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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)

INSIDE INFORMATION ADOPTION OF NEW DIVIDEND POLICY

This announcement is made by the board of directors (the “**Board**”) of Morris Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board hereby announces that a new dividend policy was adopted by the Company (the “**New Dividend Policy**”) on 10 December 2018. Pursuant to the New Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company (the “**Shareholders**”), provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. The Company intends to pay out an annual dividend payment at a payout ratio of not less than 30% of the Group’s consolidated net profit after tax for the then financial year after taking into consideration of, inter alia, the following factors:

- (i) the Group’s financial results;
- (ii) the financial condition of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) the availability of funds to meet the financial covenants of our Group’s bank loans; and
- (v) any other factors that our Board may consider appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Any declaration and/or payment of future dividends under the New Dividend Policy are/is subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board endeavors to strike a balance between the Shareholders' interests and prudent capital management and the Board will review the New Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Morris Holdings Limited
ZOU Gebing
Chairman

Hong Kong, 10 December 2018

As at the date of this announcement, the executive Directors are Mr. ZOU Gebing, Mr. SHEN Zhidong, Mr. ZENG Jin and Mr. WU Yueming; and the independent non-executive Directors are Mr. HUANG Wenli, Mr. LIU Haifeng and Mr. SHAO Shaomin.