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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)

- (1) SUPPLEMENTAL AGREEMENT WITH MORRIS PRC REGARDING THE 2020 LEASE RENEWAL AGREEMENT;**
- (2) CLARIFICATION ON THE DISPOSAL ANNOUNCEMENT;**
- (3) DISPATCH OF DISPOSAL CIRCULAR; AND**
- (4) FURTHER DELAY IN DISPATCH OF CCT CIRCULAR**

Reference is made to: (i) the announcement of Morris Holdings Limited (the “**Company**”) dated 19 June 2020 in relation to the Disposal by the Group of the Land and the Construction in Progress constituting a major transaction (the “**Disposal Announcement**”); and (ii) the Company’s announcement dated 8 July 2020 in relation to the entering into of the 2020 Lease Renewal Agreement by the Group (as tenant) with Morris PRC (as landlord) constituting continuing connected transactions (the “**2020 CCT Announcement**”). Unless otherwise defined or the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Disposal Announcement and the 2020 CCT Announcement.

SUPPLEMENTAL AGREEMENT WITH MORRIS PRC REGARDING THE 2020 LEASE RENEWAL AGREEMENT

The Board wishes to announce that on 21 August 2020, Zhejiang Morris Trendy (a wholly-owned subsidiary of the Group) entered into a supplemental agreement (the “**Supplemental Agreement**”) with Morris PRC to modify and supplement the 2020 Lease Renewal Agreement.

Under the original terms of the 2020 Lease Renewal Agreement, the Renewal Period was originally fixed for the three-year period commencing on the date of signing of the 2020 Lease Agreements. Under the Supplemental Agreement, it was agreed by Zhejiang Morris Trendy and Morris PRC that:

- (a) The Renewal Period shall be re-fixed for the three years running from 17 March 2020 to 16 March 2023.
- (b) The annual rents for the 2020 Leased Properties between 17 March 2020 and the day immediately preceding the date of signing of the 2020 Lease Agreements shall remain as the old rental rates as fixed in the 2017 Lease Agreements (i.e. RMB5,393,808 per annum). The increased annual rents at the new rate of RMB14,383,488 only comes into effect on the date of signing of the 2020 Lease Agreements and up to 16 March 2023.
- (c) To cater for the change in the Renewal Period, the Revised Annual Cap for the year ending 31 December 2023 was re-fixed at RMB10,194,000, on the basis that the 2020 Lease Agreements shall end on 16 March 2023. The Revised Annual Caps for the years ending 31 December 2020, 2021 and 2022 are unchanged and remain at RMB16,020,000, RMB21,622,000 and RMB21,622,000.

Save and except for the changes stated above, all other terms and conditions of the 2020 Lease Renewal Agreement remain unchanged and are in full force and effect in all respects.

CLARIFICATION ON THE DISPOSAL ANNOUNCEMENT

Reference is made to the first paragraph on page 3 of the Disposal Announcement, which stated that “*The carrying value of the Disposal Assets (comprising both the Land and the Construction in Progress) as at 25 May 2020 amounted to approximately RMB69.19 million (HK\$76.11 million).*”

The Company wishes to clarify that the quoted sentence above contains an inadvertent typographical mistake and should instead read as follows: “*The carrying value of the **Construction in Progress** as at 25 May 2020 amounted to approximately RMB69.19 million (HK\$76.11 million).*”

Save for the clarification made above, all the other information contained in the Disposal Announcement is correct and remains unchanged.

DISPATCH OF DISPOSAL CIRCULAR

As projected in the Company's announcement dated 14 July 2020, the Company's circular in relation to the Disposal (the "**Disposal Circular**") will be dispatched to the Shareholders on 25 August 2020.

FURTHER DELAY IN DISPATCH OF CCT CIRCULAR

As disclosed in the Company's announcement dated 31 July 2020, the Company previously expected that the circular in relation to the Group's leases with Morris PRC constituting continuing connected transactions (the "**CCT Circular**") should be able to be dispatched on or before 21 August 2020.

As additional time is required to finalize certain information to be included in the CCT Circular, it is currently expected that the dispatch date of the CCT Circular will be further postponed to a date falling on or before 4 September 2020.

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

Hong Kong, 21 August 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. Chu Guodi and Mr. Qian Jun.