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# 新華聯合投資有限公司

CHINA UNITED VENTURE INVESTMENT LIMITED

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8159)**

## **FULFILLMENT OF RESUMPTION GUIDANCE AND RESUMPTION OF TRADING**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China United Venture Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions 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 30 March 2023, 3 April 2023, 28 April 2023, 14 May 2023, 12 June 2023, 2 July 2023, 12 October 2023, 30 October 2023, 18 January 2024, 4 March 2024, 25 March 2024 and 2 April 2024, in relation to, amongst other things, (i) possible delay in (1) the publication of the 2022 annual results and the dispatch of the 2022 annual report and (2) the publication of first quarterly results and first quarterly report; (ii) the suspension of trading of its shares; (iii) the resumption guidance set forth by the Stock Exchange; (iv) the quarterly update on resumption progress; (v) the appointment of independent third party professional to prepare an independent review report; and (vi) key findings of independent investigation and internal control review (collectively, the “**Announcements**”).

Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

## BACKGROUND

On 3 April 2023, trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company, pending the publication of the audited annual results announcement for the year ended 31 December 2022.

In the course of the Auditor's audit of the FY2022 Results, the following issues and concerns were raised by the Auditor (i.e. the Audit Issues):–

1. in respect of the certain Transactions of the Group, whether (a) there were any commercial reason(s) and whether they were conducted on normal commercial terms; (b) they were properly approved by the Board; and (c) they were in compliance with the GEM Listing Rules;
2. whether the acquisitions of SVCL, SICL, SVIHK and QDDC were supported by purchase price allocation report(s) and were properly approved by the Board; and
3. the reason for the delay in the provision of the fraud risk questionnaires by certain Directors and going concern forecast to the Auditor in respect of its audit of the FY2022 Results.

In respect of the Audit Issues, the Auditor requested the Audit Committee to establish an independent investigation committee to investigate the matter. On 9 June 2023, the Company established the Review Committee for the purpose of reviewing and reporting on the matters and issues leading to and/or otherwise relating to the suspension of trade of the Company identified by the Auditors. The Review Committee engaged Messrs. Stevenson, Wong & Co. (i.e. the Investigation Firm) to conduct an independent investigation (i.e. the Investigation) into the Audit Issues.

Following the Investigation, a number of deficiencies in the Company's internal controls were identified, and the Board appointed Cheng & Cheng Risk Advisory Service Limited as the internal control consultant (i.e. the Internal Control Review Firm) to review the internal controls of the Company and the remedial measures adopted by the Company. On 2 April 2024, the Company announced the details of the findings of the Investigation Firm and the Internal Control Review Firm.

Having considered the findings of the Investigation Firm and the Internal Control Review Firm, the Auditor is of the opinion that the Audit Issues have been addressed, and all the then outstanding financial results and reports have been published by the Company. On 2 April 2024, the Company announced its audited FY2022 Results. In respect of the consolidated financial statements of the Group for year ended 31 December 2022, the Auditor expressed the opinion that they gave a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the applicable financial reporting standards.

As the Company takes the view that it has fulfilled all resumption guidance of the Stock Exchange (to be further particularized below), the Company has made an application to the Stock Exchange for resumption of trading in its shares.

## **RESUMPTION GUIDANCE**

On 7 June 2023, 25 October 2023, 29 November 2023 and 22 January 2024, the Company received from the Stock Exchange the following resumption guidance (collectively, the “**Resumption Guidance**”) for the resumption of trading in the Company’s shares:

- (1) to conduct an independent investigation into the Audit Issues, announce the findings, assess the impact on the Company’s business operation and financial position and take appropriate remedial action (“**Resumption Guidance 1**”);
- (2) publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications (“**Resumption Guidance 2**”);
- (3) demonstrate the Company’s compliance with Rule 17.26 of the GEM Listing Rules (“**Resumption Guidance 3**”);
- (4) to re-comply with Rule 17.104 of the GEM Listing Rules in relation to diversity of Board members (“**Resumption Guidance 4**”);
- (5) to re-comply with Rule 5.14 of the GEM Listing Rules which provides that an issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is in the opinion of the Stock Exchange, capable of discharging the functions of company secretary (“**Resumption Guidance 5**”); and
- (6) to inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position (“**Resumption Guidance 6**”).

## **FULFILLMENT OF RESUMPTION GUIDANCE**

The Board is pleased to announce that the Company has fulfilled the Resumption Guidance.

### **Resumption Guidance 1 – to conduct an independent investigation into the Audit Issues, announce the findings, assess the impact on the Company’s business operation and financial position and take appropriate remedial action**

The Review Committee engaged Messrs. Stevenson, Wong & Co. (i.e. the Investigation Firm) to conduct the Investigation into the Audit Issues. Details regarding the key findings of the Investigation are set out in the Company’s announcement dated 2 April 2024.

Below is a summary of the key findings of the Investigation.

#### ***A. The Group’s transactions with Company A and CGEM***

The Investigation Firm reviewed the Design Service Agreement, Company A Loan Agreement, Debt Assignment Agreement, 1st CGEM Loan Agreement, 2nd CGEM Loan Agreement and the Personal Guarantee entered into between the Group and Company A/CGEM.

Based on the Investigation, the Design Service Agreement was connected to the Exclusive Strategic Cooperation Agreement entered into between PT Design and Beiwen Times announced by the Company on 4 March 2022.

