



Corporate Presentation

Disclaimer

This document has been prepared by the Company for a limited number of recipients and for information purposes only. **Please do not forward this document to any third party.** This document does not constitute or form part of, and should not be construed as, an offer to sell or issue or the solicitation of an offer to purchase or subscribe securities of the Company nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country. No securities of the Company have been, or will be, registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to a registered offering in compliance with or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. In Hong Kong, no securities of the Company may be offered to the public unless a prospectus, together with related documents, in connection with the offering for sale or subscription of such securities has been authorized by The Stock Exchange of Hong Kong Limited for registration by the Registrar of Companies in Hong Kong and has been so registered under the provisions of the Companies Ordinance (Cap 622 of the Laws of Hong Kong). No part of this document shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. Any decision to purchase shares of the Company in any offering in the United States, Hong Kong or anywhere else should be made solely on the basis of information contained in the relevant prospectuses or offering circulars of the Company issued in accordance with the applicable laws. The recipients and readers of this document should not construe the contents of this document as legal, tax, accounting or investment advice and should seek advice from their own financial, tax, accounting or legal advisers or other professional advisers in case of doubt.

The information relating to the Company, its subsidiaries and affiliates, and their respective businesses and assets contained in this document has not been independently verified. This document does not purport to provide a complete description of the matters to which it relates and contains statements that reflect the Company's current beliefs and may contain expectations about the future as of the respective dates indicated herein. These forward-looking statements are based on a number of assumptions about the Company's operations and factors beyond the Company's control and are subject to significant risks and uncertainties, and, accordingly, actual results may differ materially from these forward-looking statements.

These forward-looking statements are not a guarantee of future performance. No reliance shall be made in relation to the information contained in this document. No representation, warranty or undertaking, express or implied, is or will be made in, or in relation to, and no responsibility or liability (including, without limitation, any liability in negligence) is or will be accepted by the Company, any of its bankers or advisers or any of their respective connected persons as to, or in relation to, this document or the accuracy or completeness of the information contained herein or any other information, whether written or oral, made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. None of the Company nor its bankers or advisors nor any of their respective connected persons undertakes any obligation to provide the recipient with access to any additional information or to up-date this document to reflect events or circumstances arising after its date or to correct any inaccuracies herein which may become apparent.

This document, and any further information made available to you, must be held in complete confidence and should not be distributed, published or reproduced (in whole or in part) or disclosed to any other person, directly or indirectly. This document must not be copied, reproduced, distributed or passed, in whole or in part, to any other person, directly or indirectly, at any time without the prior written consent of the Company. You acknowledge and represent to the Company that you are a professional investor, have the knowledge, experience and capability to conduct your own assessment of the Company and its securities and that you have conducted or will conduct your own investigation with respect to the Company and its securities and have obtained or will obtain your own independent advice relating to any investment in the securities of the Company.

In this document, "connected persons" means, in relation to any entity, its respective subsidiaries, affiliates or holding companies (where appropriate) and their respective directors, officers, employees, agents and advisers.

You hereby accept the foregoing by accepting delivery of the information contained herein. If you do not accept these conditions and give the acknowledgements and representations set out above, please immediately return this document to the Company.



Agenda

Offering Summary

P.3

Presentation Team

P.4

Company Overview

P.5

Industry Overview

P.11

Investment Highlights

P.14

Financial Highlights

P.22

Business Strategies & Use of Proceeds

P.28



Offering Summary

Issuer	<ul style="list-style-type: none">■ Morris Holdings Limited (慕容控股有限公司)
Offering Structure	<ul style="list-style-type: none">■ Offering size: 250,000,000 Shares (subject to the Over-allotment Option)■ Placing: 225,000,000 Shares (90%) (subject to adjustment and the Over-allotment Option)■ Public Offer: 25,000,000 Shares (10%) (subject to adjustment)
Price Range	<ul style="list-style-type: none">■ HK\$1.05 – HK\$1.31 per Offer Share
Listing Venue	<ul style="list-style-type: none">■ The Main Board of The Stock Exchange of Hong Kong Limited■ Stock Code: 1575.HK
Expected Timetable	<ul style="list-style-type: none">■ Hong Kong public offer: 30 December 2016 – 5 January 2017■ Announcement of pricing and allocation: 11 January 2017■ Listing: 12 January 2017
Sole Sponsor, Sole Global Coordinator and Sole Bookrunner	<ul style="list-style-type: none">■ Sinolink Securities (Hong Kong) Company Limited
Joint Lead Managers	<ul style="list-style-type: none">■ Sinolink Securities (Hong Kong) Company Limited■ China Galaxy International Securities (Hong Kong) Co., Limited



Presentation Team



Mr. ZOU Gebing (鄒格兵)
Chairman, CEO and Executive Director



Mr. CHEN Guohua
(陳國華)
Executive Vice President
and Executive Director



Mr. XU Jing
(徐景)
Head of Capital Market



Company Overview



MORRIS



Company Overview

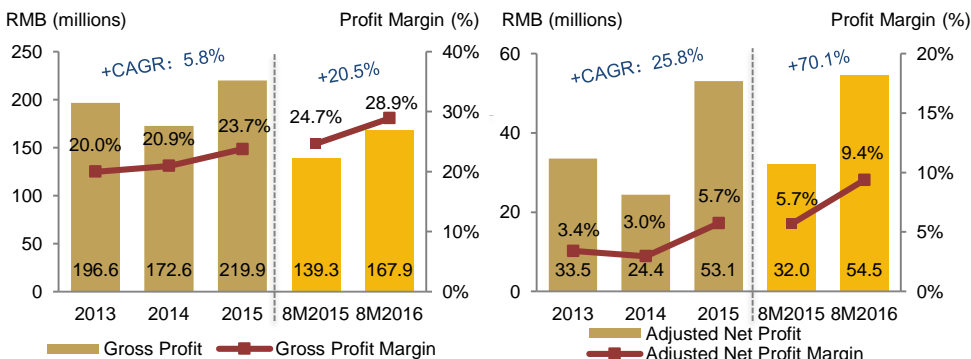
Recognized Market Leader in the PRC-based Sofa Export Industry

- The second largest PRC upholstered sofa manufacturer in terms of export value to the U.S. in 2015
- Mainly targets at overseas consumers in the U.S., Canada, United Kingdom, Australia and the PRC markets with greater demand on quality and functionality
- U.S. market accounted for more than 90% of total sales
- New production facility in Cambodia currently in construction. Sofa production capacity expected to increase by

10.7%

High Growth in Profitability

Gross Profit and Gross Profit Margin



*Adjusted Net Profit = Net Profit + Listing Expenses – Disposal Gain – Exchange Gain

Integrated Business Model

- Strategic focus on OBM segment (64.9% of 2015 revenue) while also offering OEM & ODM services
- Excellent design and R&D capabilities with 40+ in-house staff members, with the support from a U.S. designer and a consultancy firm

Self-owned Brands with Effective Marketing Channels

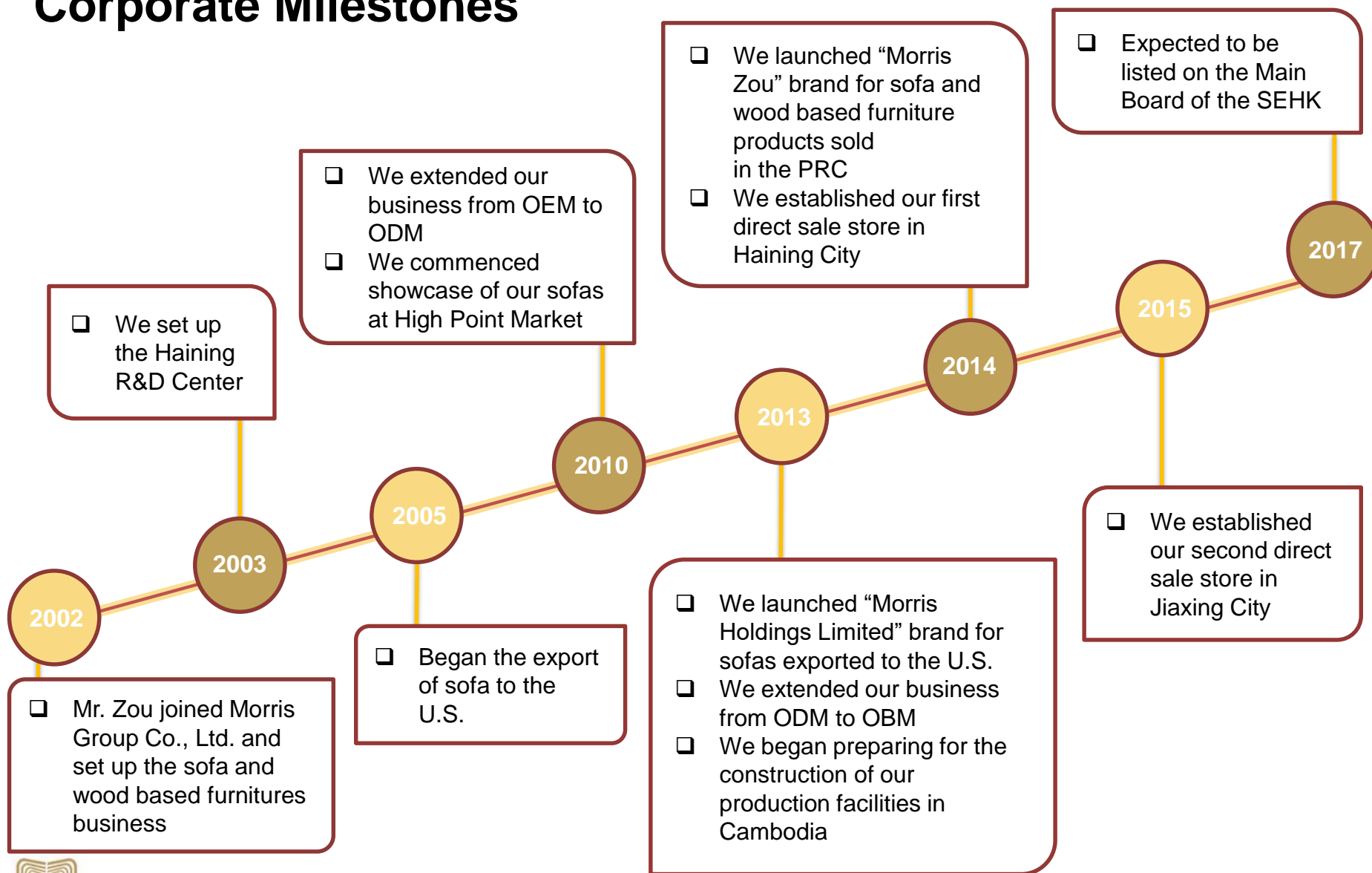
- Effective marketing through U.S. exhibitions and the Company's showroom in North Carolina



