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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) FINDINGS OF THE INDEPENDENT INVESTIGATION  
(2) FULFILLMENT OF ALL RESUMPTION CONDITIONS  
AND  
(3) RESUMPTION OF TRADING**

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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to (i) the announcement of the Company dated 28 March 2019 in relation to the delay in publication of the annual results and despatch of annual report of the Group for the year ended 31 December 2018 and the trading suspension of the shares of the Company on the Stock Exchange; (ii) the announcement of the Company dated 2 May 2019 in relation to the proposed change of auditors; (iii) the announcement of the Company dated 21 May 2019 in relation to, among other things, the change of auditors; and (iv) the announcement of the Company dated 27 May 2019 in relation to the resumption guidance (the “**Resumption Guidance**”) (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the announcement of the Company dated 28 March 2019, during the course of auditing the consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Consolidated Financial Statements**”), Ernst and Young (“**EY**”), the former auditor, raised queries about (i) certain transactions in respect of the purchase and sales of leather, furniture and furniture-related products carried out by the Group in the People’s Republic of China during the year ended 31 December 2018; (ii) the disclosures and accounting treatments for the relationships between two subsidiaries of the Group in the People’s Republic of China (collectively, the “**PRC Subsidiaries**” , or each as “**Subsidiary A**” and “**Subsidiary B**”) and some of the customers and/or suppliers, in particular whether these customers and suppliers are independent from the Group (collectively, the “**EY’s Queries**”).

The Audit Committee of the Company has appointed Stevenson, Wong & Co. (“**SWC**”) to conduct an independent investigation, with the assistance from HLB Hodgson Impey Cheng Limited (“**HLB**”), the existing auditor (collectively, the “**Investigators**”), and to prepare an independent investigation report in respect of the EY’s Queries. The Company would like to update its Shareholders on the latest progress in this respect.

On 9 July 2019, the Company and the Audit Committee received an independent investigation report dated 9 July 2019 issued by SWC (the “**Independent Investigation Report**”). The summary of the major findings of the Independent Investigation Report and the views of the Company and HLB on the contents of the Independent Investigation Report are set out in this announcement.

On 10 July 2019, the Company published the announcement of final results for the year ended 31 December 2018 with an unmodified and unqualified opinion from HLB.

## **SUMMARY OF THE MAJOR FINDINGS OF THE INDEPENDENT INVESTIGATION REPORT**

The EY’s Queries mainly include the following three aspects:

- (1) the independence of five suppliers and/or customers of the PRC Subsidiaries;
- (2) the inconsistencies of documents and information in respect of certain major transactions entered into between the PRC Subsidiaries and Company A during 2018 (the “**Major Transactions**”). Company A’s business scope includes trading of fabric, leather, sofa covers, sofas and other furniture products. As a trading company, Company A purchases leather, sofa covers and other furniture products from the PRC Subsidiaries as a customer, at the same time, it sells fabric to one of the PRC Subsidiaries as a supplier. The details of the Major Transactions are as follows:

	<b>Subject matters of the transaction</b>	<b>Date</b>	<b>Amount (RMB million)</b>
The transactions conducted by Company A with Subsidiary A	A. Selling fabric	Throughout 2018	103.0
	B. Purchasing leather	29 October 2018	16.6
	C. Purchasing leather	22 November 2018	13.3
	D. Purchasing 4,890 sofa covers	21 December 2018	11.3
	E. Purchasing 67,373 sofa covers	28 December 2018	177.8
The transactions conducted by Company A with Subsidiary B	A. Purchasing 8,022 sofas, 173 coffee tables, 53 beds, 34.8 square meters of carpets, 354 cabinets and 2,829 furniture ornaments	21 to 28 June 2018	13.7
	B. Purchasing 4,350 sofas, 3,200 dining chairs with armrest, 800 long dining tables and 800 side cabinets	20 to 28 November 2018	18.1
	C. Purchasing 7,261 sofas and 273 sofa covers	24 to 28 December 2018	28.8

; and

- (3) in respect of the transaction entered into between Subsidiary A and Company A for the purchase of 67,373 sofa covers with a total amount of approximately RMB178 million at the end of December 2018 as set out in item E of paragraph (2) above, the queries raised regarding the inconsistency between the number of trucks required and the actual number of trucks deployed for delivering the relevant sofa covers, the sufficiency of the warehouse capacity for those inventories, and the decrease in overtime pay of the relevant workers during the relevant period.

