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中国优通控股
China UT Holding

CHINA U-TON FUTURE SPACE INDUSTRIAL GROUP HOLDINGS LTD.
中國優通未來空間產業集團控股有限公司

(In Liquidation)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6168)

INSIDE INFORMATION

(1) KEY FINDINGS OF THE INDEPENDENT FORENSIC INVESTIGATION; AND
(2) KEY FINDINGS OF THE SPECIFIC INTERNAL CONTROL REVIEW

This announcement is made by China U-Ton Future Space Industrial Group Holdings Ltd. (In Liquidation) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

References are made to the announcement of the Company dated 5 May 2021 in relation to the suspension of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange, the announcement of the Company dated 8 July 2021 in relation to the resumption guidance issued by the Stock Exchange to the Company on 7 July 2021 (the “**Initial Resumption Guidance**”), the announcement of the Company dated 16 September 2022 in relation to, among others, the Suspected Unauthorised Subscription, the establishment of the Special Investigation Committee and the appointment of the Independent Investigator and the announcement of the Company dated 27 September 2022 in relation to the additional resumption guidance issued by the Stock Exchange to the Company on 22 September 2022 (the “**Additional Resumption Guidance**”) (collectively, the “**Announcements**”). Capitalised terms herein shall bear the same meanings as defined in the Announcements, unless stated otherwise.

BACKGROUND

On 22 August 2022, the Company has resolved to form a special investigation committee (the “**Special Investigation Committee**”) comprising the independent non-executive directors of the Company, namely, Mr. Mok Hon Kwong Thomas and Mr. Ma Yu-heng and the executive director of the Company, Mr. Mok Kwan Leong. Mr. Mok Kwan Leong was elected as the chairman of the Special Investigation Committee. On the same day, WM Corporate Advisory Limited has been appointed as the independent investigator (the “**Independent Investigator**”) to conduct an independent investigation on the Suspected Unauthorised Subscription (the “**Specific Internal Control Review**”) which includes the review and assessment of the corporate internal control system and the internal review and inquiry into accounts, documents, records and affairs of the Group in relation to the Suspected Unauthorised Subscription.

On 22 September 2022, the Company received a letter from the Stock Exchange, in which the Stock Exchange set out the following Additional Resumption Guidance (and together with the Initial Resumption Guidance, the “**Resumption Guidance**”) for the Company:

- (a) conduct an independent forensic investigation into the Suspected Unauthorised Subscription (the “**Independent Forensic Investigation**”), announce the findings and take appropriate remedial action; and
- (b) conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Listing Rules.

The Company wishes to update the shareholders of the Company (the “**Shareholders**”) that on 12 October 2022, Frank Forensic and Corporate Recovery Limited was appointed as the forensic investigator (the “**Forensic Investigator**”) to conduct the Independent Forensic Investigation. The Forensic Investigator and the Independent Investigator has respectively completed the Independent Forensic Investigation and the Specific Internal Control Review, and issued its report to the Special Investigation Committee respectively. The Special Investigation Committee, having reviewed the findings and results of the Independent Forensic Investigation and the Specific Internal Control Review, presented the two reports, together with the views and recommendations of the Special Investigation Committee, to the current board of directors (the “**Board**”) of the Company for consideration and approval on 4 November 2022.

SCOPE OF THE INDEPENDENT FORENSIC INVESTIGATION

The Forensic Investigator conducted the Independent Forensic Investigation which involved the following procedures:

- (1) To conduct inquiry and review on the accounts, documents and records of the Company in relation to the Suspected Unauthorised Subscription; and
- (2) To attend interviews and make enquiries with the appropriate management of the Company and/or the relevant persons to obtain information in relation to the Suspected Unauthorised Subscription.