Strong Long Term Relationships with Customers

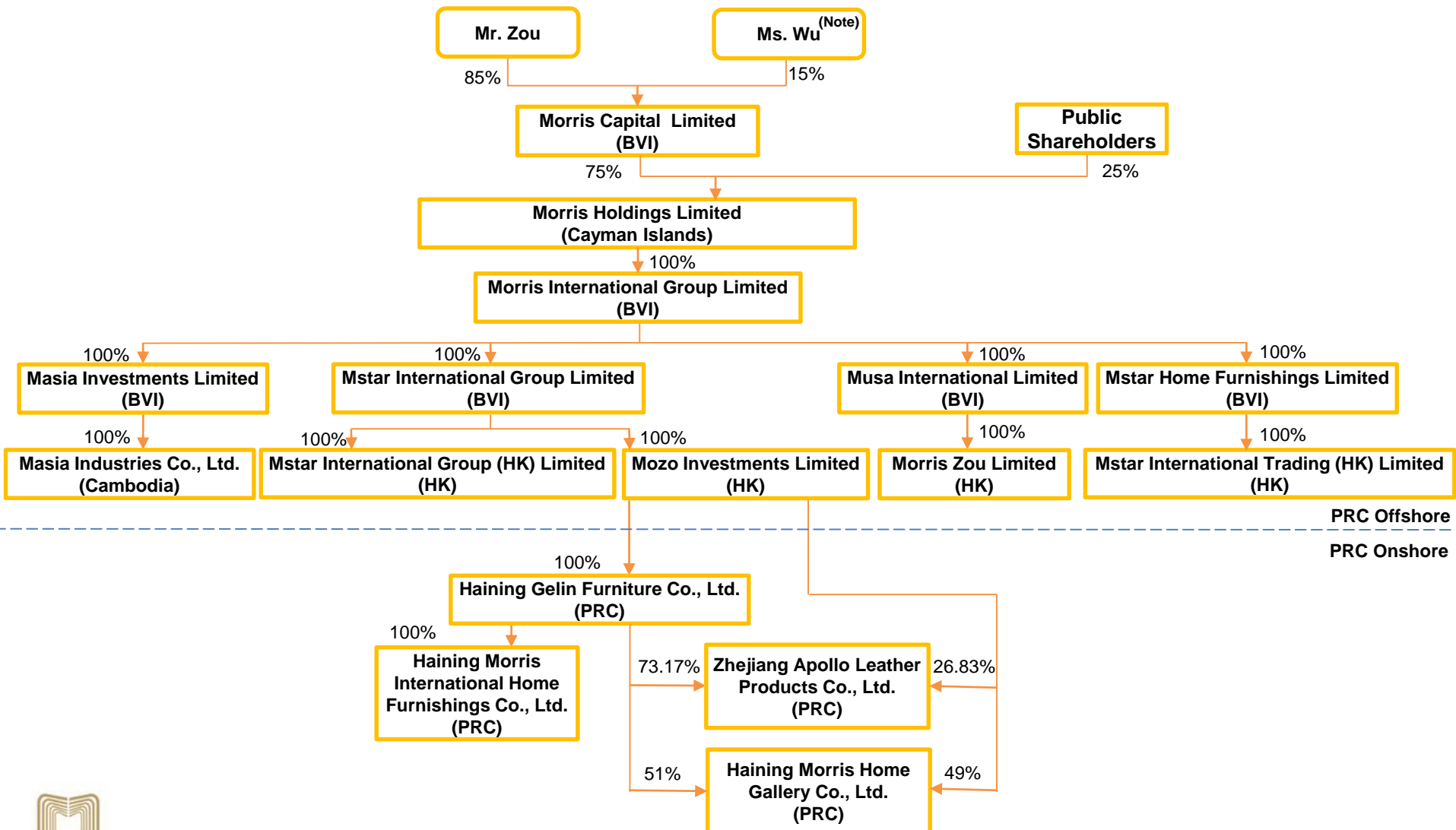
- An average of 7 years of business relations with our top 5 customers during Track Record Period

Corporate Milestones



Shareholding Structure

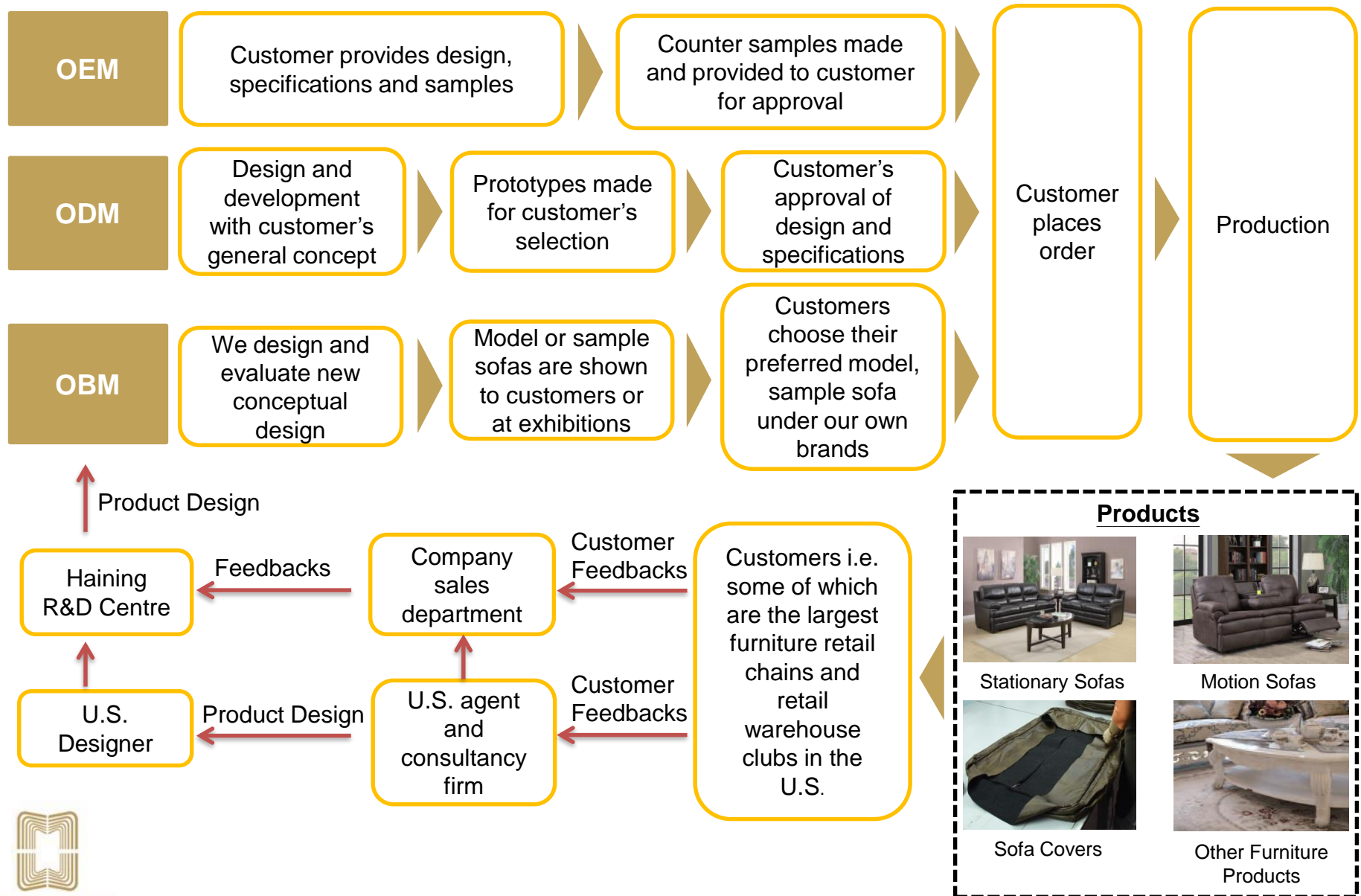
Post-IPO (Pre-Greenshoe):



Note: Ms. Wu is the spouse of Mr. Zou



Integrated Business Model



High Quality Products with Innovative Designs and Smart Home Features

- **Stationery & Motion Sofas:** Manufactured in a wide spectrum of sizes, designs, colours, patterns and upholstered in various materials such as leather, PU leather or fabric
- **Sofa Covers:** Manufactured on OEM basis according to customer preferences, in leather, fabric and PU leather
- **Other Furniture Products:** Such as cabinets, tables, bedsteads and chairs



Stationery Sofas



Motion Sofas



Sofa Covers



Other Furniture Products

Smart Home Features



Massage



Beverage Cooling



Bluetooth & USB Port



Industry Overview

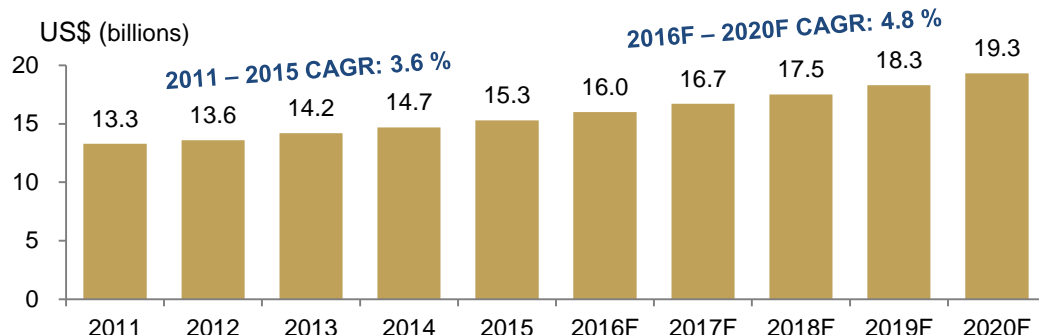


MORRIS

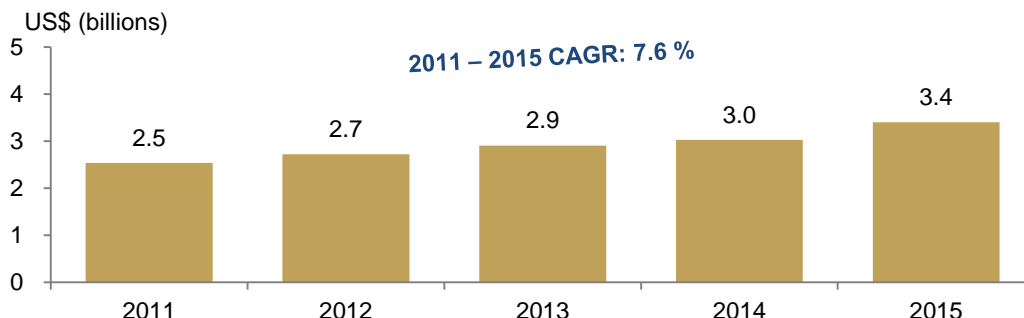


Growth of Future Upholstered Sofa Market in the U.S.

