognition of prepaid land lease payments 預付土地租賃款項確認	21	83
Gain on disposal of items of property, plant and equipment, net 出售物業、廠房及設備項目的收益，淨額	-	(6)
Minimum lease payments under operating leases 經營租賃項下的最低租賃付款	11,326	8,551
Salaries, wages and benefits in kind 薪金、工資及實物利益	71,182	69,074
Pension scheme contributions* 退休計劃供款*	8,353	3,142
Provision/(reversal of provision) against obsolete and slow-moving inventories*** 陳舊及積壓存貨撥備／(撥備撥回)***	940	(5,487)
Impairment of trade receivables, net** 貿易應收賬款減值，淨額**	3,336	-
Reversal of product warranty 產品保修撥回	(1,421)	(1,125)
Listing expenses 上市開支	-	2,690
Interest for Convertible Loan 可換股貸款利息	7,347	-

* As at 30 June 2018, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (30 June 2017: Nil).

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

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

* 於2018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（2017年6月30日：無）。

** 以上項目計入簡明綜合損益及其他全面收益表的「銷售成本」內。

*** 該項目計入簡明綜合損益及其他全面收益表的「行政開支」內。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

7. INCOME TAX

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% (six months ended 30 June 2017: 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% (six months ended 30 June 2017: 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.

7. 所得稅

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。

香港利得稅乃根據在香港產生的估計應課稅溢利按16.5%（截至2017年6月30日止6個月：16.5%）的稅率計提撥備。根據中國所得稅法，於中國內地開展業務的公司須按其應納稅收入的25%（截至2017年6月30日止6個月：25%）繳納企業所得稅（「CIT」）。

於其他地區的應課利得稅乃按本集團經營所在司法權區的現行稅率計算。

Six months ended 30 June 截至6月30日止6個月

	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Current – PRC 即期 – 中國	15,981	5,619
Current – Hong Kong 即期 – 香港	2,262	6,516
Deferred 遞延	3,530	(149)
Tax charge for the period 期內稅項支出	21,773	11,986



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

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

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2018 are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Convertible Loan (as defined under section headed "**Convertible Loan Payable**") is assumed to have been converted into ordinary shares, and the profit for the six months ended 30 June 2018 is adjusted to exclude the interest expense on the Convertible Loan and fair value gain on the derivative component of the Convertible Loan less tax effect, if any.

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 and 749,900,000 ordinary shares of the Company issued under the Capitalisation Issue (as defined in note 18), 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.

8. 本公司普通權益持有人應佔每股盈利

每股基本盈利乃根據本公司股東應佔本集團溢利除以期內已發行普通股加權平均數計算。

截至2018年6月30日止6個月的每股攤薄盈利，乃在假設所有具攤薄潛力普通股獲兌換的情況下，透過調整已發行在外普通股的加權平均數計算。可換股貸款（定義見「應付可換股貸款」一節）乃假設已轉換為普通股，而截至2018年6月30日止6個月的溢利已作出調整，以撇除可換股貸款的利息開支及扣除稅務影響後的可換股貸款衍生部分公允值收益（如有）。

截至2017年6月30日止6個月，計算每股基本盈利的普通股加權平均數，包括本公司於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18）發行的749,900,000股普通股，猶如該等根據股份分拆及資本化發行發行的額外股份應被視為於截至2017年6月30日止6個月的整個期間均發行在外，以及本公司於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。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

8. 本公司普通權益持有人應佔 每股盈利 (續)

The calculation of basic and diluted earnings per share is based on the following:

每股基本及攤薄盈利乃基於下列各項計算：

	Six months ended 30 June 截至6月30日止6個月	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Earnings 盈利		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company) 計算每股基本盈利之盈利 (本公司擁有人應佔期內溢利)	79,286	56,564
Interest on the Convertible Loan 可換股貸款利息	7,347	–
Fair value gain on derivative component of Convertible Loan 可換股貸款衍生部分之公允值收益	(8,389)	–
Profit attributable to the shareholders of the Company, used in the diluted earnings per share 本公司股東應佔溢利，用以計算每股攤薄盈利	78,244	56,564

	Six months ended 30 June 截至6月30日止6個月	
	2018 2018年 '000 千股 (unaudited) (未經審核)	2017 2017年 '000 千股 (unaudited) (未經審核)
Number of shares 股份數目		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share 計算每股基本盈利之普通股加權平均數	1,000,000	984,806
Effect of dilutive potential ordinary shares arising from convertible loan outstanding 自未償付可換股貸款產生的潛在普通股之攤薄效應	76,154	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share 計算每股攤薄盈利之普通股加權平均數	1,076,154	984,806

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

9. DIVIDENDS

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

9. 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	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Final dividend of HK3.8 cents per ordinary share for the year ended 31 December 2017 (2016: HK1.8 cents) 截至2017年12月31日止年度末期股息每股普通股為3.8港仙(2016年：1.8港仙)	31,118	15,746
Special dividend of Nil per ordinary share for the year ended 31 December 2017 (2016: 8.7 cents) 截至2017年12月31日止年度特別股息每股普通股為零(2016年：8.7港仙)	-	76,104
	31,118	91,850

Subsequent to the end of the Reporting Period, the Board has resolved to declare interim dividend of HK1.8 cents per ordinary share (six months ended 30 June 2017: HK1.5 cents) and no special dividend (six months ended 30 June 2017: HK4.5 cents) for the six months ended 30 June 2018.

本報告期間結束後，董事會建議就截至2018年6月30日止6個月宣派中期股息每股普通股1.8港仙(截至2017年6月30日止6個月：1.5港仙)及無特別股息(截至2017年6月30日止6個月：4.5港仙)。

10. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired items of plant and machinery with a cost of approximately RMB6.9 million (six months ended 30 June 2017: approximately RMB9.3 million). Items of plant and machinery with a net book value nil balance (six months ended 30 June 2017: RMB0.8 million) was disposed of during the six months ended 30 June 2018, resulting in nil balance of disposal (six months ended 30 June 2017: gain on disposal RMB6,000).

