LONGHUI INTERNATIONAL HOLDINGS LIMITED
龍輝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1007)

(1) FINDINGS OF THE FORENSIC INVESTIGATION; (2) FINDINGS OF THE INTERNAL CONTROL REVIEW; AND (3) CONTINUED SUSPENSION OF TRADING

This announcement is made by Longhui International Holdings Limited (the "**Company**") pursuant to Rules 13.09 and 13.24A of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 31 March 2025, 3 April 2025, 17 April 2025, 6 May 2025, 27 May 2025, 30 June 2025, 25 September 2025, 23 December 2025, 23 March 2026 and 23 June 2026 in relation to, among other matters, the delay in the publication of the financial information of the Group, the Allegations, and the Resumption Guidance (collectively, the "**Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

The Company wishes to provide the shareholders and potential investors of the Company with the key findings of the Forensic Investigation and the Internal Control Review.

FORENSIC INVESTIGATION

Scope of investigation

Having reviewed the letter containing the Allegations, Acclime, being the forensic investigator (the "**Forensic Investigator**"), summarised and categorised the Allegations containing specific assertions and conducted its work with reference to those matters. The review period covered the period from 1 January 2018 to 31 March 2025.

In particular, the scope of the Forensic Investigation covered:

(i) review of the fund management of Shanghai Longhui Catering Management Co., Ltd. ("**Shanghai Longhui**") and Shanghai Huige Seafood Hotpot Catering Co., Ltd. ("**Shanghai Huige**"), being two subsidiaries of the Company;

(ii) review of the asset management of Shanghai Longhui and Shanghai Huige;

(iii) review of the paid-up capital and dividend payable of Shanghai Longhui; and

(iv) review of the accounting treatment of receivables and payables of Shanghai Longhui and Shanghai Huige.

Methodology of investigation

In conducting the Forensic Investigation, the Forensic Investigator performed, among others, the following procedures:

(i) examined core accounting records, management accounts, vouchers, supporting schedules, bank records, contracts, shareholder records, board resolutions, tax filings, and audit-related documentation relevant to the Allegations;

(ii) interviewed relevant directors, management, finance personnel, employees and third parties, including Mr. Hung Shui Chak ("**Mr. Hung**"), Mr. So Kam Chuen ("**Mr. So**") and Mr. Yuan Mingjie ("**Mr. Yuan**"), all being executive Directors to establish factual context;

(iii) analysed specific transactions under investigation, focusing on capital contributions, dividend distributions, long-outstanding balances, accounting adjustments, and overall fund flows;

(iv) inspected inventory procurement, warehouse logs, consignment arrangements, and movement records to evaluate asset custody and management;

(v) evaluated accounting treatments adopted by Shanghai Longhui and Shanghai Huige, specifically regarding prepaid membership cards, cash vouchers, and related-party balances, to address observations and concerns;

(vi) performed computer forensic procedures, using targeted keyword searches across available electronic data to extract relevant evidence;

(vii) cross-referenced internal findings against publicly available corporate registers, filings, and independent third-party sources; and

(viii) compared and cross-checked evidence from interviews, corporate books, digital files, and public sources to assess consistency and verify factual accuracy.

Limitations of investigation

The Forensic Investigation was subject to certain inherent limitations, including:

(i) despite reviewing courier and personnel records and attempting contact through the available telephone number and text messages, the Forensic Investigator was unable to establish contact with the sender of the letter containing the Allegations and was therefore unable to verify the Allegations directly or obtain further particulars regarding the matters raised therein;

(ii) the Forensic Investigator was unable to establish contact with or interview certain individual (i.e. Party A as defined below) relevant to the matters under review and was therefore unable to obtain such individual's explanations or representations in relation to certain transactions and matters investigated;

(iii) the findings of the Forensic Investigation were based on information and documents provided by the Company, management, employees, relevant third parties and other available sources, the authenticity, accuracy and completeness of which could not be independently verified; and

(iv) the Forensic Investigation was limited to information and documents available during the course of the engagement.

Key findings of investigation

The key findings of the Forensic Investigation are summarised as follows:

(1) It was alleged that Mr. Hung had occupied company funds over an extended period and that amounts due from him had not been appropriately reflected in the Company's financial reporting.

In investigating the allegation, the Forensic Investigator reviewed the historical balances and transactions between Mr. Hung and the Group, including management accounts, audited consolidated financial statements, bank statements, accounting records, supporting vouchers, available audit and consolidation records and the historical funding arrangements between Mr. Hung and the Group. The Forensic Investigator also conducted interviews with relevant personnel and performed a detailed reconciliation of the balances recorded at both the subsidiary level and the consolidated Group level.