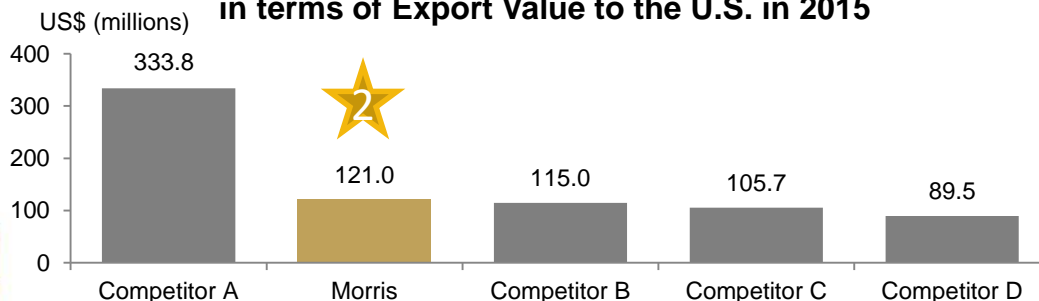
Retail Sales Value of Upholstered Sofa in the U.S., 2011-2020



PRC Export Value of Upholstered Sofa to the U.S., 2011-2015



Top Five PRC Upholstered Sofa Manufacturers in terms of Export Value to the U.S. in 2015



Source: Euromonitor Report

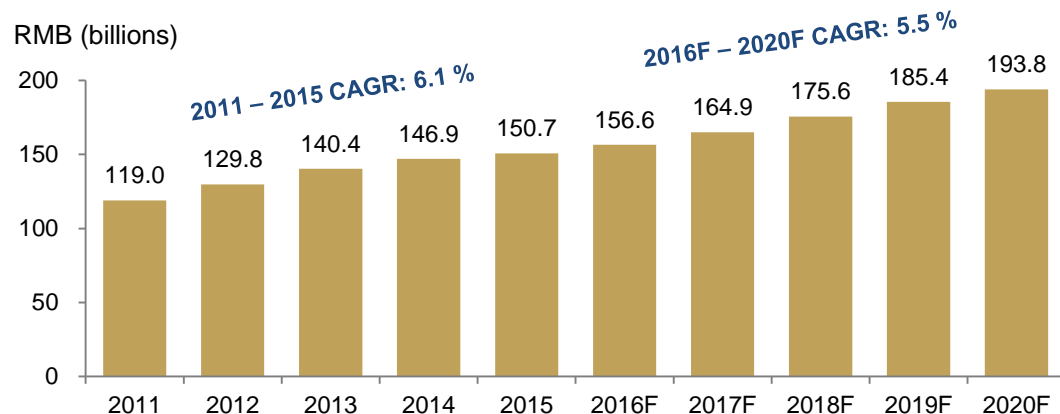
The U.S. is the PRC's largest export market for upholstered sofa products:

- From 2011 to 2015, upholstered sofa exports to the U.S. accounted for about 30% of China's total exports in terms of export value
- China's exports of upholstered sofa products to the U.S. increased from US\$2,537.7 million in 2011 to US\$3,400.0 million in 2015, representing a CAGR of approximately 7.6%
- The U.S. is the key export market of our products, contributing to more than 90% of the Group's annual sales for the year ended 31 December 2015
- The Group is well positioned in capitalizing on the growth in the overseas furniture market, particularly the U.S. market
- The U.S. furniture market is fragmented, therefore, the Group can capture strong growth with our well-recognized brand



Growing Demand for Upholstered Sofa Products in the PRC

Manufacturer's Sales Value of Upholstered Sofa in China, 2011-2020



Source: Euromonitor Report

Healthy Growth in Domestic Sales of Upholstered Furniture Industry:

- Continued progress in urbanization
- Steadily rising household income
- Government's efforts to regulate the housing market
- Expected measures to prop up the upholstered furniture industry

Haining Direct Sale Store



Jiaxing Direct Sale Store



- The Group has set up two direct sale stores in Haining City and Jiaxing City under the "Morris Zou" brand in the PRC
- The Group plans to expand its sales and marketing network in the PRC



Investment Highlights



MORRIS



Investment highlights



Market Leadership in the PRC-based Sofa Export Industry



Continuous Improvement in Profitability



Integrated Business Model with Self-owned Brands



Innovative Design and Strong R&D Team



Economies of Scale and Effective Cost Management

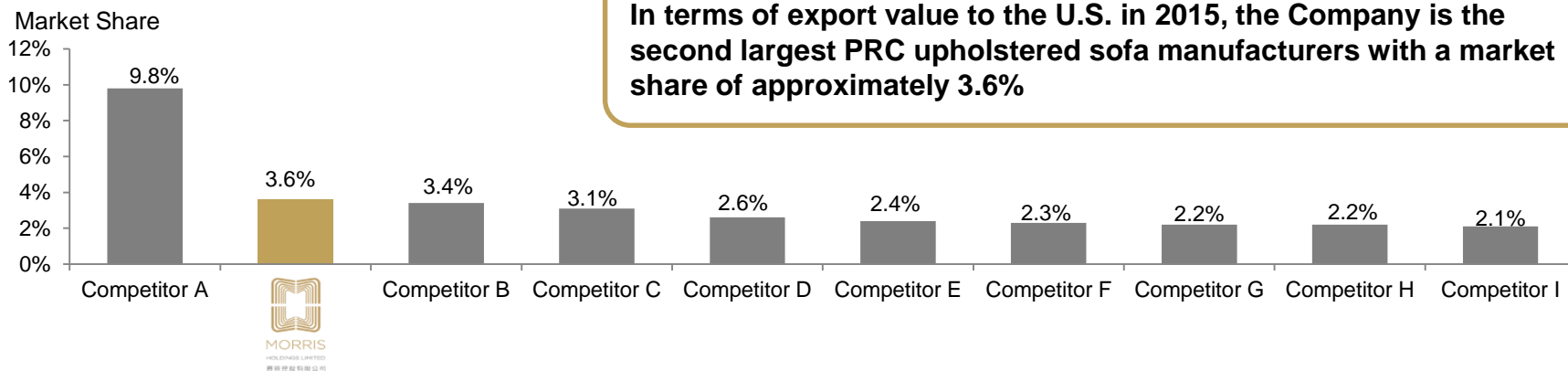


Visionary Management Team

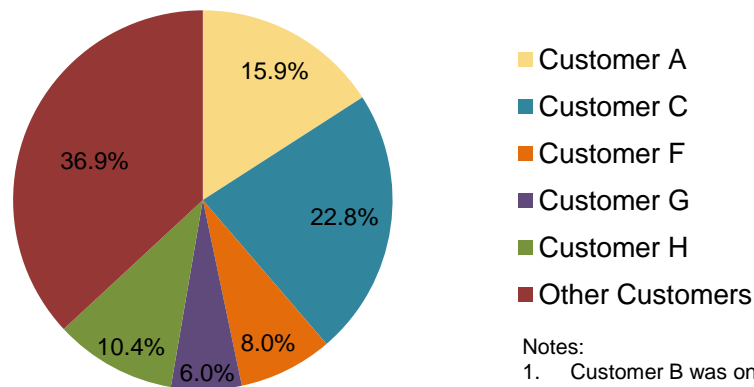


Market Leadership in the PRC-based Sofa Export Industry

Top 10 upholstered sofa manufacturers in terms of export value to the U.S., 2015



Revenue Contribution of Top 5 Customers for the 8 months ended 31 August 2016



Strong Relationships with Customers

- Maintained long-term relationships with various large-scale customers in the U.S., including some of the largest furniture retail chains and retail warehouse clubs
- Stable relationships with our top customers, one of which for over 14 years

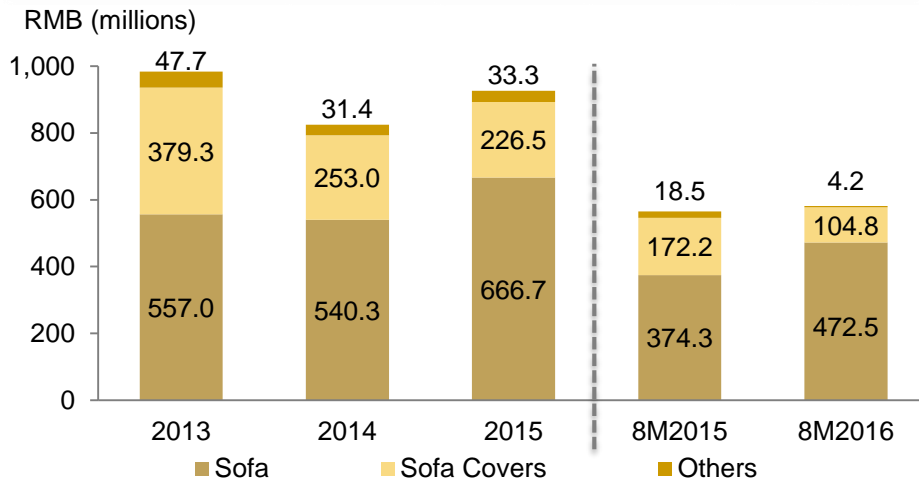
Notes:

- Customer B was one of our top 5 customers in 2013 and 2014, Customer F became one of our top 5 customer since 2015
- Customer D and customer E were two of our top 5 customers in 2014 and 2015 but not in 8M2016 while customer G and customer H became two of our top 5 customers in 8M2016