10. 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6.9百萬元(截至2017年6月30日止6個月：約人民幣9.3百萬元)。於截至2018年6月30日止6個月，賬面淨值結餘為零(截至2017年6月30日止6個月：人民幣0.8百萬元)的廠房及機器項目已予出售，導致出售結餘為零(截至2017年6月30日止6個月：出售收益人民幣6,000元)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

11. TRADE AND BILLS RECEIVABLES

11. 貿易應收款項及應收票據

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	511,317	364,339
Trade receivables from a related company 來自關連公司的貿易應收款項	5,569	19,877
Impairment of trade receivables 貿易應收款項減值	(3,336)	(92)
Trade receivables, net 貿易應收款項淨額	513,550	384,124
Bills receivable arising from intra-group sales 來自集團內銷售的應收票據	-	4,878
	513,550	389,002

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 four 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

本集團與其客戶的貿易賬期以信貸為主。信貸期一般為一至兩個月，主要客戶的信貸期延長至最多三至四個月。本集團致力嚴格控制其未償還應收款額，逾期結餘由高級管理層定期檢討。本集團並無就其貿易應收款項及應收票據結餘持有任何抵押品。貿易應收款項及應收票據為不計息。

於本報告期末，根據發票日期及扣除撥備的貿易應收款項及應收票據的賬齡分析如下：

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Within 3 months 3個月內	424,004	366,769
4 to 6 months 4至6個月	84,394	14,187
7 to 12 months 7至12個月	5,152	8,046
	513,550	389,002

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

11. TRADE AND BILLS RECEIVABLES (Continued)

Trade receivables from a related company

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Jennifer Convertibles, Inc.	640	19,877

The above related company was controlled by the controlling shareholders of the ultimate holding company of the Company (the "Controlling Shareholders") during the Reporting Period. The trade receivables from the related company is unsecured, non-interest-bearing and have a repayment term of 120 days.

11. 貿易應收款項及應收票據 (續)

來自關連公司的貿易應收款項

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Jennifer Convertibles, Inc.	640	19,877

於報告期間，上述關連公司由本公司的最終控股公司的控股股東（「控股股東」）所控制。來自關連公司的貿易應收款項為無抵押、免息及附有120天的還款期。

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	47,762	9,218
Other prepayments 其他預付款項	4,951	22,190
Deposits and other receivables 按金及其他應收款項	76,497	57,278
Current portion of prepaid land lease payments 預付土地租賃款項的流動部分	160	158
	129,370	88,844

12. 預付款項、按金及其他應收款項

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

13. 現金及現金等價物及已抵押存款

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	179,696	208,102
Less: Pledged deposits for bills payable 減：應付票據的已抵押存款	(75,270)	(181,861)
Cash and cash equivalents 現金及現金等價物	104,426	26,241

As at the end of the Reporting Period, the cash and bank balances denominated in RMB amounted to RMB85,508,000 (2017: RMB199,558,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

於報告期末，以人民幣計值的現金及銀行結餘為人民幣85,508,000元（2017年：人民幣199,558,000元）。人民幣不可自由兌換為其他貨幣，然而，根據中國內地外匯管制法規及結匯、售匯及付匯管理規定，本集團獲准透過獲授權開展外匯業務的銀行將人民幣兌換為其他貨幣。

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

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

14. TRADE AND BILLS PAYABLES

14. 貿易應付款項及應付票據

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	191,816	178,126
Bills payable 應付票據		
– arising from intra-group purchases – 來自集團內購買	28,462	119,674
– arising from third party purchases – 來自第三方的購買	63,695	140,406
	283,973	438,206

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:

於本報告期末，根據發票日期的貿易應付款項及應付票據的賬齡分析如下：

	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (audited) (經審核)
Within 1 month 1個月內	81,776	188,508
1 to 3 months 1至3個月	89,836	101,190
4 to 6 months 4至6個月	94,400	141,327
Over 6 months 超過6個月	17,961	7,181
	283,973	438,206

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

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

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

15. OTHER PAYABLES AND ACCRUALS

15. 其他應付款項及應計費用

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Other payables 其他應付款項	40,574	40,685
Accruals 應計費用	5,556	9,872
Receipt in advance 預收款項	-	940
Contract liabilities 合約負債	1,172	-
	47,302	51,497

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. INTEREST-BEARING BANK BORROWINGS

16. 計息銀行借款

	30 June 2018 2018年6月30日			31 December 2017 2017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	2.3%-6.5%	on demand 按要求	122,872	2.1%-6.5%	on demand 按要求	80,695
Bank loans 銀行貸款	4.2%-5.2%	Within twelve months 12個月內	85,000	4.6%-4.7%	Within twelve months 12個月內	35,000
Factoring loans with recourse 附追索權的保理貸款	3.8%	Within twelve months 12個月內	74	3.3%-3.7%	Within twelve months 12個月內	33,964
			207,946			149,659

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

16. INTEREST-BEARING BANK BORROWINGS (Continued)

16. 計息銀行借款 (續)

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	207,946	149,659

Notes:

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

- (i) pledges of certain parcels of land and buildings which were provided by Morris Group Co., Ltd ("Morris PRC"), a company controlled by the controlling shareholder as at 30 June 2018;
- (ii) personal guarantees provided by the Controlling Shareholders as at 30 June 2018 and 31 December 2017;
- (iii) guarantees provided by independent third parties as at 30 June 2018 and 31 December 2017; and
- (iv) pledges of certain properties which were provided by Zhejiang Morris Property Co., Ltd. ("Morris Real Estate"), a company controlled by the controlling shareholders as at 30 June 2018 and 31 December 2017.

