

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Morris Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED CHANGE OF AUDITORS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at Conference Room, No. 500 Yuquan Road, Haining City, Jiaxing City, Zhejiang Province, China at 9:30 a.m. on Tuesday, 21 May 2019 is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

3 May 2019

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DEFINITIONS

In this circular, unless the context otherwise require, the following expressions shall have the following meanings when used herein:

“Articles”	the articles of association of the Company as may be amended from time to time
“Board”	the board of Directors
“Company”	Morris Holdings Limited (慕容控股有限公司), a company incorporated in Cayman Islands with limited liability and the issued Shares are listed on the main board of the Stock Exchange (stock code: 1575)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Tuesday, 21 May 2019 at 9:30 a.m. for the Shareholders to consider and, if thought fit, to approve the resolutions in relation to the Proposed Change of Auditors, the notice of which is set out on pages EGM-1 to EGM-2 of this circular
“EGM Notice”	the notice of the EGM which is set out on pages EGM-1 to EGM-2 of this circular
“EY”	Ernst & Young, the existing auditor of the Company
“Group”	the Company and its subsidiaries, from time to time
“HLB”	HLB Hodgson Impey Cheng Limited, the proposed new auditor of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	2 May 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Appointment”	the proposed appointment of HLB as the new auditor of the Company, subject to the approval of the Shareholders at the EGM
“Proposed Change of Auditors”	collectively, the Proposed Removal and the Proposed Appointment

DEFINITIONS

“Proposed Removal”	the proposed removal of EY as the auditor of the Company, subject to the approval of the Shareholders at the EGM
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZOU Gebing
Mr. SHEN Zhidong
Mr. ZENG Jin
Mr. WU Yueming

Registered office:

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Independent non-executive Directors:

Mr. HUANG Wenli
Mr. LIU Haifeng
Mr. PANG Wing Hong

Principal place of business in Hong Kong:

Unit 6707, 67/F, The Center,
99 Queen's Road Central,
Hong Kong

3 May 2019

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CHANGE OF AUDITORS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 May 2019 in relation to the Proposed Change of Auditors. The purpose of this circular is to provide you with information in respect of the Proposed Change of Auditors and to give all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the special resolution and ordinary resolution relating to the Proposed Removal and Proposed Appointment, respectively.

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITORS

Proposed Removal

EY was re-appointed as auditor of the Group at the last annual general meeting of the Company held on 17 May 2018 to hold office until the conclusion of the next annual general meeting of the Company.

However, the Company and EY have been unable to reach an agreement on the estimated additional fees as set out further below. After considering the facts and circumstances, the audit committee of the Company, having been delegated the power to oversee the effectiveness of the external auditor, was of the view that it would be in the best interest of the Company and its shareholders (the “**Shareholders**”) as a whole to replace EY with another accounting firm, and made a recommendation to the Board to seek the approval of the Shareholders regarding the Proposed Removal of EY as the auditor of the Group.

The estimated additional fees of EY and the estimated fees of the independent party for the Investigation (as defined below) are higher than the preliminary quotation of HLB for the Proposed Appointment and the agree-upon procedures for the Investigation (as defined below) by approximately HK\$1.0 million to HK\$1.2 million. The Board is of the view that the Proposed Removal would enable the Company to carry out effective cost control and reduce overall operating expenses of the Company to better cope with the future business development of the Group and is in the best interest of the Company and its Shareholders as a whole.

Matters to be Brought to the Attention of the Shareholders

During the performance of the audit of the Company’s consolidated financial statements for the year ended 31 December 2018 (the “**Audit**”), EY identified certain queries (the “**Queries**”). EY have communicated the Queries to the Audit Committee and the Board, and have recommended the Company to engage an independent party to conduct an investigation (the “**Investigation**”) with a view to allow EY as auditors to form a basis for making conclusions on the Queries and to complete the remaining work of the Audit. The Company is now considering the engagement of an independent party in this regard, and EY has communicated with the Company and representative of Audit Committee certain proposed scope of works on the Investigation. However, the Company and EY have been unable to reach an agreement on the estimated additional fees for EY’s completion of remaining work of the Audit. Please pay attention to subsequent announcements of the Company for the progress of Investigation and the results of the Audit.

EY has provided a letter confirming to the Company that, save as disclosed above, there are no circumstances or matters connected with the change of the auditors that need to be brought to the attention of the Shareholders.

To the best of the Directors’ knowledge, save as disclosed above, there are no other circumstances or matters in connection with the change of the auditors that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

The Board would like to take this opportunity to express its gratitude to EY for their professional services rendered to the Group in the past years.