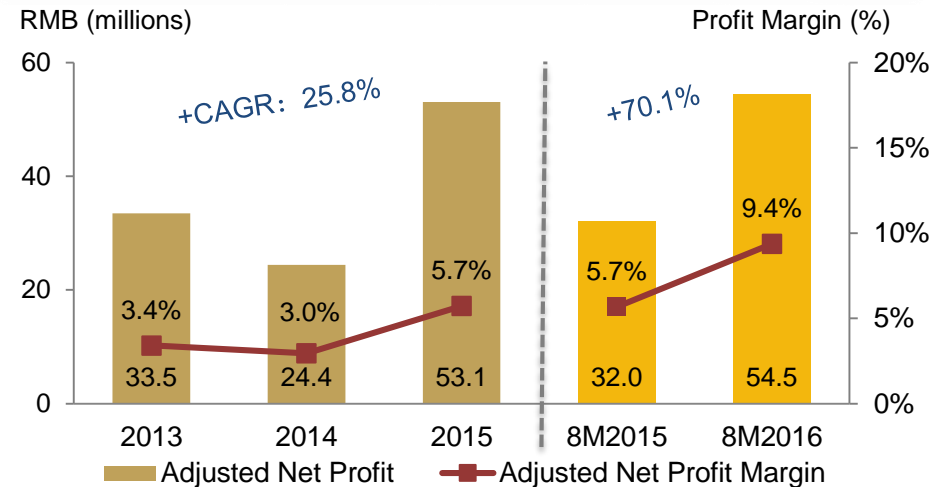


Continuous Improvement in Profitability

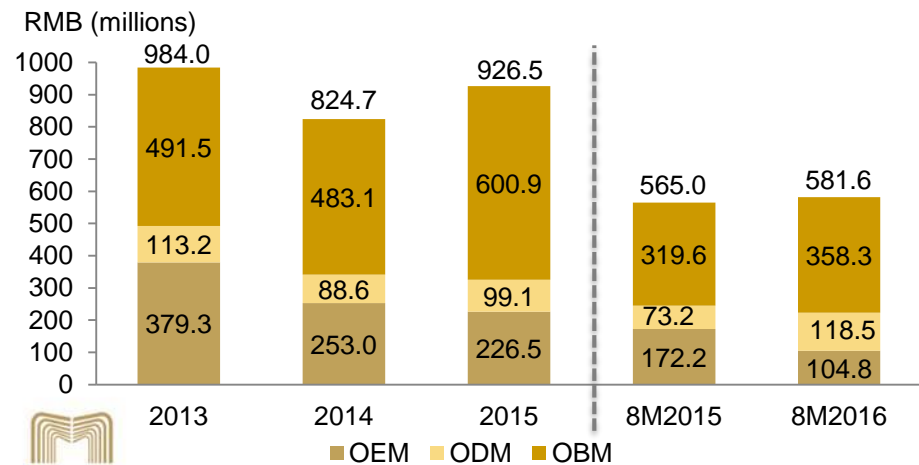
Revenue Breakdown by Product



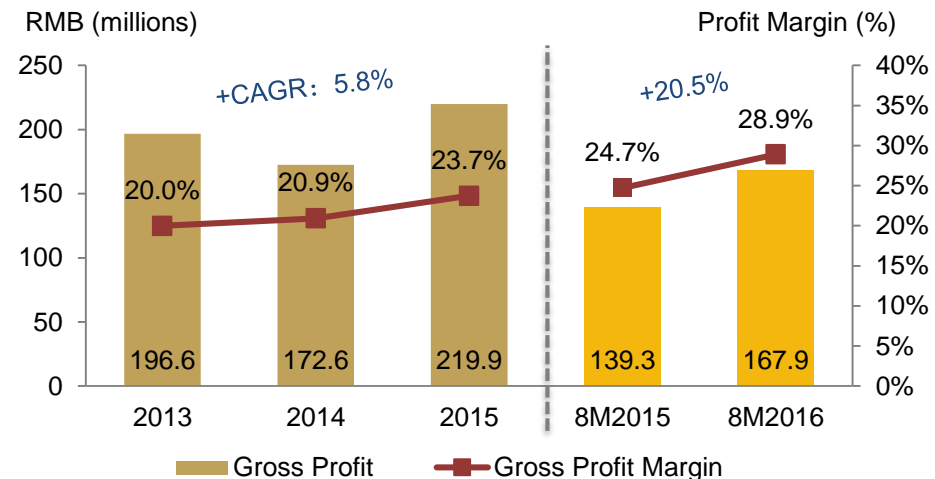
Adjusted Net Profit and Adjusted Net Profit Margin*



Revenue Breakdown by Business Model



Gross Profit and Gross Profit Margin



*Adjusted Net Profit = Net Profit + Listing Expenses – Disposal Gain – Exchange Gain



Integrated Business Model with Self-owned Brands

Design:

- In-house staff with extensive experience
- U.S. designer and consulting firm

R&D:

- Self R&D centre in Haining City
- 40+ in-house R&D personnel with extensive experience

Manufacturing:

- Efficient integrated model with focus on OBM business
- Full process quality control

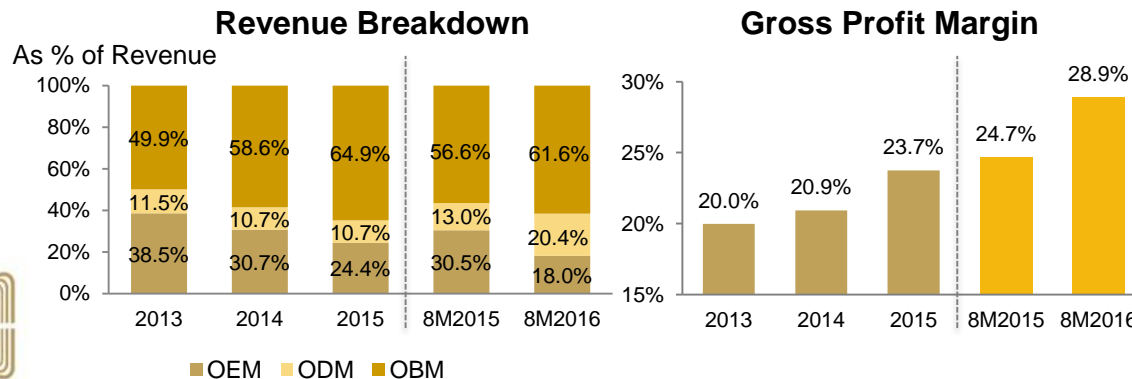
Sales & Marketing:

- Network covers the U.S., Canada, the U.K., Korea and the PRC
- Exclusive sales channels with a team of 20+ staff members
- An agent and a consultancy firm assist with sales & marketing and after sales service in the U.S.

Branding:

- 2 well recognized brands
- OBM business contributed 64.9% of revenue in 2015

Strategically Adjusted Business Focus to ODM and OBM Business



- Create and enhance our own brand value
- Enhance our bargaining power with suppliers
- Increase our gross profit margin



Innovative Design and Strong R&D Team

Haining Research and Development Centre:

- Accredited as a Zhejiang Enterprise Technical Centre by the Zhejiang Province Economic and Trade Commission in 2003
- 40+ staff members with extensive experience in the sofa production industry
- Senior members with 10+ years of industry experience
- Collaboration between U.S. designer and in-house R&D personnel
- Design and develop new sofas and other furniture products as well as enhance and improve the design and functionality of existing products
- Strong R&D capabilities enable the Company to focus more on ODM and OBM businesses

U.S. Designer:

- Assists the Company with identifying and determining new trends, themes, colours and fabrics of sofa products to match with the preferences of consumers in the U.S.

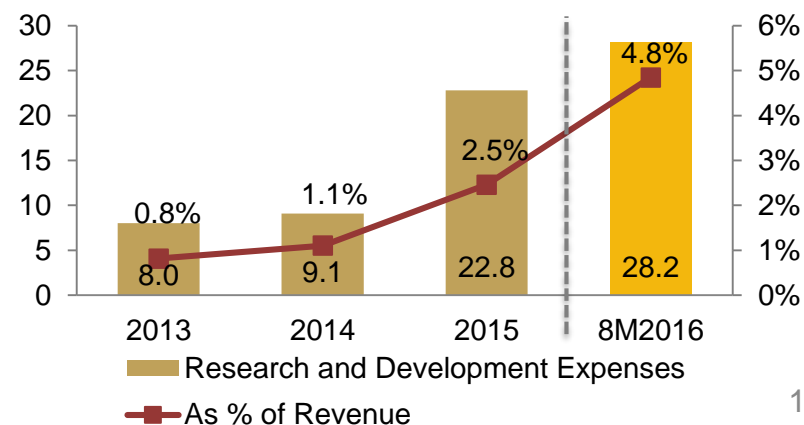
Issued Patents:



Research and Development Expenditure

RMB (millions)

As % of Revenue



Economies of Scale and Effective Cost Management

Economies of Scale Lead to Lower Cost of Sales and Admin Expenses thus Higher Margin



Annual capacity up to approximately 892,000 pieces of sofas, 1,613,000 pieces of sofa covers and 11,000 pieces of other furniture products

Measures to reduce cost:

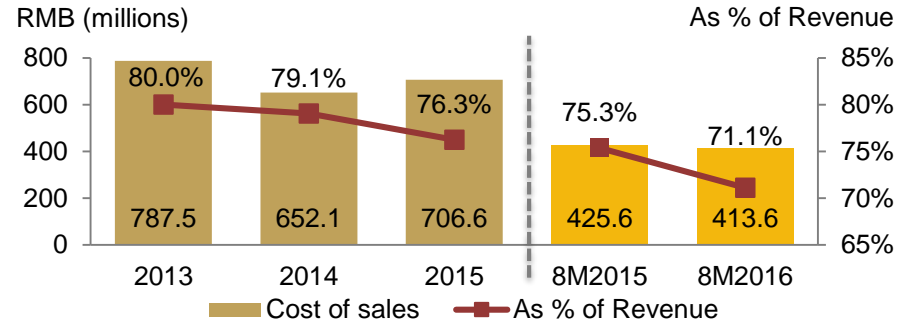
- Optimize production processes, such as improving the design of furniture and reducing production losses
- Monitor purchase of raw materials, increase amount of bulk purchases and adopt a centralized procurement system
- Further invest in the development of ERP to improve operational efficiency
- New production facility in Cambodia currently under construction, expected to commence production in 2017 to lower overall production costs

Notes:

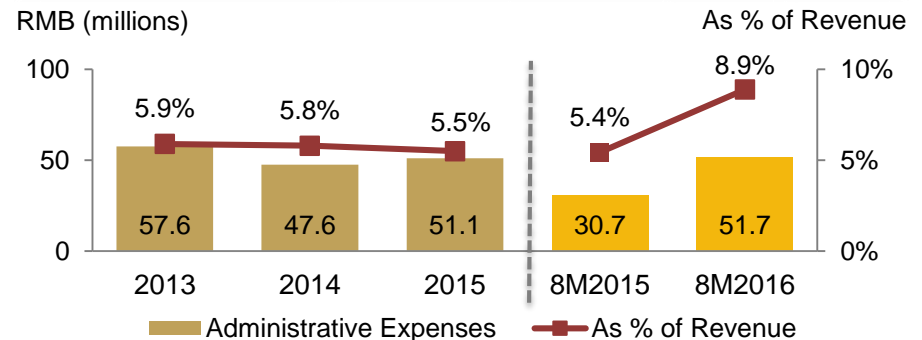
- Adjusted EBIT = Net Profit + Interest + Taxes + Listing Expenses
- Adjusted EBIT Margin = Adjusted EBIT/ Revenue



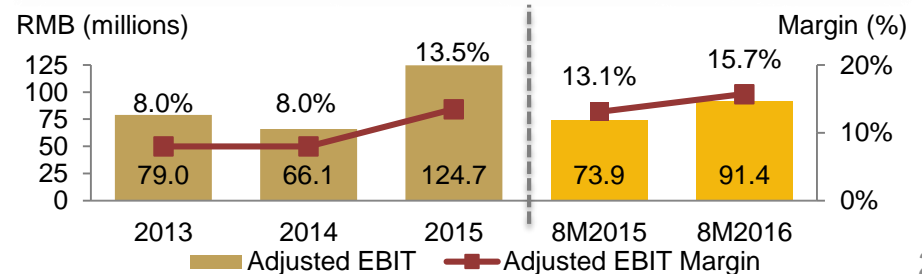
Cost of Sales



Administrative Expenses



Adjusted EBIT¹ & EBIT Margin²



Visionary Management Team

Mr. Zou Gebing



Chairman, CEO and Executive Director

- An award-winning entrepreneur in manufacturing and exporting of sofa products predominantly to overseas market primarily to the U.S.
- Over 15 years of industry experience
- Responsible for overseeing and mapping the Group's growth strategy and overall management
- Vice chairman of the 6th Council of the Zhejiang Leather Industry Association and the Zhejiang Young Entrepreneurs' Association and senior vice chairman of Jiaxing Chamber of Commerce
- Awarded Zhejiang Youth Wusi Medal, Chinese Youth Wusi Medal by the All-China Youth Federation and Elite Zhejiang Merchants Prize 2009 – Annual Cutting-edge Entrepreneur of Zhejiang Province

