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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1575)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 73.8% to approximately RMB132.0 million in 2022 (2021: approximately RMB502.9 million)
- Gross profit decreased by approximately 98.0% to approximately RMB2.0 million in 2022 (2021: approximately RMB99.7 million)
- Loss for the year increased by approximately 64.2% to approximately RMB202.6 million in 2022 (2021: approximately RMB123.4 million)
- Basic loss per share was approximately RMB13.99 cents in 2022 as compared with basic loss per share of approximately RMB13.15 cents in 2021
- The Board did not recommend the payment of any dividend (2021: RMBnil) for the year ended 31 December 2022

The board (the "**Board**") of directors (the "**Directors**") of Morris Home Holdings Limited (the "**Company**") announces the consolidated final results (the "**Final Results**") of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2022 ("**2022**" or the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2021 ("**2021**"). The Final Results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

The figures in respect of the preliminary announcement of the Final Results have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	5	**132,013**	502,932
Cost of sales		**(130,013)**	(403,276)
Gross profit		**2,000**	99,656
Other income and gains	6	**34,574**	23,894
Allowance for expected credit losses in respect of financial assets carried at amortised cost, net		**(19,166)**	(5,044)
Impairment loss on property, plant and equipment		**–**	(4,846)
Impairment loss on right-of-use assets		**–**	(3,821)
Selling and distribution expenses		**(36,342)**	(67,801)
Administrative expenses		**(150,842)**	(112,686)
Other expenses and losses		**(26,141)**	(27,170)
Finance costs	7	**(7,501)**	(22,468)
Loss before tax	8	**(203,418)**	(120,286)
Income tax credit/(expenses)	9	**832**	(3,116)
Loss for the year		**(202,586)**	(123,402)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		**(6,727)**	(2,534)
Item that was reclassified to profit or loss:			
Reclassification of cumulative exchange fluctuation reserve upon disposal of subsidiaries		**–**	(1,978)
Other comprehensive loss for the year, net of income tax		**(6,727)**	(4,512)
Total comprehensive loss for the year		**(209,313)**	(127,914)

	Notes	**2022**	2021
		RMB'000	*RMB'000*
Loss attributable to:			
Owners of the Company		**(199,679)**	(121,508)
Non-controlling interests		**(2,907)**	(1,894)
		(202,586)	(123,402)
Total comprehensive loss attributable to:			
Owners of the Company		**(206,506)**	(126,108)
Non-controlling interests		**(2,807)**	(1,806)
		(209,313)	(127,914)
Loss per share attributable to ordinary equity holders of the Company			
Basic *(RMB cents)*	10	**(13.99)**	(13.15)
Diluted *(RMB cents)*	10	**(13.99)**	(13.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,505**	1,068
Right-of-use assets		**43,656**	7,641
Total non-current assets		**50,161**	8,709
CURRENT ASSETS			
Inventories		**25,411**	83,177
Trade receivables	12	**33,142**	39,873
Prepayments, deposits and other receivables		**64,695**	35,109
Amount due from a shareholder		**345**	322
Amounts due from related companies		**185,527**	179,502
Pledged deposits		**33**	14,705
Cash and cash equivalents		**7,590**	13,485
Total current assets		**316,743**	366,173
CURRENT LIABILITIES			
Trade and bills payables	13	**143,936**	179,145
Contract liabilities		**11,052**	9,858
Other payables and accruals		**100,260**	43,320
Amounts due to related companies		**62,173**	27,734
Interest-bearing bank and other borrowings		**69,235**	64,616
Warranty provision		**455**	2,907
Lease liabilities		**25,133**	13,032
Derivative financial instruments		**372**	78
Convertible loan		**21,492**	69,977
Income tax payables		**2,863**	3,382
Total current liabilities		**436,971**	414,049
NET CURRENT LIABILITIES		**(120,228)**	(47,876)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(70,067)**	(39,167)

	2022	2021
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**–**	34
Convertible loan	**39,073**	–
Lease liabilities	**22,319**	11,970
Total non-current liabilities	**61,392**	12,004
Net liabilities	**(131,459)**	(51,171)
EQUITY		
Share capital	**19,212**	6,914
Reserves	**(146,234)**	(56,455)
Equity attributable to owners of the Company	**(127,022)**	(49,541)
Non-controlling interests	**(4,437)**	(1,630)
Total equity	**(131,459)**	(51,171)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

Morris Home Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at No. 52, Fu Hang Road, Tuen Mun, Hong Kong.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 January 2017.