KEY FINDINGS OF THE INDEPENDENT FORENSIC INVESTIGATION

The key findings of the Independent Forensic Investigation were as follows:

(1) The authorisation letter of Mr. Sun was abnormal

Pursuant to the authorisation letter of Mr. Sun dated 2 January 2022, Mr. Sun was appointed as the authorised representative of the Subscriber to handle the Potential Cooperation, sign the necessary documents and handover the share certificates, company seals and bank accounts of U-Ton Beijing. However, the Subscriber was merely a strategic investor in the Potential Cooperation according to the MOU, it was unusual that the Subscriber had the power to authorise Mr. Sun in handing over the important documents and seals of U-Ton Beijing. Besides, it was claimed by the Subscriber in the Subscriber's Letter that the Authorisation Letter was forged.

(2) Unusual arrangement of the transfer of company seal of U-Ton Beijing to Ms. Guo

According to the Notice of Provisional Management of the Company Seal* (關於印章臨時管理辦法的通知), the company seal of U-Ton Beijing would not be adopted prior to the authorisation from U-Ton Hong Kong under the supervision of Mr. Sun. However, between 13 April 2020 and the date of transfer of company seal of U-Ton Beijing, Ms. Guo had physical possession of the company seal. It was improper for Ms. Guo, who had yet to be appointed as the executive director, legal representative and general manager of U-Ton Beijing, to take control of the company seal of U-Ton Beijing.

Meanwhile, the authorisation letter of Ms. Guo (法人可執行事項授權書) (the "Authorisation Letter of Ms. Guo") dated 21 August 2020 issued by U-Ton Hong Kong provided that the company seal of U-Ton Beijing should only be used upon the approval by the Company. Besides, it is stipulated that the payments of U-Ton Beijing should be approved by Ms. Liu Wenxiu (劉文秀) ("Ms. Liu"), the account representative of Beijing Yourui Jiahe Electronic Technology Co., Ltd* (北京優瑞嘉和電子科技有限公司), a non-wholly owned subsidiary of the Company. However, it was noticed that the Authorisation Letter of Ms. Guo was issued on the same date as the Transfer to Beijing Xin'an, and none of the directors of the Company has been appointed as member of the board of U-Ton Beijing since 9 June 2020, when Ms. Guo was appointed to take up the senior role of U-Ton Beijing.

(3) Misappropriation of the Subscription Amount

According to the Subscription Agreement, the Subscription Amount should be paid into a bank account designated by the Company. However, the Company did not provide any information in relation to the designated bank accounts to the Subscriber.

It is discovered that there were unusual transactions in the U-Ton Beijing's CITIC Bank Account (the "**CITIC Bank Account**") with Jubang Jiujiu and Beijing Xin'an on 20 August 2020, which was believed as a testing exercise to ensure that the CITIC Bank Account was functional and able to receive the Subscription Amount and thereafter transfer to Beijing Xin'an.

On 21 August 2020, the Transfers to Beijing Xin'an took place. The Subscription Amount was received by U-Ton Beijing and was remitted to Beijing Xin'an on the same day. Based on the company search conducted by the Forensic Investigator, Jubang Jiujiu was wholly owned by Beijing Xin'an.

(4) WeChat Messages from Mr. Sun

The Forensic Investigator was provided with two WeChat messages by the Company. According to the first WeChat message, Mr. Sun admitted that the Subscription Amount was taken by him and he could return "an agreed amount" to the Company with the remaining balance to be set off through various procedures prior to the audit of the Group. The second WeChat message showed that Mr. Sun admitted that the New Business (see definition below) as agreed in the Potential Cooperation from Beijing Future Space would be injected into U-Ton Beijing and he would resolve the taxation costs arising from the fictitious revenue by Mr. Deng Mingshan (鄧明善) ("**Mr. Deng**").

(5) The Development of New Business

Pursuant to the cooperation agreement (undated) entered into between the Company and Beijing Future Space (the "**Cooperation Agreement**"), Beijing Future Space would transfer its business operation to U-Ton Beijing for the expansion of business of the Group in relation to trading of green and smart building materials, decoration and renovation business (the "**New Business**"). However, according to the company search conducted by the Forensic Investigator, Beijing Future Space was previously involved in various financial scams in 2020.

Based on the interviews conducted by the Forensic Investigator, there was no actual development of the New Business at all, and it was highly doubtful as to whether the New Business had any substance. Besides, the WeChat message showed that Mr. Sun admitted that U-Ton Beijing would recognise fictitious revenue of the New Business.

