

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **China Vered Financial Holding Corporation Limited**

**中微金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 245)**

### **QUARTERLY UPDATE ANNOUNCEMENT**

This announcement is made by China Vered Financial Holding Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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).

Reference is made to the announcement of the Company dated 13 May 2022 in relation to the Resumption Guidance, the quarterly update announcement of the Company dated 30 June 2022, the announcement of the Company dated 31 August 2022 in relation to the delay in publication of the 2022 Interim Results and 2022 Interim Report, the announcement of the Company dated 13 September 2022 in relation to the key findings of the Investigation (the “**Independent Investigation Announcement**”) and the announcement of the Company dated 19 September 2022 in relation to the annual results of the Group for the year ended 31 December 2021 (the “**2021 Annual Results Announcement**”). Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the above relevant announcements.

### **QUARTERLY UPDATE ON THE RESUMPTION PROGRESS**

#### **Appointment of financial advisor**

On 12 August 2022, the Board has appointed Emperor Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as the financial adviser to the Company on matters relating to the resumption of trading in the shares of the Company on the Stock Exchange.

## Resumption Guidance

As disclosed in the announcement of the Company dated 13 May 2022, the Company has received a letter from the Stock Exchange setting out the following Resumption Guidance:

- (i) conduct an appropriate Investigation into the Audit Issues, assess the impact on the Company's business operation and financial position, announce the investigation findings and take appropriate remedial actions;
- (ii) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iv) demonstrate its compliance with Rule 13.24 of the Listing Rules;
- (v) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules; and
- (vi) announce all material information for the Company's shareholders and investors to appraise the Company's position.

## Investigation

Following the establishment of the Independent Investigation Committee of the Company and appointment of the Independent Consultant to conduct the Investigation, the Investigation has completed and the detailed findings of the Investigation were set out in the Report and the key findings thereof were disclosed in the Independent Investigation Announcement.

Based on the findings of the Investigation, the Board would like to emphasize that (i) the Former Deputy CEO of the Company and the Former OMO of CVAM (collectively, the "**Former Alleged Senior Executives**") were responsible for the investments in Subject Fund A and Subject Fund B; (ii) the Independent Consultant had not identified any direct evidence indicating that other management personnel of the Company had colluded with the Former Alleged Senior Executives; and (iii) the Former Alleged Senior Executives were dismissed.

The Company is in the progress of taking appropriate remedial actions recommended by the Independent Consultant under the Report, details of which were also disclosed in the Independent Investigation Announcement.

## **Management Integrity**

Given that the Independent Consultant has identified certain weaknesses of the Company's internal control system and there is also no direct evidence indicating that other management personnel of the Company had inappropriately worked with and colluded with Former Alleged Senior Executives in the course of managing the identified investments and business transactions, the Company and the Board considered that the events are isolated in nature and there is no reasonable regulatory concern about current management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may post a risk to investors and damage market confidence.

## **2021 Annual Results and 2021 Annual Report**

The 2021 Audited Annual Results and the 2021 Annual Report have been published on 19 September 2022 and 29 September 2022 respectively.

PricewaterhouseCoopers expressed audit qualifications, in respect of "investment in an offshore fund" and "recoverable amount of loans and interest receivables in a fund" due to no other alternative audit procedures that could be performed. For details, please refer to the 2021 Annual Results Announcement. The Group is working proactively with external professional parties to address the audit qualifications. The Company will announce the procedures and/or the remedial actions to be taken by the Company as and when appropriate.

## **Independent Internal Control Review**

In order to demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules, the Company has engaged Crowe (HK) Risk Advisory Limited as independent internal control consultant on 29 August 2022 to review the internal control system of the Group (the "**Internal Control Review**") for the purpose of evaluating the effectiveness and efficiencies of the internal control environment of the Group, and to recommend improvements and/or remedial measures to address the weaknesses and deficiencies of the internal control system identified in the Internal Control Review to the Company, if any.

The Internal Control Review will cover the controls at entity level, financial reporting procedures and operational controls on various cycles. The report on the Internal Control Review is expected to be issued in late October 2022 or no later than November 2022.

The Company is taking appropriate steps to fulfill the conditions in the Resumption Guidance and will update the shareholders and potential investors of the Company on, among others, the progress as and when appropriate. The Company will make announcements to update the shareholders and potential investors of the Company on any substantial development in relation to resumption of trading in the shares of the Company as and when appropriate.

## **UPDATE ON BUSINESS OPERATION**

The Company is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, securities advisory and securities brokerage services. Notwithstanding the suspension of trading in the shares of the Company, the Group is carrying on its business operations as usual. The Group will continue to closely monitor its financial position and business operations and make further announcement(s) as and when appropriate.

## **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 1 April 2022 and will remain suspended until the Company fulfils the resumption guidance.

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

By Order of the Board  
**China Vered Financial Holding Corporation Limited**  
**Tomohiko Watanabe**  
*Chairman*

Hong Kong, 30 September 2022

*As at the date of this announcement, the Board comprises (1) Mr. Tomohiko Watanabe, Mr. Li Feng, Mr. Ni Xinguang, and Ms. Li Wei as executive directors of the Company; (2) Mr. Zhang Boyang as non-executive director of the Company; and (3) Mr. Wen Yuanhua, Ms. Zhou Hui and Mr. Dong Hao as independent non-executive directors of the Company.*