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

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Century Icon Holdings Limited, which is incorporated in the British Virgin Islands (the "**BVI**").

This announcement has been approved for issue by the Board on 31 March 2023.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Hong Kong Companies Ordinance.

Going concern

The Group incurred a loss attributable to owners of the Company of approximately RMB199,679,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB120,228,000 and RMB131,459,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the followings:

(i) The ultimate holding company of the Company, Century Icon Holdings Limited which is wholly owned by the substantial shareholder of the Company, Mr. Tse Kam Pang, is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due;

(ii) During the year ended 31 December 2022, two of the indirect wholly-owned subsidiaries of the Group formulated pre-restructuring plans to resolve their debt positions and filed such plan with the People's Court of Haining City (the "**Court**"). The restructuring proposal has been sanctioned by the Court in the PRC on 5 August 2022. According to the restructuring proposal, the trade and bills payables and other payables and accruals of those two subsidiaries under pre-restructuring are expected to be discharged by approximately 80%. The maturity date for all of the interest-bearing bank borrowings will be extended to 2030 and reclassified as non-current liabilities. Subsequent to the end of the reporting period, the process of the restructuring has been substantially completed.

(iii) The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group;

(iv) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations;

(v) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and

(vi) The Group has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder's loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to meet its future working capital and financing requirements.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Consolidation

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

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SEGMENT INFORMATION

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

Specifically, the Group’s reportable segments under HKFRS 8 are as follows:

a. Retail segment

b. Manufacturing segment

Segment revenues and results

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

	Retail segment		Manufacturing segment		Elimination of intersegment sales		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue								
External sales	**70,351**	216,304	**61,662**	286,628	**–**	–	**132,013**	502,932
Internal sales	**2,472**	–	**5,641**	106,739	**(8,113)**	(106,739)	**–**	–
	72,823	216,304	**67,303**	393,367	**(8,113)**	(106,739)	**132,013**	502,932
Segment loss	**(20,632)**	(27,583)	**(170,759)**	(82,755)	**–**	–	**(191,391)**	(110,338)
Interest income							**133**	529
Loss on derivative financial instruments							**(293)**	(78)
Gain on disposal of subsidiaries							**–**	8,250
Gain on modification of convertible loan							**5,597**	–
Loss on deregistration of a subsidiary							**(15)**	–
Unallocated corporate expenses							**(13,871)**	(15,522)
Unallocated finance costs							**(3,578)**	(3,127)
Loss before tax							**(203,418)**	(120,286)

Segment loss represents the loss from each segment without allocation of interest income, loss on derivative financial instruments, gain on disposal of subsidiaries, gain on modification of convertible loan, loss on deregistration of a subsidiary, unallocated corporate expenses and unallocated finance costs. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

	Retail segment		Manufacturing segment		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**37,507**	48,067	**300,828**	294,912	**338,335**	342,979
Unallocated corporate assets					**28,569**	31,903
Consolidated assets					**366,904**	374,882
Segment liabilities	**40,141**	37,241	**379,304**	304,202	**419,445**	341,443
Unallocated corporate liabilities					**78,918**	84,610
Consolidated liabilities					**498,363**	426,053

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

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of amounts due from related parties, amount due from a shareholder and other unallocated corporate assets); and

- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amounts due to related companies, derivative financial instruments, convertible loan and other unallocated corporate liabilities).

Other segment information

	Retail segment		Manufacturing segment		Unallocated		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Addition of right-of-use assets	**17,329**	–	**29,217**	4,637	**–**	–	**46,546**	4,637
Addition of property, plant and equipment	**1,395**	1,444	**11,195**	1,070	**–**	–	**12,590**	2,514
Depreciation of property, plant and equipment	**688**	1,765	**2,859**	965	**–**	–	**3,547**	2,730
Depreciation of right-of-use assets	**8,313**	8,138	**2,435**	844	**–**	–	**10,748**	8,982
Provision/(reversal) against obsolete and slow-moving inventories	**(5,176)**	57	**25,299**	(38,454)	**–**	–	**20,123**	(38,397)
Allowance for/(reversal of allowance for) expected credit losses in respect of trade receivables, net	**432**	(345)	**6,917**	4,931	**–**	–	**7,349**	4,586
Allowance for/(reversal of allowance for) expected credit losses in respect of on prepayments, deposits and other receivables, net	**941**	29	**10,830**	(119)	**12**	(4)	**11,783**	(94)
Allowance for expected credit losses in respect of amounts due from related parties, net	**–**	–	**34**	552	**–**	–	**34**	552
Impairment loss on property, plant and equipment	**–**	80	**–**	4,766	**–**	–	**–**	4,846
Written off of property, plant and equipment	**–**	–	**3,378**	–	**–**	–	**3,378**	–
Impairment loss on right-of-use assets	**–**	–	**–**	3,821	**–**	–	**–**	3,821
(Gain)/loss on disposal of property, plant and equipment	**(68)**	1,080	**(2,064)**	86	**–**	–	**(2,132)**	1,166
Gain on termination of leases	**(4,011)**	–	**(4,449)**	–	**–**	–	**(8,460)**	–
Finance costs	**1,233**	977	**2,690**	18,364	**3,578**	3,127	**7,501**	22,468

Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers during the year and the Group's non-current assets.

(a) ***Revenue from external customers***

The geographical locations of the customers are determined based on the locations of customer.

	2022	2021
	RMB'000	*RMB'000*
People's Republic of China (including Hong Kong)	**65,764**	71,869
The United States of America ("**US**" or "**U.S.**")	**42,952**	246,050
Europe *(Note (a))*	**19,018**	166,937
Others	**4,279**	18,076
	132,013	502,932

Note:

(a) Europe mainly include France, Norway, Spain, Ireland and United Kingdom.

(b) ***Non-current assets***

	2022	2021
	RMB'000	*RMB'000*
The People's Republic of China (including Hong Kong)	**49,065**	5,068
The U.S.	**–**	71
The United Kingdom ("**U.K.**")	**1,096**	3,570
	50,161	8,709

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

Information about major customers

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

	2022	2021
	RMB'000	*RMB'000*
Customer 1	**18,607**	140,930
Customer 2	**33,891**	61,793
Customer 3	**N/A***	52,419
Customer 4	**N/A***	65,410

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

5. REVENUE

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

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Recognised at a point in time:		
Manufacture and sales of sofas, sofa cover and other furniture products	**131,725**	502,225
Commission income	**288**	707
	132,013	502,932

6. OTHER INCOME AND GAINS

	2022	2021
	RMB'000	*RMB'000*
Interest income	**133**	529
Gain on termination of leases	**8,460**	–
Gain on disposal of property, plant and equipment	**2,132**	–
Gain on modification of convertible loan	**5,597**	–
Government subsidies	**4,412**	3,057
Gain on disposal of subsidiaries	**–**	8,250
Rental income	**150**	844
Compensation income	**13,370**	3,259
Waiver of other payables	**–**	7,759
Others	**320**	196
	34,574	23,894

7. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest on bank borrowing	**1,490**	15,791
Interest on discount trade bills	**398**	2,009
Interest on convertible loan	**3,578**	3,127
Interest on lease liabilities	**2,035**	1,541
	7,501	22,468

8. LOSS BEFORE TAX

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

	2022 *RMB'000*	2021 *RMB'000*
Cost of inventories sold	**109,890**	441,673
Provision/(reversal) against obsolete and slow-moving inventories	**20,123**	(38,397)
Cost of sales	**130,013**	403,276
Depreciation of property, plant and equipment	**3,547**	2,730
Depreciation of right-of-use assets	**10,748**	8,982
Expense relating to short-term lease	**18,417**	19,956
Impairment loss on property, plant and equipment	**–**	4,846
Written off of property, plant and equipment	**3,378**	–
Impairment loss on right-of-use assets	**–**	3,821
Loss on disposal of property, plant and equipment	**–**	1,166
Auditors' remuneration:		
Audit and audit related services	**1,433**	1,304
Non-audit services	**–**	204
	1,433	1,508
Employee benefit expenses (excluding directors' and Chief executives remuneration):		
Salaries, wages and benefits in kind	**103,840**	63,443
Pension scheme contributions*	**7,669**	16,388
	111,509	79,831
Allowance for expected credit losses in respect of trade receivables, net	**7,349**	4,586
Allowance for/(reversal of allowance for) expected credit losses in respect of prepayments, deposits and other receivables, net	**11,783**	(94)
Allowance for expected credit losses in respect of amounts due from related companies, net	**34**	552
Product warranty additional provision	**461**	2,908
Loss on deregistration of a subsidiary	**15**	–
Loss on derivative financial instruments	**293**	78
Loss on sales of raw materials**	**11,509**	24,093
Exchange losses	**7,183**	456

* At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to pension schemes in future years (2021: RMBnil).

