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MORRIS
HOME HOLDINGS LIMITED

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1575)

(1) INSIDE INFORMATION
RESTRUCTURING PROPOSAL FOR TWO SUBSIDIARIES
AND
(2) MONTHLY UPDATE ANNOUNCEMENT PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made by Morris Home Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities of Futures Ordinance (Cap 571 of the laws of Hong Kong) (the “**SFO**”) and Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the (i) announcement of the Company dated 22 April 2022 in relation to a memorandum of understanding (the “**Memorandum**”) entered into between the Company and a potential subscriber in relation to the possible issue and subscription of 1,300,000,000 new shares of the Company; and (ii) the announcement of the Company dated 19 January 2022 (the “**Announcements**”) in relation to the pre-restructuring applications filed by Zhejiang Apollo Leather Products Co., Ltd. (浙江阿波羅皮革製品有限公司) and Zhejiang Morris Fashion Home Co., Ltd. (浙江慕容時尚家居有限公司) (collectively, the “**Relevant Subsidiaries**”) with the People’s Court of Haining City (the “**Court**”) on 19 January 2022 for the formulation of pre-restructuring plans to resolve their debt positions. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Board announces that following the acceptance of the Pre-restructuring application and the appointment of the Provisional Administrators by the Court, on 13 May 2022, the Court accepted the restructuring application of the Relevant Subsidiaries on a consolidated basis (the “**Restructuring**”).

The proposal for the Restructuring of the Relevant Subsidiaries (the “**Restructuring Proposal**”) will become effective and binding on the Relevant Subsidiaries and all creditors subject to:

- (a) the approval by a simple majority in number of the creditors present and voting at each of the creditors’ class meetings, and the amount of debts of which creditors representing more than two-thirds in the total amount of debts in each of the classes of creditors;
- (b) the entering into of the Subscription Agreement between the Potential Subscriber and the Company; and
- (c) the approval of the Court.

If the Restructuring Proposal is not passed at the creditors’ meeting, or the Restructuring Proposal passed at the creditors’ meeting is not approved by the Court, the Court will terminate the Restructuring procedures and declare the Relevant Subsidiaries insolvent.

The source of funds for the settlement of the debts under the Restructuring Proposal is expected to be the subscription price under the Subscription Agreement, the terms of which are under negotiation.

As at the date of this announcement, the Potential Subscriber and the Company are in active negotiation in respect of the terms and conditions of the Subscription Agreement but no formal or legally binding agreement (including the Subscription Agreement) in connection with the Possible Subscription has been entered into between the Potential Subscriber and the Company.

The Restructuring Proposal is subject to the fulfilment of the conditions precedent and may or may not eventually be consummated.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Subscription will be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

WARNINGS

There is no assurance that the Restructuring or the Possible Subscription will proceed or materialize, or will eventually be consummated. The Memorandum (including the indicative subscription price) is non-legally binding in nature, and the Possible Subscription (including the indicative subscription price) is subject to the entering into of the Subscription Agreement and the fulfilment (or, where applicable, waiver) of the conditions precedent contained therein. The relevant discussions and the Possible Subscription may or may not lead to a general offer under Rule 26.1 of the Takeovers Code.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their stockbrokers, bank managers, solicitors or professional advisers.

By order of the Board
Morris Home Holdings Limited
Zou Gebing
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 13 May 2022

As at the date of this announcement, the executive Directors are Mr. Zou Gebing, Mr. Shen Zhidong and Mr. Wu Yueming; and the independent non-executive Directors are Mr. Liu Haifeng, Mr. Chu Guodi, Ms. Wu Weixia, Mr. Tan Tianhong and Ms. Zhao Hongyan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.