## **METHODOLOGIES USED IN THE INDEPENDENT INVESTIGATION**

During the course of the independent investigation, the Investigators mainly adopted the following procedures, including but not limited to:

1. interviewed with the directors, senior management and relevant personnel of the Group;
2. conducted company searches for relevant companies;
3. carried out on-site visits to the offices and/or plants of the relevant companies;
4. interviewed with the responsible persons or relevant personnels of the suppliers and/or customers of the PRC Subsidiaries;
5. interviewed with the responsible persons or relevant personnels of the customers of the PRC Subsidiaries' suppliers and/or customers;
6. obtained and reviewed the sales records relating to the sales transactions between the Group and its customers, including but not limited to sales agreements, sales invoices, stock out notes and bank records for the year ended 31 December 2018;

7. obtained and reviewed the purchase records relating to the purchase transactions between the Group and its suppliers, including but not limited to purchase agreements, purchase invoices, stock in notes and bank records for the year ended 31 December 2018;
8. obtained and reviewed the relevant sales and purchase contracts, VAT invoices, delivery notes, product return records, employee payrolls, staff lists of provident fund, breakdowns of reimbursement in relation to the Major Transactions between the Group and its suppliers and/or customers and the tenancy agreements in respect of leasing No. 500 Youquan Road, Haining City, Zhejiang Province (“**No. 500 Youquan Road**”); and
9. carried out sampling inspections of other documents in relation to the EY’s Queries.

### **INDEPENDENCE OF THE SUPPLIERS AND/OR MAJOR CUSTOMERS OF THE PRC SUBSIDIARIES**

According to the EY’s Queries, EY questioned the independence of the PRC Subsidiaries with their five suppliers and/or customers (collectively, the “**Relevant Suppliers and/or Customers**”) based on the following grounds, including but not limited to:

- (a) suspected payments of provident fund for certain Relevant Suppliers and/or Customers by the PRC Subsidiaries;
- (b) suspected sharing of offices and office telephone numbers between the PRC Subsidiaries and certain Relevant Suppliers and/or Customers as shown on certain documents; and
- (c) suspected reimbursements of expenses claimed by certain staff of the Relevant Suppliers and/or Customers from the PRC Subsidiaries.

#### **(a) Suspected payments of provident fund for certain Relevant Suppliers and/or Customers by the PRC Subsidiaries**

EY found that some of the names of the employees of the Relevant Suppliers and/or Customers together with their provident fund account numbers and passwords were in the PRC Subsidiaries’ provident fund employees list, and therefore EY speculated that the PRC Subsidiaries might have paid provident fund on behalf of some of the employees of the Relevant Suppliers and/or Customers.

According to the findings and analysis of the Independent Investigation Report, no payments of provident fund have been made by the PRC Subsidiaries for any of the Relevant Suppliers and/or Customers.

Regarding a legacy issue, as the predecessor of one of the Relevant Suppliers and/or Customers was a wholly-owned subsidiary of the Company before the reorganisation and listing of the Company (the “**Original Mengnu Group**”), its provident fund account was once operated by the Original Mengnu Group. However, no change on the operation of the provident fund account has been made upon the reorganisation of the Group from the Original Mengnu Group, and the PRC Subsidiaries continued to operate the provident fund account on behalf of such Relevant Supplier and/or Customer.

Further, as the operation of the provident fund system has a certain level of complexity and the staff of the PRC Subsidiaries were more experienced in operating such system, and due to the fact that the PRC subsidiaries maintained amiable relationships with certain Relevant Suppliers and/or Customers, the PRC subsidiaries have assisted and operated the provident fund accounts on behalf of such companies in the past. Considering the large scale of the PRC subsidiaries's operation, the Company is of the view that no substantial additional costs were incurred for assisting the operation of the provident fund accounts on behalf of the Relevant Suppliers and/or Customers. Therefore, no service fees or other consideration have been received by the PRC subsidiaries for operating the provident fund accounts on their behalf.