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

9. INCOME TAX (CREDIT)/EXPENSES

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

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% during the year (2021: 25%). Pursuant to the relevant laws and regulations in the PRC, Zhejiang Morris Fashion Home Co., Ltd. ("**Fashion Home**") and Zhejiang Apollo Leather Products Co., Ltd. ("**Apollo**"), which qualified as High and New Technology Enterprises ("**HNTE**") in November 2018, were entitled to a reduced enterprise income tax rate of 15%. During the years ended 31 December 2022 and 2021, Fashion Home an Apollo applied the qualification of HNTE and are entitled to the reduced tax rate of 15% until the year ended 16 December 2024.

The U.S. corporate tax rate is 21% for the year ended 31 December 2022 in accordance to the Tax Cuts and Jobs Act. The U.S. income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2022 (2021: a fixed rate of 21%) on the estimated U.S. federal taxable income and (b) state income tax to calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

A change to the main U.K. corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes are calculated based on the rates enacted in respect of future periods as at the reporting date. Pursuant to the income tax rules and regulations of U.K., the subsidiary comprising the Group in U.K. is liable to U.K. at a tax rate of 19% for the year ended 31 December 2022 and 2021.

Pursuant to the relevant laws and regulations in Cambodia, the tax of the Cambodia subsidiary is 20% during the years ended 31 December 2022 and 2021.

	2022	2021
	RMB'000	*RMB'000*
Current – PRC		
– Charge for the year	**–**	–
– Over-provision in prior year	**–**	(1,194)
Current – Hong Kong		
– Charge for the year	**–**	255
– Over-provision in prior year	**(798)**	–
Deferred tax	**(34)**	4,055
Tax (credit)/expenses for the year	**(832)**	3,116

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

The calculation of basic loss per share amount for the year ended 31 December 2022 was based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB199,679,000 (2021: approximately RMB121,508,000), and the weighted average number of ordinary shares of 1,427,475,671 after excluding treasury shares (2021: 924,188,000) in issue during the year.

For the years ended 31 December 2022 and 2021, no adjustment has been made to the basic loss per share amounts as the Group had no potentially dilutive ordinary shares in issue.

11. DIVIDEND

The board of directors did not recommend the payment of dividend of the year ended 31 December 2022 (2021: RMBnil).

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables from third parties	**52,098**	51,480
Less: allowance for expected credit losses	**(18,956)**	(11,607)
	33,142	39,873

The Group's trading terms with its customers are mainly on credit. The credit period for customers of the manufacturing segment is generally one to two months, extending up to three to four months for major customers, the credit period for customers of the retail segment is within one month. The Group does not hold any collateral over its trade receivables balances. Trade receivables are non-interest bearing.

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**29,777**	32,955
4 to 6 months	**1,389**	6,290
7 to 12 months	**1,976**	628
	33,142	39,873

13. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables to third parties	**84,941**	91,982
Bills payables		
– arising from intra-group purchases	**58,995**	67,348
– arising from third party purchases	**–**	19,815
	143,936	179,145

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

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**18,156**	15,187
1 to 3 months	**440**	7,772
4 to 6 months	**1,699**	60,700
Over 6 months	**123,641**	95,486
	143,936	179,145

The trade and bills payables are non-interest-bearing. Trade payables are normally settled on terms of 30 to 180 days while bills payables are settled on a term of 90 to 270 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year of 2022, the Group continued to develop new markets and establish and expand sales channels. As a result of the economic downturn, the impact of epidemic and the tariff issue, market demand in sofa industry has correspondingly reduced. We have introduced higher value product line in response to market demand with more emphasis on the quality and innovation of products. We have also explored new markets to expand the sale volume of products, and focused on communication and collaboration with customers to increase sales.

As a commodity, sofa has been put under pressure of protectionism. We have made adjustments by investing in product design and research and development to improve our competitiveness in the market. We created multi-level product line to meet the needs of various customers through different prices and function of sofa.

Cost savings can be achieved by appropriately reducing some unnecessary labor costs, such as layoffs and overtime expenses. In terms of procurement, the Group will continue to optimize the procurement process to save procurement costs. At the same time, we will control production costs by improving production efficiency and applying automation technology, while ensuring product quality and customer service stability.

