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MORRIS  
HOLDINGS LIMITED

**MORRIS HOLDINGS LIMITED**

**慕容控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1575)**

## **FURTHER ANNOUNCEMENT ON AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Morris Holdings Limited (the “**Company**”, which together with its subsidiaries is collectively referred to as the “**Group**”) dated 31 March 2020 (the “**Unaudited Results Announcement**”) in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**2019 Unaudited Results**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Unaudited Results Announcement.

The Board announced that the Company’s auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the “**2019 Audited Results**”) in accordance with Hong Kong Standards on Auditing (“**HKSA**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The 2019 Audited Results remain substantially the same as the 2019 Unaudited Results, except for the following major changes with details set out below:

- (a) the impairment losses recognised on property, plant and equipment and right-of-use assets are adjusted upward by RMB9.1 million as a result of indication for impairment and re-assessment on estimation of recoverable amount.
- (b) certain cost of sales, other income and exchange difference have been identified and recognised into statement of profit or loss and other comprehensive income.

The following set forth the audited consolidated statement of financial position of the Group as at 31 December 2019, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2019, the relevant corresponding figures shown in the 2019 Unaudited Annual Results and the relevant changes between audited and the unaudited figures (the Notes shown below correspond to the relevant paragraphs set out above):

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2019*

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b> <b>(Audited)</b>	2019 <i>RMB'000</i> (Unaudited)	Change <i>RMB'000</i>
Revenue		<b>980,298</b>	980,298	–
Cost of sales	<i>(b)</i>	<b>(877,211)</b>	(862,681)	(14,530)
Gross profit		<b>103,087</b>	117,617	(14,530)
Other income and gains	<i>(b)</i>	<b>85,549</b>	82,585	2,964
Allowance for expected credit losses in respect of financial assets carried at amortised cost, net		<b>(15,579)</b>	(15,579)	–
Impairment loss on property, plant and equipment	<i>(a)</i>	<b>(2,346)</b>	–	(2,346)
Impairment loss on right-of-use assets	<i>(a)</i>	<b>(6,773)</b>	–	(6,773)
Selling and distribution expenses		<b>(191,938)</b>	(191,938)	–
Administrative expenses		<b>(117,073)</b>	(117,073)	–
Other expenses and losses		<b>(4,539)</b>	(4,539)	–
Finance costs		<b>(29,331)</b>	(29,331)	–
Loss before tax		<b>(178,943)</b>	(158,258)	(20,685)
Income tax credit		<b>38,253</b>	38,253	–
Loss for the year		<b>(140,690)</b>	(120,005)	(20,685)
Other comprehensive loss:				
<i>Other comprehensive loss may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements	<i>(a), (b)</i>	<b>(5,969)</b>	(17,504)	11,535
Total comprehensive loss for the year		<b>(146,659)</b>	(137,509)	(9,150)
Loss attributable to:				
Owners of the Company		<b>(140,436)</b>	(119,751)	(20,685)
Non-controlling interests		<b>(254)</b>	(254)	–
		<b>(140,690)</b>	(120,005)	(20,685)
Total comprehensive loss attributable to:				
Owners of the Company		<b>(146,397)</b>	(137,247)	(9,150)
Non-controlling interests		<b>(262)</b>	(262)	–
		<b>(146,659)</b>	(137,509)	(9,150)
<b>Loss per share attributable to ordinary equity holders of the Company</b>				
Basic and diluted ( <i>RMB cents</i> )		<b>(14.07)</b>	(11.98)	2.09