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2018年6月30日，以控股股東控制的公司慕容集團有限公司（「慕容中國」）提供的若干幅土地及建築物作抵押；
- (ii) 控股股東於2018年6月30日及2017年12月31日提供的個人擔保；
- (iii) 獨立第三方於2018年6月30日及2017年12月31日提供的擔保；及
- (iv) 以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2018年6月30日及2017年12月31日提供的若干物業作抵押。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

17. CONVERTIBLE LOAN PAYABLE

17. 應付可換股貸款

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	148,067	–
Derivative component of the Convertible Loan 可換股貸款的衍生部分	21,156	–

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.

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**”).

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港元的初始換股價將全部或部分可換股貸款未償還本金額轉換成io公司股份（可根據可換股貸款協議所載作出調整）。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。

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。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

17. CONVERTIBLE LOAN PAYABLE (Continued)

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 re-demption 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 or prepaid in respect of the period beginning on the date of the disbursement and ending on the day immediately before the date of repayment or prepayment. Any amount of the Convertible Loan which is redeemed by the Company will forthwith be cancelled.

The Convertible Loan recognised in the unaudited condensed 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. 應付可換股貸款 (續)

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」）（就於發放之日起計至緊接還款或提前還款日期前一日止期間將予還款或提前還款的可換股貸款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。

於本集團未經審核簡明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 負債部分 RMB'000 人民幣千元 (unaudited) (未經審核)	Derivative component 衍生部分 RMB'000 人民幣千元 (unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (unaudited) (未經審核)
At 1 January 2018 於2018年1月1日	-	-	-
Issue of Convertible loan 發放可換股貸款	140,427	29,879	170,306
Amortisation of liability component of the Convertible Loan 可換股貸款負債部分的攤銷	7,740	-	7,740
Fair value gain on derivative component of the Convertible Loan 可換股貸款衍生部分的公允值收益	-	(8,389)	(8,389)
Payment of the interest of the Convertible Loan 支付可換股貸款利息	(393)	-	(393)
Exchange difference 匯兌差額	293	(334)	(41)
As at 30 June 2018 於2018年6月30日	148,067	21,156	169,223

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

18. SHARE CAPITAL

18. 股本

	30 June 2018 2018年6月30日		31 December 2017 2017年12月31日	
	US\$'000 美元千元 (unaudited) (未經審核)	RMB'000 人民幣千元 (unaudited) (未經審核)	US\$'000 美元千元 (audited) (經審核)	RMB'000 人民幣千元 (audited) (經審核)
Authorised: 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	
Issued and fully paid: 已發行及繳足：				
1,000,000,000 ordinary shares of US\$0.001 each 1,000,000,000股每股面值0.001美元的普通股	1,000	6,914	1,000	6,914

The movements in the Company's issued share capital during the year are as follows: -

本公司於本年度內的已發行股本變動如下：

	Notes 附註	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 (unaudited) (未經審核)
At 1 January 2017 於2017年1月1日		100,000	1
Global Offering 全球發售	(i)	250,000,000	1,728
Capitalisation issue 資本化發行	(ii)	749,900,000	5,185
At 31 December 2017 and 30 June 2018 於2017年12月31日及2018年6月30日		1,000,000,000	6,914

Notes:

附註：

- (i) In connection with the Listing of the shares of the Company on the Stock Exchange, 250,000,000 new ordinary shares of US\$0.001 each of the Company were issued at a price of HK\$1.05 per ordinary share for a total cash consideration, before expenses, of HK\$262,500,000 (equivalent to approximately RMB234,042,000) (the "Global Offering"). Dealings in the shares of the Company on the Stock Exchange commenced on 12 January 2017.
- (ii) Upon the creation of the Company's share premium account as a result of the Global Offering, an amount of US\$749,900 (equivalent to approximately RMB5,185,000) standing to the credit of the share premium account of the Company has been capitalised on 12 January 2017 by applying such sum towards paying up in full at par a total of 749,900,000 ordinary shares for allotment and issue to the then existing shareholders (the "Capitalisation Issue"). Immediately following the completion of the Global Offering and the Capitalisation Issue, the total outstanding ordinary shares was 1,000,000,000 ordinary shares including the 250,000,000 ordinary shares issued upon the Global Offering.
- (i) 就本公司股份於聯交所上市而言，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。
- (ii) 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合計749,900,000股普通股而資本化（「資本化發行」）。緊隨全球發售及資本化發行完成之後，本公司已發行普通股共計1,000,000,000股，其中包括全球發售時發行的250,000,000股普通股。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

19. CONTINGENT LIABILITIES

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

20. OPERATING LEASE ARRANGEMENTS – AS LESSEE

The Group leases an office property, showrooms and factory premises under operating lease arrangements. The leases for these properties are negotiated for terms ranging from 2 to 10 years.

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

19. 或然負債

本集團於本報告期末並無任何重大或然負債。

20. 經營租賃安排 – 作為承租人

本集團根據經營租賃安排租賃辦公物業、展廳及廠房。該等物業的租賃按兩年至十年租期磋商。

於2018年6月30日，本集團根據不可撤銷經營租賃而須於下列限期支付的未來最低租賃付款總額如下：

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Within one year 一年內	8,949	7,457
In the second to fifth years, inclusive 第二年至第五年，包括首尾兩年	6,584	1,780
	15,533	9,237

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

21.COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments at the end of the Reporting Period:

21.承擔

除上述附註20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：

	30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017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	-	712

22.RELATED PARTY TRANSACTIONS

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

22.關連方交易

(a) 除財務報表其他部分詳述的交易外，本集團於報告期間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	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Jennifer Convertibles, Inc.		
Sales of finished goods (note) 銷售成品 (附註)	640	27,009
Morris PRC 慕容中國		
Purchases of electricity 購買電力	648	794
Rental expenses (note) 租金開支 (附註)	14,513	11,733

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

22. RELATED PARTY TRANSACTIONS (Continued)

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

The above related parties were companies controlled by Controlling Shareholders during the Reporting Period. 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.