Mr. Chen Guohua



Executive Vice President and Executive Director

- Over 15 years of industry and government experience
- Responsible for strategic development, investment planning and daily management

Mr. Zeng Jin



Senior Vice President, Executive Director and Head of Production and Quality Management

- Extensive experience in production and quality management
- Responsible for overseeing production planning and manufacturing and quality management

Mr. Wang Ming



Vice President, Executive Director, Head of Import and Export and Head of Sales and Marketing

- 8 years of experience in foreign trade
- Responsible for managing and reviewing import and export contracts and overseas trading documents, arranging for transportation, clearance and inspection of cargos, developing new markets and clientele, and maintaining customers' relationship

Ms. Shen Jiangping



Director of Human Resources

- 15 years of experience in human resources
- Responsible for overseeing recruitment, staff training, reward management and human resources matters



Financial Highlights



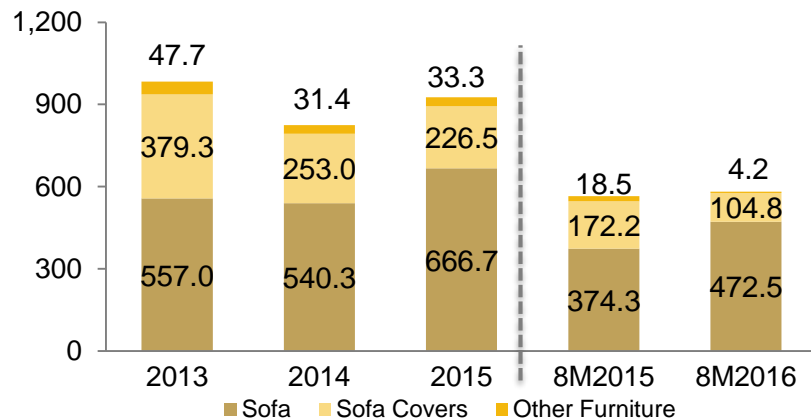
MORRIS



Growing Revenue and Profitability

Revenue Breakdown by Product

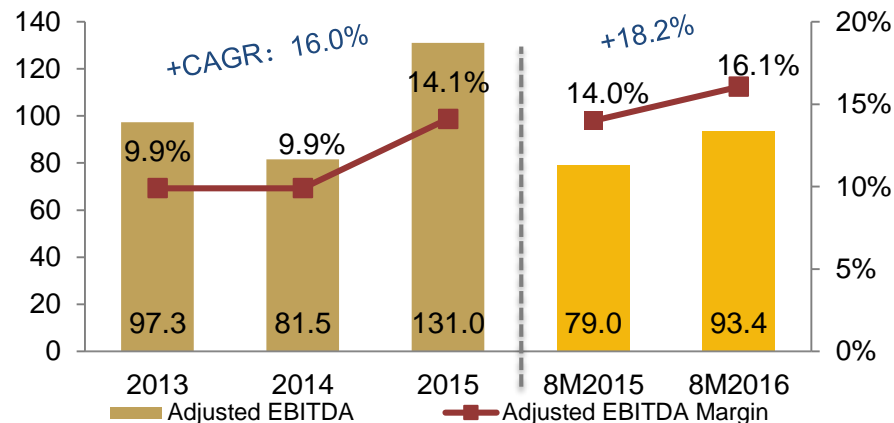
RMB (millions)



Adjusted EBITDA¹ & EBITDA Margin²

RMB (millions)

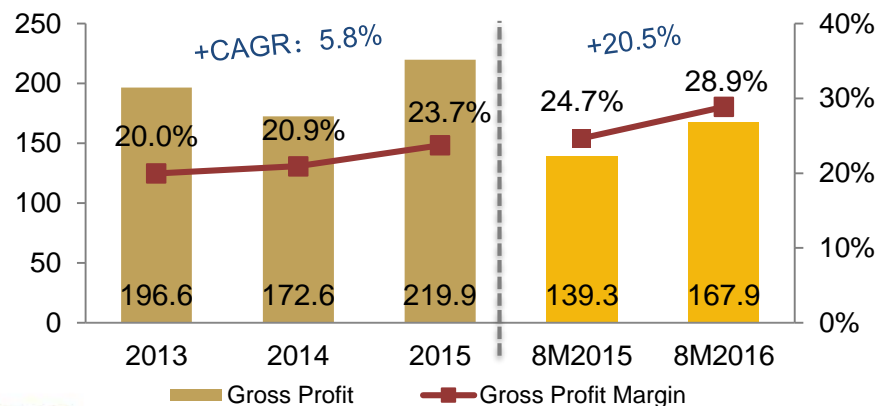
Margin (%)



Gross Profit & Gross Profit Margin

RMB (millions)

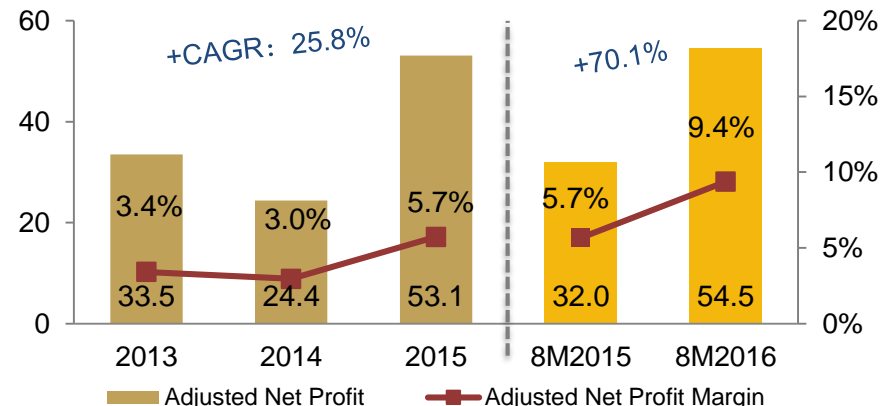
Profit Margin (%)



Adjusted Net Profit & Adjusted Net Profit Margin³

RMB (millions)

Profit Margin (%)



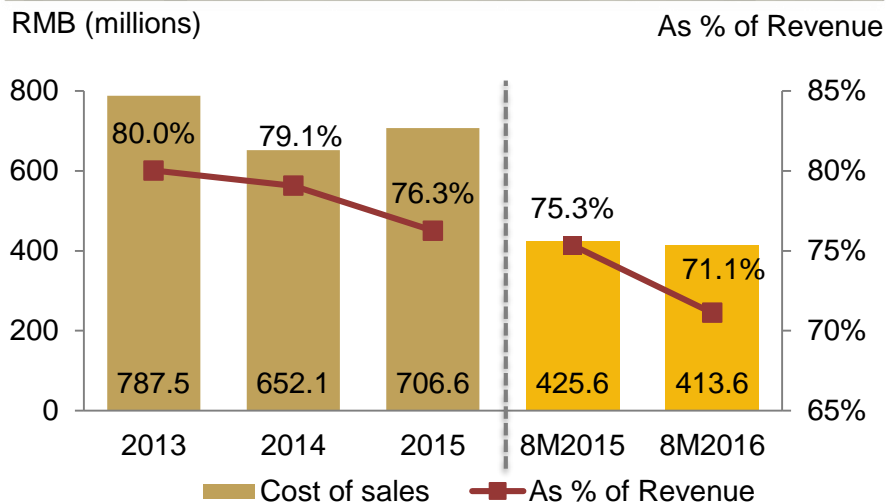
Notes:

- Adjusted EBITDA = Net Profit + Interest + Taxes + Depreciation + Amortization + Listing Expenses
- Adjusted EBITDA Margin = Adjusted EBITDA / Revenue
- Adjusted Net Profit = Net Profit + Listing Expenses – Disposal Gain – Exchange Gain