Although the PRC Subsidiaries operated the provident fund accounts on behalf of certain Relevant Suppliers and/or Customers, the PRC Subsidiaries have not made any payment of provident fund on their behalf as evidenced by the confirmations from the Relevant Suppliers and/or Customers. The Relevant Suppliers and/or Customers have their own and separate provident fund accounts and are responsible for making contributions to the provident fund on their own. The PRC Subsidiaries simply assisted the Relevant Suppliers and/or Customers in the relevant administrative work including but not limited to (i) submission of the monthly employees provident fund list to the Provident Fund Management Center; (ii) submission and obtaining the approval from the Provident Fund Management Center for any change of employees status; and (iii) submission and obtaining the approval from the Provident Fund Management Center for change of relevant employees' payment amount.

Upon receipt of the EY's Queries, the Company has ceased to operate the provident fund accounts for the Relevant Suppliers and/or Customers, and the entire system has also been updated and adjusted accordingly.

**(b) Suspected sharing of offices and office telephone numbers between the PRC Subsidiaries and certain Relevant Suppliers and/or Customers as shown on certain documents**

During the interviews with some employees of certain Relevant Suppliers and/or Customers, EY found that some employees of certain Relevant Suppliers and/or Customers were sharing offices with the PRC Subsidiaries. Further, EY found that the telephone numbers listed on the invoices of the PRC Subsidiaries were the same as the ones listed on the invoices of certain Relevant Suppliers and/or Customers. Therefore, EY speculated that certain Relevant Suppliers and/or Customers might not be independent from the Company.

According to the findings and analysis of the Independent Investigation Report, the registered addresses, actual offices, plants and warehouses of the PRC Subsidiaries and the Relevant Suppliers and/or Customers are at different locations. On the other hand, the registered address and office of the Company, i.e. No. 500 Youquan Road, which covers a large area, actually belongs to the Group. In the past, certain Relevant Suppliers and/or Customers have entered into tenancy agreements with the Group in respect of leasing certain parts of No. 500 Youquan Road for operation and/or storing inventories.

On the other hand, certain Relevant Suppliers and/or Customers have overlooked the need to change the registered telephone numbers on the invoices and therefore continued to use the same registered telephone numbers after moving out from the premises of the Group. Since such information must be provided on documents such as company invoices, such telephone numbers and/or relevant telephone information have remained printed on invoices. Upon reviewing the relevant invoices of the PRC Subsidiaries and certain Relevant Suppliers and/or Customers and interviewing with the relevant responsible person, the Investigators found that in practice the communication between the staff of such Relevant Suppliers and/or Customers and their customers was made through mobile applications such as WeChat, and no customer would dial the registered telephone numbers as printed on the invoices. As a result, both the Company and the Relevant Suppliers and/or Customers were not aware of such issue and have not updated the relevant registered telephone information accordingly. Upon receipt of the EY's Queries, the Company has informed the Relevant Suppliers and/or Customers of such issue and had requested them to update the relevant registered telephone information on the invoices and will notify any relevant party moving out from the premises of the Group to update its registered telephone information thereafter in the future.

**(c) Suspected reimbursements of expenses claimed by certain staff of the Relevant Suppliers and/or Customers from the PRC Subsidiaries**

During EY's audit process, EY found that certain employees of certain Relevant Suppliers and/or Customers had claimed reimbursements from the PRC Subsidiaries. Therefore, EY speculated that certain Relevant Suppliers and/or Customers might not be independent from the Company.

According to the findings and analysis of the Independent Investigation Report, the PRC Subsidiaries, upon request, would arrange visits and sampling inspections, also known as on-site visits, for its customers to the production facilities and/or offices of certain relevant suppliers from time to time. In addition to the on-site visits, the staff of the relevant suppliers may also offer hospitality to the customers. The expenses arising from the on-site visits and hospitality shall be generally borne by the PRC Subsidiaries, and reimbursements of expenses would be claimed by the relevant suppliers from the PRC Subsidiaries.

Considering a series of investigations conducted by the Investigators, including but not limited to reviewing the relevant documents of the PRC Subsidiaries and the Relevant Suppliers and/or Customers such as reimbursement vouchers, tenancy agreements and invoices, paying on-site visits to the offices and/or plants of the relevant companies, and interviewing the relevant personnels, the Independent Investigation Report stated that the Relevant Suppliers and/or Customers are subsisting companies independent from the Group, based on the findings and analysis of the investigation as set out in (a), (b) and (c) above.

## **THE INCONSISTENCIES OF DOCUMENTS AND INFORMATION IN RESPECT OF THE MAJOR TRANSACTIONS ENTERED INTO BETWEEN THE PRC SUBSIDIARIES AND COMPANY A**

For the reason that there were certain inconsistencies between the information obtained from the interview with the staff of Company A and the transaction documents, EY questioned whether the PRC Subsidiaries have actually produced the products as set out in the transaction documents and the trading volume between the PRC Subsidiaries and Company A.

As for whether the PRC Subsidiaries have actually produced the products as set out in the transaction documents, according to EY's Queries, a staff member of Company A stated that the business of Subsidiary B did not include sofa business during the interview, which was inconsistent with the information of the transaction documents.

According to the findings of the Independent Investigation Report and on-site visits to the production facilities and product showrooms of Subsidiary B, the products of Subsidiary B indeed include sofa covers, sofas, coffee tables, beds, carpets, cabinets, furniture ornaments, dining chairs with armrest, long dining tables and side cabinets.

In addition, upon carrying out sampling inspections of the relevant transaction documents by the Investigators, it is also confirmed that the businesses of Subsidiary B did include trading of the abovementioned products.

As for the trading volume between the PRC Subsidiaries and Company A, EY's Queries stated that the information provided by the abovementioned staff member of Company A during the interview was inconsistent with the relevant documents obtained. For instance, the staff member stated that Company A would not purchase leather from Subsidiary A.

The Investigators interviewed with the controller of Company A and such staff member previously interviewed by EY, and confirmed that such staff member was only responsible for the production of fabric and had no knowledge of other aspects of the business of Company A. The controller stated that he is the responsible person of Company A and confirmed the authenticity of relevant transactions. Upon carrying out sampling inspections of documents such as relevant sales contracts, VAT invoices and stock out slips and customers' acknowledgment confirmations by the Investigators, it is confirmed that such transactions were authentic.

## **QUERIES IN RESPECT OF THE TRANSACTION WITH A TOTAL AMOUNT OF APPROXIMATELY RMB 178 MILLION ENTERED INTO BETWEEN SUBSIDIARY A AND COMPANY A AT THE END OF DECEMBER 2018**

Under EY's Queries, EY questioned that the transaction with a total amount of approximately RMB178 million involving the purchase of sofa covers by Company A from Subsidiary A at the end of December 2018 (the "**Sofa Cover Transaction**") was unauthentic. EY questioned that the 13 trucks deployed to deliver the said sofa covers, which was lower than the number of trucks required to transport the products as estimated by EY, the warehouse capacity estimated by EY may not be sufficient to accommodate the inventories, and the overtime pay to the relevant workers involved in the production of the products during such period has decreased, EY's Queries called the Sofa Cover Transaction into question.

According to the findings and analysis of the Independent Investigation Report, the sofa covers mentioned above were produced by Subsidiary A, and Company A arranged for delivery of those products directly to ten customers who purchased sofa covers from Company A (the “**Downstream Customers**”). It was initially agreed between Subsidiary A and Company A that (i) Company A was responsible for picking up the products from Subsidiary A and then delivery to Downstream Customers, and (ii) all products were to be arranged to be picked up and delivered on or around 28 December 2018.

However, close to the time of picking up the sofa covers from the warehouse of Subsidiary A, Subsidiary A was informed by Company A that the pickup dates were to be postponed. Apart from 17,820 sofa covers with an amount of approximately RMB48 million which were arranged to be delivered to the Downstream Customers on 28 December 2018, the delivery dates of the remaining sofa covers were to be rescheduled to later dates. The remaining 49,553 sofa covers with an amount of approximately RMB130 million were eventually rescheduled and picked up by Company A and then delivered to the Downstream Customers in four batches on 30 December 2018, 4 January 2019, 18 February 2019 and 7 March 2019. The above pick-up and delivery dates were arranged by Company A and agreed by Subsidiary A.

Since all internal clearance procedures in relation to the remaining sofa covers have already been completed, and the internal year-end stock-taking of finished goods was approaching, the remaining sofa covers could no longer be stored in the finished goods warehouse of Subsidiary A. Therefore, Subsidiary A decided to temporarily store these sofa covers in a warehouse near its plants. Such warehouse was borrowed from a friend of the Company’s chief executive officer to the Company for temporary storage without charging the Company for any fees and the inventory risk was borne by the Company prior to the remaining sofa cover being picked up by Company A. As of the date of this announcement, save as disclosed above, the Company did not store any inventories in third parties’ warehouses.

According to the findings of the Independent Investigation Report, the Investigators had reviewed the logistics documents in relation to the Sofa Cover Transaction including outgoing records and invoices which show signatures of Company A’s representatives in acknowledgment of receipt, and had verified the delivery and transportation procedures in relation thereto.

As the staff of the PRC Subsidiaries recognized its income based on the delivery notes, the income in respect of the inventories of approximately RMB80 million postponed to be delivered in 2019 was included in the sales made in 2018 by the PRC Subsidiaries. Having noticed such issue, upon confirming the receipt of those inventories by the customers in 2019, the Group made adjustments to its accounts in June 2019, and included the sales amount of those inventories delivered on 4 January 2019, 18 February 2019 and 7 March 2019 of approximately RMB80 million as revenue in 2019. After the adjustments, the delivered goods and sales amount of 2018 and 2019 were recognized in the correct year. HLB confirmed that the relevant adjustments have been made in the audited consolidated financial statements of the Group for the year ended 31 December 2018, and the audited consolidated financial statements of the Group for the year ended 31 December 2018 gave a true and fair view of the financial statements in 2018.

In light of the above incidences, the Company has thus strengthened corresponding internal control measures by adding that both the delivery note and the receipt confirmation from customers are required as evidence for revenue recognition. The remedial measures that the Company has taken including: (i) adding above internal control procedures; and (ii) the Company has additionally assigned two senior staff from the finance department to review and monitor the implementation of internal controls in relation to sales cycle, purchase cycle and inventory cycle and they will act as checkers to ensure internal control procedures are properly carried out. These two senior staff from the finance department will throughout the year monitor these cycles and report to the Directors directly if and when they discover any inconsistencies with the internal control procedures. Taking into account that (i) an independent internal control adviser, World Link Corporate Finance Limited, has reviewed the updated internal control manual of the Company on 28 July 2019, and the internal control adviser is of the view that as at 28 July 2019 the internal control procedures are appropriate and adequate; (ii) the Company has additionally assigned two senior staff from the finance department to review and monitor the implementation of internal controls measures; and (iii) as at the date of this announcement, no issue in relation to the implementation of corresponding internal control procedures was identified by the Company, the Directors are of the view that the corresponding internal control procedures are effective and adequate. Based on the reasons discussed above and considering that as at the date of this announcement, the Directors are not aware of any other incidents similar to the issues identified in the EY's Queries and the Independent Investigation Report with revealed internal control weaknesses, the Directors are further of the view that the Company's internal control systems are effective and adequate.

As for those 13 trucks mentioned in the EY's Queries, according to the findings of the Independent Investigation Report, the Investigators have reviewed the logistic documents such as all back-to-back, out-going records dated 28 December 2018 in respect of the goods transported in the said 13 trucks and conducted interviews with relevant personnel of the PRC Subsidiaries which all confirmed that the products being transported by the said 13 trucks were different from those relating to the Sofa Cover Transaction. The products relating to the Sofa Cover Transaction were all picked up by Company A and the Investigators have checked all relevant logistics documents.

Further, according to the information and relevant documents including but not limited to sales invoices and bank records, Company A has partially paid an amount of approximately RMB130 million to the PRC Subsidiary for the Sofa Cover Transaction as at the date of this announcement.