At the material time, RGHL was wholly owned by Mr. Huang. Since CGEM was wholly owned by RAMIL, of which RGHL was a majority shareholder, CGEM was a connected person of the Company, and was an entity controlled by Mr. Huang. At the time, Mr. Ni was a senior management of CGEM.

At the time, Mr. Huang introduced Beiwen Times to Mr. Wang to explore the Company’s future business opportunities in the area of cultural tourism. Consequently, in around early 2022, the Company and Beiwen Times were considering a business collaboration by (1) the Company investing into the equity of Beiwen Times and becoming one of its shareholders and (2) Beiwen Times engaging the Company to be its exclusive design service provider for its cultural tourism projects. At the material time, Beiwen Times had a number of cultural tourism projects which it intended to develop, including a project in Wuhan, PRC. Under the Exclusive Strategic Cooperation Agreement, PT Design was appointed as the exclusive design service provider of Beiwen Times. Although PT Design possessed expertise in architectural design and planning, its focus had been on design projects of real estate development and as such it did not have a lot of experience in conducting project planning, feasibility studies and commerciality operation and design which were relevant to the design of a cultural tourism project.

For this reason, Beiwen Times introduced Company A to PT Design, and Company A and PT Design entered into the Design Service Agreement under which PT Design would outsource to Company A the works in relation to project planning and feasibility studies and commerciality operation. According to the Investigation, Mr. Ni was involved in facilitating the negotiation between the parties, and the Design Service Agreement was executed by Mr. Wang on behalf of PT Design. The parties also orally agreed that, if the project could not be secured, the prepayment would be refunded.

Prepayments totalling RMB14.5 million were transferred to Company A by PT Design under the Design Service Agreement. Based on the Investigation, this payments were initiated by Mr. Liu Xinsheng (“**Mr. Liu**”), the legal representative, manager and executive director of PT Technology, and approved by Mr. Wang. It is noted from the findings of the Internal Control Review Firm that at the material time, Dr. Chen was the executive director at the Board level responsible for handling and coordinating the legal and regulatory matters for the Company, including but not limited to the Company’s compliance with the GEM Listing Rules, and acted as the contact point in respect of the Company’s communication with the internal and external parties, including its external legal advisers, financial advisers, Company Secretary, etc. At the time, Dr. Chen was responsible in handling and coordinating the legal and compliance related matters at the Board level in respect of the Transactions.

Subsequently, the project in Wuhan fell through and due to the impact of COVID and economic recession in the PRC, there were no collaborative projects commenced between Company A, Beiwen Times and PT Design. Consequently, the Design Service Agreement was terminated and Company A agreed to refund RMB14.5 million to PT Design. Company A and PT Design entered into the Company A Cancellation Agreement dated 10 January 2024. This Company A Cancellation Agreement was executed by Mr. Wang on behalf of PT Design.

In respect of the Company’s investment into the equity of Beiwen Times, at the material time Beiwen Times was inviting subscription for its capital for its cultural tourism projects. Because the subscription was only open to Beiwen Times’s shareholders, Beiwen Times, PT Design and CGEM (which was a shareholder of Beiwen Times) agreed that PT Design could subscribe for capital in Beiwen Times via CGEM. Consequently, on 25 March and 10 August 2022, the 1st and 2nd CGEM Loan Agreements were entered into and the sums RMB10.5 million and RMB2 million were transferred from PT Design to CGEM respectively. It is noted from the findings of the Internal Control Review Firm that Dr. Chen was involved in coordinating the legal and compliance related matter in respect of this transaction. The 1st and 2nd CGEM Loan Agreements were executed by Mr. Wang on behalf of PT Design, and the payments were initiated by Mr. Liu and approved by Mr. Wang.

According to the Investigation, the sum of RMB10.5 million received by CGEM from PT Design was transferred to Beiwen Times. CGEM did not transfer the RMB2 million received from PT Design under the 2nd CGEM Loan Agreement to Beiwen Times because the subscription was cancelled due to adverse market condition, and this sum has been returned to PT Design.

In order to secure the repayment obligations of Company A and CGEM in respect of the said sums of RMB14.5 million and RMB10.5 million respectively under the Company A Cancellation Agreement and 1st CGEM Loan Agreement, the legal representative of Beiwen Times and Company A entered into the Personal Guarantee at the request of the Company.

Subsequently, PT Design entered into a factoring agreement with an independent third party, under which PT Design agreed to assign its rights in respect of said amount due from Company A and CGEM under the Company A Cancellation Agreement and 1st CGEM Loan Agreement for a consideration of RMB25 million. This represents the total amount due to PT Design from Company A and CGEM, and in return a service fee and interest will be charged to PT Design. In late March 2024, commercial acceptance bills in the total sum of RMB25 million have been issued to a wholly-owned subsidiary of PT Design. Since the sum of RMB2 million transferred to CGEM under the 2nd CGEM Loan Agreement has also been returned to the Group, the Company confirms all the sums due to the Group from Company A and CGEM have accordingly been recovered in full.

