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## **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**

**Warrant Code: 1642**

### **INSIDE INFORMATION AND UPDATE ON THE STATUS OF THE COMPANY**

Reference is made to the announcement of Huarchi Global Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 19 November 2021 in relation to the suspension of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### **INSIDE INFORMATION**

This announcement is made by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 18 November 2021, officers of the Independent Commission Against Corruption of Hong Kong (the “**ICAC**”) and the Commission Against Corruption of Macau (the “**CACM**”) respectively visited the Company’s principal places of business in Hong Kong and Macau to execute search warrants for their investigation (the “**Investigation**”). During the visits, certain documentary, accounting, statutory and computer records of the Company were seized by the ICAC and CACM.

Based on the information available to the Board and sources in public domain, the Investigation is related to alleged bribes received by certain audit personnel engaged by Wellink CPA Limited (the Company's auditor and reporting accountants at the material times) during the stage of application for listing of the Company on the Stock Exchange (the "**Listing**"). Those audit personnel were alleged to have accepted the alleged bribes from Mr. Lou Cheok Meng (the Chairman and Managing Director of the Company) ("**Mr. Lou**") for compiling a false accountants' report in relation to the application for Listing. It has come to the knowledge of the Board that, amongst those audit personnel arrested by the ICAC, two of them were the former chief financial officers of the Company, namely Mr. Wong Yat Chung and Mr. Chan Wai Lun. Mr. Wong Yat Chung served as the company secretary and chief financial officer of the Company between 24 April 2018 and 31 December 2020. Mr. Chan Wai Lun succeeded the position of chief financial officer from 1 January 2021, until he tendered his resignation on 29 October 2021 which was effective from 16 November 2021, and physically left the Company on the same date.

Mr. Lou and the Macau legal adviser to the Company have confirmed to the Board that, as at the date of this announcement, Mr. Lou has not been detained, arrested nor charged for any offences. Further, Mr. Lou cooperated and assisted with the Investigation of the enforcement authorities.

As at the date of this announcement, the Company only possesses very limited information in relation to the aforesaid allegations, which, in the opinion of the Board (excluding Mr. Lou who has abstained from voting in the relevant resolutions), are general in nature and without any specific detail of charges to be brought against any person. The Company is therefore unable to reach any reliable or appropriate conclusion as to whether such allegations are substantiated or proven, given that Mr. Lou has not been detained, arrested nor charged for any offences by the ICAC or CACM.

So far as the Board is aware, and to its best knowledge, information and belief, as at the date of this announcement, (i) the Investigation relates to past affairs of the Group and historical financial information in relation to the application for Listing, rather than current affairs or business operations of the Group; (ii) save as disclosed above, no other current or past Directors, members of senior management or employees of the Group are involved in the Investigation; (iii) no existing Directors, members of senior management or employees of the Group has been arrested by the ICAC or CACM; and (iv) no charges have been laid by the ICAC or CACM against the Company, its subsidiaries, any of the Directors, members of senior management or employees of the Group for any offences.

The Board is of the view that the Investigation does not have any material adverse impact on the business operations of the Group. The Board is also not aware of any matters arising from or in connection with the Investigation that suggest, reveal or indicate that the Group or its business operations will be materially adversely impacted, and therefore does not expect the Investigation to have any material adverse impact on the financial position of the Group. In arriving at such conclusions, the Board have taken the following factors into consideration and assessment: (i) the fact that no existing Directors (including Mr. Lou), members of senior management or employees of the Group has been arrested; (ii) the fact that none of the Company, members of the Group, any of the Directors (including Mr. Lou), members of senior management or employees of the Group has been charged for any offences; (iii) the Group's business operations have remained usual and continued in their ordinary course under the Board's management with active participation of Mr. Chang Wa leong and Mr. Ao Weng Kong (the other two executive Directors apart from Mr. Lou) and support from a team of senior management since the conduct of the Investigation; (iv) the Group is still in the course of undertaking projects and tendering new projects in Macau as usual and in line with its on-going business strategies and development plans; (v) the Group has not encountered any difficulty or unusual circumstances in receipt of progress payments from its customers; (vi) the Group is still able to secure new projects in ordinary course of business after the conduct of the Investigation; (vii) the Group's relationship with its major customers, subcontractors, suppliers and principal bankers has remained stable notwithstanding the Investigation; and (viii) the Group has not encountered any suspension, disruption or termination of projects by its customers as a result of the Investigation.

The Company will closely monitor the development of the matter and take legal advice as appropriate, and will fully cooperate with the regulators and enforcement authorities for the Investigation, if required.

Since the Investigation is on-going, the Company will make further announcement(s) as and when appropriate in accordance with the requirements under the Listing Rules and to the extent permissible under the relevant laws of Hong Kong and Macau. Save as disclosed above, the Board is currently not aware of any other material information in relation to the Investigation.

In the meantime, Wellink CPA Limited has expressed its intention to resign as the auditor of the Company. Further announcement(s) will be made in relation to the change of auditor in accordance with the requirements under the Listing Rules.

## **UPDATE ON THE STATUS OF THE COMPANY**

The Board will formulate and implement appropriate measures to review matters affecting the Group, which may arise as a result of the Investigation. In particular, an independent investigation committee (the “**Independent Committee**”) is to be set up by the Board comprising only the independent non-executive Directors for, inter alia, (i) internal investigation and inquiry in view of or in relation to the allegations; (ii) review of the corporate governance structure and internal control systems of the Group; and (iii) provision of advice and recommendation on any actions to be taken by the Group to protect its interest in light of or as a result of the Investigation. The Group also intends to appoint an independent financial accountant to (i) conduct forensic accounting in respect of the Group’s published financial information (particularly for the purpose of response to the allegation of falsified historical financial information in relation to the application for Listing); and (ii) provide advice, assistance and support to the Independent Committee.

Announcement(s) will be made by the Company to keep its shareholders abreast of the details and progress of the Group’s measures in response to the Investigation (including but not limited to the term of reference of duties and powers of the Independent Committee and the engagement details of the forensic accountant).

## **SUSPENSION OF TRADING IN SHARES**

At the request of the Company, trading in the shares of the Company 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.

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

Hong Kong, 10 December 2021

*This announcement has been approved by all members of the Board, save and except Mr. Lou’s abstention in certain resolutions as specified above.*

*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.*