Business development in North America

As our revenue was mainly derived from the U.S., the Sino-US tension and the COVID-19 epidemic had material impacts on the Group, leading to a significant decrease in our results in North America as compared to the same period of last year. Due to the partial sharing of tariffs with our US customers, the profit margin of our exported products was also affected.

Retail business development in China and Hong Kong

As of December 2022, the Group had a total of 1 flagship showroom and 1 self-operated retail store in Mainland China.

In Hong Kong, the Group had a total of 6 self-operated retail stores in Central, Sha Tin, Tsuen Wan, Kowloon Bay, Tseung Kwan O and Tai Kok Tsui, respectively and 7 points of consignment sales in Kowloon Bay, Kwun Tong, Yuen Long, Wan Chai, Tsuen Wan, Fo Tan and Lai Chi Kok. The Group also introduced auxiliary decoration services to establish one-stop services including decoration and furniture setting, instilling its stylish home design concept into Hong Kong market.

Business development in other countries

The COVID-19 has an ongoing effect on the consumption sentiment on a worldwide basis. To cope with these challenges, we have continued to make efforts to maintain the relationship with customers and will continue to leverage on our resources in growing the business with these customers.

FINANCIAL REVIEW

For the year of 2022, the principal business activities of Group comprise the manufacturing and sales of sofas, sofa covers and other furniture products.

During 2022, the revenue of the Group amounted to approximately RMB132.0 million (2021: approximately RMB502.9 million), representing a decrease of approximately 73.8% as compared with last year, which was mainly due to the impact of COVID-19 epidemic globally and suspension of production due to the Group's financial condition. Affected by the prolonged effect of COVID-19 on worldwide basis, we experienced reduced sales volume of products and decreased revenue from sales of sofa, sofa covers and other furniture products.

The net loss of the Group amounted to approximately RMB202.6 million during 2022, as compared with the net loss of RMB123.4 million in last year. The increase in net loss were mainly attributable to decrease in sales volume in export business after the suspension of the factories in PRC.

The Company's basic loss per ordinary share was RMB13.99 cents for the year of 2022 (2021: RMB13.15 cents) based on the loss for the year attributable to ordinary equity holders of the Company of approximately RMB199.7 million (2021: RMB121.5 million), and the weighted average number of ordinary shares of 1,427,475,671 for the year of 2022 (2021: 924,188,000).

Cost of sales

The cost of sales of the Group decreased by approximately 67.8% from approximately RMB403.3 million in 2021 to approximately RMB130.0 million in 2022, which was primarily due to the decrease in sales volume.

Gross profit

The Group's gross profit for the year was approximately RMB2.0 million (2021: approximately RMB99.7 million), representing a decrease of approximately 98.0% as compared with last year. The gross profit margin decreased from 19.8% in 2021 to 1.5% in 2022 primarily due to the increase in clearance sales and impairment of investment inventory.

Other income and gains

The other income and gains of the Group increased from approximately RMB23.9 million in 2021 to approximately RMB34.6 million in 2022. Such increase was primarily due to the gain on termination of lease and compensation on factory relocation in 2022.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 46.5% from approximately RMB67.8 million in 2021 to approximately RMB36.3 million in 2022. Such decrease was primarily due to the decrease in export after the suspension of factories in PRC.

Administrative expenses

The administrative expenses of the Group increased by approximately 33.8% from approximately RMB112.7 million in 2021 to approximately RMB150.8 million in 2022, which was primarily attributed to the redundancy payment due to the suspension of factories in PRC.

Finance costs

The finance costs of the Group decreased by approximately 66.7% from approximately RMB22.5 million in 2021 to approximately RMB7.5 million in 2022, which was primarily due to the decrease in interest on bank loans.

Income tax credit/(expense)

The income tax credit of the Group was approximately RMB0.8 million in 2022, as compared to income tax expense of approximately RMB3.1 million in 2021. The reversal of income tax expense in 2021 to income tax credit in 2022 was mainly attributable to the over-provision in prior year and deferred tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

Borrowing and pledge of assets

As at 31 December 2022, the Group's interest-bearing bank and other borrowings amounted to approximately RMB69.2 million, of which RMB44.9 million matured and were repayable on demand. Subsequent to the Reporting Period, amount of RMB35.7 million had been extend the maturity date to 2030. The bank and other borrowings' interest rates ranged between 4.5% to 6.6% per annum.

Gearing ratio

The gearing ratio of the Group, which is total debts (comprised of amounts due to related companies, lease liabilities, convertible loan and interest-bearing bank and other borrowings) divided by equity attributable to owners of the Company as at the end of the year and multiplied by 100%. The gearing ratio of the Group was not applicable as at 31 December 2022 and 2021.