(6) Response from Ms. Guo

Ms. Guo, in her reply letter to the Litigation Lawyer dated 7 February 2021, alleged that she transferred the Subscription Amount to Beijing Xin'an since she had received the Notice from Jubang Jiujiu and was requested to return the Subscription Amount to a specified account. However, there was no copy of the Notice provided by Ms. Guo.

In the Forensic Investigator's opinion, Ms. Guo should transfer the Subscription Amount back to Jubang Jiujiu instead of Beijing Xin'an's bank account if what she claimed was true. Moreover, since the unusual transaction in the U-Ton Beijing's CITIC Bank Account, which appeared to be a testing exercise of the CITIC Bank Account, was on the day before U-Ton Beijing receiving the Subscription Amount, the Forensic Investigator believed that Ms. Guo had knowledge about Jubang Jiujiu and Beijing Xin'an.

Being a senior management responsible for handling the Potential Cooperation, Ms. Guo should know that the money in question was the Subscription Amount and hence it was unexplainable for her to transfer the Subscription Amount to Beijing Xin'an without first seeking approval from the Company. Furthermore, she did not report to the Company as to the Transfers to Beijing Xin'an thereafter. Hence, it is suggested that Ms. Guo was under Mr. Sun's instruction or in collusion with Mr. Sun in making the Transfers to Beijing Xin'an.

(7) Response from the Subscriber

The Litigation Lawyer received the Subscriber's Letter dated 4 July 2022, claiming that the Subscriber did not authorise Mr. Sun and that all signatures of the representatives of the Subscriber and the seals of the Subscriber affixed in the documents in relation to the Potential Cooperation and the Subscription, including but not limited to, the MOU, the Authorisation Letter, the Subscription Agreement and the Delegation Letter, were forged. Therefore, all the documents, hence the Subscription, were unauthorised. However, it remains unanswered as to whether the Subscription Amount was actually paid by the Subscriber.

(8) Negligence of the then management of the Company (the "Management")

Based on the interviews conducted by the Forensic Investigator, the Company had conducted due diligence on Beijing Future Space, the Subscriber and the relevant parties (i.e. Mr. Sun, Mr. Deng and Ms. Guo) prior to entering into the MOU, the Cooperation Agreement and the Subscription Agreement. However, due to the urge of securing capital injection from the Subscriber, the Management was negligent in compromising with the Subscriber and Beijing Future Space to appoint Ms. Guo, under the supervision of Mr. Sun, to act as the legal representative of U-Ton Beijing and as the sole bank signatory of CITIC Bank Account of U-Ton Beijing, which provided opportunities for Mr. Sun and Ms. Guo to misappropriate the Subscription Amount.

In general, the Forensic Investigator has concluded that the Suspected Unauthorised Subscription was a fraudulent scheme orchestrated by Mr. Sun with the assistance of Ms. Guo to embezzle the Subscription Amount. Both the Cooperation Agreement and the subscription of the Shares by the Subscriber were part of the scheme. The basis of which are as follows:

- (1) the Authorisation Letter of Mr. Sun to represent the Subscriber, the MOU, the Delegation Letter and the Subscription Agreement were forged;
- (2) the Subscription Amount was paid to a bank account not controlled by the Company;
- (3) there was no evidence to substantiate the projects stated in the Cooperation Agreement;
- (4) Ms. Guo did not inform the Company before or after the unauthorised Transfers to Beijing Xin'an;

- (5) there were WeChat messages from Mr. Sun admitting that the Subscription Amount was received by him; and
- (6) Mr. Jiang had failed to discharge his duties by reporting to the board of the Company prior to compromising with the Subscriber and Beijing Future Space as mentioned in Key Findings (8) above, which apparently was a red flag incident.

The then board of directors of the Company may have breached their fiduciary duties by failing to (i) take due care of the Subscription Amount, (ii) institute sufficient representation in the board of U-Ton Beijing, and (iii) impose sufficient controls over U-Ton Beijing and the U-Ton Beijings' CITIC Bank Account.