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*At 31 December 2019*

	<i>Notes</i>	<b>2019</b> <b>RMB'000</b> <b>(Audited)</b>	2019 <b>RMB'000</b> <b>(Unaudited)</b>	Change <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	<i>(a)</i>	<b>71,480</b>	73,857	(2,377)
Right-of-use assets	<i>(a)</i>	<b>227,972</b>	234,745	(6,773)
Contingent consideration receivables		<b>234,425</b>	234,425	–
Deferred tax assets		<b>9,020</b>	9,020	–
Total non-current assets		<b>542,897</b>	552,047	(9,150)
<b>CURRENT ASSETS</b>				
Inventories		<b>169,509</b>	169,509	–
Trade and bills receivables		<b>217,018</b>	217,018	–
Prepayments, deposits and other receivables		<b>212,217</b>	212,217	–
Pledged deposits		<b>132,277</b>	132,277	–
Cash and cash equivalents		<b>71,046</b>	71,046	–
Total current assets		<b>802,067</b>	802,067	–
<b>CURRENT LIABILITIES</b>				
Trade and bills payables		<b>389,334</b>	389,334	–
Contract liabilities		<b>24,844</b>	24,844	–
Other payables and accruals		<b>63,240</b>	63,240	–
Amount due to a shareholder		<b>10,107</b>	10,107	–
Amount due to a related company		<b>80,310</b>	80,310	–
Interest-bearing bank borrowings		<b>220,815</b>	220,815	–
Warranty provision		<b>4,689</b>	4,689	–
Lease liabilities		<b>46,504</b>	46,504	–
Derivative financial instruments		–	–	–
Convertible loan		<b>99,986</b>	99,986	–
Income tax payables		<b>18,969</b>	18,969	–
Total current liabilities		<b>958,798</b>	958,798	–
<b>NET CURRENT (LIABILITIES)/ ASSETS</b>		<b>(156,731)</b>	(156,731)	–
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>386,166</b>	395,316	(9,150)
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities		<b>2,888</b>	2,888	–
Accruals		–	–	–
Convertible loan		<b>9,602</b>	9,602	–
Lease liabilities		<b>176,709</b>	176,709	–
Total non-current liabilities		<b>189,199</b>	189,199	–
Net assets		<b>196,967</b>	206,117	(9,150)
<b>EQUITY</b>				
Share capital		<b>6,914</b>	6,914	–
Reserves		<b>190,315</b>	199,465	(9,150)
Equity attributable to owners of the Company		<b>197,229</b>	206,379	(9,150)
Non-controlling interests		<b>(262)</b>	(262)	–
Total equity		<b>196,967</b>	206,117	(9,150)

Save and except the corresponding adjustments disclosed above, the Group's annual results for the year ended 31 December 2019 as contained in the Unaudited Results Announcement remain unchanged.

## **EXTRACT OF THE AUDITORS' REPORT**

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2019:

### **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 2019, 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 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately RMB140,690,000 for the year ended 31 December 2019 and, as of that date the Group had net current liabilities of approximately RMB156,731,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

### **REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive directors, namely Mr. Liu Haifeng, Mr. Pang Wing Hong and Mr. Chu Guodi. The Audit Committee has reviewed with the management of the Company and the Company's external auditors the consolidated financial statements of the Group for the year ended 31 December 2019, including accounting principles and practices adopted by the Group, and discussed the risk management, internal controls and financial reporting matters related to the preparation of the annual results of the Group for 2019.

The Group's 2019 Audited Results have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

## **SCOPE OF WORK OF AUDITORS**

Following the reclassification described above in this announcement, the figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in the Unaudited Results Announcements have been agreed by the Group's auditor, HLB, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 8 May 2020. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the HKICPA and consequently no assurance has been expressed by HLB on the Unaudited Results Announcements or this further announcement.

## **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](http://www.hkexnews.hk) and the Company's website at [www.morrisholdings.com.hk](http://www.morrisholdings.com.hk). The Annual Report of the Company for the year ended 31 December 2019 is expected to be dispatched to the shareholders of the Company and published on the websites of the Company and Stock Exchange on or before 15 May 2020.

Save as disclosed above, all other information in the Unaudited Results Announcement remains unchanged.

By order of the Board  
**Morris Holdings Limited**  
**Zou Gebing**  
*Chairman*

Hong Kong, 8 May 2020

*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. Pang Wing Hong and Mr. Chu Guodi.*