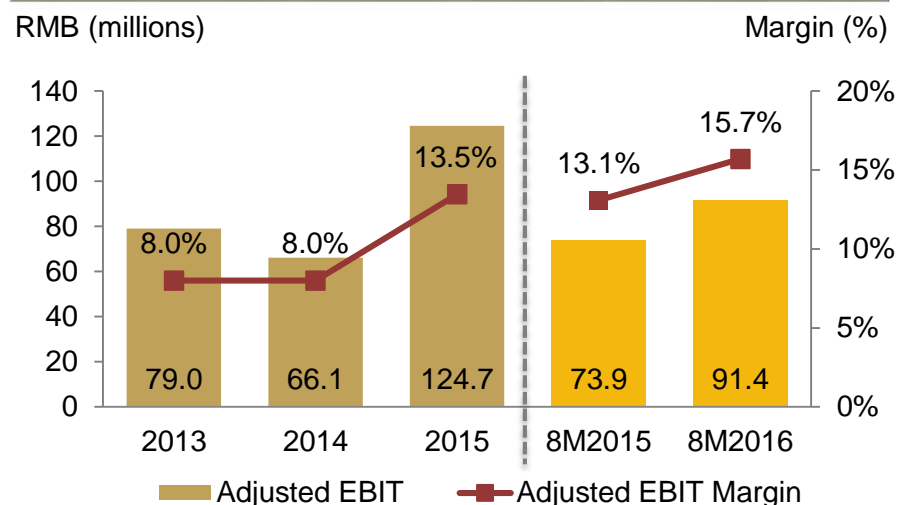


Effective Cost Control Helps Improve Profitability

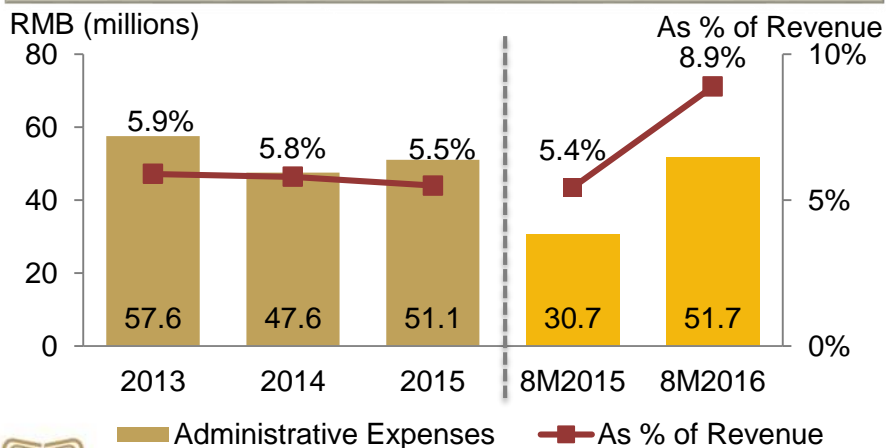
Cost of Sales



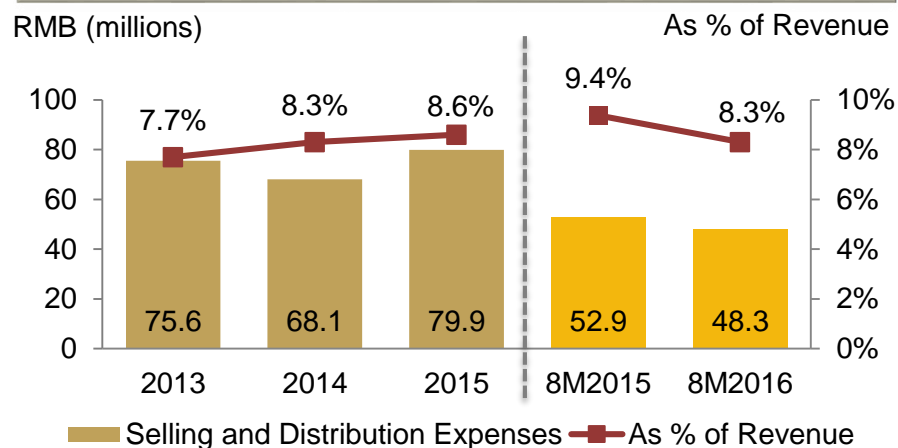
Adjusted EBIT¹ & EBIT Margin²



Administrative Expenses



Selling and Distribution Expenses



Notes:

1. Adjusted EBIT = Net Profit + Interest + Taxes + Listing Expenses

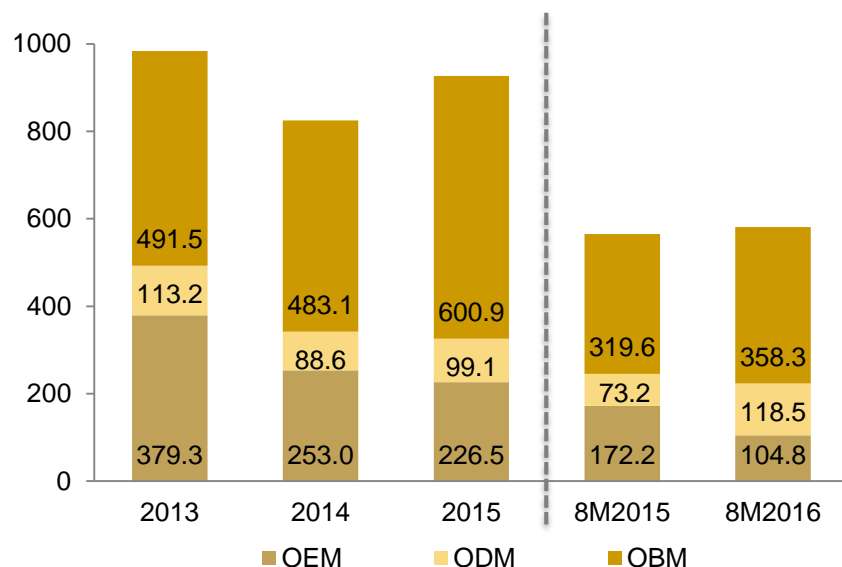
2. Adjusted EBIT Margin = Adjusted EBIT/ Revenue



Strategic Focus on OBM Business and Improving Profit Margin

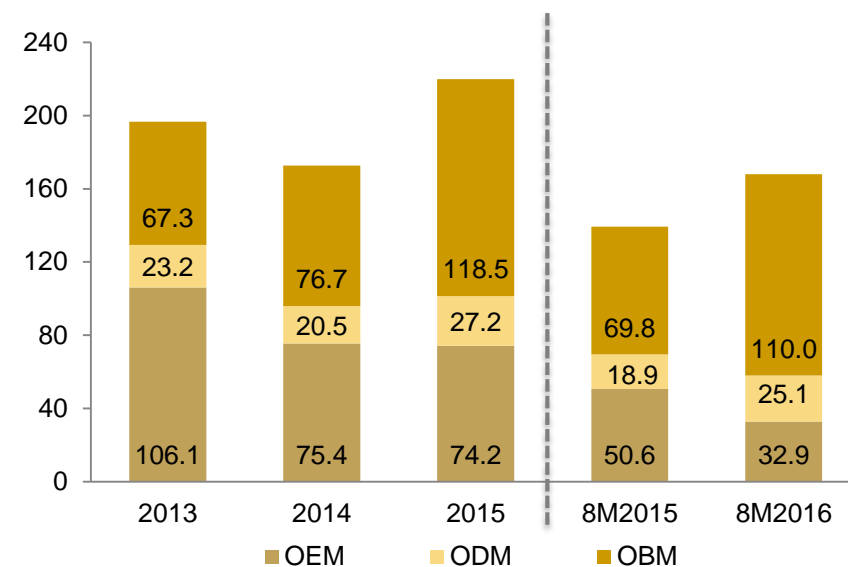
Revenue Breakdown

RMB (millions)

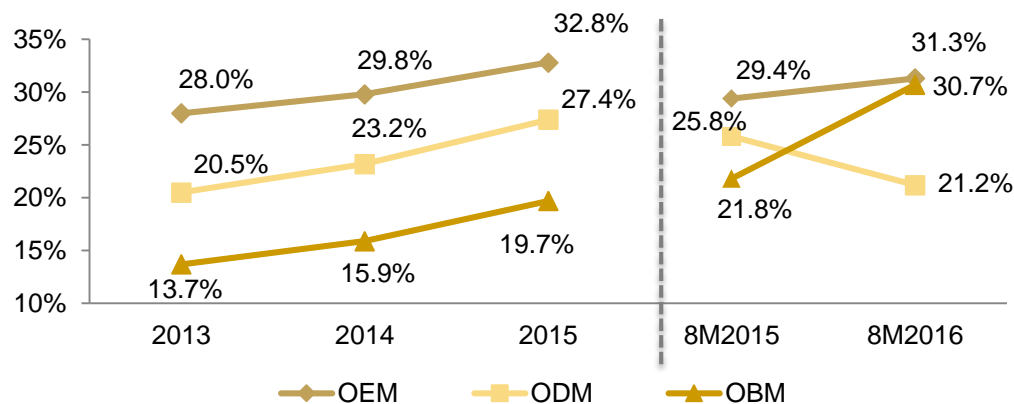


Gross Profit Breakdown

RMB (millions)

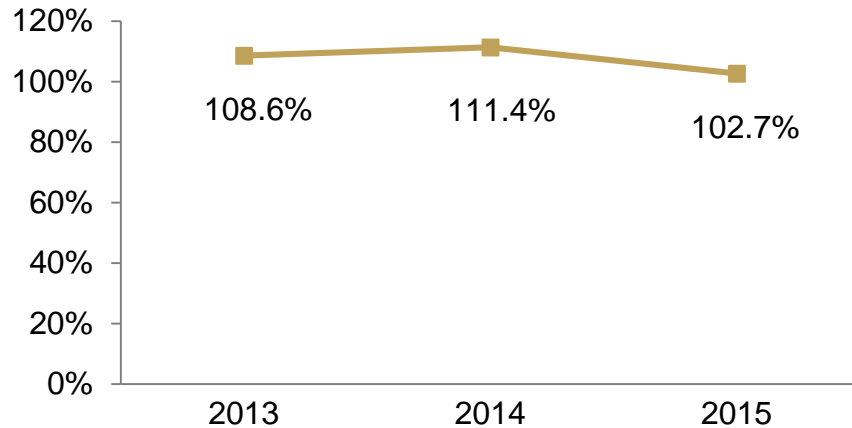


Gross Profit Margin

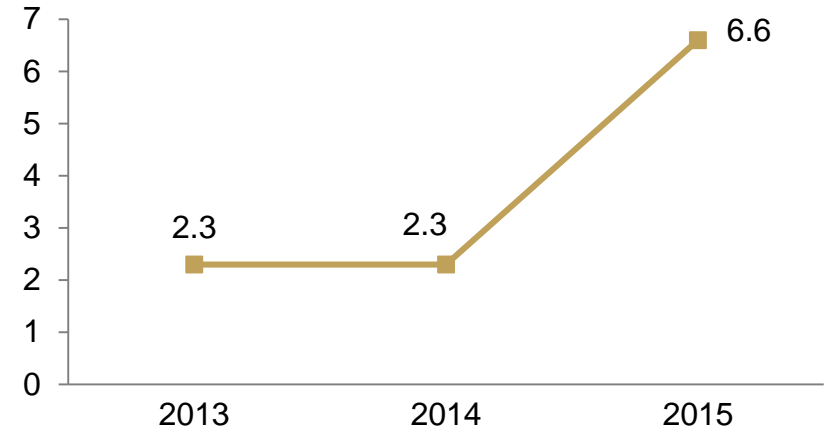


Healthy Financial Condition & Return on Capital

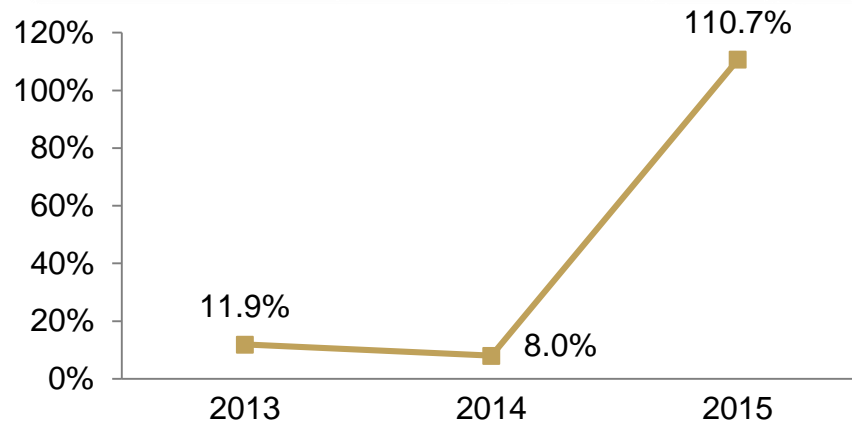
Current Ratio¹



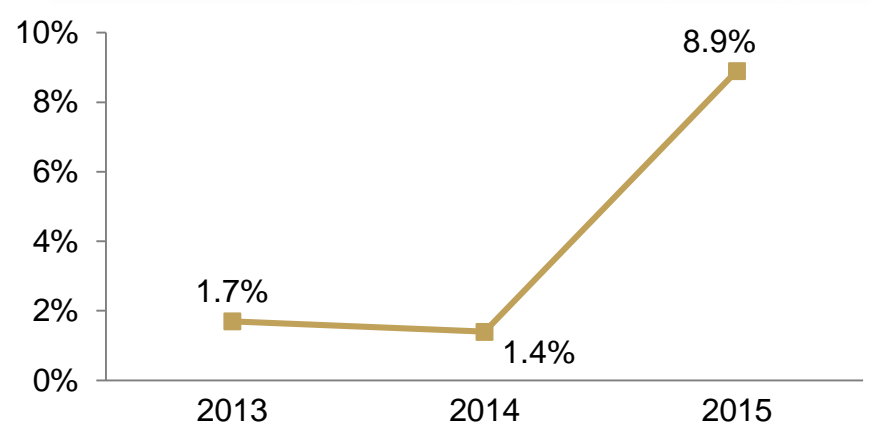
Interest Coverage Ratio²



Return on Equity³



Return on Assets⁴



Notes:

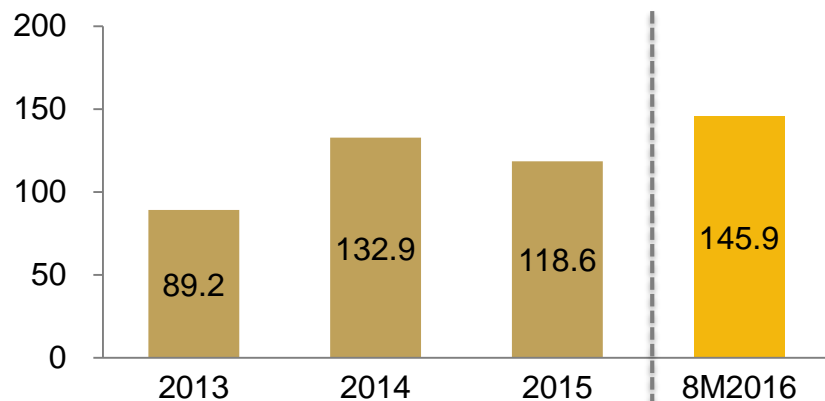
1. Current Ratio = Current Asset / Current Liabilities
3. Return on Equity = Net Profit / Total Equity x 100%

2. Interest Coverage Ratio = EBIT / Finance Cost
4. Return on Assets = Net Profit / Total Asset x 100%

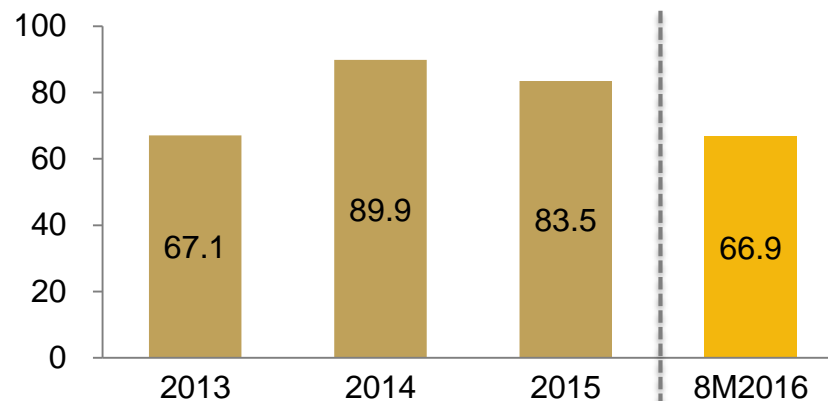


Efficient Working Capital Management

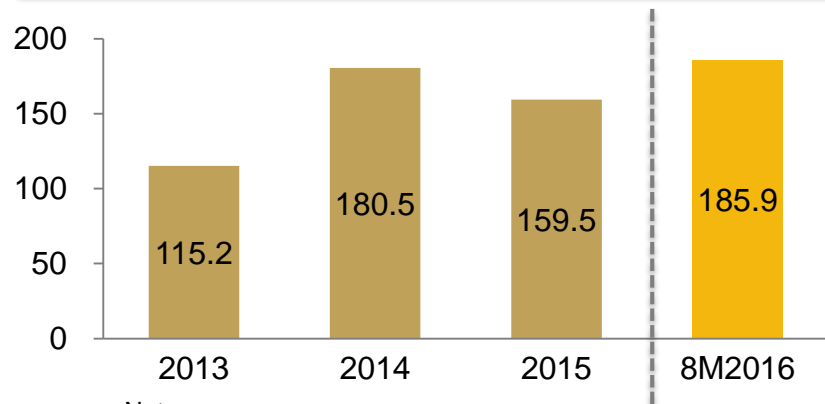
Average Inventory Turnover Days¹



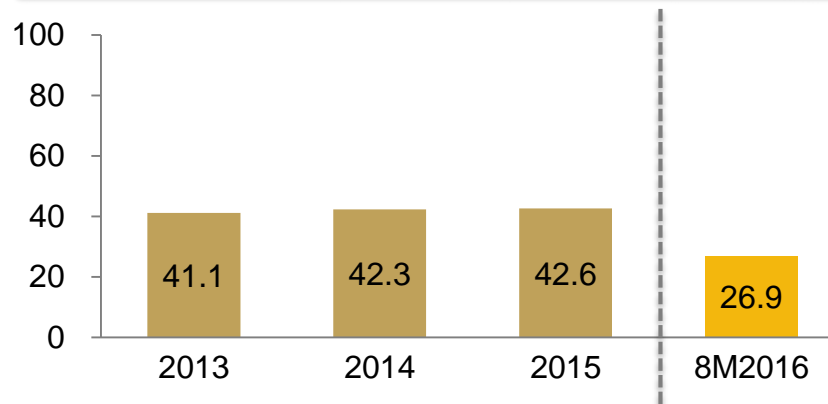
Average Trade Receivables Turnover Days²



Average Trade Payables Turnover Days³



Cash Conversion Cycle⁴



Notes:

1. Average Inventory Turnover Days = Number of days * Average Inventory/Cost of Sales
2. Average Trade Receivables Turnover Days = Number of days * Average Net Trade Receivables/Revenue
3. Average Trade Payables Turnover Days = Number of days * Average Trade Payables/Cost of Sales
4. Cash Conversion Cycle = Inventory Turnover Days + Average Trade Receivables Turnover Days – Average Trade Payables Turnover Days



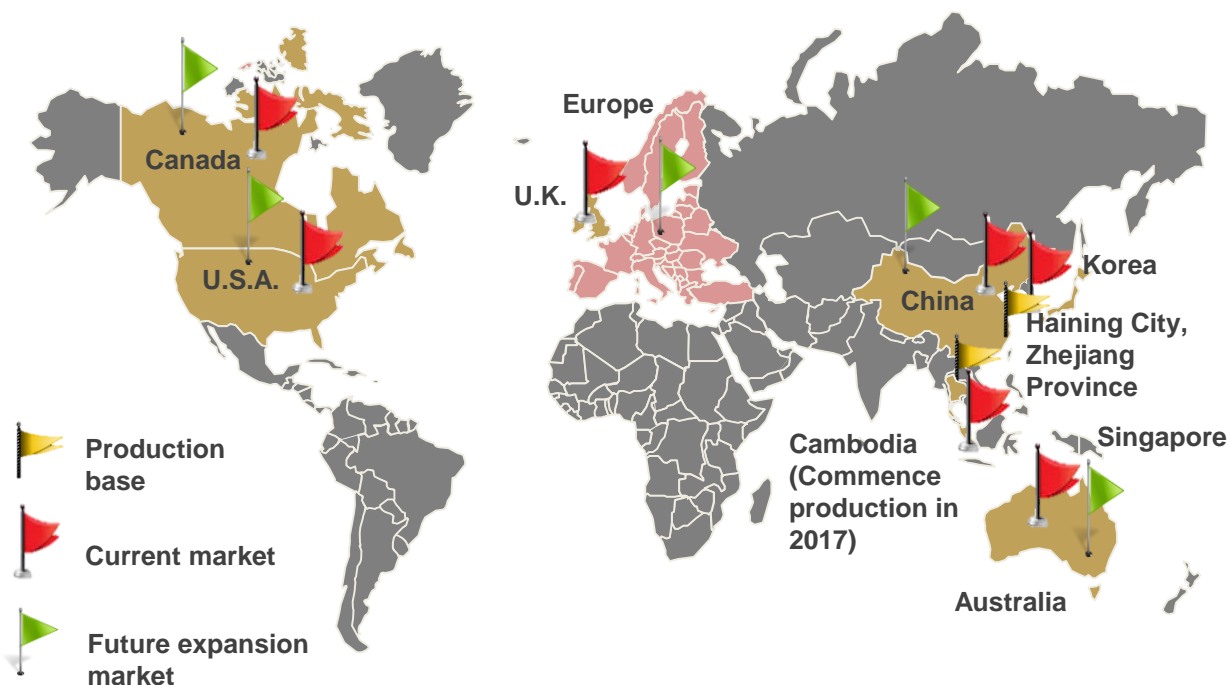
Business Strategies and Use of Proceeds



MORRIS



Further Expand Sales and Marketing Network



- The Company plans to further expand sales and marketing network by extending reach in the overseas furniture markets as well as expanding and strengthening sales network in the PRC

Continue to extend reach in the overseas sofa markets:

- Fortifying existing business relationships
- Exploring new business relationships with potential customers in territories such as Australia, Europe and Canada

Expanding and strengthening the Group's network in the PRC:

- Currently have two direct sale stores in the PRC
- Continue tapping into the PRC domestic furniture market



Continue to Enhance Brand Recognition in the Furniture Market



MORRIS ZOU

Marketing and Promotions

- Combination of marketing endeavours including advertising through:

- Television, newspapers, magazines and the Internet



- Weekly business newspaper –

FURNITURE TODAY

- Expand the area of our showroom or our footprint in the High Point Market in North Carolina, U.S.
- Participate in more exhibitions and showroom events in the PRC, the U.S. and other overseas markets

Selective Pursuance of Strategic Alliances and Acquisitions

- Selectively pursue strategic alliances and acquisitions of furniture brands with reputable names
- Expand sales network and raise the awareness of the Group's brands and products
- Expand products portfolio and benefit from the established market recognition



Continue to Enhance Brand Recognition in the Furniture Market (cont'd)

High Point Market Showroom



- We have participated in the “High Point Market” exhibition in High Point, North Carolina, U.S. twice a year since 2010 by way of housing a showroom to promote and market our “Morris Holdings Limited” branded sofa products in the U.S.
- The High Point Market is the largest furnishings industry trade show in the world, bringing more than 75,000 people to High Point every six months