In respect of the Company A Loan Agreement and Debt Assignment Agreement, they were transactions independent from the transactions described above. According to the Investigation, at the material time, Mr. Wang was informed by Mr. Ni that Company A encountered a short-term liquidity issue and would like to borrow from PT Design RMB5 million for 2 days. Mr. Wang executed the Company A Loan Agreement on behalf of PT Design, and approved the transfer of RMB5 million from PT Design to Company A which was initiated by Mr. Liu. The loan was provided by PT Design interest-free. Since Company A did not repay the loan on time, and upon the repayment request of the Group, the loan owed to PT Design by Company A was assigned to CGEM under the Debt Assignment Agreement, which was executed by Mr. Wang on behalf of PT Design, and on 22 June 2023, CGEM transferred RMB5 million, being the consideration under the Debt Assignment Agreement, to PT Design. Accordingly, the Company confirms that the sum advanced under the Company A Loan Agreement has been returned to the Group.

***B. The Group's transactions with Company B and Company C***

The Investigation Firm reviewed the Cloud Service Agreement, Company C Loan Agreement and Debt Assignment Agreement entered into between the Group and Company B, C and D.

Based on the Investigation, the Company has been operating both its electronics business and its architectural design business. The Investigation Firm obtained evidence that at the material time the Company was considering the deployment of cloud storage and computing services in its businesses. At the time the Company took the view that the adoption of cloud services could assist, amongst other things, the Company's management of its online sale platform and network, its analysis of the relevant production and sales data and market trend, and its architectural design business as it could provide the necessary electronic computing and storage power to facilitate the engagement of AI technology.

At the time both Company B and C were controlled by Individual A, who was one of the business acquaintances of Mr. Wang and had been engaging in the business of provision of cloud services. The Investigation Firm also noted from the records it obtained and the information provided to it that site visit and inspection of servers and computers of Company B were conducted. PT Technology also carried out an assessment of the reasonableness of the price for the cloud services offered by Company B.

On 9 September 2022, Glory Mark entered into an agreement for the sale and purchase of cloud services and products with Company B. This Cloud Service Agreement was entered into by Mr. Wang on behalf of Glory Mark. On 14 September 2022, PT Design transferred RMB5 million to Company B under the Cloud Service Agreement. This payment was initiated by Mr. Liu and approved by Mr. Wang.

In respect of the Company C Loan Agreement and the Debt Investment Agreement, at the material time Company C was looking for capital for its business expansion. Individual A reached out to the Group, and presented the opportunity to invest into his business, and due to the popularity in the cloud industry at the time and the rate of growth of Company C, Mr. Wang was of the view that this would be a good investment opportunity for the Group. However, to protect the interest of PT Technology, the parties agreed that the capital should initially be provided in the form of a loan, which would be convertible into equity in Company C if the performance of Company C continues to be satisfactory, and that Company D should provide a share pledge as security for Company C's repayment obligations.

On 23 June 2022, PT Technology entered into a loan agreement Company C and D. Mr. Liu executed this loan agreement on behalf of PT Technology at the instruction of Mr. Wang. On 23 June 2022, PT Technology transferred RMB5 million to Company C. This transfer was initiated by Mr. Liu, and approved by Mr. Wang. Based on the Investigation, the performance of Company C was considered to be satisfactory, and on 30 March 2023, the Debt Investment Agreement was entered into by PT Technology, Company C and D. Mr. Liu executed this Debt Investment Agreement on behalf of PT Technology at the instruction of Mr. Wang. On 13 April 2023, PT Technology was registered as a shareholder of Company C.

Based on the Investigation, after the debt was converted into equity investment in Company C, the Group would like to exit from the investment due to a rapid development in AI and GPU technology and that the Group had a need for liquidity, and ultimately the parties agreed to the termination of the investment, and this resulted in PT Technology selling its entire shareholding in Company C to an independent third party for the consideration of RMB5 million. The consideration was received by PT Technology in full on 2 February 2024.

**C. *The Group's transactions with Company E***

The Investigation Firm reviewed the XHGK Loan Agreement entered into between XHGK and Company E. According to the Investigation, on 26 May 2022, the Company, through PT Technology, acquired the entire shareholding in XHGK at nominal consideration. Based on the Investigation, the acquisition of XHGK was for the purpose of the Company's development of a business in the PE fund sector. Based on the Investigation, since XHGK was newly acquired, it did not have sufficient operating capital nor was it able to meet the loan requirements for financial institutions at the material time. Therefore, Mr. Ni on behalf of XHGK sought short term financial assistance from Company E, which was introduced through Mr. Huang. Since XHGK has already been disposed of by the Group, the Group is not liable for the repayment of the amount due from XHGK to Company E under the XHGK Loan Agreement (if any).

**D. *The Group's transactions with CSVG***

The Investigation Firm also reviewed the Tenancy Agreement entered into between the Group and CSVG.

According to the Investigation, Mr. Huang arranged the Company to enter into the Tenancy Agreement under a sub-letting arrangement with a view to boosting its status and corporate image in the finance industry. Given that the Company was still in the early stage of developing its finance business, to save costs, the Company shared the use of the Office with two other listed companies. The Tenancy Agreement was executed by Mr. Ni on behalf of the Company.

At the material time, China United International Group Limited was the sole shareholder of CSVG and Mr. Huang, former non-executive Director and former co-Chairman of the Board, indirectly held 50% of the shareholding in China United International Group Limited. As such, CSVG was a connected person of the Company.

The Investigation also noted that, in relation to the renovation of the Office, a sum of HK\$1,500,000 was paid by the Company as renovation fees. This payment was approved by Mr. Su Guang, former executive Director ("**Mr. Su**"), and Mr. Wang. Due to changes in business needs, to save costs and expenses, a Termination Agreement was executed between the Company and CSVG on 31 July 2023 in respect of the Tenancy Agreement. Upon negotiation, CSVG agreed to reimburse the renovation fees borne by the Company in the amount of HK\$1,500,000. This sum was returned to the Company on 28 March 2024.