Capital commitments

The Group did not have any capital commitment as at 31 December 2022 and 2021.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2022 and 2021.

Trade receivables

The trade receivables of the Group decreased to approximately RMB33.1 million (2021: approximately RMB39.9 million) as at 31 December 2022, primarily due to the decrease in sales to the Group's customers in the fourth quarter in 2022 as compared to the corresponding period in 2021.

Trade and bills payables

The trade and bills payables of the Group decreased to approximately RMB143.9 million as at 31 December 2022 (2021: approximately RMB179.1 million), primarily due to the decrease in purchases from the Group's suppliers in the fourth quarter in 2022 as compared to the corresponding period in 2021.

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 2022, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group 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 if and when appropriate.

GOING CONCERN

The Group incurred a loss attributable to owners of the Company of approximately RMB199,679,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB120,228,000 and RMB131,459,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

In view of the above circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the followings:

(i) The ultimate holding company of the Company, Century Icon Holdings Limited which is wholly owned by the substantial shareholder of the Company, Mr. Tse Kam Pang, is willing to provide financial support to the Group to enable the Group to continue as a going concern and to settle its liabilities as and when they fall due;

(ii) During the year ended 31 December 2022, two of the indirect wholly-owned subsidiaries of the Group formulated pre-restructuring plans to resolve their debt positions and filed such plan with the People's Court of Haining City (the "Court"). The restructuring proposal has been sanctioned by the Court in the PRC on 5 August 2022. According to the restructuring proposal, the trade and bills payables and other payables and accruals of those two subsidiaries under pre-restructuring are expected to be discharged by approximately 80%. The maturity date for all of the interest-bearing bank borrowings will be extended to 2030 and reclassified as non-current liabilities. Subsequent to the end of the reported period, the process of the restructuring has been substantially completed.

(iii) The Group will take steps to obtain external funding in order to improve the working capital and liquidity and cash flow position of the Group;

(iv) The Group is taking measures to tighten cost controls with an aim to attain positive cash flows from operations;

(v) The Group is currently re-negotiating the repayment schedules with certain of its debtors and endeavouring to request them to repay the trade receivables, other receivables and amounts due from related companies in accordance with the repayment schedules agreed with them; and

(vi) The Group has actively negotiated with stakeholders for the purpose of obtaining further financing when necessary, including but not limited to shareholder's loan, equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to meet its future working capital and financing requirements.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. The effect of these adjustments has not been reflected in the consolidated financial statements.

While the above indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, the Company understands that the opinion of the Company's auditor is not modified in respect of this matter.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The section below sets out an extract of the report by HLB Hodgson Impey Cheng Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2022:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Group incurred a loss attributable to owners of the Company of approximately RMB199,679,000 for the year ended 31 December 2022 and as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB120,228,000 and RMB131,459,000 respectively. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

HUMAN RESOURCES MANAGEMENT

The management of the Group believes that talent is the basis for long-term development of enterprises. The Group targets to enhance its corporate image through building up and solidifying the Company's brand name. With the Five Hearts of Morris: ambition, confidence, determination, perseverance and loyalty, as core values, the Group targets to establish a distinctive corporate culture. Through regular trainings and promotion of its corporate culture, the Group provides its staff with opportunities for personal growth and enhances the employees' sense of belonging to the Group. In addition, the Group provides its employees with competitive remuneration packages and various benefits in line with industry practice. At the same time, the Group strives to create a good working environment, and cultivates teamwork spirit among employees. The Group carries out performance evaluation quarterly, and conducts "Morris Artisans" evaluations, aiming at elevating the morale of the Group's technicians. The Group regularly reviews human resources policies to ensure that the policies align with market practice and comply with regulatory requirements. As of 31 December 2022, the Group employed 350 employees (31 December 2021: 1,070 employees). The total annual salary and related costs (excluding directors' remuneration) for 2022 were approximately RMB111.5 million (2021: RMB79.8 million).

The Company operates a 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 12 January 2017, the date on which the Shares were listed on the Stock Exchange (the "**Listing Date**"), up to 31 December 2022 and there were no outstanding share options under the share option scheme as at 31 December 2022 and the date of this announcement.