(b) Compensation of key management personnel of the group

22. 關連方交易 (續)

- (a) 除財務報表其他部分詳述的交易外，本集團於報告期間與關連方進行以下重大交易：(續)

於報告期間，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：

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。

(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	
	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Fees 袍金	182	352
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	2,133	2,633
Discretionary bonuses 酌情花紅	2,129	1,128
Pension scheme contributions 退休計劃供款	119	76
Total compensation paid to key management personnel 支付予主要管理人員的薪酬總額	4,563	4,189



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

23. FAIR VALUE MEASUREMENTS

Other than the derivative component of the Convertible Loan, as discussed in Note 17, the Group did not have any financial assets or financial liabilities measured at fair value at the end of the Reporting Period.

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

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

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

23. 公允價值計量

除可換股貸款衍生部分外（如附註17所述），本集團於本報告期末並無任何按公允價值計量的金融資產或金融負債。

本集團金融工具的賬面值與公允價值與公允價值合理接近。

管理層已評估現金及現金等價物的公允價值、已抵押存款、貿易應收款項及應收票據、納入預付款項、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、納入其他應付款項及應計費用中的金融負債、計息銀行借款的流動部分及應收／應付關聯方款項與其賬面值大致相若，主要由於該等工具於短期內到期。

本集團旗下由財務經理帶領的企業融資團隊負責就金融工具的公允價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。每年就中期及年度財務報告與審核委員會討論估值程式及結果兩次。

金融資產及負債的公允價值以該工具於自願交易方（而非強迫或清盤銷售）當前交易下的可交易金額入賬。下列為估算公允價值使用之方法及假設：

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

23. FAIR VALUE MEASUREMENTS (Continued)

The fair value of the derivative component of the Convertible Loan is the difference between the fair value of the Convertible Loan and the fair value of liability component of the Convertible Loan, i.e., present value of the liability component of the Convertible Loan. The fair value of the Convertible Loan has been estimated using a valuation technique for which the input which has a significant effect on the recorded fair value is not based on observable market data. The Group's derivative component of convertible bond is categorised in Level 3 (31 December 2017: Nil) of the fair value measurement as at 30 June 2018.

Below is a summary of significant unobservable inputs to the valuation of Convertible Loan:

23. 公允值計量 (續)

可換股貸款的衍生部分的公允值為可換股貸款的公允值與可換股貸款的負債部分的公允值之間的差額，即可換股貸款的負債部分的現值。可換股貸款的公允值利用估值技巧估計，而有關估值技巧的輸入數據對並非基於可觀察市場數據之已入賬公允值具有重大影響。於2018年6月30日，本集團的可換股債券的衍生部分分類為公允值計量的第三級（2017年12月31日：無）。

以下為對可換股貸款估值之重大不可觀察輸入數據概要：

	Valuation technique 估值技巧	Significant unobservable input 重大不可觀察輸入數據		Sensitivity of the input to fair value 輸入數據時公允值之敏感度
Convertible Loan 可換股貸款	Monte Carlo – Least Square Method – American Option 蒙特卡羅 – 最小乘法 – 美式期權	Discount rate 貼現率	13.62% (31 December 2017: Nil) (2017年12月31日：無)	100 basis points increase/(decrease) in discount rate would result in decrease/(increase) in fair value by RMB2.62 million/(RMB4.69 million) (31 December 2017: Nil) 貼現率上升/(下降) 100個基點將導致公允值減少/(增加) 人民幣2.62百萬元/(人民幣4.69百萬元) (2017年12月31日：無)
		Volatility 波動率	37.51% (31 December 2017: Nil) (2017年12月31日：無)	10% increase/(decrease) in volatility would result in increase/(decrease) in fair value by RMB2.54 million/(RMB2.37 million) (31 December 2017: Nil) 波動率上升/(下降) 10%將導致公允值增加/(減少) 人民幣2.54百萬元/(人民幣2.37百萬元) (2017年12月31日：無)

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the statement of financial position, and the related changes in fair values, which are recorded in the statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the Reporting Period.

董事認為，使用估值技術而得出於財務狀況表入賬的估計公允值及於損益表入賬的相關公允值變動皆屬合理，且為報告期末的最合適價值。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

23. FAIR VALUE MEASUREMENTS (Continued)

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

The Group did not have any financial assets measured at fair value as at 30 June 2018 and 31 December 2017.

Liabilities measured at fair value:

As at 30 June 2018 (unaudited)

	Fair value measurement using 使用以下輸入數據的公允價值計量			Total 合計
	Quoted prices in markets (Level 1) 市場報價 (第1級) RMB'000 人民幣千元	Significant observable input (Level 2) 重大可觀察 輸入數據 (第2級) RMB'000 人民幣千元	Significant unobservable input (Level 3) 重大不可觀察 輸入數據 (第3級) RMB'000 人民幣千元	
Derivative component of Convertible Loan 可換股貸款衍生部分	-	-	21,156	21,156

The Group did not have any financial liabilities measured at fair value as at 31 December 2017.