***E. The Group's transactions under three Deeds of Funding***

The Investigation Firm also reviewed the Deeds of Funding entered into between RAML and Company F, G and H.

Based on the Investigation, the Deeds of Funding were entered into by RAML as the Company was developing a distressed asset management business. The funding made under each of the Deeds of Funding was determined based on the market conditions after taking into account the costs of recovery of the relevant indebtedness. The Deeds of Funding were executed by Mr. Huang on behalf of RAML. His signature was witnessed by Dr. Chen. The Deeds of Funding were approved by Mr. Wang, Dr. Chen, Mr. Ni and Mr. Su.

On 24 June 2022, a sum of HK\$3,135,298.00, which represented the total amount of initial funding payable by RAML under the Deeds of Funding, was transferred by the Company to the Liquidator's firm as approved by Mr. Wang and Mr. Su. The Investigation has not revealed that RAML or the Company received any payout from the Deeds of Funding.

After the Deeds of Funding were entered into, the Company and an individual entered into an agreement for the sale and purchase of the entire issued share capital of RAML for a consideration of HK\$1 dated 24 March 2023. This agreement was signed by Mr. Ni on behalf of the Company and approved by Mr. Huang as the sole director of RAML. Based on the Investigation, RAML was disposed of at a nominal consideration because by that time RAML had not begun any real business operation and it had amount due to the Company because the initial funding for the Deeds of Funding was provided by the Company, and the disposal of RAML could save operational cost for the Company. Because the payment under the Deeds of Funding was made from the Company's account (and not RAML), RAML at the time had the relevant sums (i.e. HK\$3,135,298.00) due to the Company. This sum was returned to the Company on 28 March 2024.

***F. The Group's acquisitions of SVCL, SICL, SVIHK and QDDC***

The Investigation Firm also reviewed whether the acquisitions of SVCL, SICL, SVIHK and QDDC were supported by purchase price allocation report(s) and were properly approved by the Board.

According to the Investigation, no purchase price allocation reports were prepared to support the acquisitions of SVCL and SICL because SVCL and SICL were acquired by the Company as arranged by Mr. Huang at nominal value.

In respect of the acquisition of SVIHK and QDDC, a Purchase Price Allocation Report dated 30 June 2023 was commissioned in support of the acquisition of SVIHK and QDDC as arranged by Mr. Huang. In this report, the fair values of the identifiable tangible assets and undefined intangible assets of SVIHK and QDDC as at the appraisal date, i.e. 25 May 2022, amounted to HK\$3,764,000.

On the basis of the above, the Company confirms that, save for the expenses incurred by the Group in connection with (a) the usage of the cloud services provided by Company B and (b) the rental paid for the use of the Office, all the fund outflows have been returned to or otherwise recovered by the Group. The Group has not suffered any financial loss as a result of the Transactions, and there is no outstanding liability on the part of the Company under the Transactions.

***G. Delay in the provision of the fraud risk questionnaires by certain Directors and going concern forecast to the Auditor***

The Investigation Firm also reviewed the delay in the provision of the fraud risk questionnaires by certain Directors and going concern forecast to the Auditor in respect of its audit of the FY2022 Results.

On 3 January 2023, the Auditor requested four independent non-executive Directors to complete and return a fraud risk questionnaire. Two of the four aforementioned independent non-executive Directors submitted their questionnaires on 16 and 20 March 2023.

The Investigation revealed that the reason for the delay in the submission of the questionnaires by the two independent non-executive Directors was that both of them were concerned about the Audit Issues raised by the Auditor, and they took the view that the result of an investigation into the issues would be highly relevant to their answers to the questions raised in the questionnaire.

Following the completion of the Investigation, the internal control review and the Company's adoption of the recommendations of the internal control reviewer, both of two independent non-executive Directors have already submitted their signed questionnaires to the Auditor.

In around March 2023, the Auditor requested the Company to submit its going concern forecast for its audit of the Group's consolidated financial statement of the year ended 31 December 2022. Based on the Investigation, the Company was unable to submit this forecast to the Auditor because they required more time to prepare this forecast. On 21 March 2024, this going concern forecast was submitted to the Auditor by the Company.

*Views of the Review Committee and the Board*

The Review Committee and the Board have considered the procedures carried by the Investigation Firm and the limitations encountered by the Investigation Firm in its Investigations. After considering the Investigation report, the Review Committee and the Board take the view that the scope of the Investigation is adequate and has adequately addressed the Audit Issues.

The Audit Committee of the Company and the Board have reviewed the contents of the Investigation report and adopted the findings set out in the Investigation report.

As set out above, the relevant Directors who were involved in the Transactions were Mr. Wang, Mr. Huang, Dr. Chen, Mr. Ni and Mr. Su. Most of the Transactions were not properly approved by the Board or its relevant sub-committees. The 1st and 2nd CGEM Loan Agreements, the Debt Assignment Agreement, Company A Cancellation Agreement and the Tenancy Agreement were also subject to the relevant GEM Listing Rule requirements which were not complied with by the Company.

As previously announced by the Company, Mr. Huang, Dr. Chen and Mr. Su have all resigned from their positions and exited from the Company. The term of appointment of Mr. Ni expired on 30 May 2024 and he ceased to be a Director with effect therefrom.