The investigation found that Mr. Hung had provided substantial financial support to the Group and its PRC subsidiaries and, particularly from December 2021 onwards, was the Group's principal source of funding, to support the Group's operational and working capital requirements, particularly during periods of liquidity pressure.

The Forensic Investigator further found that the balances reflected in the management accounts of Shanghai Longhui and Shanghai Huige, which formed the basis of the allegation, were maintained primarily for local operational and management purposes and had not been fully updated to reflect audit and consolidation adjustments made in the preparation of the Group's audited consolidated financial statements. The Forensic Investigator concluded that the apparent discrepancies between the balances recorded in certain subsidiary-level management accounts and those disclosed in the Group's consolidated financial statements primarily arose from historical audit, consolidation and reclassification adjustments, rather than any undisclosed fund occupation by Mr. Hung.

The Forensic Investigator found that such adjustments included, among other things, the elimination of certain intra-group transactions, reclassification of balances relating to shareholder funding arrangements and amounts advanced by or on behalf of Mr. Hung, and other audit and consolidation adjustments made for financial reporting purposes. As these adjustments were reflected at the consolidated level but not necessarily in the underlying management accounts of individual subsidiaries, the balances recorded in the subsidiary-level management accounts were not directly comparable to those reflected in the Group's audited consolidated financial statements.

To determine the actual financial position between Mr. Hung and the Group, the Forensic Investigator conducted a separate cash-flow analysis of all fund movements between Mr. Hung and the Group from 1 January 2018 to 31 March 2025. Based on this analysis, the Forensic Investigator found that, save for a limited period in 2018 when relatively small balances were due from Mr. Hung to the Group, thereafter the Group was generally in a net payable position to Mr. Hung and that the cumulative funds advanced by Mr. Hung exceeded the cumulative amounts repaid by the Group. The Forensic Investigator further noted that the historical fund movements formed part of an ongoing shareholder funding arrangement under which Mr. Hung provided financial support to the Group from time to time to meet its operational and working capital needs, and that repayments made by the Group did not exceed the outstanding amounts owed to Mr. Hung.

Based on its reconciliation work, review of the underlying records and cash-flow analysis, the Forensic Investigator concluded that the differences identified by the allegation were attributable principally to historical audit, consolidation, classification and presentation adjustments, and the different accounting bases adopted at the subsidiary and consolidated Group levels, rather than any unidentified fund movements, undisclosed transfers, diversion of assets or unexplained balances.

Having reviewed the underlying documentation, accounting records, bank transaction records, audit adjustments, cash-flow analyses and historical funding arrangements, the Forensic Investigator found no evidence that Mr. Hung had occupied Company funds for personal purposes, withdrawn capital from the Group, appropriated corporate assets or otherwise benefited from any improper financial arrangement. The Forensic Investigator also did not identify any evidence of commingling or non-segregation of assets between the Group and Mr. Hung, and noted that the relevant balances were separately recorded and accounted for as amounts due to or due from Mr. Hung.

Accordingly, the investigation concluded that there was no evidence of fund occupation, misappropriation, capital withdrawal or material financial reporting irregularity involving Mr. Hung. Rather, the apparent discrepancies arose principally from historical audit and consolidation adjustments and differences between subsidiary-level management accounts and the Group's audited consolidated financial records.

Accordingly, the allegation was not substantiated.

(2) It was alleged that two remittances totalling RMB48 million made by a third-party individual ("Party A") to Shanghai Longhui in April and May 2018 were indicative of circular fund movements, capital withdrawal and improper financial arrangements involving the Company's controlling shareholder, Mr. Hung.

The review established that, in April and May 2018, Shanghai Longhui received two remittances of RMB23 million and RMB25 million, respectively, from Party A. The transactions were recorded as settlement of amounts due from Mr. Hung to the Group. Management explained that the remittances were made by Party A on behalf of Mr. Hung in repayment of the relevant balances. Although no formal tripartite agreement documenting the arrangement could be located, the transactions were consistently reflected in the accounting records and resulted in a corresponding reduction in the amounts due from Mr. Hung.

The Forensic Investigator reviewed the relevant bank statements, accounting records, supporting documentation and fund flows, including the subsequent utilisation of the funds by Shanghai Longhui. The review found that a substantial portion of the remittances was used for legitimate corporate purposes, including dividend distributions and payment of corporate income tax. The Forensic Investigator did not identify any evidence that the funds were returned to Party A, then remitted back to Mr. Hung or otherwise circulated through accounts associated with the Group, Mr. Hung or any connected person.

The Forensic Investigator further considered whether the transactions formed part of any circular fund movement, disguised financing arrangement, withdrawal of registered capital or other improper arrangement. No evidence was identified suggesting that the funds were returned to their original source, recycled through connected accounts, or used to facilitate capital withdrawal or misappropriation of corporate assets. The transactions had also previously been reviewed as part of the audit process, and no irregularities had been identified.