MAJOR LIMITATIONS OF THE INDEPENDENT FORENSIC INVESTIGATION

The key findings of the Independent Forensic Investigation are subject to certain limitations. The major limitations include but not limited to:

- (1) The Forensic Investigator has relied on the information, documentation and representations provided by the Company. However, the Forensic Investigator was unable to confirm that such information and documentation are true and accurate at the time they were provided and continue to be so, and that all relevant information has been provided by the Company;
- (2) The Forensic Investigator was unable to interview the then directors of the Company and those individuals involved in the Suspected Unauthorised Subscription whom the Forensic Investigator believe could provide information in relation to the Suspected Unauthorised Subscription. Among the 21 invitees, only four of them have attended the interviews; and
- (3) The Forensic Investigator reviewed the Wechat conversations between various individuals who were involved in the Subscription which were provided by the Company, the Special Investigation Committee and the representatives of Mr. Jiang. However, the Forensic Investigator was unable to conduct a forensic discovery on the devices storing the WeChat conversations between various individuals involved in the Suspected Unauthorised Subscription which were provided by the Company. The Forensic Investigator is unable to offer assurance on the completeness and accuracy of the extracted Wechat conversations provided.

SCOPE OF THE SPECIFIC INTERNAL CONTROL REVIEW

The Independent Investigator conducted the Specific Internal Control Review which involved the following procedures:

- (1) To conduct internal control review, assessment and analysis of matters in relation to the Suspected Unauthorised Subscription, and to conduct meetings with relevant parties to inquire and review the Group's accounts, documents, records and affairs;

- (2) With the appropriate group and/or managers involved in the relevant key procedures:
 - (a) To thoroughly understand the internal control procedures in relation to the Suspected Unauthorised Subscription;
 - (b) To identify the major risks, the corresponding risk control measures and major deficiencies in the Group's internal control; and
 - (c) To assist the Board in assessing the nature of risks and measuring the acceptable level of risk-taking so as to achieve the Group's strategic objectives;
- (3) To identify the current material internal deficiencies in relation to the Suspected Unauthorised Subscription, including the effectiveness of the current corporate governance and risk management systems, and to identify the key internal defective control procedures;
- (4) To participate in meetings and conduct sampling and walk-through tests to ensure the understanding towards the Suspected Unauthorised Subscription and to evaluate the effectiveness of the implementation of internal control measures;
- (5) To review any relevant remedial measures or procedures taken by the current management of the Group and to review its effectiveness; and
- (6) To discuss and make recommendations on the deficiencies of internal control with the current management or any authorised persons through video conferences.

KEY FINDINGS OF THE SPECIFIC INTERNAL CONTROL REVIEW

In general, it is suspected that the Suspected Unauthorised Subscription was a fraudulent scheme orchestrated by Mr. Sun and Ms. Guo and caused by the internal control issues of the Management. The Independent Investigator suggested the Company to review its internal control system to identify deficiencies and strengthen the internal control system of the Group, and to appoint independent internal control experts for assistance if necessary in order to prevent the recurrence of similar incidents in the future. The key findings of the Specific Internal Control Review are as follows:

(1) Lack of due diligence by the Management

The Management entered into the Subscription Agreement without sufficient understanding of its future partners, i.e. the Subscriber and Beijing Future Space. According to the Management, preliminary investigations on Beijing Future Space and Mr. Deng, the ultimate beneficial owner of Beijing Future Space, was conducted by the Company, however without entrusting any third party to conduct due diligence as to the authenticity of the Subscriber and Beijing Future Space.

The procedures performed by the Management in respect of “Know Your Customer” (“KYC”) and “Anti-Money Laundering” (“AML”) were inadequate. Although the Subscriber in the Subscription Agreement undertook to have obtained the rights and authorization to sign the Subscription Agreement and other relevant documents, the Management did not verify any further when the Authorisation Letter with the purported company seal of the Subscriber produced by Mr. Sun was received.

Besides, the Management had failed to meet the management of the Subscriber in person throughout the process. To ascertain whether it was worth cooperating with the Subscriber and whether the Subscriber was operating the relevant business as claimed, the Independent Investigator is of the view that the Management should have directly liaised with the management of the Subscriber instead of Mr. Sun, who, has no managerial role in the Subscriber.