Save for Mr. Wang, Mr. Fan Xiaoling (“**Mr. Fan**”) and Dr. Yan Ka Shing (“**Dr. Yan**”), the Directors of the Company at the time when the Transactions took place had left the Company.

The Board has considered the suitability of Mr. Wang to continue to remain as a Director in light of his involvement in the Transactions as identified by the Investigation. The Board has taken into consideration, amongst other things, (1) the Investigation has not identified any evidence of fraud or dishonesty on the part of Mr. Wang, (2) at the material time, Mr. Wang encountered a serious health issue as a result of which he had to rely on Mr. Huang, Dr. Chen and Mr. Ni to handle the matters concerning the Company, and (3) since Mr. Wang joined the Board, he has devoted substantial time and effort into the management and leadership of the Company. With the implementation of the remedial actions (to be further particularized below) and the steps taken by the Company to strengthen its corporate governance and internal controls, the Board takes the view that as a whole and the checks and balance within the Board has been further strengthened and that Mr. Wang is suitable to continue to act as a Director.

Mr. Fan and Dr. Yan were also Directors at the time when the Transactions took place, and the Board has also considered their suitability to remain as Directors. The Board has taken into consideration, amongst other things, (1) both Mr. Fan and Dr. Yan were not found to have involvement in the Transactions; (2) Dr. Yan took active steps to follow up on the Audit Issues once they were identified, and he was in charge of the set up of the Independent Review Committee to procure the commission of the Investigation; (3) Dr. Yan, with the assistance and facilitation from Mr. Fan who is a non-voting member of the Independent Review Committee, handled and coordinated the rectification measures and the implementation of the remedial actions adopted by the Company as set out hereinbelow; (4) Dr. Yan took the lead to address the Audit Issues once they were identified and had, on a number of occasions, wrote to the Board and urged the Board to investigate into the relevant matters, whose action was supported by Mr. Fan who then also wrote to the Board urging the Board to take appropriate action to address and rectify the relevant issues. Upon considering the aforesaid, the Board takes the view that both Mr. Fan and Dr. Yan are suitable to continue to act as Directors.

## **Remedial Actions**

### ***Non-compliance with the GEM Listing Rules***

Based on the Investigation findings,

- (a) At the time when the 1st and 2nd CGEM Loan Agreements and the Debt Assignment Agreement were entered into, Mr. Huang was a non-executive Director and the co-Chairman of the Board. At the time, RGHL was wholly owned by Mr. Huang. Since CGEM was wholly owned by RAMIL, of which RGHL was a majority shareholder, CGEM was a connected person of the Company.

Accordingly, the 1st and 2nd CGEM Loan Agreements and the Debt Assignment Agreement constituted connected transactions of the Company and were subject to reporting, announcement, circular and independent shareholders' approval requirements. The 1st and 2nd CGEM Loan Agreements also constituted a discloseable transaction as one of the applicable percentage ratios on an aggregated basis exceeded 5% but was below 25%, and was subject to announcement requirement under the GEM Listing Rules;

- (b) The Company A Cancellation Agreement constituted a discloseable transaction of the Company under the GEM Listing Rules as one of the applicable percentage ratios for the Company A Cancellation Agreement exceeded 5% but was below 25%, and was subject to the announcement requirements as set out in of the GEM Listing Rules; and
- (c) At the material time, China United International Group Limited was the sole shareholder of CSVG and Mr. Huang, former non-executive Director and former co-Chairman of the Board, indirectly held 50% of the shareholding in China United International Group Limited. As such, CSVG was a connected person of the Company. Since the total rent payable by the Company exceeded HK\$3,000,000, the Tenancy Agreement was a partially-exempted connected transaction under the GEM Listing Rules. It was therefore subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements under the GEM Listing Rules.

The Company announced its non-compliance with the GEM Listing Rules in respect of the aforementioned transactions/agreements on 31 May 2024. Since the relevant transactions have been completed/terminated, the Board will not submit them for approval by the independent shareholders of the Company.

### ***Internal control weaknesses***

Having considered the findings of the Investigation report, the following deficiencies in the Group's corporate governance and internal control system in the following aspects were noted:

- a. Mechanism in monitoring GEM Listing Rule Compliance
- b. Mechanism in managing Declaration of Interest
- c. Board Approval Procedures

d. Mechanism in maintaining Documentation, Records & Files

e. Due Diligence

In this connection, an Internal Control Review was commissioned by the Company to enhance the Group's corporate governance and internal control system. The key findings of the Internal Control Review, and the follow-up review by the Internal Control Review Firm on the remedial measures adopted by the Company, were set out in the Company's announcement dated 2 April 2024.

The following weaknesses and deficiencies in the Company's internal control system were identified during the Internal Control Review:

**GEM Listing Rule Compliance Issues**                      The Company's breach of GEM Listing Rules was caused by certain Directors' failure to declare their interests and seek formal Board authorization on the relevant transactions.

The occurrence of the above compliance issues indicated that there were deficiencies in the Company's compliance and internal control systems.

**Declaration of Interest**                      Certain Directors failed to declare most of their declarable interests in the relevant transactions.

Reliance on the self-declaration by individual Directors in respect of each transaction appears to be ineffective to avoid potential or actual conflicts of interest.

**Board Approval**                                      In February 2022, the Board and/or its subordinate committees granted 'prior working instructions' to allow the relevant directors to handle the Transactions. However, they still needed to seek the Board's formal approval on Transactions.

