

TARGET

Intelligence Report

VOLUME XXIII No. 258

THURSDAY

November 25, 2021

PART TWO OF TWO

CHINA LONGEVITY GROUP COMPANY LTD: THE FINANCIALS POINT TO A TURNABOUT SITUATION FOR THE COMPANY

But Its Shares Remain Suspended On The Main Board

In spite of all its problems, during the past eight years, the statistics of China Longevity Group Company Ltd (中國龍天集團有限公司) (Code: 1863, Main Board, The Stock Exchange of Hongkong Ltd), with regard of the past five Financial Years, ended December 31, 2020, are not to be sneezed at:

	2020	2019	As at 31 December		
	RMB'000	RMB'000	2018	2017	2016
			RMB'000	RMB'000	RMB'000
REVENUE	812,141	660,482	536,619	523,799	472,688
Gross profit	188,710	144,987	122,179	118,797	94,267
PROFIT BEFORE TAX	44,280	44,247	31,102	31,497	18,802
PROFIT FOR THE YEAR	45,031	40,448	31,125	28,396	22,252
Attributable to:					
Owners of the Company	45,031	40,448	31,125	28,396	22,252
Non-controlling interests	—	—	—	—	—
	45,031	40,448	31,125	28,396	22,252
Basic earnings per share (RMB cents)	5.28	4.74	3.65	3.33	2.61

	2020	2019	As at 31 December		
	RMB'000	RMB'000	2018	2017	2016
			RMB'000	RMB'000	RMB'000
Total assets	970,224	784,590	751,135	783,283	765,148
Equity and liabilities					
Total liabilities	569,758	466,383	477,169	540,518	550,704
Total equity	400,466	318,207	273,966	242,765	214,444

A Short History Of China Longevity Group Company Ltd

Sijia Group Company Ltd (思嘉集團有限公司) sought and obtained the listing of its shares on the Main Board of The Stock Exchange of Hongkong Ltd on April 16, 2010.

(The Main Board of The Stock Exchange of Hongkong Ltd is considered the premier equity market of the HKSAR.)

About three years, following the publication and dissemination of its Global Offering Prospectus in the **HKSAR**, Senior Management of Sijia Group Company Ltd was confronted with that which could only be described as very rude suggestions of its Independent Auditor, to wit, Ernst and Young (安永會計師事務所) (“**EY**”).

The following is a verbatim copy of the announcement, dated February 8, 2013, signed by Mr Lin Sheng Xiong:

‘PROPOSED CHANGE OF AUDITORS

The Board announces that EY shall, subject to the approval of the Shareholders at the EGM, be removed as the auditors of the Group. The Board further announces that it had approached SHINEWING who is considering the acceptance of appointment as auditors of the Group for the year ended 31 December 2012. Subject to the approval by the Shareholders at the EGM, SHINEWING shall be appointed as auditors of the Group to fill the vacancy following the removal of EY and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

‘A circular containing certain information on the removal of EY and the appointment of SHINEWING as the new auditors of the Group together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

*‘The board (the “**Board**”) of directors (the “**Directors**”) of Sijia Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that as the Company and Ernst & Young (“**EY**”) have not been able to reach an agreement in relation to the additional audit procedures required by EY for the financial year ended 31 December 2012 and EY’s proposed increase in audit fee, the Company shall, subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting of the Company (the “**EGM**”), remove EY as the auditors of the Group and appoint SHINEWING (HK) CPA Limited (信永中和[香港]會計師事務所有限公司) (“**SHINEWING**”) as the new auditors of the Group in place of EY, which shall hold office until the conclusion of the forthcoming annual general meeting of the Company.*

‘SHINEWING had informed the Board that before the completion of SHINEWING’s client acceptance procedures, SHINEWING did not and will not commence the audit of the Group’s consolidated financial statements for the year ended 31 December 2012.

‘SHINEWING’s client acceptance procedures, which are in accordance with applicable professional requirements include, but are not limited to, the following:

- a. *the satisfactory result of the independent third party investigation in respect of the Observations (as defined below);*
- b. *the matters raised by EY in its professional clearance letter dated 8 February 2013 have been resolved to SHINEWING's satisfaction; and,*
- c. *the satisfactory result of any additional pre-acceptance procedures SHINEWING considers essential and necessary for the Observations (as defined below).*

'MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS

*'During the performance of the pre-final audit of the Group for the year ended 31 December 2012 conducted by EY, EY observed certain inconsistencies (the "**Observations**") and in view of them, EY requested to conduct certain additional procedures in auditing the 2012 financial statements of the Company which inevitably involve more time and resources, and therefore an increase in the audit fee. EY also required the Company to carry out an independent third party investigation in addressing the Observations before its issuance of the auditor's report. The Board does not agree with the requirement of having an independent third party investigation as a pre-condition of the issuance of the auditors' report and the proposed increase in audit fee. In light of the time constraint on the issuance of annual report, the Board decided to change the auditors of the Company.*

'In respect of the Observations, the Board wishes to clarify as follows:

- (i) in view of the serious nature of the Observations, the Board has looked into the matter promptly and based on the information and documents provided to the chairman of the audit committee of the Company (the "**Audit Committee**"), the Company issued a reply letter to EY dated 26 November 2012 with the explanations and the supporting documents attached thereto;*
- (ii) On 5 December 2012, a full Board meeting was held at which the Observations were thoroughly discussed and a further reply to the Audit Committee dated 11 December 2012 was copied to EY with further supporting evidence which served to address the Observations;*
- (iii) the Board considers the explanations and documents as mentioned in (i) and (ii) above are sufficient in addressing the Observations.*

'For the sake of good corporate governance and for the interests of the Shareholders, the Board has initiated an independent third party investigation to look into the Observations. The Board will consider the advice from such third party to further enhance the Group's internal control.

‘To the best of the Director’s knowledge, save as disclosed above, there are no circumstances in respect of the proposed change of auditors which should be brought to the attention of the Shareholders.

‘A circular containing certain information on the removal of EY and the appointment of SHINEWING as the new auditors of the Group together with a notice convening the EGM will be despatched to the Shareholders as soon as possible.

‘The Board would like to take this opportunity to express a sincere appreciation to EY for its professional services and support rendered to the Company in the past years.’

Exactly ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers’ views, but reserves the right so to do subject to the laws of libel.*