下表說明本集團金融工具的公允價值計量層級：

於2018年6月30日及2017年12月31日，本集團並無任何按公允價值計量的金融資產。

按公允價值計量的負債：

於2018年6月30日（未經審核）

The movements in fair value measurements in Level 3 during the period are as follows:

於2017年12月31日，本集團並無任何按公允價值計量的金融負債。

期內，第3級公允價值計量變動情況如下：

	RMB'000 人民幣千元 (unaudited) (未經審核)
Derivative component of Convertible Loan: 可換股貸款衍生部分	-
At 1 January 2017, 31 December 2017 and 1 January 2018 於2017年1月1日、2017年12月31日及2018年1月1日	-
Issuance of Convertible Loan 發行可換股貸款	29,879
Fair value gain on derivative component of the Convertible Loan 可換股貸款衍生部分公允價值收益	(8,389)
Exchange difference 匯兌差額	(334)
At 30 June 2018 於2018年6月30日	21,156

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2017: Nil).

於報告期內，金融資產及金融負債第1級及第2級公允價值計量之間並無轉移，亦無轉入或轉出第3級的情況（截至2017年6月30日止6個月：無）。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2018 截至2018年6月30日止6個月

24. EVENT AFTER THE REPORTING PERIOD

On 4 July 2018, the Company, as purchaser entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Morris Group Co., Ltd (the “**Seller**”), as seller, and a controlling shareholder, as warrantor, pursuant to which the Company conditionally agreed to purchase and the Seller conditionally agreed to sell all issued and outstanding common stock of Jennifer Convertibles, Inc., subject to adjustment in accordance with the Sale and Purchase Agreement, at cash consideration of US\$35 million. The transaction has not yet completed as at the date of this report. Further details of this transaction are set out in the Company’s announcement dated 4 July 2018 and the circular dated 14 August 2018.

24. 報告期其後事項

於2018年7月4日，本公司（買方）與賣方慕容集團有限公司（「賣方」）及控股股東（保證人）訂立買賣協議（「買賣協議」），據此，本公司有條件同意購買，而賣方有條件同意出售Jennifer Convertibles, Inc.所有已發行及流通的普通股（可根據買賣協議作出調整），現金代價為35百萬美元。於本報告日期，該交易尚未完成。有關該交易的詳情載於本公司日期為2018年7月4日的公告及日期為2018年8月14日的通函。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

The revenue of the Group increased from approximately RMB515.0 million for the six months ended 30 June 2017 to approximately RMB655.9 million for the six months ended 30 June 2018, representing an increase of approximately 27.4%. The profit for the period increased by approximately 40.2% from approximately RMB56.6 million for the six months ended 30 June 2017 to approximately RMB79.3 million for the six months ended 30 June 2018. If excluding the fair value gain on derivative component of convertible loan and interest on the convertible loan incurred during the six months ended 30 June 2018, the profit for the period would increase by approximately 39.0% from approximately RMB56.6 million for the six months ended 30 June 2017 to approximately RMB78.6 million for the six months ended 30 June 2018. The Company's basic and diluted earnings per ordinary share was RMB7.93 cents and RMB7.27 cents for the six months ended 30 June 2018 (2017: RMB5.74 cents) based on the profit for the period attributable to ordinary equity holders of the Company of approximately RMB79.3 million (2017: approximately RMB56.6 million), and the weighted average number of ordinary shares of 1,076,153,501 for the six months ended 30 June 2018 (2017: 984,806,630).

Revenue

The revenue of the Group increased by approximately 27.4%, from approximately RMB515.0 million for the six months ended 30 June 2017 to approximately RMB655.9 million for the six months ended 30 June 2018, which was primarily attributable to the successful promotion of OBM products in the U.S., and the increasing popularity of our functional sofas.

Cost of sales

The cost of sales of the Group increased by approximately 25.5% from approximately RMB375.1 million for the six months ended 30 June 2017 to approximately RMB470.9 million for the six months ended 30 June 2018, which was in line with the increase in sales.

Gross profit

The gross profit of the Group increased by approximately 32.2% from approximately RMB139.9 million for the six months ended 30 June 2017 to approximately RMB185.0 million for the six months ended 30 June 2018. The gross profit margin increased from approximately 27.2% for the six months ended 30 June 2017 to approximately 28.2% for the six months ended 30 June 2018, primarily due to the higher percentage increase in revenue of the Group, which outweighed the percentage increase in labour cost and the slight decrease in cost of leather raw material.

財務回顧

本集團收入由截至2017年6月30日止6個月的約人民幣515.0百萬元增至截至2018年6月30日止6個月約人民幣655.9百萬元，增幅約為27.4%。期內溢利由截至2017年6月30日止6個月的約人民幣56.6百萬元增加約40.2%至截至2018年6月30日止6個月的約人民幣79.3百萬元。倘不包括截至2018年6月30日止6個月產生的可換股貸款衍生部分公允價值收益及可換股貸款利息，期內溢利將由截至2017年6月30日止6個月的約人民幣56.6百萬元，增加約39.0%至截至2018年6月30日止6個月的約人民幣78.6百萬元。本公司截至2018年6月30日止6個月的每股普通股基本及攤薄盈利分別為人民幣7.93分及人民幣7.27分（2017年：人民幣5.74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79.3百萬元（2017年：約人民幣56.6百萬元）以及截至2018年6月30日止6個月普通股的加權平均數1,076,153,501股（2017年：984,806,630股）計算。

收入

本集團收入由截至2017年6月30日止6個月的約人民幣515.0百萬元增加約27.4%至截至2018年6月30日止6個月的約人民幣655.9百萬元，主要由於在美國成功地推廣OBM產品及多功能沙發備受歡迎。

銷售成本

本集團的銷售成本由截至2017年6月30日止6個月的約人民幣375.1百萬元增加約25.5%至截至2018年6月30日止6個月的約人民幣470.9百萬元，這與銷售額的增長一致。

毛利

本集團的毛利由截至2017年6月30日止6個月的約人民幣139.9百萬元增加約32.2%至截至2018年6月30日止6個月約人民幣185.0百萬元。毛利率由截至2017年6月30日止6個月的約27.2%增至截至2018年6月30日止6個月的約28.2%，主要由於本集團收入增長百分比比較高，超過人工成本增長百分比及皮革原材料成本略有下降所致。