Perhaps upon their wrong concepts, they misunderstood that 'prior working instructions' could replace formal board approval. In fact, most of Transactions were not supported by official Board and/or sub-committee's approval with the exception for the acquisitions of SVCL and SICL.

**Documentation, Records & Files**                      Throughout the Transactions, improvements were required in the below areas: (i) proper document retention, (ii) data accuracy, (iii) reflection of the actual transaction status.

**Due Diligence**                                      The due diligence exercised carried out by the relevant Directors in respect of the relevant Transactions were not properly documented.

Proper documentation of due diligence exercises carried out is necessary to protect the Company's interest.

Following the Internal Control Review, the Group has adopted the rectification recommendations of the Internal Control Review Firm. The areas in which the Company enhanced its internal control systems include:

- (a) Contract approval
- (b) Payment pre-approval process – under the latest procedures of the Group, transfers exceeding a specified amount will require the approval of (1) the relevant personnel who is involved in the relevant business operation; (2) the finance department of the Company and (3) the compliance department of the Company. The Company has also accordingly updated its bank signatories to reflect the above procedures.
- (c) Pre-transaction due diligence – a new dedicated department has been established to handle and coordinate, amongst other things, compliance and legal and company secretarial affairs. When a transaction is being considered and approved by the relevant committees of the Company, this dedicated department would also review whether appropriate and sufficient due diligence, investment valuation, and legal analysis have been conducted.
- (d) Transaction documentation system – a document record system has been established for the archive of documents. The Company also developed new policy and procedures to clearly specify the archiving procedures and requirements in respect of record retention.
- (e) Review of transactions – a new dedicated department is established to review whether the transactions of the Group complies with the GEM Listing Rules and/or the requirements of other laws/rules to ensure that the transactions conducted by listed companies are compliant.
- (f) GEM Listing Rule compliance – under the Group’s latest policy, all transactions which concern disclosure and compliance obligations of the Company under the GEM Listing Rules are required to be submitted to the Board for consideration and approval. This procedure is also applicable to any transaction of capital nature the relevant percentage ratio of which exceeds 5%. A new dedicated department is also established by the Company to assist with GEM Listing Rule compliance related matters.

After a review and discussion with the senior management of the Company, the Internal Control Review Firm, through its Review Report – Phase 2, takes the view that the Company has adopted all of the rectification recommendations, and has taken all necessary steps to implement the measures.

In addition to adopting the recommendations of the Internal Control Review Firm, the Company also made changes to the composition of its Nomination and Executive Committee for better checks and balances and segregation of powers. Under the latest arrangement, Mr. Wang has ceased to act as the chairman of each of the Nomination Committee and the Executive Committee of the Company, and will be re-designated as the member of the Executive Committee. In place of Mr. Wang, Dr. Yan has been appointed as the chairman of the Nomination Committee, and Mr. Fan Xiaoling has been appointed as the chairman of the Executive Committee. Mr. Fan has also been appointed as a member of the Strategy and Development Committee. For details, please refer to the Company’s announcement dated 30 May 2024.

The Company has decided to appoint Ms. Yeung Sum (“**Ms. Yeung**”) as an independent non-executive Director. Ms. Yeung has extensive experience in the area of internal controls, corporate governance and risk management, and is an experienced practitioner in the Hong Kong financial market. The appointment of Ms. Yeung will be effective on the day of resumption of trading in the Company’s shares. The Company will separately announce Ms. Yeung’s appointment and further detail information about Ms. Yeung’s qualifications and experience upon approval of the Company’s application for resumption of trading in its shares.

Also, the Company has decided to appoint a Compliance Adviser to advise the Company on, amongst other things, corporate governance and GEM Listing Rule compliance on an ongoing basis for a period of two years. The details of the appointment will be announced by the Company in due course.

In conjunction with the above, the Company has also adopted a new nomination policy, whereby the number of independent non-executive Directors in the Board shall be increased to no less than 50% of the total number of the Directors, with a view to further strengthen and enhance the internal controls and risk management at the Board level.

The Board believes that the appointment of Compliance Adviser and an additional independent non-executive Director could assist the Group to further improve, amongst other things, its corporate governance culture.

Lastly, as announced by the Company on 30 May 2024, the Company has appointed Dr. Yan as the lead independent Director (the “**Lead Independent Director**”). The Lead Independent Director shall be vested with the authority to, including but not limited to, appraise and evaluate the performance of the chairman of the Board, the executive Director(s), the chief executive officer(s) and/or the senior management of the Company on a regular basis, to ensure that a regular Board evaluation is undertaken. In doing so, the Lead Independent Director will communicate and liaise with the other independent non-executive directors regularly to appraise the performance of the Board taking into account the views of the executive director(s) and other stakeholders of the Board, with a particular focus on the oversight of key issues to be discussed at the Board including strategy, performance, risk management, resources, etc. Further, Dr. Yan will continue to provide independent advice to the Board. The Board believes the appointment of Lead Independent Director is in the best interest of the Shareholders and the Group as a whole, considering it could ensure appropriate transparency and proper accountability within the Board and strengthen the checks and balances in place.

Having considered the Internal Control Review Report and the remedial actions taken by the Company, the Review Committee is of the view, which the Audit Committee and the Board concurred, that (a) all the internal control deficiencies identified in the Internal Control Review have been fully remedied; (b) the remedial actions and enhancement measures implemented by the Group are adequate and sufficient; and (c) the Company has in place adequate and reliable corporate governance, internal control and financial reporting systems and procedures to fulfill its obligations under the GEM Listing Rules.