OUTLOOK

In the new year, the market environment is still unpredictable, the Group will operate in a light asset model to reduce operational pressure and operational risk, and will continue to expand the existing markets, including the United States, Europe and Mainland China. Through the change of management team, the Board is confident that it can bring more positive benefits and possibilities to the Company, and lead the Company to focus on effective cost control to realize maximum operational benefits and enhance shareholders' confidence in the Company's future prospects.

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

Save as the Second Placing, Share Subscription and Third Placing, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during 2022.

USE OF NET PROCEEDS

Use of proceeds from the Second Placing

On 25 February 2022, the Company and Silverbricks Securities Company Limited ("**Silverbricks**") entered into a placing agreement (as supplemented by a supplemental agreement dated 28 February 2022), pursuant to which the Company appointed Silverbricks to place, on a best effort basis, a maximum of 200,000,000 shares to not less than six independent placees at a price of HK$0.12 per share (the "**Second Placing**").

The net proceeds after deducting all relevant costs and expenses of the Second Placing was approximately HK$23.71 million.

The details of the proposed use of net proceeds and the actual use of proceeds during 2022 are as follows:

Proposed use of proceeds	**Allocation of the net proceeds** *(HK$ million)*	**Net proceeds utilised during the year ended 31 December 2022** *(HK$ million)*	**Amount utilised up to 31 December 2022** *(HK$ million)*	**Unutilised proceeds as at 31 December 2022** *(HK$ million)*	**Expected timeline**
Repayment of debts and replenishment of working capital	23.71	23.71	23.71	–	N/A

All the net proceeds from the Second Placing have been utilized as at 31 December 2022.

Use of proceeds from the Share Subscription and the Third Placing

On 26 May 2022, the Company entered into a share subscription agreement (as supplemented by a supplemental agreement dated 5 August 2022) (the "**Share Subscription Agreement**") with Century Icon Holdings Limited (the "**Century Icon** "), a company controlled by Mr. Tse Kam Pang, pursuant to which the Company conditionally agreed to allot and issue 1,300,000,000 shares at the subscription price of HK$0.063 per share for the total consideration of HK$81,900,000 (the "**Share Subscription**"). On 5 August 2022, the Company and Forwin Securities Group Limited ("**Forwin**") entered into a placing agreement, pursuant to which Forwin agreed to place, on a fully underwritten basis, 250,000,000 shares to placees for the total consideration of HK$27,500,000 or HK$0.11 per share (the "**Third Placing**"). Completion of the Share Subscription and Third Placing took place on 10 October 2022.

The net proceeds after deducting all relevant costs and expenses of the Share Subscription and the Third Placing was approximately HK$105.4 million.

The details of the proposed use of net proceeds and the actual use of proceeds during 2022 are as follows:

Proposed use of proceeds	**Allocation of the net proceeds as disclosed in the Company's circular dated 29 August 2022** *(HK$ million)*	**Revised allocation of the net proceeds** *(HK$ million)*	**Net proceeds utilised during the year ended 31 December 2022** *(HK$ million)*	**Amount utilised up to 31 December 2022** *(HK$ million)*	**Unutilised proceeds as at 31 December 2022** *(HK$ million)*	**Expected timeline**
Repayment of indebtedness						
– repayment of indebtedness under the Restructuring	43.5	70.1	70.1	70.1	–	N/A
– partial repayment of the overdue amount under the Convertible Loan	56.5	20.8	12.3	12.3	8.5	By March 2023
Replenishment of general working capital	5.4	14.5	14.5	14.5	–	N/A
Total	105.4	105.4	97.9	97.9	8.5	

As at the date of this announcement, all the net proceeds from the Share Subscription and Third Placing have been fully utilized.

The proposed use of proceeds from repayment of indebtedness as disclosed in the circular of the Company dated 29 August 2022 was based on the best estimation made by the Group in relation to the then market conditions, funding needs and financial conditions of the Group.

After completion of the Share Subscription and Third Placing, in view of the Group's urgent capital needs to repay additional indebtedness under the Restructuring and resume and maintain a requisite level of operations, the Board reallocated part of the unutilised net proceeds from the Share Subscription and Third Placing. The part of the net proceeds in the amount of HK$35.7 million originally intended for partial repayment of the outstanding amount under the Convertible Loan has been reallocated as (i) HK$26.6 million for the repayment of indebtedness under the Restructuring; and (ii) HK$9.1 million for replenishment of working capital, mainly to sustain basic operational needs of the Group.