Proposed Appointment

The audit committee of the Company has assessed and considered that HLB is experienced accounting firm and is eligible and suitable to act as auditor of the Group. Therefore, the Board, with the recommendation of the audit committee of the Company, further proposed to appoint HLB as the new auditor of the Group in replacement of EY to fill the vacancy arising from the Proposed Removal and hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Proposed Change of Auditors by the Shareholders at the EGM.

IMPLICATIONS OF THE LISTING RULES

Pursuant to article 152(2) of the Articles, the shareholders may, at any general meeting convened and held in accordance with the Articles, by special resolution remove the auditor of the Company at any time before the expiration of its term of office and shall by ordinary resolution at that meeting appoint another auditor in its stead for the remainder of its term.

Pursuant to Rule 13.88 of the Listing Rules, (a) the Company must not remove its auditor before the end of the auditor's term of office without first obtaining Shareholders' approval at a general meeting; (b) the Company must send a circular proposing the removal of the auditor to the Shareholders with any written representations from the auditor not less than 10 business days before the general meeting; and (c) the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to the Shareholders at the general meeting.

In compliance with the Articles and the Listing Rules, the Proposed Removal will be proposed at the EGM as a special resolution and the Proposed Appointment will be proposed at the EGM as an ordinary resolution.

EXTRAORDINARY GENERAL MEETING

A notice convening a extraordinary general meeting of the Company to be held at Conference Room, No. 500 Yuquan Road, Haining City, Jiaxing City, Zhejiang Province, China at 9:30 a.m. on Tuesday, 21 May 2019, is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk and the Company's website at <http://www.morrisholdings.com.hk>.

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for

LETTER FROM THE BOARD

holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

All the resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

CLOSURE OF REGISTER OF MEMBERS FOR DETERMINING ENTITLEMENTS TO ATTEND AND VOTE AT THE EGM

For determining the entitlement to attend and vote at the EGM, the register of members will be closed from Thursday, 16 May 2019, to Tuesday, 21 May 2019, both days inclusive. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 May 2019.

RECOMMENDATION

The Directors, including the independent non-executive Directors, considered that the Proposed Change of Auditors is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all the resolutions at the EGM.

GENERAL

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolution to be proposed at the EGM.

Your attention is also drawn to the notice convening the EGM.

The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board of
Morris Holdings Limited
Mr. ZOU Gebing
Chairman

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a extraordinary general meeting (the “EGM”) of Morris Holdings Limited (the “Company”) will be held at Conference Room, No. 500 Yuquan Road, Haining City, Jiaxing City, Zhejiang Province, China at 9:30 a.m. on Tuesday, 21 May 2019 for considering and if thought fit, to approve the following resolutions:

SPECIAL RESOLUTION

1. “**THAT** the removal of Ernst & Young as the auditor of the Company and its subsidiaries be and is hereby approved with immediate effect after the conclusion of this EGM.”

ORDINARY RESOLUTION

2. “**THAT** conditional upon the passing of the special resolution no. 1 above, HLB Hodgson Impey Cheng Limited be and is hereby appointed as the auditor of the Company and its subsidiaries with immediate effect and to hold office until the conclusion of the forthcoming annual general meeting of the Company, and the board of directors of the Company be and is hereby authorised to fix their remuneration.”

Hong Kong, 3 May 2019

Registered office:

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Principal place of business in Hong Kong:

Unit 6707, 67/F, The Center,
99 Queen’s Road Central,
Hong Kong

By Order of the Board of
Morris Holdings Limited
Mr. ZOU Gebing
Chairman

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy or, if such member is a holder of more than one share, more than one proxy to attend and vote instead of such member. Where a member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a poll. A proxy need not be a member of the Company.
2. To be valid, a form of proxy must be delivered to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. If a form of proxy is signed under a power of attorney, the power of attorney or other authority relied on to sign it (or a certified copy) must be delivered to the branch share registrar of the Company in Hong Kong with the form of proxy, except that the power of attorney which has already been registered with the Company need not be so delivered. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof should he so wish. In such event, the instrument appointing a proxy will be deemed to be revoked.
3. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
4. The register of members of the Company will be closed from Thursday, 16 May 2019, to Tuesday, 21 May 2019 (both days inclusive), during which period no transfer of shares in the Company will be registered. In order to qualify for attending and voting at the EGM, all transfers, accompanied by the relevant certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event by no later than 4:30 p.m. on Wednesday, 15 May 2019.
5. The votes to be taken at the meeting for the resolution will be by way of a poll.

As at the date of this notice, 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. PANG Wing Hong.