The Company will continue to monitor the effectiveness of the Group's corporate governance and internal control systems and procedures so as to meet its obligations under the GEM Listing Rules and ensure reasonable and adequate corporate governance and internal control policies and procedures are in place.

### ***Impact on business operation and financial position***

The Group has not suffered any financial loss as a result of the Audit Issues and the Transactions. Save and except the expenses incurred by the Group in connection with (a) the usage of the cloud services under the Cloud Service Agreement and (b) the rental paid for the use of the Office, all the fund outflows are returned to or otherwise recovered by the Group. On this basis and in light of the remedial actions taken, in the Board's assessment, the impact of the Audit Issues on the Company's business operation and financial position is minimal.

### ***Conclusion***

By reason of the matters announced above, in the view of the Board, Resumption Guidance 1 has been fulfilled.

### **Resumption Guidance 2 – publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications**

The Company published all the then outstanding financial results and reports on the following dates:

- (1) the audited FY2022 Results on 2 April 2024;
- (2) the annual report for the year ended 31 December 2022 on 8 May 2024;
- (3) the first quarterly results for the three months ended 31 March 2023 on 2 April 2024;
- (4) the first quarterly report for the three months ended 31 March 2023 on 2 April 2024;
- (5) the interim results for the six months ended 30 June 2023 on 2 April 2024;
- (6) the interim report for the six months ended 30 June 2023 on 2 April 2024;
- (7) the third quarterly results for the nine months ended 30 September 2023 on 2 April 2024;
- (8) the third quarterly report for the nine months ended 30 September 2023 on 2 April 2024;
- (9) the second interim results for the 12 months ended 31 December 2023 on 2 April 2024; and
- (10) the second interim report for the 12 months ended 31 December 2023 on 2 April 2024.

In or around mid-February 2024, the Board resolved to change the financial year end date of the Company from 31 December to 31 March.



As announced by the Company on 25 March 2024, the Board resolved to change the financial year end date as mentioned above as the Group's New Computility Businesses has achieved considerable growth and it has since the third quarter of 2023 accumulated significant orders for advanced computility products. In light of the fact that the delivery timeline of a large batch of computility products will peak in March and April 2024, it is expected that the completion of the relevant transactions will materially affect the financial results of the Group for the fifteen months ending 31 March 2024. Since the Group has already changed the financial year end date of its relevant material operating subsidiaries in Hong Kong and/or overseas from 31 December to 31 March in response to the development of the Group's New Computility Businesses, the Board consulted with the Auditor on the above and the Auditor suggested that the Company should revise its financial year end date accordingly. Both the Board and the Auditor consider the revised financial year end date could better align with its business.

Accordingly, the next financial year end date of the Company immediately following its last financial year ended 31 December 2022 shall be 31 March 2024, and the next audited financial statements of the Group to be published will cover the period of fifteen months commencing from 1 January 2023 and ending on 31 March 2024. The audited final results of the Group for the fifteen months ending 31 March 2024 are scheduled to be announced by 30 June 2024, and the annual report of the Group for the fifteen months ending 31 March 2024 is scheduled to be published and despatched by 31 July 2024.

In respect of the consolidated financial statements of the Group for year ended 31 December 2022, the Auditor expressed the opinion that they gave a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Based on presently available information, there is no information to suggest that the consolidated financial statements of the Group for the 15 months ended 31 March 2023 would be subject to audit modifications as a result of the Audit Issues. By reason of the matters announced above, in the view of the Board, Resumption Guidance 2 has been fulfilled.

### **Resumption Guidance 3 – demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules**

The Group is principally engaged in the electronics business, the architectural design business and accelerated computing business. As at the date of this announcement, the Group is carrying on its business operations as usual in all material respects.

As disclosed by the Company in its FY2022 Results and its second interim results for the 12 months ended 31 December 2023, the Group recorded a revenue of approximately HK\$287,850,000 and HK\$176,849,000 respectively. The Group recorded a loss of approximately HK\$61.4 million and HK\$47.6 million respectively during the above reporting periods. The values of the total assets of the Group as at 31 December 2022 and 2023 were approximately HK\$319,751,000 (Current assets: HK\$251,955,000) and HK\$260,057,000 (Current assets: HK\$218,015,000) respectively.

In the Board's view, despite a loss was incurred by the Group during the aforementioned reporting periods which was attributable primarily to (1) the negative impact of COVID-19 pandemic on the PRC economy, (2) the debt default incidents in the PRC real estate industry and (3) the Company's trading suspension, the Company has observed a general improvement in the economic condition of the PRC and that the liquidity situation in the PRC real estate industry is stabilizing. As the COVID-19 pandemic and trading suspension are both one-off and non-recurring incidents, with, amongst other things, the Group's strong reputation in the design industry and marketing channels, and that its accelerated computing business will start to generate revenue in April 2024, the Board is confident that the Group will continue to operate a viable and sustainable business.

Based on the above, the Board is of the view that the Group has maintained and will continue to maintain a sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements of Rule 17.26 of the GEM Listing Rules. By reason of the matters announced above, in the view of the Board, Resumption Guidance 3 has been fulfilled.