Following the sanction of the Restructuring proposal, funding needs in the sum of RMB22.9 million (approximately HK$26.6 million) arisen in addition to the initial estimates of the Company, comprising (a) RMB12.5 million (approximately HK$14.6 million) payable by the Group as a creditor bank opted for receiving discounted repayment at 20% of the outstanding amount owing to it instead of an extension of the loan pursuant to the Restructuring proposal, (b) additional claims in the sum of RMB3.9 million (approximately HK$4.5 million) were admitted to the Restructuring scheme; (c) RMB5.8 million (approximately HK$6.7 million) of administrator's fees for the Restructuring; and (d) additional labour benefits and compensations of RMB0.7 million (approximately HK$0.8 million).

The Company has from time to time considered funding needs of the Group and assessed the plans for use of the unutilised net proceeds. The above-mentioned change in use of proceeds from the Share Subscription and Third Placing was determined after taking into account, (i) the immediate funding needs of the Group to settle indebtedness under the Restructuring, failing which the Group may be subject to risk of legal proceedings and potential serious consequential implications for its operations; (ii) the overall condition of the Group and the Group's priority to resume a requisite level of operations to sustain the subsistence and viability of the Group; and (iii) the re-scheduled and extended repayment schedule of the Convertible Loan, giving the Company flexibility to re-prioritize and reallocate the funds earmarked for repayment of the Convertible Loan to other more urgent capital needs of the Group. The Board is of the view that the change in the use of the unutilised net proceeds benefits the operation and business development of the Group and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. The Company has made specific enquiry with its incumbent Directors regarding compliance with the Model Code during the Reporting Period, and they all confirmed that they had fully complied with the required standard set out in the Model Code regarding directors' securities transactions throughout the Reporting Period.

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 principle of the Company's corporate governance is to promote effective internal control and risk management measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects, and to ensure that its affairs are conducted in accordance with applicable laws and regulations. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value and formulate its business strategies and policies. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions ("**Code Provisions**") and, where applicable, the recommended best practices of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during 2022 and up to the date of this announcement.

According to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer 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 chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer 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 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. Mr. Zou Gebing has resigned as the chairman of the Board and the chief executive officer of the Company with effect on 17 October 2022 and Mr. Tse Kam Pang has been appointed as the chairman of the Board and Mr. Chong Tsz Ngai has been appointed as the chief executive officer of the Company on the same date. The roles of Chairman and chief executive officer do not overlap as at the date of this announcement.

EXCHANGE RATE

For the purpose of this announcement, unless otherwise indicated, translations of U.S. dollars to RMB have been made at the rate of US$1 to RMB6.90, translations of Hong Kong dollars to RMB have been made at the rate of HK$1 to RMB0.88 and translations of GBP to RMB have been made at the rate of GBP1 to RMB8.33. These translations are for the purposes of illustration only and no representation is made by the Company that any amounts in U.S. dollars and RMB or Hong Kong dollars and RMB can be or could have been converted at the above rate or any other rates or at all.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Members of the Audit Committee are Prof. Kwan Pun Fong Vincent, Ms. Chen Jianhua and Prof. Lee Chack Fan. They are all independent non-executive Directors. Prof. Kwan Pun Fong Vincent currently serves as the chairman of the Audit Committee, replacing Ms. Wu Weixia, who resigned on 9 November 2022.

Pursuant to the meeting of the Audit Committee on 31 March 2023, the Audit Committee reviewed, among other things, the audited financial statements for 2022 with recommendations to the Board for approval and discussed with the management and the external auditors the accounting policies and practices which may affect the Group, the report prepared by the external auditors covering major findings in the course of the audit and the accounting and financial reporting matters.

DIVIDEND

The board of directors did not recommend the payment of dividend of the year ended 31 December 2022 (2021: RMBnil).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.morrisholdings.com.hk. The 2022 Annual Report will be despatched to the shareholders of the Company and published on the website of the Company and the Stock Exchange in due course.

APPRECIATION

The Company would like to take this opportunity to thank the Directors, as well as the management and all employees for the contribution they have made towards the Group's continued progress, and to thank all the Shareholders, customers and business partners for their support.

By order of the Board
Morris Home Holdings Limited
Tse Kam Pang
Chairman and Executive Director

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Mr. Tse Kam Pang, Mr. Chong Tsz Ngai and Mr. Zou Gebing; the non-executive Directors are Mr. Tse Hok Kan and Ms. Wu Xiangfei; and the independent non-executive Directors are Professor Lee Chack Fan, Professor Kwan Pun Fong Vincent and Ms. Chen Jianhua.