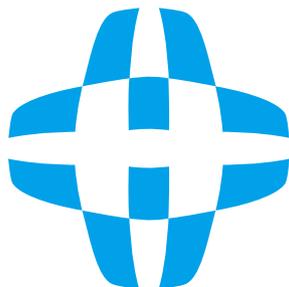


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HUARCHI GLOBAL GROUP HOLDINGS LIMITED

華記環球集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2296

**KEY FINDINGS OF THE INDEPENDENT INVESTIGATION
AND
APPLICATION FOR EXTENSION OF REMEDIAL PERIOD**

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Huarchi Global Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 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 the announcements of the Company dated 10 December 2021, 23 December 2021, 30 December 2021, 18 February 2022, 31 March 2022, 6 April 2022, 18 May 2022, 18 August 2022, 31 August 2022, 18 November 2022, 20 February 2023 and 31 March 2023 (together, the “**Previous Announcements**”) in relation to, among other things, the Stock Exchange’s guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”).

Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Previous Announcements.

BACKGROUND

Pursuant to the Resumption Guidance, the Company has been given by the Stock Exchange a 18-month remedial period until 18 May 2023 (the “**Remedial Period**”) to fulfil the relevant conditions (the “**Resumption Conditions**”) and resume trading in the shares of the Company. However, during the Remedial Period, the Company has encountered circumstances and factors that were outside its control, particularly the unexpectedly prolonged period taken to retrieve the documentary, accounting, financial and computer records of the Company (the “**Seized Materials**”) seized by the Commission Against Corruption of Macau (“**CACM**”), which has significantly impeded the Company’s ability to perform the works required for fulfilling all the Resumption Conditions. The Company’s plans to fulfil all the Resumption Conditions within the Remedial Period and resume trading in the shares of the Company (the “**Resumption Plans**”) has as a result derailed.

The retrieval of the Seized Materials was fundamentally important for the Company to get on with the Resumption Plans, as these materials are essential records related to the past operations of the Company and its subsidiaries. Without the Seized Materials to review and verify, it was practically impossible for the Company and its professional advisers to meaningfully commence and carry out their works on a substantive scale in relation to the investigation into the Incidents and/or to the published financial results of the Company. Unexpectedly, despite the strenuous efforts of the Company and its advisers in liaising with CACM since mid-December 2021, it was not until mid-November 2022 that soft copies of the Seized Materials were provided to the Company by CACM. In the circumstances, the time that was available to the Company to carry out substantive works of the Resumption Plans was actually six months (from mid-November 2022), and not 18 months that the Stock Exchange would normally allow a Main Board listed company for its resumption exercise.

The elapse of one year for the Seized Materials to be returned, which is a factor outside of the Company’s control, has delayed the Company and the professional parties involved in carrying out relevant work under the Resumption Plans, and resulted in certain Resumption Conditions remaining unfulfilled. The Company had used its best endeavour to facilitate the work of the professional parties to the extent possible to carry out the Resumption Plans, and successfully completed the conducting of an independent investigation (the “**Independent Investigation**”) into the Incidents in accordance with Resumption Condition (i) as stipulated under the Resumption Guidance. Based on the results of the Independent Investigation, the allegations related to the Incidents were not substantiated. Details of the findings of the Independent Investigation are set out in the section headed “Key findings of the Independent Investigation” below in this announcement.

Works to fulfil the other Resumption Conditions are either underway or could only be proceeded in stages in accordance with the work plan. In view of the above, on 15 May 2023, the Company submitted an application (the “**Extension Application**”) to the Stock Exchange for an extension of the Remedial Period for approximately eight months to 31 January 2024 for the Company to fulfil the remaining Resumption Conditions set out in the Resumption Guidance.

KEY FINDINGS OF THE INDEPENDENT INVESTIGATION

In order to address Resumption Condition (i), Grant Thornton Advisory Services Limited (the “**Independent Investigator**”) was appointed to conduct the Independent Investigation. As at the date of this announcement, the Independent Investigation has been completed and the Independent Investigator has issued its report of findings on the Independent Investigation (the “**Independent Investigation Report**”) to the Independent Investigation Committee. Details of the Independent Investigation Report are set out below.

The Scope of the Independent Investigation

The purpose of the Independent Investigation was to assist the Independent Investigation Committee to investigate the following matters:

- (i) the Company allegedly prepared a false accountants’ report in its application for the listing of the shares of the Company on the Main Board of the Stock Exchange (the “**Listing**”) and some of the businesses mentioned do not exist;
- (ii) the Company allegedly prepared a false accountants’ report in its application for the Listing and concealed certain connected transactions; and
- (iii) five accountants or audit staff allegedly received bribes from the chairman of the Company to prepare a false accountants’ report, and two of the accountants served as the Company’s chief financial officer at different time.

The works involved in the Independent Investigation included documents review, specific internal control reviews, interviews, obtaining evidence from independent sources, site visits, confirmations, and independent background check.