Management Discussion and Analysis

管理層討論及分析

Other net income and gains

The other net income and gains of the Group increased from approximately RMB3.6 million for the six months ended 30 June 2017 to approximately RMB28.4 million for the six months ended 30 June 2018. Such increase was primarily due to the fair value gain on the convertible loan of approximately RMB8.4 million, net income of selling unused raw material of approximately RMB9.2 million and exchange gain recorded for the six months ended 30 June 2018 while exchange loss was recorded in the same period of last year.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 40.5% from approximately RMB32.2 million for the six months ended 30 June 2017 to approximately RMB45.2 million for the six months ended 30 June 2018. Such increase was primarily due to the increase in marketing and promotion expenses and rental of the new retail stores located in Hangzhou, Shanghai and Hong Kong.

Administrative expenses

The administrative expenses of the Group increased by approximately 49.2% from approximately RMB36.7 million for the six months ended 30 June 2017 to approximately RMB54.8 million for the six months ended 30 June 2018, which was primarily due to the increase in legal and professional expenses, consultation fee and technical support of approximately RMB10.6 million for the acquisition of Jennifer Convertibles, Inc., operating the new retail stores and issuing the convertible loan during the six months ended 30 June 2018.

Finance costs

The finance costs of the Group increased by approximately 98.9% from approximately RMB6.0 million for the six months ended 30 June 2017 to approximately RMB12.0 million for the six months ended 30 June 2018, which was primarily due to the increase in interest for convertible bond of approximately RMB7.7 million.

其他收入及收益淨額

本集團其他收入以及收益淨額由截至2017年6月30日止6個月的約人民幣3.6百萬元增至截至2018年6月30日止6個月約人民幣28.4百萬元。有關增幅主要由於在截至2018年6月30日止6個月錄得可換股貸款公允價值收益約人民幣8.4百萬元、銷售未使用原材料的淨收入約人民幣9.2百萬元及匯兌收益所致，而去年同期則錄得匯兌虧損。

銷售及分銷開支

本集團銷售及分銷開支由截至2017年6月30日止6個月的約人民幣32.2百萬元增加約40.5%至截至2018年6月30日止6個月的約人民幣45.2百萬元。該增加主要由於營銷及推廣開支的增加以及位於杭州、上海及香港的新零售店的租金增加。

行政開支

本集團行政開支由截至2017年6月30日止6個月的約人民幣36.7百萬元增加約49.2%至截至2018年6月30日止6個月約人民幣54.8百萬元，主要由於在截至2018年6月30日止6個月收購Jennifer Convertibles, Inc.、營運新零售店及發行可換股貸款而令法律及專業服務開支、顧問費及技術支援費增加約人民幣10.6百萬元所致。

財務成本

本集團的財務成本由截至2017年6月30日止6個月的約人民幣6.0百萬元增加約98.9%至截至2018年6月30日止6個月的約人民幣12.0百萬元，主要由於可換股債券利息增加約人民幣7.7百萬元。

Management Discussion and Analysis

管理層討論及分析

Income tax expense

The income tax expense of the Group increased by approximately 81.7% from approximately RMB12.0 million for the six months ended 30 June 2017 to approximately RMB21.8 million for the six months ended 30 June 2018. In addition, the effective tax rate increased from approximately 17.5% for the six months ended 30 June 2017 to approximately 21.5% for the six months ended 30 June 2018. The substantial increase in both income tax expense and effective tax rate for the six months ended 30 June 2018 was mainly attributable to a decrease in super-deduction of eligible research and development expenditure during the six months ended 30 June 2018 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 (關於完善研究開發費用稅前加計扣除政策的通知) 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 and there was adjustment of last year income tax in respect of over-provision of prior year income tax provision.

Profit for the period

As a result of the foregoing, the profit for the period increased by approximately 40.2% from approximately RMB56.6 million for the six months ended 30 June 2017 to approximately RMB79.3 million for the six months ended 30 June 2018. If excluding the fair value gain on derivative component of convertible loan and interest on convertible loan incurred during the six months ended 30 June 2018, the profit for the period would increase by approximately 39.0% from approximately RMB56.6 million for the six months ended 30 June 2017 to approximately RMB78.6 million for the six months ended 30 June 2018.

LIQUIDITY AND CAPITAL RESOURCES

Working capital

For the six months ended 30 June 2018, cash and cash equivalents of the Group increased by approximately RMB78.2 million, which was comprised of the net cash flows used in operating activities of approximately RMB211.9 million, net cash flows generated from investing activities of approximately RMB101.2 million, and net cash flows generated from financing activities of approximately RMB188.2 million, while approximately RMB0.7 million was the net exchange gain of foreign exchange rate changes.

所得稅開支

本集團的所得稅開支由截至2017年6月30日止6個月的約人民幣12.0百萬元增加約81.7%至截至2018年6月30日止6個月的約人民幣21.8百萬元。此外，實際稅率由截至2017年6月30日止6個月的約17.5%增至截至2018年6月30日止6個月的約21.5%。截至2018年6月30日止6個月的所得稅開支及實際稅率均大幅增加，主要由於截至2018年6月30日止6個月的合資格研發開支超額抵扣減少所致，此乃根據中國財政部、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，而去年的所得稅亦已就過往年度的所得稅超額撥備作出調整。

期內溢利

由於上述原因，期內溢利由截至2017年6月30日止6個月的約人民幣56.6百萬元增加約40.2%至截至2018年6月30日止6個月的約人民幣79.3百萬元。倘不包括截至2018年6月30日止6個月產生的可換股貸款衍生部分公允價值收益及可換股貸款利息，期內溢利將由截至2017年6月30日止6個月的約人民幣56.6百萬元，增加約39.0%至截至2018年6月30日止6個月的約人民幣78.6百萬元。

