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MORRIS
HOME HOLDINGS LIMITED

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慕容家居控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1575)

VOLUNTARY ANNOUNCEMENT LOAN FACILITY FROM CONTROLLING SHAREHOLDER

This announcement is made by Morris Home Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

LOAN AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 5 May 2023, the Company (as borrower) entered into a loan agreement (the “**Loan Agreement**”) with Mr. Tse Kam Pang (as lender), pursuant to which Mr. Tse Kam Pang has agreed to provide to the Company an unsecured loan facility in the principal amount of up to HK\$200,000,000 (the “**Loan Facility**”).

The principal terms of the Loan Agreement are set out as follows:

Loan Facility	:	An unsecured loan facility of up to HK\$200,000,000
Purpose	:	General working capital in the ordinary and usual course of business of the Group, or such other purpose as may be approved by Mr. Tse Kam Pang
Interest	:	6% per annum
Repayment	:	Repayable on demand
Collateral	:	No security or guarantee will be given by the Group

The terms of the Loan Agreement (including the interest rate) were arrived at after arm's length negotiations between the parties to the Loan Agreement and were on normal commercial terms.

INFORMATION ON THE PARTIES

Information on Mr. Tse Kam Pang

As at the date of this announcement, Mr. Tse Kam Pang indirectly holds 1,300,038,000 shares of the Company (the "**Shares**"), representing approximately 47.27% of the issued Shares, through Century Icon Holdings Limited. Mr. Tse Kam Pang is therefore a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Information on the Company and the Group

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1575). The Group is principally engaged in the manufacturing and sales of sofas, sofa covers and other furniture products.

REASONS FOR AND BENEFITS OF THE LOAN FACILITY

As disclosed in the Company's circular dated 29 August 2022, Mr. Tse Kam Pang has extensive experience and connections in the furniture sales and manufacturing industry in People's Republic of China (the "**PRC**"). The Group may be able to leverage the support of its new controlling shareholder to resolve its financial difficulties and optimize and further develop its existing business in the PRC.

The Loan Facility demonstrates the commitment and full support of Mr. Tse Kam Pang (a controlling shareholder of the Company) towards the Group in the operations of the Group, as well as enhancing financial stability to the Group to support its day-to-day operations.

Following the completion of the subscription of 1,300,000,000 Shares and the placing of 250,000,000 Shares on 10 October 2022, the Group addressed the short-term turmoil by way of the restructuring of the debts of its two subsidiaries in the PRC and the convertible loan owing by the Company. The Group is progressively resuming its operations and gradually restoring its business, with a view to realizing its full potential. The Directors believe that the Loan Facility will enhance the Group's financial flexibility and provide liquidity to the Group to meet working capital requirements and is therefore beneficial to the Group.

The Directors (including the independent non-executive Directors) consider that the Loan Facility is fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the Loan Facility is conducted on normal commercial terms or better and is not secured by the assets of the Group, the transaction contemplated under the Loan Agreement is fully exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

By order of the Board
Morris Home Holdings Limited
Tse Kam Pang
Chairman and Executive Director

Hong Kong, 5 May 2023

As at the date of this announcement, the executive Directors are Mr. Tse Kam Pang, Mr. Chong Tsz Ngai and Mr. Zou Gebing; the non-executive Directors are Mr. Tse Hok Kan and Ms. Wu Xiangfei; and the independent non-executive Directors are Professor Lee Chack Fan, Professor Kwan Pun Fong Vincent and Ms. Chen Jianhua.