The Suspected Unauthorised Subscription was an important deal for the Company as the Subscriber would become its second largest Shareholder and Beijing Future Space would become the major business partner of the Company. However, the Management merely relied on the public information and Mr. Sun’s personal background to understand its counterparties. Furthermore, there were many unreasonable or unconventional situations throughout the negotiation process of the Suspected Unauthorised Subscription that casted doubt on the genuineness of the transaction but the Management failed to identify them and raise questions to the Subscriber. Firstly, no request for face-to-face meetings was made by the Subscriber notwithstanding the huge amount of the Subscription Amount involved. Secondly, no management personnel from the Subscriber requested to meet the Management. Thirdly, the Subscriber assigned a non-management employee to handle the deal while all communications among the Subscriber’s management were on paper only. Therefore, the Management was negligent and incautious despite all the above unreasonable and unusual circumstances.

(2) **Lack of supervision by the Management**

In April 2020, upon entering into the Subscription Agreement, the Management had transferred the business license, bank seal, check book and financial seal of U-Ton Beijing (the “**Business Documents**”) to Ms. Guo before Ms. Guo becoming the legal representative of U-Ton Beijing and the signing of the authorisation letter with Ms. Guo. The Authorisation Letter of Ms. Guo stipulated that the Company’s approval is required prior to the use of such seals and documents. However, since there was no direct communication channel between the Company and U-Ton Beijing, the Company was unaware of any actions taken by Ms. Guo. According to the Management, the two bank tokens for transfer of funds were in the hands of Ms. Guo and Mr. Sun. When Ms. Guo became the legal representative of U-Ton Beijing and had control and possession of all physical bank and financial seals and original company registration documents, actual authority and supervision were transferred to her and U-Ton Beijing was no longer under the supervision of U-Ton Hong Kong or the Company. The Independent Investigator is of the view that the Management should have transferred the Business Documents to Ms. Guo only after the completion of the change of legal representative of U-Ton Beijing. In addition, the Company should have maintained its control of the bank information and bank seal of U-Ton Beijing so as to preserve the ultimate decision-making power. Due to the lack of supervision by the Management, Ms. Guo was able to transfer the Subscription Amount to a third-party account without the Company’s knowledge.

(3) Poor management of the company seals of the Company and its subsidiaries

In respect of U-Ton Beijing, the Management failed to properly manage the use of company seal of U-Ton Beijing. The Authorisation Letter of Ms. Guo stipulated that the Company's approval was required for any payment of over RMB1,000,000 and according to the Company Seal Management Regulation* (公司印章管理規定) of the Company, important seals such as financial seal and company seal are required to be managed separately by two authorised persons of the Company. Despite the above restrictions, it is observed that no approval from the Company was obtained in exercising the company seal of U-Ton Beijing despite the size of the Subscription Amount involved in the Transfers to Beijing Xin'an. Besides, the bank account of U-Ton Beijing for receiving the Subscription Amount was opened by Ms. Guo the day before the Transfers to Beijing Xin'an, proving that the Suspected Unauthorised Subscription was premeditated. Since Ms. Guo and Mr. Sun had actual control of both the company seal and the bank account of U-Ton Beijing, Ms. Guo was able to transfer the Subscription Amount to Beijing Xin'an without the Company's notice. The Independent Investigator is of the view that Ms. Guo should be monitored by the Company despite her being the general manager of U-Ton Beijing.

With regards to the Company, according to the accounting staff of the Company, she kept the company seals of the Group and was responsible for consolidating the financial statements of the subsidiaries. However, she has never inquired the content of the financial statements. In relation to U-Ton Hong Kong, she was the only employee responsible for keeping and using the seal of U-Ton Hong Kong. The Independent Investigator is of the view that the company seal of the Company and its subsidiaries should not be kept by one authorised person and stamped by only one authorised person. The Company should ensure proper authorisation for the use and storage of the company seal of the Company and its subsidiaries.

(4) