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MORRIS
HOLDINGS LIMITED

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慕容控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1575)

**CHANGE OF DATE OF BOARD MEETING
AND
BUSINESS UPDATE ON THE IMPACT OF
NOVEL CORONAVIRUS EPIDEMIC**

CHANGE OF DATE OF BOARD MEETING

Reference is made to the announcement of Morris Holdings Limited (the “**Company**”) dated 9 March 2020 in relation to the meeting (the “**Board Meeting**”) of the board (the “**Board**”) of directors (the “**Directors**”) of the Company which was originally scheduled to be held on 24 March 2020 for the purposes of, among other matters, considering and approving the annual results announcement (the “**Annual Results Announcement**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (“**FY2019**”).

As additional time is required to finalize the Annual Results Announcement, the Board hereby announces that the holding of the Board Meeting will be postponed to 31 March 2020.

BUSINESS UPDATE ON THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

The Group is principally engaged in the manufacturing and sale of sofas, sofa covers and other furniture products in China and the United States. As disclosed in the Company’s announcements dated 9 and 11 March 2020, based on the review on its unaudited consolidated management accounts (the “**Unaudited Management Accounts**”), the Group’s sales are expected to have declined for approximately 35% for FY2019 principally due to the China-US trade tensions that have dampened consumer sentiment and continuing uncertainties in the international trade environment.

The performance of the Group's sales further deteriorated in January and February 2020, due to the worsening of consumer sentiment and the disruption to global supply chains as a result of the outbreak of the novel Coronavirus epidemic (the "**Epidemic**"). It is currently estimated that the Group's export sales from China was down by approximately 52% in January and February 2020, as compared to the corresponding period in 2019.

The Group's furniture retail business in the United States (the "**US Furniture Retail Business**") was heavily hit by the Epidemic. With the increase of infected people in the United States including the eastern states where the Group's retail network is situated, some non-essential retailers are closing their shops to curb the spread of the Epidemic. Other non-essential retailers which tried to remain open suffered unprecedented decline in sales. In the third week of March 2020, the Group received reports from the management of the US Furniture Retail Business that some of the shops recorded next-to-nil sales.

In the circumstances, the management of the US Furniture Retail Business has decided to close the retail shops in the United States. It is uncertain as to how long this situation will last, as the estimate by the market on the duration ranges from anything between three and eighteen months. In the year ended 31 December 2018 and the six months ended 30 June 2019, the US Furniture Retail Business accounted for approximately 13.3% and 19.5%, respectively, of the Group's total revenue.

Prior to the outbreak of the Epidemic, the US Furniture Retail Business was in negotiation with institutions and investors regarding funding and investment proposals to replenish its working capital. With the development of the Epidemic and the shop closure in the United States, the management of the US Furniture Retail Business is taking urgent legal and financial advice with the view to taking all appropriate measures to preserve value and to stop loss. Further announcement(s) will be made as and when appropriate if any disclosure requirements are triggered due to the development of events.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

By order of the Board
Morris Holdings Limited
Zou Gebing

Chairman, Chief Executive Officer & Executive Director

Hong Kong, 22 March 2020

As at the date of this announcement, the executive Directors are Mr. Zou Gebing, Mr. Wu Yueming, Mr. Zeng Jin and Mr. Shen Zhidong; and the independent non-executive Directors are Mr. Pang Wing Hong, Mr. Chu Guodi and Mr. Liu Haifeng.