Although the Forensic Investigator was unable to interview Party A despite reasonable efforts to locate and contact him, sufficient documentary evidence, accounting records, bank transaction records and fund-flow analyses were obtained to assess the nature of the transactions. Based on the information reviewed, the Forensic Investigator concluded that the remittances represented repayments of amounts due to the Group and found no evidence of circular fund movements, disguised financing arrangements, capital withdrawal or other improper financial arrangements involving Mr. Hung.

Accordingly, the allegation was not substantiated.

(3) It was alleged that a RMB15 million loan obtained by the Group from a third-party lender ("Party B") in 2024 involved undisclosed related party arrangements and that funds were improperly channelled to Mr. Hung and a third-party individual ("Party C").

The investigation found that the RMB15 million loan was obtained during a period when the Group was experiencing liquidity pressure and required short-term financing to support its operations and working capital requirements. The loan was supported by a formal loan agreement, the related disbursements were verified against bank records, and the Forensic Investigator found no evidence that the loan was fictitious, undocumented or lacking a commercial rationale.

The Forensic Investigator found that certain amounts were paid to Mr. Hung and Party C shortly after receipt of the loan proceeds. Having reviewed the relevant accounting records, supporting documentation, bank records and historical funding arrangements, the Forensic Investigator found that these payments represented partial repayment of existing liabilities owed by the Group to Mr. Hung and Party C, both of whom had previously provided funding support to the Group and the Group remained indebted to them at the time the repayments were made. The Forensic Investigator further noted that the historical funding provided by Mr. Hung and Party C and the loan obtained from Party B served the same commercial purpose of supporting the Group's operational and working capital requirements. In substance, the use of part of the loan proceeds to repay existing funding obligations represented a refinancing of existing funding sources rather than a diversion of funds away from the Group's operations. No evidence was identified of concealed distributions, misappropriation of Company assets, non-operational occupation of Company funds or transfers lacking a commercial basis.

The Forensic Investigator further reviewed the repayment arrangements and found that the loan had been fully settled through a combination of cash repayments and a settlement arrangement involving inventory. Having reviewed the relevant agreements, inventory transfer documentation and supporting records, the Forensic Investigator verified that no amounts remained outstanding under the loan, which was also confirmed by Party B.

To assess whether the transaction involved any undisclosed related party arrangements, the Forensic Investigator conducted independent background checks and corporate searches on Party B and other relevant parties. The Forensic Investigator did not identify any evidence that Party B or any other relevant party was related to the Group, nor any evidence of concealed beneficial ownership, nominee arrangements, circular fund movements or other indicators suggesting that the transaction was designed to disguise the involvement of a connected person.

Having considered the loan documentation, supporting records, fund flow analysis, interview evidence and the broader funding relationship between Mr. Hung, Party C and the Group, the Forensic Investigator concluded that the loan was obtained to meet the Group's funding requirements and that the subsequent payments represented repayment of bona fide liabilities owed by the Group. The Forensic Investigator found no evidence of undisclosed related party transactions, improper diversion of funds, non-operational occupation of Company funds or other improper financial arrangements.

Accordingly, the allegation was not substantiated.

(4) ***It was alleged that the Group had long-standing financial transactions involving Party C which may have represented undisclosed related party arrangements or improper use of corporate funds.***

In investigating the allegation, the Forensic Investigator reviewed historical bank records, accounting records, current account balances, supporting vouchers, fund flow records, management explanations and corporate records relating to Party C. The Forensic Investigator found that Party C had been a long-serving employee associated with the Group and had acted in various nominee and administrative capacities for certain Group entities at the direction of Mr. Hung.

The Forensic Investigator identified numerous historical fund transfers involving Party C and found that the transactions principally related to loans, advances and funding arrangements undertaken for the benefit of the Group and its subsidiaries. The Forensic Investigator noted that Party C had, on various occasions, advanced funds or facilitated payments to support the Group's operational and liquidity needs, and that the relevant transactions were properly recorded in the Group's accounting records. All balances between the Group and Party C have since been fully settled. There is neither any receivable due from Party C nor any payable due to Party C.

The Forensic Investigator further reviewed the historical relationship between Party C, Mr. Hung and the Group to assess whether Party C had been used to conceal transactions involving connected persons or facilitate improper financial arrangements. Based on the documentary evidence, corporate records, bank transaction records and fund flow analysis reviewed, the Forensic Investigator did not identify any evidence that Party C had received undisclosed benefits from the

Group, that corporate funds had been diverted for his personal benefit, or that the transactions had been used to disguise payments to connected persons, conceal beneficial ownership arrangements or facilitate the misappropriation of Company assets.

Having considered the historical funding arrangements, underlying documentation, accounting records, transaction history and overall pattern of dealings, the Forensic Investigator concluded that the transactions involving Party C were financing and operational arrangements undertaken for the benefit of the Group and reflected genuine creditor-debtor relationships, rather than undisclosed related party transactions, fund occupation, improper diversion of funds or other financial misconduct.

Accordingly, the allegation was not substantiated.

(5) It was alleged that significant quantities of high-value inventory were unaccounted for and that management may have misappropriated company assets.

The investigation found that the inventory movements in question were supported by legitimate commercial and operational reasons. In particular, certain inventory was transferred under a documented consignment arrangement in response to reduced demand and excess inventory following the COVID-19 pandemic and remained recorded in Shanghai Huige's books until its disposal in 2025. The Forensic Investigator also found that certain inventory had been temporarily removed from storage with management authorisation for safeguarding purposes and was subsequently returned in full, with physical stock counts confirming that no loss had occurred. The Forensic Investigator found no evidence that management had misappropriated inventory or concealed inventory losses.

Accordingly, the allegation was not substantiated.

(6) It was alleged that deficiencies in the management of gift vouchers and membership cards created opportunities for misuse of company assets and unauthorised benefits to management personnel.

The investigation found that the Group maintained procedures and accounting mechanisms governing the issuance and utilisation of gift vouchers and that gift vouchers utilised during the review period had generally been properly approved, documented and recorded. Through its computer forensic review, the Forensic Investigator identified certain complimentary membership cards and gift vouchers utilised by Mr. Hung that had not been fully reflected in the accounting records. However, after assessing the actual utilisation and corresponding value, the Forensic Investigator concluded that the aggregate unrecorded amount was immaterial in the context of the Group's overall revenue and operations during the review period. The

Forensic Investigator did not identify any evidence of improper benefit transfers, misappropriation of Company assets or material control deficiencies arising from the issuance or utilisation of gift vouchers and membership cards.

Accordingly, the allegation was not substantiated.

(7) ***It was alleged that capital contributions to Shanghai Longhui had not been fully paid and that this raised concerns regarding the legality of the Company's capital structure and financial reporting.***

The Forensic Investigator reviewed the relevant capital increase records, corporate filings, shareholder resolutions and bank records and found that Shanghai Longhui had conducted five capital increases between 2014 and 2021 to support the funding requirements of the Group's PRC operations. While a portion of the registered capital remained unpaid at the time the allegation arose, no regulatory action, penalty or enforcement proceedings had been taken against Shanghai Longhui or its shareholders, and the outstanding registered capital had subsequently been fully paid up. The Forensic Investigator did not identify any evidence of deliberate misrepresentation, misappropriation of funds, capital withdrawal or other fraudulent conduct in connection with the capital contribution arrangements.

Accordingly, the allegation was not substantiated.

(8) ***It was alleged that dividends declared by Shanghai Longhui in 2018 remained unpaid for a prolonged period, suggesting possible occupation of funds by management and raising concerns regarding the Company's ability to continue as a going concern.***

The Forensic Investigator reviewed the relevant dividend records and found that the unpaid dividend balance had remained recorded as a liability in Shanghai Longhui's books since its declaration and that no payments had been made against the outstanding amount. As no funds had been disbursed in respect of the unpaid dividend, the Forensic Investigator found no evidence that the relevant funds had been utilised, occupied, diverted or otherwise appropriated by management or any connected persons. The Forensic Investigator further noted that neither Shanghai Longhui's articles of association nor applicable PRC laws prescribed a specific deadline for the payment of declared dividends.

Accordingly, the allegation was not substantiated.

(9) ***It was alleged that Shanghai Longhui and Shanghai Huige maintained receivable balances with dormant, deregistered or revoked group companies without making appropriate impairment provisions or accounting adjustments.***

The Forensic Investigator reviewed the relevant receivable balances, accounting records and audit adjustments and found that certain balances relating to dormant, deregistered or revoked group companies remained recorded in the subsidiaries' management accounts due primarily to tax and administrative considerations. The Forensic Investigator noted that the Group's auditors had made the necessary adjustments in the Group's consolidated financial statements and that the Group's published annual reports appropriately reflected its financial position. The Forensic Investigator did not identify any evidence of deliberate accounting misstatement, financial manipulation or concealment of the Group's financial condition.

Accordingly, the allegation was not substantiated.

(10) ***It was alleged that Shanghai Longhui and Shanghai Huige had maintained substantial long-outstanding payables without appropriate accounting treatment.***

The Forensic Investigator reviewed the relevant payables and accounting records and found that certain historical payables had already been settled, while the remaining balances continued to be recognised as liabilities. The Forensic Investigator noted that there was no applicable accounting, legal or regulatory requirement requiring such balances to be written back under the circumstances and that any write-back would not have resulted in additional enterprise income tax liabilities given the subsidiaries' accumulated losses. The Forensic Investigator did not identify any evidence of improper accounting treatment, financial statement manipulation or concealment of the Group's financial position.

Accordingly, the allegation was not substantiated.

(11) ***It was alleged that the accounting treatment of prepaid membership card balances was inappropriate and that the Group's accounting treatment may not have complied with applicable accounting standards.***

The Forensic Investigator reviewed the relevant accounting records and supporting documentation and found that the prepaid membership card balances represented liabilities for services that had not yet been rendered and therefore did not satisfy the criteria for revenue recognition under the applicable accounting standards. The Forensic Investigator noted that the Group recognised revenue only upon the provision of the relevant services and did not identify any evidence of accounting irregularities, non-compliance with applicable accounting standards or fraudulent financial reporting.

Accordingly, the allegation was not substantiated.

(12) ***It was alleged that there were issues regarding the audit opinions and audit findings relating to the Group, including concerns regarding financial misstatements, going concern issues and whether Shanghai Longhui and Shanghai Huige had been listed as dishonest judgment debtors.***

The Forensic Investigator reviewed the Group's audit reports and relevant public records and found that, while the auditors had raised going concern and liquidity concerns in certain years, no evidence of financial fraud, fabrication of financial information or other material financial irregularities had been identified. The Forensic Investigator further noted that Mr. Hung had provided financial support undertakings since 2021 to assist the Group in addressing liquidity uncertainties and confirmed that neither Shanghai Longhui nor Shanghai Huige had been listed as dishonest judgment debtors. The Forensic Investigator did not identify any evidence supporting the allegations of financial misstatements, improper audit findings or dishonest judgment debtor status.

Accordingly, the allegation was not substantiated.

Further, in respect of the allegations and concerns raised in the Allegations involving Mr. Hung, Mr. So and Mr. Yuan, the Forensic Investigator reviewed the relevant matters through document review, interviews, transaction analysis and computer forensic procedures. Based on the information reviewed, the Forensic Investigator did not identify any evidence that any executive Director had engaged in fraud, misappropriation of assets or funds, improper accounting practices, concealment of information or other misconduct in connection with the Allegations, nor did it identify any matters giving rise to concerns regarding their integrity, competence or character. Having considered the findings as a whole, the Forensic Investigator concluded that the principal Allegations were not supported by sufficient factual evidence and that a number of the Allegations were inconsistent with the underlying records and supporting documentation reviewed during the Forensic Investigation.

The Investigation Committee's assessment

Having reviewed the findings of the Forensic Investigation, the Investigation Committee is of the view that the Allegations were not supported by sufficient factual evidence and, in several instances, were inconsistent with the underlying records and supporting documentation reviewed during the Forensic Investigation. The Investigation Committee noted that the Forensic Investigation did not identify any evidence of fraud, misappropriation of assets or funds, deliberate accounting manipulation, capital withdrawal or other material misconduct by the current Directors or management. In particular, the Investigation Committee noted that the review corroborated that Mr. Hung had continuously provided financial support to the Group and that the Group was generally indebted to him during the relevant period.

While certain historical deficiencies relating to documentation, record-keeping and internal control procedures were identified, the Investigation Committee considers these matters to be operational and administrative in nature and not indicative of management misconduct, recurring irregularities or systemic governance failures. The Investigation Committee further considers that the findings do not give rise to concerns regarding the integrity, competence or character of the current Directors or senior management.

The Investigation Committee has also reviewed the scope of work, procedures performed and limitations encountered during the Forensic Investigation and is satisfied that the Forensic Investigation was conducted independently and with an appropriate scope and methodology. Notwithstanding the inability to contact certain relevant individuals (including the sender of the letter containing the Allegations), the Investigation Committee considers that sufficient alternative procedures were performed and sufficient evidence was obtained to enable the Forensic Investigator to reach reasonable and reliable conclusions. Accordingly, the Investigation Committee considers the Forensic Investigation to be adequate for the purpose of addressing the Allegations and the relevant Resumption Guidance.

As the Allegations were largely unsubstantiated and no material misconduct was identified, the Investigation Committee does not consider any significant remedial action to be required as a direct consequence of the Forensic Investigation. Nevertheless, the Investigation Committee recommends the implementation of the enhancement measures identified in the Internal Control Review to further strengthen the Group's internal control and governance framework.

INTERNAL CONTROL REVIEW

In order to address the Resumption Guidance and assess the adequacy and effectiveness of the Group's internal control system, Acclime, being the internal control consultant (the "**IC Consultant**"), was engaged to conduct an independent internal control review and follow-up review of the Group.

Scope of review

The initial review covered the period from 1 August 2024 to 31 July 2025, and the follow-up review covered the period from 1 August 2025 to 5 June 2026. The review was conducted based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework and covered the Group's entity-level controls, financial reporting and disclosure controls, and business process controls.

The scope included, among others, control environment, risk assessment and management, monitoring, information and communication, anti-fraud policies and control activities; financial reporting and disclosure controls; revenue and accounts receivable management; cash and treasury management; and inventory management.

Particular emphasis was placed on the internal control matters identified in the Forensic Investigation, including voucher management, membership card management, management of high-value inventory, fund management, related party transaction management and the Group's overall governance and control framework.

Methodology of review

The procedures performed by the IC Consultant included, among others:

(i) reviewing the Group's existing policies, procedures, internal control manuals, accounting records and supporting documentation relevant to the review areas;

(ii) conducting walkthroughs and enquiries with relevant directors, management and operational personnel to understand the design and implementation of the Group's internal control procedures;

(iii) assessing the design and operating effectiveness of key internal controls within the review scope;

(iv) examining selected samples of transactions, approval records, reconciliations, reports and supporting documentation;

(v) evaluating the Group's internal control framework against the COSO internal control framework and relevant corporate governance and regulatory requirements;

(vi) identifying internal control deficiencies and providing recommendations for remediation; and

(vii) conducting a follow-up review to assess the implementation status and effectiveness of the remedial measures adopted by the Group.

Limitation of review

The Internal Control Review was subject to certain inherent limitations, including:

(i) the review was conducted on a test-check basis and did not involve an examination of every transaction or control activity of the Group;

(ii) the review was based on information, documents, records and explanations provided by the Group's directors, management and relevant personnel; and

(iii) internal control systems can only provide reasonable, but not absolute, assurance against fraud, error, management override or non-compliance.

Notwithstanding the foregoing limitations, the IC Consultant reviewed the Group's internal control framework, conducted interviews with relevant personnel, examined supporting documentation and performed a follow-up review of the remediation measures implemented by the Group.

Findings of the Internal Control Review

The key findings of the Internal Control Review are summarised as follows:

Financial balances management

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that formal procedures governing the review, monitoring and resolution of long-outstanding receivable, payable and current account balances required strengthening. While these balances were recorded and monitored by management, there was limited formalisation of procedures relating to ageing analysis, reconciliation, balance review and periodic assessment of recoverability or settlement status.	It was recommended that the Group establish formal written policies governing periodic account reconciliation, ageing analysis, recoverability assessments, review and clearance procedures for long-outstanding balances, and documentation requirements supporting management's review process.	The Group has established formal written policies and procedures governing the management of receivable, payable and current account balances. Business units and the finance department are required to perform periodic reviews and reconciliations of outstanding balances, including ageing analyses and recoverability assessments, and maintain written review records and supporting documentation. Long-outstanding balances are subject to periodic management review and follow-up procedures. Any proposed clearance, provisioning or write-off of balances requires documented management approval and supporting justification. Responsibility for the operation of these procedures rests with the relevant business units and finance personnel, under the oversight of management and the finance function.

Fund management and director funding arrangements

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that historical shareholder funding arrangements, director funding support and intra-group fund transfers were not subject to sufficiently detailed written policies governing approval thresholds, documentation requirements and transaction monitoring procedures. Certain historical transactions also lacked formal agreements and supporting documentation that would ordinarily be expected under an enhanced control framework.	It was recommended that the Group revise its treasury and fund management framework to formalise procedures relating to shareholder funding, director funding arrangements, intra-group transfers and significant fund movements. It was further recommended that the Group establish formal written policies governing inter-company fund transfers and funding arrangements with shareholders and directors, and require significant transactions to be supported by formal agreements and appropriate approval procedures.	The Group has revised its treasury and fund management framework and established formal written policies governing shareholder funding arrangements, director funding arrangements, intra-group fund transfers and significant fund movements. The revised policy requires prior approval for inter-company fund transfers exceeding RMB200,000 per transaction and requires transactions of RMB1 million or above involving non-directors to be supported by formal agreements and approval documentation prior to payment. Transactions are processed through documented application and approval procedures involving the cashier, finance manager and financial controller, with escalation to the Board where necessary. In particular, with effect from 1 March 2026, all proposed fund transfers from or to Mr. Hung (other than those relating to the Group's ordinary operating expenses and remuneration arrangements) are required to be submitted to the full Board for prior approval before any payment or receipt is effected. Transactions involving connected persons or third parties acting on behalf of directors are also subject to Board approval. Responsibility for treasury controls rests with the finance function and relevant management personnel, under the oversight of the Board and the Audit Committee.

Overall internal control framework and delegation of authority

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that certain significant financial, operational and approval decisions historically relied on the oversight of Mr. Hung and that the Group's delegation of authority framework, approval hierarchy and governance documentation could be further formalised. The review also identified the need to strengthen controls over company seals, authorisations, legal documents and approval records to enhance accountability and traceability of decisions.	It was recommended that the Group establish a formal delegation of authority matrix, enhance multi-level approval procedures and strengthen segregation of duties for significant operational and financial matters. It was further recommended that major transactions and significant non-routine matters be subject to defined approval hierarchies and Board oversight.	The Group has established a formal delegation of authority framework and implemented a major non-routine matters management policy setting out approval hierarchies, signing authorities and reporting responsibilities. Multi-level approval procedures have been implemented and major non-routine matters, including financing arrangements and other significant transactions, are subject to escalation and Board approval procedures in accordance with the established framework. To reduce reliance on the oversight of Mr. Hung, approval authorities and decision-making responsibilities have been formalised and material approval authority may only be exercised by formally appointed directors and senior management.

Connected transaction management

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that the Group's connected transaction compliance framework required further formalisation. In particular, procedures relating to connected person identification, connected party declarations, maintenance of connected party registers, transaction monitoring and compliance reporting could be strengthened to align with listed-company governance practices.	It was recommended that the Group adopt a comprehensive connected transaction policy, establish and maintain connected party registers, and introduce periodic connected party declaration procedures for directors and senior management.	The Group has adopted a comprehensive connected transaction policy and established procedures for the identification, monitoring and reporting of connected transactions. Connected party registers have been established and are subject to periodic review and updating. Directors and senior management are required to make regular connected party declarations and update such declarations upon any change in circumstances. Transactions are subject to compliance review prior to execution to assess whether any Listing Rules implications arise. Relevant training on connected transactions, corporate governance and regulatory compliance has been provided to directors and relevant staff. Responsibility for ongoing compliance rests with the finance department, company secretarial function and Board.

Voucher management

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that issuance and utilisation of vouchers had historically been administered based on established operational practices rather than comprehensive written procedures. Certain weaknesses were identified in the reconciliation of voucher application forms, issuance registers and accounting records. In addition, controls over voucher utilisation tracking, approval procedures, record retention and segregation of responsibilities between issuance, custody and accounting functions required enhancement.	It was recommended that the Group revise its voucher management procedures to establish formal approval requirements, maintain detailed voucher registers, strengthen reconciliation procedures, segregate custody and accounting responsibilities between the finance and marketing departments, and require periodic reporting of voucher utilisation.	The Group has revised its voucher management procedures and implemented formal approval and monitoring controls over voucher issuance and utilisation. Standardised voucher application forms, approval records and voucher registers are maintained by the relevant departments. Responsibilities have been segregated, with the marketing department responsible for voucher custody and the finance department responsible for accounting records and control stamps. Voucher utilisation is recorded and reviewed through store reporting procedures and monthly reconciliations are performed between operational and accounting records, with written reconciliation records retained. Summary utilisation reports are prepared periodically and reported to management. Responsibility for implementation rests with the marketing and finance departments, under the supervision of the management.

Membership card and prepaid card management

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that while operational procedures existed, the Group had not established sufficiently comprehensive written policies governing complimentary membership cards, prepaid membership card balances, approval and monitoring procedures, accounting treatment and compliance with applicable regulatory requirements relating to prepaid balances.	It was recommended that the Group adopt formal membership card management policies covering card issuance, approval procedures, utilisation monitoring, accounting treatment, periodic balance reviews, ageing analysis of prepaid card balances and management reporting requirements.	The Group has adopted formal membership card management policies governing card issuance, approvals, utilisation monitoring, accounting treatment and management reporting. Segregation of duties has been established such that card application, approval and issuance functions are handled by different personnel. Signed application forms, issuance records and system-generated transaction records are maintained. The finance department performs periodic reviews and prepares ageing analyses of prepaid membership card balances for management review. Membership card balances and utilisation are subject to periodic reporting to management and the Board. Additional procedures have also been implemented to strengthen oversight of compliance with applicable regulatory requirements relating to prepaid balances. Responsibility for administration rests with the general management office and finance department under the supervision of management.

High-value inventory management

Key findings	The IC Consultant's recommendations	Remedial measures/ enhancement implemented
It was noted that certain controls relating to high-value inventory required enhancement. It was further noted that formal procedures governing storage arrangements, access controls, emergency inventory transfers, warehouse entry records, approval requirements, physical safeguards and inventory documentation were not sufficiently comprehensive.	It was recommended that the Group establish dedicated management policies for high-value inventory, implement dual-key custody arrangements, introduce warehouse access logs, enhance inventory transfer approval procedures, strengthen physical security measures and formalise inventory movement, custody and documentation requirements.	The Group has established dedicated policies and procedures governing the management of high-value inventory. Dual-key custody arrangements have been implemented, with storage access controlled by designated personnel. Warehouse access logs, inventory application forms, signed outbound records and inventory movement documentation are maintained and subject to review. Inventory transfers require prior approval in accordance with established procedures. Additional monitoring equipment and CCTV coverage have been installed in relevant storage areas, and periodic physical stock counts are conducted. Any inventory discrepancies or abnormalities must be reported and escalated in accordance with documented procedures. Responsibility for safeguarding and monitoring high-value inventory rests with operational management and warehouse personnel, with oversight from the finance department and the management.

In addition to the findings set out above, the IC Consultant identified a number of other internal control findings relating principally to the further formalisation and enhancement of the Group's governance, risk management, compliance monitoring, financial reporting and operational control framework. These findings included recommendations relating to conflict of interest declarations, directors' training, risk management and reporting procedures, compliance policies and monitoring mechanisms, subsidiary reporting processes, budgeting and variance analysis, financial reporting and disclosure procedures, cash and treasury management, inventory controls and insurance coverage. These findings primarily related to the enhancement and formalisation of existing policies, procedures and documentation. In many instances, the relevant control activities and management practices were already in operation, and the recommendations were intended to further strengthen governance, accountability, documentation standards and compliance with listed company best practices.

The Company accepted all recommendations made by the IC Consultant and implemented the relevant remedial and enhancement measures. Following its follow-up review, the IC Consultant confirmed that all findings identified during the Internal

Control Review, including the internal control matters identified in the Forensic Investigation, had been rectified and that the relevant remedial measures had been implemented.

The IC Consultant further confirmed that the revised policies, procedures and control measures had been formally approved and implemented. Based on its independent review of the Group's internal control systems and procedures, together with its follow-up review of the implementation of remedial measures, the IC Consultant did not identify any material deficiencies, significant weaknesses or major internal control issues remaining in the Group's internal control system. The IC Consultant was therefore of the view that the material internal control deficiencies relating to the matters giving rise to the trading suspension had been rectified, and that the Group's internal control and corporate governance framework was adequate and effective within the scope of its review.

The Investigation Committee's assessment

The Investigation Committee has reviewed the findings of the Internal Control Review, the management responses and remedial actions adopted by the Company, and the results of the IC Consultant's follow-up review.

The Investigation Committee noted that the findings identified by the IC Consultant primarily related to the strengthening, enhancement and formalisation of policies, procedures, approval protocols, governance arrangements and documentation requirements. While certain control deficiencies and areas for improvement were identified, particularly in respect of matters highlighted during the Forensic Investigation, the Investigation Committee noted that the findings did not indicate fraud, management misconduct, pervasive control failures or any systemic breakdown of the Group's internal control environment.

In reaching its assessment, the Investigation Committee considered, among other things: (i) the scope and methodology adopted by the IC Consultant in conducting the Internal Control Review and follow-up review; (ii) the detailed findings and recommendations of the IC Consultant; (iii) the new and revised policies, procedures and control measures implemented by the Group in response to the findings; (iv) documentary evidence reviewed by the IC Consultant demonstrating implementation of the remedial measures; (v) the IC Consultant's confirmation that all findings identified during the Internal Control Review had been rectified and that no outstanding deficiencies remained within the scope of the follow-up review; and (vi) the IC Consultant's conclusion that the internal control measures recommended in response to the findings identified during the Forensic Investigation had been implemented and were operating effectively.

Having considered the findings of the Internal Control Review and the results of the follow-up review as a whole, the Investigation Committee is satisfied that all material deficiencies identified have been rectified and that all necessary remedial measures have been implemented. The Investigation Committee is further satisfied that the Group currently maintains adequate and effective internal controls and corporate governance measures to safeguard its assets and interests and to ensure compliance with the Listing Rules in all material respects, commensurate with its scale and business operations.

Accordingly, the Investigation Committee considers that the Internal Control Review was conducted independently and with an appropriate scope and methodology, and that the Group's internal control and corporate governance framework is adequate and effective.

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 Monday, 31 March 2025, and will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Longhui International Holdings Limited
Hung Shui Chak
Chairman and Executive Director

Hong Kong, 13 August 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Hung Shui Chak, Mr. So Kam Chuen and Mr. Yuan Mingjie; and three independent non-executive Directors, namely Mr. Tam Bing Chung Benson, Mr. Cheung Ting Pong and Ms. Leung Chee Wai Mochi.