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## **CHIGO HOLDING LIMITED**

**志高控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 449)**

### **INSIDE INFORMATION, DELAY IN DESPATCH OF ANNUAL REPORT AND SUSPENSION OF TRADING**

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of Chigo Holding Limited (“**Chigo**” or the “**Company**”) pursuant to Rule 13.09(2)(a) and Rule 13.49(3) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcements of the Company dated 31 March 2020 and 29 April 2020 (the “**Announcements**” and each an “**Announcement**”) in relation to the unaudited annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2019. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the audit process for the annual results of the Company for the year ended 31 December 2019 had not been completed due to the restrictions in force in parts of China to combat the COVID-19 outbreak, and even with the relevant travel restrictions in certain parts of China being lifted and the relevant audit works resumed and progress had been made in respect of the audit process, the Company was unable to ascertain if the audit process would be completed on or before 15 May 2020.

During the audit process, the Company was informed by its auditors, Messrs. Deloitte Touche Tohmatsu (the “**Auditors**”), that the Auditors would like to obtain response from the management of the Company concerning certain audit findings of the Auditors. The Board would like to state that, due to the COVID-19 coronavirus outbreak, there have been various restrictions in force in China, including restrictions to commute to work or travel, which have significantly affected the Group’s operations, its ability to compile, retrieve, analyse or clarify records and information, and/or contact

or visit customers, vendors, government authorities and other counter-parties/third parties. As a result of the foregoing, the auditing process has experienced considerable delay, which led to a delay in the process of identification and resolving of the issues as well. While certain audit issues have since been resolved, the Company's audit committee (the "**Audit Committee**") received a letter from the Auditors, in which the Auditors requested the Audit Committee to engage an independent forensic accounting firm to conduct an investigation into certain issues that the Auditors found questionable and required further works to be done which, principally, relate to (1) the recipients and addresses on confirmation letters to miscellaneous customers and vendors, (2) differences between sales summary and VAT system-generated invoice summary by certain individual customers, (3) accounts receivable ledger balance movements between 2018 and 2019 in relation to certain miscellaneous customers, (4) certain flows of fund with unidentified nature, and (5) differences in the amounts of outstanding trade payables disclosed by suppliers in litigation claims and those recorded by the Group. The Auditors have suspended the auditing work and indicated that they would not be able to consider the resumption of their audit work until the investigation has been completed. The Group has since undertaken further work and while it is confident that issues (2) to (5) can be satisfactory resolved, the resolution of issue (1) involves working with customers and vendors located in disperse locations and which may continue to be affected by COVID-19 related restrictions and is expected to take additional time.

The Board has authorised the Audit Committee to seek and engage an independent forensic accounting firm to conduct the said investigation, with the scope of work subject to further discussion between the independent forensic accounting firm and the Audit Committee.

Having consulted the Auditors, the Company expects that it will take about two to three weeks from the date hereof to seek and finalise the engagement of the independent forensic accounting firm, and about four weeks from the date of the engagement to complete the investigation and issue the relevant report for the Auditors' consideration, depending on the scope of work to be determined. The Board will make an announcement in respect of the progress of the investigation in due course.

## **SUSPENSION OF TRADING OF SHARES**

In light of the above, it is expected that the issue of the Company's audited annual results for the year ended 31 December 2019 and the despatch of the Company's annual report for the year ended 31 December 2019 will be delayed. At the request of the Company, trading in the shares of the Company on Stock Exchange has been suspended with effect from 9:00 a.m. on 15 May 2020 and will continue to be suspended until further notice.

## **FURTHER ANNOUNCEMENT(S)**

Following the completion of the investigation and the auditing process, the Company will issue further announcement(s) in relation to (i) the audited annual results for the year ended 31 December 2019 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained in the Announcement dated 31 March 2020, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the Register of

Members of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the progress of the investigation and the completion of the auditing process.

By Order of the Board  
**Chigo Holding Limited**  
**Li Xinghao**  
*Chairman*

Hong Kong, 14 May 2020

*As at the date of this announcement, the executive Directors are Li Xinghao, Li Xiuhui, Huang Guijian and Yang Xiangwen, and the independent non-executive Directors are Zhang Xiaoming, Wang Manping and Pan Mingjun.*