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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)

RESIGNATION OF AUDITOR

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Chigo Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcements of the Company dated 31 March 2020, 29 April 2020, 14 May 2020, 15 June 2020, 1 September 2020 and 13 October 2020 in relation to, inter alia, the delay in issue of the Company’s audited annual results for the year ended 31 December 2019 and despatch of the annual report of the Company for the year ended 31 December 2019, delay in issue of the Company’s interim results for the six months ended 30 June 2020 and despatch of the interim report of the Company for the six months ended 30 June 2020, and suspension of trading in the shares of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 14 May 2020.

RESIGNATION OF AUDITOR

The Board hereby announces that Deloitte Touche Tohmatsu (“**Deloitte**”) has tendered its resignation as the auditor of the Company with effect from 30 October 2020.

Matters to be brought to the attention of the shareholders

As disclosed in the announcement of the Company dated 14 May 2020, the Audit Committee received a letter from Deloitte (the “**Deloitte’s Letter**”), in which Deloitte requested the Audit Committee to engage an independent forensic accounting firm to conduct an investigation into certain issues (the “**Outstanding Issues**”) that Deloitte 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. Deloitte has since then suspended the auditing work and indicated that they would not be able to consider the resumption of its audit work until the independent forensic investigation has been completed.

With the intention to proceed with conducting the independent forensic investigation and to address the Outstanding Issues, so as to enable the completion of the audit work in respect of the 2019 Results as soon as possible, the Group and the Audit Committee have since then taken steps to resolve the Outstanding Issues, including, to identify and engage an independent forensic accounting firm (the “**Forensic Accounting Firm**”) to conduct the relevant investigation, and liaising with Deloitte in respect of the scope of the investigation work. The Company and the Audit Committee, however, have not been able to reach an agreement with Deloitte in respect of the scope of investigation work despite the above efforts.

In its resignation letter dated 30 October 2020 (the “**Resignation Letter**”), Deloitte referred to the Deloitte’s Letter and subsequent communications with the Audit Committee in respect of the Audit Committee’s engagement of an independent forensic accounting firm to address the Outstanding Issues, and further stated that, as of the date of the Resignation Letter, no tangible progress had been made with respect to the forensic investigation, and accordingly, Deloitte had decided to tender its resignation as auditor of the Company with effect from 30 October 2020.

The Company is incorporated under the laws of the Cayman Islands and to the knowledge of the Board, there is no requirement under the laws of the Cayman Islands for the outgoing auditor to confirm whether or not there is any circumstance in connection with its resignation which it considers should be brought to the attention of the holders of securities of the Company. Deloitte has not issued any such confirmation under Rule 13.51(4) of the Listing Rules, and stated in its Resignation Letter that, with reference to the matter set out in the preceding paragraph and the fact that they had not completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2019, they are not in a position to confirm whether there are any other matters that need to be brought to the attention of holders of securities or creditors of the Company.

The Company would like to emphasise that its senior management and the Audit Committee have been working together to resolve the Outstanding Issues. With the senior management’s and the Audit Committee’s view that the scope of work proposed to be carried out by the Forensic Accounting Firm will be sufficient to address the Outstanding Issues, the Audit Committee intends to instruct the Forensic Accounting Firm to proceed with carrying out the independent investigation in due course. The Board would also like to draw the attention of the Shareholders and potential investors of the Company that the business of the Group remains as usual and its operations are not affected by the resignation of Deloitte. The Board confirms that, save as disclosed above, there are no other matters that need be brought to the attention of the Shareholders regarding the resignation of Deloitte.

The Board is in the process of identifying a suitable auditor to fill the casual vacancy arising from the resignation of Deloitte and a further announcement in relation to the appointment of a new auditor will be made by the Company as soon as practicable.

CONTINUED SUSPENSION OF TRADING

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 15 May 2020. Pending the fulfillment of the Stock Exchange's resumption guidance, the trading in the shares of the Company will continue to be suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Chigo Holding Limited
Li Xinghao
Chairman

Hong Kong, 2 November 2020

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