Summary of the findings of the Independent Investigation

Set out below is a summary of the findings of the Independent Investigation:

1. The Company allegedly prepared a false accountants' report in its application for the Listing and some of the businesses mentioned do not exist

Through various discovery and inquiry procedures, the Independent Investigator performed verification process on the supporting documents and information provided by the Company for 25 projects selected for the Independent Investigation. These projects covered 78% of the total revenue and 80% of the total cost of the Group during the track record period of the Listing (the “**Investigation Period**”). Subject to certain limitations on the Independent Investigation set out in the section headed “Limitations of the Independent Investigation” below, the Independent Investigator found no substantive evidence that the businesses for these selected projects did not exist.

2. The Company allegedly prepared a false accountants' report in its application for the Listing and concealed certain connected transactions

Through various discovery and inquiry procedures, the Independent Investigator performed verification process on the supporting documents and information provided by the Company in connection with the Independent Investigation. Subject to certain limitations on the Independent Investigation set out in the section headed “Limitations of the Independent Investigation” below, the Independent Investigator did not identify any connected transactions during the Investigation Period. However, subject to certain limitations on the Independent Investigation set out in the section headed “Limitations of the Independent Investigation”, the Independent Investigator did identify certain related parties transactions involving a total of approximately MOP251,000 that may not have been properly disclosed in the accountants' report included in the prospectus of the Company for the Listing. In addition, the Independent Investigator also found that certain related parties transactions with a related party with an aggregate amount of approximately MOP145,000 disclosed in the accountants' report in the prospectus of the Company for the Listing as subcontracting fee was incorrectly reported in the accountants' report. The Independent Investigator found that (i) the disclosed amount of approximately MOP145,000 was actually the sum for two transactions with two related parties (who are of brother and sister relationship themselves) respectively, of which approximately MOP22,000 was transacted with the named related party in the accountants' report and the balance amount of approximately MOP123,000 was with the brother of that named related party (who is on his own already a related party to the Group). The aforesaid transaction of approximately MOP22,000 related to subcontracting fee paid by the Group, while the other transaction of MOP123,000 was related to material purchase costs paid by the Group.

3. *Five accountants or audit staff allegedly received bribes from the chairman of the Company to prepare a false accountants' report, and two of the accountants served as the Company's chief financial officer at different times*

As the Independent Investigator was not given any statutory investigative powers, the Independent Investigator was unable to investigate whether Mr. Lou was involved in bribery allegations on a personal level. However, through various discovery and inquiry procedures, the Independent Investigator performed verification process on the supporting documents and information provided by the Company in connection with the Independent Investigation to verify whether the Company financially or otherwise involved in bribery allegations. Subject to certain limitations on the Independent Investigation set out in the section headed "Limitations of the Independent Investigation" below, the Independent Investigator found no evidence that the Group made unreasonable payments to Mr. Lou, two former chief financial officers of the Company, the reporting accountants of the Company or members of their audit team during the Investigation Period for the Listing and the employment period of Mr. Lou and the two former chief financial officers of the Company.

Limitations of the Independent Investigation

The findings of the Independent Investigation are subject to the following limitations:

- Since the Independent Investigator does not have any statutory investigative powers, the Independent Investigation is therefore based on the voluntary cooperation of the Company and relevant parties.
- The Independent Investigator requested the Company to provide certain information to complete its investigation work and procedures while not all supporting documents as requested were available.
- The Independent Investigator indicated that it could not interview some of the Company's customers, suppliers and subcontractors because they were government departments, or customers, suppliers and subcontractors with whom the Company had no further business dealings, as well as a customer which has shut down.
- Some Company staff could not be reached due to their resignation and the Independent Investigator therefore was unable to interview some of the then staff of the Company.
- As at the date of this announcement, the Independent Investigator could not interview the three audit team members of the Company's reporting accountant during the Listing.

- As at the date of this announcement, the Independent Investigator has not been able to send out confirmations to some of the Group's customers, subcontractors, suppliers and related parties because they have shut down or been deregistered. In addition, some of the Group's customers, subcontractors and suppliers have not yet replied to the confirmations sent by the Independent Investigator.
- In March 2022, the Independent Investigator obtained from the Company a list of the Directors and the Company's senior management and their associates for independent background investigation of the relevant entities. However, such list did not include the identification numbers of some of the associates. Therefore the Independent Investigator was unable to perform the independent background check on some of the associates of the Directors and the senior management of the Company.
- As some of the addresses of selected customers, suppliers and subcontractors are residential addresses, the Independent Investigator noted that no company names or door signs were displayed at these addresses.
- The Independent Investigator commissioned an independent professional firm to conduct individual searches of the Directors and senior management of the Company and their associates who are holders of Macau identity cards, and the Independent Investigator was unable to obtain the results of the individual search of some of the relevant individuals on the involvement in the management or directorship of entities.
- The Company was unable to complete the collation and provision of all the documents and information released by CACM as at the date of the Independent Investigation Report. In addition, some of the documents were not available due to the relocation of the Company's office and lapse of time.

