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MORRIS
HOLDINGS LIMITED

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慕容控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1575)

EXPECTED DECREASE IN LOSS

The board (the “**Board**”) of directors (the “**Directors**”) of Morris Holdings Limited (the “**Company**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Company and its subsidiaries (the “**Group**”) and the information currently available to the Company, the Group is expected to record (i) a decrease in revenue for the year ended 31 December 2020 (“**FY2020**”) by over 35% as compared to the year ended 31 December 2019 (“**FY2019**”), principally due to the decrease in sales volume of sofa, sofa covers and other furniture products as a result of the supply-chain disruption caused by the outbreak of COVID-19 epidemic; and (ii) a decrease in loss for the year for FY2020 by over 35% as compared to FY2019, principally due to the gain on modification of convertible loan, gain on disposal of subsidiaries, compensation on factory relocation and the decrease in selling and distribution expenses as a result of the disposal of Jennifer Convertibles Inc.

The Company is still in the process of finalizing its annual results announcement for FY2020 (the “**Annual Results Announcement**”). The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the Management Accounts and information currently available which have not been reviewed by the Company’s auditors, and may be materially different from the Annual Results Announcement. Shareholders and potential investors are advised to read the details contained in the Annual Results Announcement which is expected to be published on 30 March 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, should seek independent advice from professional or financial advisers.

By order of the Board
Morris Holdings Limited
Wu Yueming
Executive Director

Hong Kong, 23 March 2021

As at the date of this announcement, the executive Directors are Mr. Zou Gebing, Mr. Zeng Jin, Mr. Shen Zhidong and Mr. Wu Yueming; and the independent non-executive Directors are Mr. Liu Haifeng, Mr. Chu Guodi and Mr. Qian Jun.