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## **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)**

## **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement (the “**Announcement**”) of Longhui International Holdings Limited (the “**Company**”) dated 27 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019. Terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

### **2019 AUDITED ANNUAL RESULTS**

The Board is pleased to announce that the Company’s auditors, HLB Hodgson Impey Cheng Limited (“**HLB**”), have completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial statements contained in the Announcement remain unchanged.

### **EXTRACT OF THE AUDITORS’ REPORT**

The following is an extract of the independent auditors’ report on the Group’s annual financial statements for the year ended 31 December 2019:

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **BASIS FOR QUALIFIED OPINION**

### **Opening balances and the comparative information**

Our auditors' report on the consolidated financial statements of the Group for the financial year ended 31 December 2018 as contained in the annual report of the Company for that financial year (the "**Prior Year's Consolidated Financial Statements**") contained disclaimer of opinion as we were unable to obtain sufficient appropriate audit evidence in respect of accrued expenses and other payables. Details of these matters that led to us disclaiming opinion on the Prior Year's Consolidated Financial Statements are set out in our auditors' report dated 29 March 2019 contained in the annual report of the Company for the financial year ended 31 December 2018.

Due to the lack of complete books and records of the Company, the board of directors of the Company was unable to ascertain the completeness and recording accuracy of certain of the accrued expenses and other payable (the "**Unknown Liabilities**") as at 1 January 2018 and 4 July 2018 (the "**Acquisition Date**"). The nil balances of the Unknown Liabilities recognised by the Group on the Acquisition Date entered into the determination of the financial performance of the Group for the year ended 31 December 2018 and have carryforward effects on the closing balances of the assets and liabilities of the Group as at 31 December 2018. We have been unable to carry out alternative audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the validity and accuracy of not recognising any amount of the Unknown Liabilities upon application of the Reverse Acquisition and as at 31 December 2018; (ii) the validity, accuracy and completeness of the nil carrying amounts of the Unknown Liabilities at the Acquisition Date which were recognised by the Group in the consolidated financial statements as disclosed in Note 32 to the consolidated financial statements and the carryforward effects on the closing balances of the assets and liabilities of the Group as at 31 December 2018; and (iii) the accuracy of the deemed listing expenses and hence as to whether the amount of the deemed listing expenses recognised as expense in the consolidated profit or loss was appropriate. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the nil Unknown Liabilities and the deemed listing expenses included in the consolidated financial statements as at the Acquisition Date and as at 31 December 2018 were free from material misstatements. Our opinion on the current year's consolidated financial statements for the year ended 31 December 2019 is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. We are independent of the

Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2.1 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB128,247,000 during the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB182,473,000. As stated in Note 2.1 to the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 2.1, indicate that existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website (<http://www.cre8ir.com/longhui/>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The 2019 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 14 May 2020

*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. Ha Kee Choy Eugene, Mr. Chan Chun Yiu Thomas and Mr. Tam Bing Chung Benson.*