Notwithstanding the limitations of the Independent Investigation, the Independent Investigator has confirmed that in arriving at the relevant findings, it conducted a comprehensive review and analysis based on all the available evidence that could be obtained.

Views of the Independent Investigation Committee

The Independent Investigation Committee accepts the Independent Investigation Report as a whole, including among others the limitations mentioned above, which the Independent Investigation Committee considers reasonable and acceptable in the circumstances. The Independent Investigation Committee is of the view that the Independent Investigator has investigated into the Incidents to the extent that is practicable. On this basis, the Independent Investigation Committee accepts the conclusions made by the Independent Investigator on its Independent Investigation into the Incidents and has no disagreements to the findings made.

Given that the Independent Investigator has found no substantive evidence (in the case of item (1) in the paragraph headed “Summary of the findings of the Independent Investigation” above) and no evidence (in the case of item (3) in the paragraph headed “Summary of the findings of the Independent Investigation” above) which would substantiate the related allegations under the related Incidents, the Independent Investigation Committee is of the view that no remedial action by the Company would be required in these two regards.

The Independent Investigation Committee notes that the Independent Investigator has found no undisclosed connected transaction for the accountants’ report included in the prospectus of the Company for the Listing, but that the Independent Investigator (i) did identify certain related parties transactions involving a total of approximately MOP251,000 that may not have been disclosed in the accountants’ report; and (ii) found that a related parties transaction in the amount of approximately MOP145,000 disclosed was incorrectly reported in the accountants’ report, and that the disclosed amount of approximately MOP145,000 was actually the sum for two transactions with two related parties (who are of brother and sister relationship themselves) respectively, of which approximately MOP22,000 was transacted with the named related party in the accountants’ report and the balance amount of approximately MOP123,000 was with the brother of that named related party (who is on his own already a related party to the Group). Having considered the amount of the related parties transactions involved, the Independent Investigation Committee considers that they are not of a material amount. The Independent Investigation Committee takes the view that no remedial action would be necessary at this stage but will consult the Independent Accountants on the matter in due course when the Independent Accountants completes the Assurance Review.

STATUS OF FULFILLMENT OF THE RESUMPTION CONDITIONS

Based on findings of the Independent Investigation and the views of the Independent Investigation Committee as detailed in the section headed “Key findings of the Independent Investigation” above, the Board considers that Resumption Condition (i) regarding the conducting of an independent investigation into the Incidents has been fulfilled.

With regard to Resumption Condition (iii), taking into account the findings of the Independent Investigation, the Company is of the view that there is no regulatory concern about the management integrity, and/or the integrity of any other persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage the market confidence, and therefore Resumption Condition (iii) is considered to be fulfilled.

Works to fulfil the remaining Resumption Conditions are either underway or could only be proceeded in stages in accordance with the work plan. The Company is confident that all the remaining Resumption Conditions as stipulated under the Resumption Guidance could be fulfilled in about eight months by 31 January 2024.

APPLICATION FOR EXTENSION OF REMEDIAL PERIOD

As mentioned above, during the Remedial Period, the Company encountered circumstances and factors that were outside its control, particularly the unexpectedly prolonged period taken to retrieve the Seized Materials seized by CACM, the Company’s ability to perform the works for fulfilling all the Resumption Conditions was significantly impeded and derailed the Company’s planned timetable for the Resumption Plans, resulting in certain Resumption Conditions remain unfulfilled as at the date of this announcement.

The Company and their respective professional advisers had commenced work without delay on the Resumption Plans once the Seized Materials have been made available to the Company. Unfortunately, further disruptions occurred in December 2022 and January 2023 when the relaxation of the COVID related restrictive measures in Macau resulted in an outbreak of infection cases which caused serious disruptions in Macau.

Despite the unexpected disruptions on the Resumption Plans, the Company had completed the Independent Investigation as mentioned above. The Company has discussed with its relevant professional advisers on a timetable for completion of the remaining works of the Resumption Plans, which is expected to be no later than 31 January 2024.

In view of the above, on 15 May 2023, the Company submitted the Extension Application to the Stock Exchange for an extension of the Remedial Period for approximately eight months to 31 January 2024 for the Company to fulfil the remaining Resumption Conditions set out in the Resumption Guidance.

Further announcement(s) will be issued by the Company to update the Shareholders and potential investors of the Company the status of the Extension Application as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 19 November 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company should note that the resumption of trading in the Shares on the Stock Exchange is subject to the fulfillment of the Resumption Guidance and it is uncertain whether the Company could successfully comply with the same. There is no guarantee that the resumption of trading in the Shares on the Stock Exchange will take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Huarchi Global Group Holdings Limited
Chang Wa Jeong
Executive Director

Hong Kong, 18 May 2023

As at the date of this announcement, Mr. Lou Cheok Meng (Chairman and Managing Director), Mr. Chang Wa Jeong and Mr. Ao Weng Kong are the executive directors of the Company; and Dr. Lam Chi Kit BBS MH JP, Dr. Sin Wai Chiu Joseph and Mr. Lo Chun Chiu Adrian are the independent non-executive directors of the Company.