流動資金及資本來源

營運資金

截至2018年6月30日止6個月，本集團之現金及現金等價物增加約人民幣78.2百萬元，包括經營活動所用現金流量淨額約人民幣211.9百萬元，投資活動所得現金流量淨額約人民幣101.2百萬元及融資活動所得現金流量淨額約人民幣188.2百萬元，而約人民幣0.7百萬元為外幣匯率變動的匯兌收益淨額。



Management Discussion and Analysis

管理層討論及分析

Borrowing and pledge of assets

As at 30 June 2018, the Group's interest-bearing bank borrowings amounted to approximately RMB207.9 million (31 December 2017: approximately RMB149.7 million), all of which were repayable within 12 months from 30 June 2018. The bank loans' interest rates ranged from 2.3% to 6.5% (31 December 2017: 2.1% to 6.5%) per annum.

As at 30 June 2018, approximately RMB75.3 million (31 December 2017: approximately RMB181.9 million) restricted bank balances were pledged for bank borrowings and bills payables. Decrease in bills payable balance was mainly due to the restructuring of subsidiaries in PRC.

Gearing ratio

The gearing ratio of the Group, which is total interest-bearing bank borrowings divided by total equity as at the end of the year/period and multiplied by 100%, increased from approximately 39.1% as at 31 December 2017 to approximately 48.5% as at 30 June 2018, which was primarily due to the increase in interest-bearing bank borrowings as at 30 June 2018.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2018.

Trade and bills receivables

The trade and bills receivables of the Group increased to approximately RMB513.6 million as at 30 June 2018 (31 December 2017: approximately RMB389.0 million), primarily due to the increase in sales to our customers in the second quarter in 2018 as compared to the fourth quarter in 2017.

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB284.0 million as at 30 June 2018 (31 December 2017: approximately RMB438.2 million), primarily due to the restructuring of subsidiaries in PRC which reduced the bills payables between inter-companies and increase in timely payment to the suppliers for third party purchases.

借款及資產抵押

於2018年6月30日，本集團的計息銀行借款約為人民幣207.9百萬元（2017年12月31日：約人民幣149.7百萬元），全部均須自2018年6月30日起12個月內償還。銀行貸款年利率介乎2.3%至6.5%之間（2017年12月31日：介乎2.1%至6.5%之間）。

於2018年6月30日，約人民幣75.3百萬元（2017年12月31日：約人民幣181.9百萬元）的受限制銀行結餘已用作銀行借款及應付票據的抵押。應付票據結餘減少主要源於中國附屬公司的重組。

資產負債比率

本集團的資產負債比率（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）從2017年12月31日的約39.1%增至2018年6月30日的約48.5%，主要由於2018年6月30日的計息銀行借款增加所致。

或然負債

本集團於2018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

本集團於2018年6月30日的貿易應收款項及應收票據增至約人民幣513.6百萬元（2017年12月31日：約人民幣389.0百萬元），主要由於我們於2018年第二季度向客戶所作銷售較2017年第四季度有所增加。

貿易應付款項及應付票據

本集團於2018年6月30日的貿易應付款項及應付票據減至約人民幣284.0百萬元（2017年12月31日：約人民幣438.2百萬元），主要由於中國附屬公司進行重組，令公司間應付票據減少，以及就第三方採購向供應商按時付款的次數增加所致。

Management Discussion and Analysis

管理層討論及分析

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 six months ended 30 June 2018, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group did not use any financial instruments for hedging purposes during six months ended 30 June 2018 and there were no hedging instruments outstanding as at 30 June 2018. 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 that they are in line with market practice and regulatory requirements. As at 30 June 2018, the Group employed a work force of 2,363 (31 December 2017: 2,052). The total salaries and related costs including the directors' remuneration for the six months ended 30 June 2018 amounted to approximately RMB73.8 million (for the six months ended 30 June 2017: approximately RMB72.2 million).

INTERIM DIVIDEND

The Board has resolved to declare interim dividend of HK1.8 cents per ordinary share (2017: HK1.5 cents) for the six months ended 30 June 2018 to be paid on 22 October 2018 to shareholders whose names appeared on the register of members on 10 October 2018.

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。因此，大部分銷售額以美元計值，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2018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。本集團於截至2018年6月30日止6個月並無使用任何金融工具作對沖之用，於2018年6月30日，本集團並無未償對沖工具。本集團將繼續對其現有業務及未來新投資所引致的匯率風險進行緊密監控。本集團將於適當時進一步實施必要的對沖安排，以降低任何重大的外匯風險。

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2018年6月30日，本集團僱用2,363名員工（2017年12月31日：2,052名員工）。截至2018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73.8百萬元（截至2017年6月30日止6個月：約人民幣72.2百萬元）。

中期股息

董事會議決就截至2018年6月30日止6個月宣派中期股息每股普通股1.8港仙（2017年：1.5港仙），於2018年10月22日派付予於2018年10月10日名列於股東名冊的股東。



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 2018.

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 comprises experienced and high-calibre individuals. The Board currently comprises four executive Directors (including Mr. Zou Gebing) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

Independent Non-executive Directors

The Group has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a 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. The Company has appointed three independent non-executive Directors including two with accounting or related financial management expertise.

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2018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A.2.1，主席及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。

獨立非執行董事

本集團已遵守上市規則第3.10(1)及3.10(2)條有關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的規定。本公司已委任三名獨立非執行董事，其中兩名具備會計或相關財務管理專業知識。

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

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 2018.

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

The changes in information of the Directors since the annual report of the Company for the year ended 31 December 2017 is set out below:

Executive Directors

At the annual general meeting of the Company held on 17 May 2018, Mr. Chen Guohua retired and did not seek for re-election as an executive Director due to his other business commitments.