As for the transactions between Company A and the Downstream Customers, out of the goods in relation to Sofa Cover Transaction, the Investigators successfully interviewed with the Downstream Customers who had entered into transactions with Company A in respect of an amount of approximately RMB160 million. During its investigation, the Downstream Customers were unable to provide the Investigators with all documents and information requested due to various reasons, mainly including trade secrets and corporate privacy, nevertheless upon reviewing and analysing the information obtained from the documents provided and interviews, there was no evidence to suggest that the authenticity of the transactions between Company A and the Downstream Customers was an issue.

In respect of the decrease in overtime pay to the relevant workers involved in the production of the products relating to the Sofa Cover Transaction in December 2018, the findings of the investigation showed that part of the overtime pay was settled in January 2019 after closing of the books for the 2018 year end. As a result, the overtime pay in January 2019 was higher than that in December 2018. Having noticed such issue, the Company made adjustments to the wages paid in 2018 and accrued the wages paid in 2019 and included such amount in 2018. After the adjustments, the overtime payment relating to the work in 2018 were recognized in the correct year. HLB confirmed that the relevant adjustments have been made in the audited consolidated financial statements of the Group for the year ended 31 December 2018, and the audited consolidated financial statements of the Group for the year ended 31 December 2018 gave a true and fair view of the financial statements in 2018.

In conclusion, according to the findings of the investigation, the agreements, transport documents and payment advices in respect of the transaction with an amount of approximately RMB178 million showed that the transaction between the PRC Subsidiary and Company A was authentic.

### **Procedures performed by HLB in respond to EY's Queries and the Independent Investigation Report**

- (i) To address the EY's Queries and when conducting its audit for the financial year 2018, HLB has considered the followings aspects for the investigation:
  - a. HLB has reviewed and discussed the EY's Queries with the management of the Company;
  - b. HLB has reviewed and considered the scope of the investigation and methodologies adopted by the SWC;
  - c. HLB has assisted SWC during the investigation process in relation to the EY's Queries; and
  - d. HLB has considered the findings and results of the investigation performed by SWC.
- (ii) HLB has also performed the following additional audit procedures (the "**Additional Audit Procedures**"), which HLB considered necessary for addressing the EY's Queries and the investigation as below:
  - a. interviewed with the Group's senior management or relevant staffs;
  - b. conducted background search on the relevant companies;
  - c. carried out site visit to the relevant companies' offices or factories accompanied by the investigators engaged by the Company;
  - d. interviewed with the relevant persons accompanied by the Investigators;
  - e. attended the majority of interviews with the relevant person from Downstream Customers;

- f. obtained and checked the sale records for the sales transactions between the Group and the relevant companies, including but not limited to sales agreements, sales invoices, stock out records, delivery notes and bank records for the year ended 31 December 2018;
- g. obtained and checked the purchase records for the purchase transactions between the Group and the relevant companies, including but not limited to the purchase agreements, purchase invoices, stock in records, delivery notes and bank records for the year ended 31 December 2018; and
- h. selected and checked the corresponding relevant documents mentioned in the EY's Queries.

## **CONCLUSIONS**

Based on the findings of the Independent Investigation Report stated above, the Audit Committee, the Company and HLB agreed with the findings and analysis of the Independent Investigation Report, and are of the view that the EY's Queries are properly addressed. Therefore, the Audit Committee agrees to the conclusion of the Independent Investigation Report.

In addition, upon reviewing the Independent Investigation Report and together with the Additional Audit Procedures performed by HLB as mentioned above, HLB is of the view that such issues will not constitute any material misstatement of the financial information in 2018, and had issued an unqualified audit opinion.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares on the Stock Exchange has been suspended with effect from 1:00 p.m. on 28 March 2019. In addition to this announcement, the Board confirmed that save as disclosed in this announcement, no other material information in relation to the independent investigation or EY's Queries needs to be disclosed. Since all conditions under the Resumption Guidance have been fulfilled to the Stock Exchange's satisfaction, the Company has made an application to the Stock Exchange for the resumption of trading in the shares on the Stock Exchange with effect from 9:00 a.m. on 20 August 2019.

The Board would like to take this opportunity to express its gratitude to the Shareholders for their support during the trading suspension.

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

Hong Kong, 19 August 2019

*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. Liu Haifeng, Mr. Pang Wing Hong and Mr. Chu Guodi.*