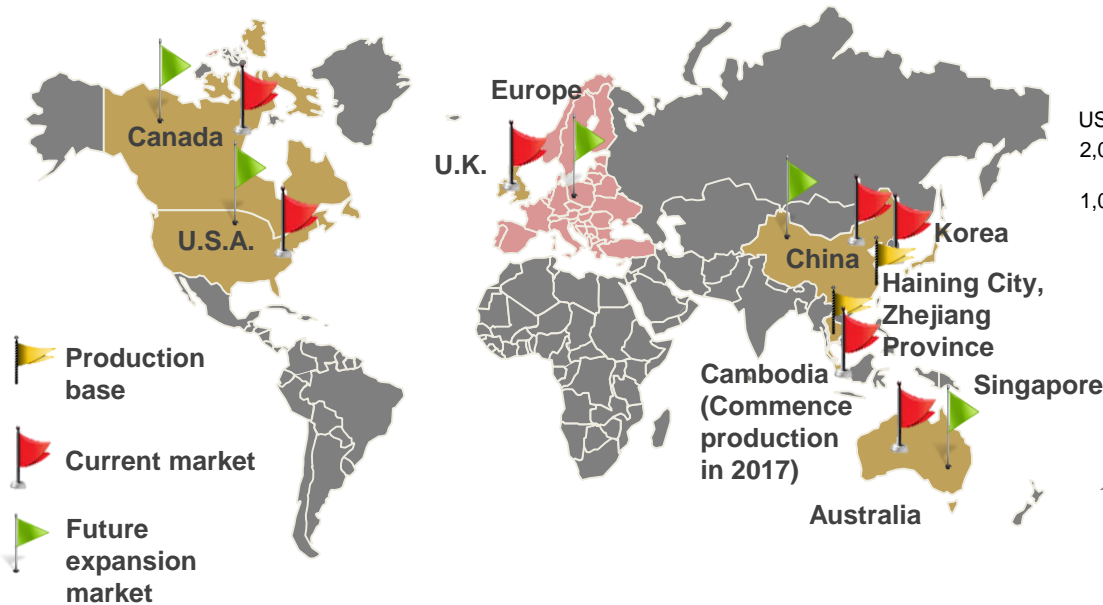
High Point Market:

- 180 buildings
- 11.5 million square feet of showspace
- 75,000 attendees to High Point every six months
- 2,000+ exhibitors
- 100+ countries represented
- Tens of thousands of new product introductions
- Approximately 10% of attendees are international

Source: <http://www.highpointmarket.org/about-market/facts/>

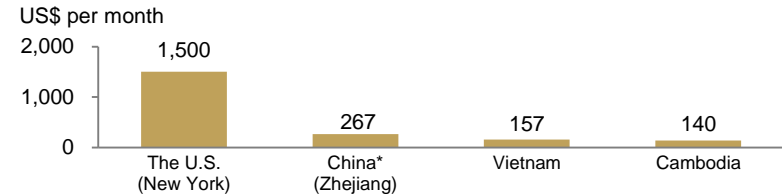


Expand Manufacturing Capacities in Cambodia to Meet Market Demand



Cambodia has huge supplies of working age population in the coming years

Minimum Wage for A 19-year-old or Apprentice by Country (Year 2016)

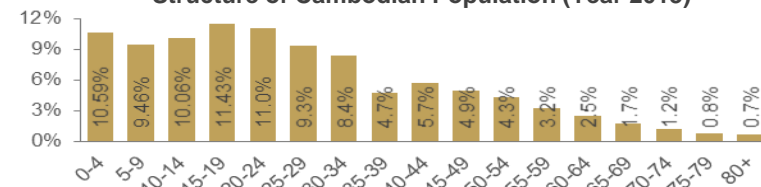


Source:

- US: National Conference of State Legislatures
- China: China Labour Law
- Vietnam: <http://www.chinaitimes.com/realtimenews/20160107004301260410>
- Cambodia: <http://info.taiwantrade.com/CH/bizsearchdetail/8041114/C>

* Exchange rate of 6.9495 as of 28 Dec 2016 from PBOC

Structure of Cambodian Population (Year 2013)



Source: The World Bank

Current Production Facilities:
Haining City, Zhejiang Province

	Production Line	Designed Production Capacity (Thousand /Year)	Actual Production Volume in 2015 (Thousand /Year)	Utilisation Rate
Sofa Products	15	892	664	74.4%
Sofa Covers	25	1,613	1,271	78.8%
Other Furniture	1	11	9	81.8%



New Production Facilities:

Sihanoukville Special Economic Zone
(commence production in 2017)

	Production Line	Designed Production Capacity (Thousand/ Year)
Sofa Products	5	95
Sofa Covers	9	145

- Lower labor cost
- Sofa product production capacity **+10.7%**
- Sofa cover production capacity **+9.0%**

Use of Proceeds



31.3%

Further expansion of our sales and marketing network in both overseas market and the PRC



26.4%

Repayment of part of our outstanding bank borrowings



26.0%

Enhancement of our brand recognition in the furniture market



9.8%

General working capital and other general corporate purposes



6.5%

Expansion of our manufacturing capabilities in Cambodia



Q&A



MORRIS



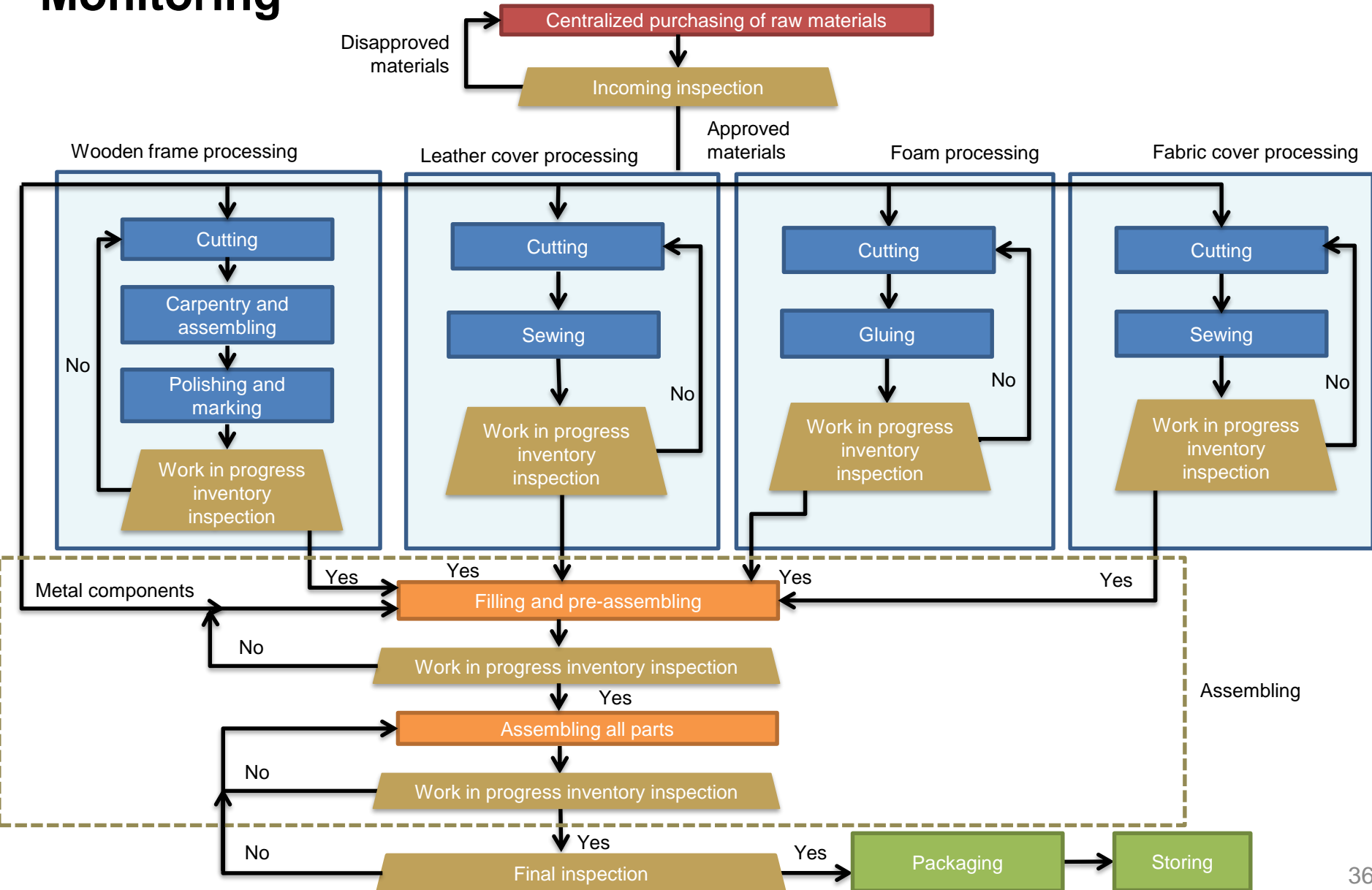
Appendix



MORRIS



Efficient Production Process with Whole-process Quality Monitoring



Extracts of Statement of Profit & Loss Figures

	For the year ended 31 December			For the eight months ended 31 August	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2015 RMB'000 (unaudited)	2016 RMB'000
Revenue	984,026	824,675	926,471	564,958	581,566
Gross Profit	196,576	172,624	219,914	139,314	167,933
Gross Profit Margin (%)	20.0%	20.9%	23.7%	24.7%	28.9%
Profit Before Tax	44,074	37,804	103,166	63,405	64,416
Profit for the Year /Period	33,543	24,364	83,068	50,182	40,134
Adjusted Net Profit ¹	33,543	24,364	53,051	32,036	54,508
Adjusted Net Profit Margin ² (%)	3.4%	3.0%	5.7%	5.7%	9.4%



Notes:

1. Adjusted Net Profit = Profit of the Year + Listing Expenses – Disposal Gain – Exchange Gain
2. Adjusted Net Profit Margin = Adjusted Net Profit/Revenue x 100%

Extracts of Balance Sheet Figures

	For the year ended 31 December			For the eight months ended 31 August
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000
Non-current Assets	132,490	142,570	51,554	52,518
Current Assets	1,891,375	1,586,052	885,805	935,366
Cash and Cash Equivalents	31,297	10,640	33,131	60,257
Total Assets	2,023,865	1,728,622	937,359	987,884
Current Liabilities	1,742,289	1,423,246	862,195	868,753
Non-current Liabilities	691	0	107	3,667
Total Equity	280,885	305,376	75,057	115,464



Extracts of Cash Flows Figures

	For the year ended 31 December			For the eight months ended 31 August	
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2015 RMB'000 (unaudited)	2016 RMB'000
Net Cash Flows from/(used in) Operating Activities	57,442	34,204	110,636	38,518	92,524
Net Cash Flows from/(used in) Investing Activities	(56,904)	186,231	(18,628)	7,508	(114,715)
Net Cash Flows from/(used in) Financing Activities	(87,417)	(241,278)	(70,073)	5,130	47,057
Net Increase/(Decrease) in Cash & Cash Equivalents	(86,879)	(20,843)	21,935	51,156	24,866
Cash & Cash Equivalents at the Beginning of the Year	118,187	31,297	10,640	10,640	33,131
Effect of Foreign Exchange Rate Changes, net	(11)	186	556	336	2,260
Cash & Cash Equivalents at the End of the Year	31,297	10,640	33,131	62,132	60,257