#### **Resumption Guidance 4 – to re-comply with Rule 17.104 of the GEM Listing Rules in relation to diversity of Board members**

On 28 March 2024, Ms. Lo Choi Ha (“**Ms. Lo**”) was appointed as an independent non-executive Director, a member of each of the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and the Strategy and Development Committee. Details regarding Ms. Lo's appointment and biographical details have been set out in the Company's announcement dated 28 March 2024.

Following Ms. Lo's appointment, the Company has re-complied with Rule 17.104 of the GEM Listing Rules. For this reason, in the view of the Board, Resumption Guidance 4 has been fulfilled.

#### **Resumption Guidance 5 – to re-comply with Rule 5.14 of the GEM Listing Rules which provides that an issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is in the opinion of the Stock Exchange, capable of discharging the functions of company secretary**

On 28 March 2024, the Company announced the appointment of Ms. Li Hoi Mei (“**Ms. Li**”) as its company secretary. The Company has announced the academic background and qualification of Ms. Li in its announcement dated 2 April 2024.

Following Ms. Li's appointment, the Company has re-complied with Rule 5.14 of the GEM Listing Rules. For this reason, in the view of the Board, Resumption Guidance 5 has been fulfilled.

**Resumption Guidance 6 – inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position**

Since the trading suspension on 3 April 2022, the Company has published quarterly update announcements pursuant to the GEM Listing Rules.

The Company has also disclosed material information in connection with, among others, (i) FY2022 Results; (ii) its first quarterly results for the three months ended 31 March 2023; (iii) the interim results for the six months ended 30 June 2023; (iv) the third quarterly results for the nine months ended 30 September 2023; (v) the second interim results for the 12 months ended 31 December 2023; (vi) the Audit Issues; (vii) the key findings of the Investigation and the Internal Control Review; and (viii) the status on fulfilment of the Resumption Guidance.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and other investors to appraise the Company's position as at the date of this announcement.

**APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHANGES IN COMPOSITION OF BOARD COMMITTEES**

The Board is pleased to announce that with effect from the date of the resumption of trading in the Company's shares, Ms. Yeung will be appointed as an independent non-executive Director. On the same date, Ms. Yeung will also take up the roles of the chairman of the Audit Committee and a member of the Strategy and Development Committee. Further announcement(s) on the appointment of the independent non-executive Director and changes in composition of the board committees will be made as and when appropriate.

The biographical details of Ms. Yeung are as follows:

Ms. Yeung, aged 50, has more than 20 years of experience in the fields of risk management, audit, finance and internal control. She was a founding partner of the business risk-advisory practices of both Hong Kong and China offices, and a lead partner in the business risk-advisory practices of South China when she was with one of the four largest renowned accounting firms. Ms. Yeung currently serves as an independent non-executive director of a company with its shares listed on the Main Board of the Stock Exchange.

Ms. Yeung obtained a bachelor degree in commerce majoring in finance and accounting from University of Auckland in May 1995. She has been a certified public accountant certified by the American Institute of Certified Public Accountants since April 2006, and a certified internal auditor awarded by the Institute of Internal Auditors since November 2002.

Ms. Yeung will enter into a letter of appointment with the Company for an initial fixed term of one (1) year commencing from the effective date of appointment and will be automatically renewed for subsequent terms of one year upon expiry of the initial term unless terminated, pursuant to which she will be subject to retirement and re-election at the next following annual general meeting of the Company after her appointment and thereafter subject to retirement by rotation and re-election at least once in every three years in accordance with the bye-laws of the Company.

Ms. Yeung will have no fixed remuneration but she will be entitled to receive director's fee determined by the Board from time to time based on her performance, qualifications, experience and prevailing market conditions.

Ms. Yeung has confirmed that she meets the independence criteria as set out in Rule 5.09 of the GEM Listing Rules.

Save as disclosed herein, as at the date of this announcement:

- (i) Ms. Yeung has not held any other position in the Company or other members of the Group;
- (ii) Ms. Yeung has not held any other major appointments and qualifications, or any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years;
- (iii) Ms. Yeung does not have any relationships with any Directors, members of the senior management or substantial or controlling shareholders of the Company;
- (iv) Ms. Yeung is not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (v) there is no matter relating to the appointment of Ms. Yeung that needs to be brought to the attention of the holders of securities of the Company, nor is there any information as required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

The Board would like to take this opportunity to welcome Ms. Yeung for joining the Board.

## **APPOINTMENT OF COMPLIANCE ADVISER**

As announced above, the Company has decided to appoint a Compliance Adviser to advise the Company on, amongst other things, corporate governance and GEM Listing Rule compliance on an ongoing basis for a period of two years. Further announcement(s) on the appointment of the Compliance Adviser will be made as and when appropriate.

## RESUMPTION OF TRADING

As illustrated above, the Company takes the view that it has fulfilled all Resumption Guidance.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 April 2023 at the request of the Company. As the Resumption Guidance has been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 14 June 2024.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

By order of the Board  
**CHINA UNITED VENTURE INVESTMENT LIMITED**  
**Wang Li Feng**  
*Chairman and Non-Executive Director*

Hong Kong, 13 June 2024

*As at the date of this announcement, the executive Director is Mr. Fan Xiaoling; non-executive Director is Mr. Wang Li Feng (Chairman); and the independent non-executive Directors are Dr. Yan Ka Shing (Lead Independent Director), Mr. Zhang De An and Ms. Lo Choi Ha.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication and on the Company’s website at <https://www.glorymark.com.tw/>.*