With effect from 6 June 2018, Mr. Wu Yueming has been appointed as an executive Director of the Company. For further details, please refer to the announcement of the Company dated 6 June 2018.

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部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

截至2018年6月30日止6個月，本公司或其附屬公司概無購買、贖回或出售本公司的任何上市證券。

董事及董事委員會組成變更

自本公司刊發截至2017年12月31日止年度的年報以來，董事資料的變動載列如下：

執行董事

在2018年5月17日舉行的本公司股東週年大會上，陳國華先生因其他業務承擔而退任執行董事，且沒有膺選連任。

自2018年6月6日起，吳月明先生獲委任為本公司執行董事。如欲了解更多詳情，請參閱本公司於2018年6月6日刊發的公告。

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 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 2018 or at any time during the six months ended 30 June 2018.

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／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	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23所披露的關連方交易所披露者外，於2018年6月30日或截至2018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本公司董事或董事之關連實體直接或間接擁有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，本公司各董事及最高行政人員於本公司或其任何相聯法團（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獲得或被視為擁有的權益或淡倉）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」表示該人士在該等股份中的好倉。

附註2：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。

Other Information 其他資料

(ii) Morris Capital (Note 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 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.

(ii) 慕容資本（附註1）

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。

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.

除上文所披露者外，於本報告日期，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:

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.

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

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.

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.

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條存置之股東登記冊顯示，下列股東（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有相關權益或淡倉：

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%和鄒向飛女士擁有15%。

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。

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。

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 2018.

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 2018 or at any time during the six months ended 30 June 2018.

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 non-competition undertakings under the Deed of Non-competition during the six months ended 30 June 2018.

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 2018.

管理合約

於截至2018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2018年6月30日或截至2018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、鄒格兵先生及鄔向飛女士（各為「**不競爭契約方**」）於2016年12月10日均與本公司訂立不競爭契據（「**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2018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遵守不競爭承諾的合規確認函。

截至2018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承諾的合規性。獨立非執行董事確認，不競爭契約方不違反不競爭承諾。



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 29 March 2018 and note 22 to the unaudited condensed consolidated financial statements in this report. For the six months ended 30 June 2018, the rental expenses paid to Morris PRC and sales of finished goods to Jennifer Convertibles, Inc. were approximately RMB14.5 million and RMB0.6 million, respectively, which did not exceed the relevant annual cap for the same period.

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 30 June 2018, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 62.7% and 65.8% of the Group's total revenue and purchases for the six months ended 30 June 2018, respectively. The Group's largest customer accounted for around 35.8% of the Group's total revenue for the six months ended 30 June 2018. The Group's largest supplier accounted for around 30.0% of the Group's total purchase for the six months ended 30 June 2018.

At no time during the six months ended 30 June 2018 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2018年3月29日的年報及本報告未經審核簡明綜合財務報表附註22。截至2018年6月30日止6個月，支付予慕容中國的租金開支及支付予Jennifer Convertibles, Inc.的銷售成品分別約為人民幣14.5百萬元及人民幣0.6百萬元，並無超出同期的相關年度上限。

主要客戶及供應商

於截至2018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2018年6月30日止6個月總收益及總採購額約62.7%及65.8%。本集團最大客戶佔本集團截至2018年6月30日止6個月總收益約35.8%。本集團最大供應商佔本集團截至2018年6月30日止6個月總採購額約30.0%。

於截至2018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。

USE OF PROCEEDS FROM THE LISTING

The Company Listed its shares on the Main Board of the Stock Exchange on 12 January 2017. Net proceeds from the listing were approximately HK\$218.6 million (after deduction of the underwriting commission and relevant expenses), which are intended to be applied in the manner as disclosed in the prospectus of the Company dated 30 December 2016 (the “**Prospectus**”). As at the date of this report, the net proceeds from the Listing were utilized as follows:

上市所得款項用途

本公司股份於2017年1月12日在聯交所主板上市。上市所得款項淨額約為218.6百萬港元（經扣除包銷佣金及相關開支），擬按本公司日期為2016年12月30日的招股章程（「招股章程」）所披露的方式應用該等款項。於本報告日期，上市所得款項淨額的使用如下：

	Actual net proceeds 實際所得 款項淨額 HK\$ million 百萬港元	Amount utilised as at the date of this report 於本報告日期 已動用金額 HK\$ million 百萬港元	Amount unutilised as at the date of this report 於本報告日期 未動用金額 HK\$ million 百萬港元
Further expansion of sales and marketing network 進一步拓展銷售及營銷網絡	68.5	68.5	—
Repay bank borrowings 償還銀行借款	57.7	57.7	—
Brand recognition in furniture market 提高於傢俱市場的品牌認可度	56.8	56.8	—
Working capital 營運資金	21.4	21.4	—
Expansion of the manufacturing capabilities in Cambodia 提高於柬埔寨的產能	14.2	14.2	—
Total 總計	218.6	218.6	—



Other Information 其他資料

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 2018 and there were no outstanding share options under the Share Option Scheme as at 30 June 2018 and the date of this report.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Shao Shaomin who possesses a professional accounting qualification, Mr. Huang Wenli and Mr. Liu Haifeng. Mr. Shao Shaomin is the chairman of the Audit Committee. 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 2018 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
Hong Kong, 28 August 2018

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2018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2018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。

審核委員會

審核委員會現時由三名獨立非執行董事組成，成員為擁有專業會計資格的邵少敏先生、黃文禮先生及劉海峰先生。邵少敏先生為審核委員會主席。審核委員會已連同本公司管理層審閱本集團截至2018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
香港，2018年8月28日



MORRIS
HOLDINGS LIMITED

MORRIS HOLDINGS LIMITED
慕容控股有限公司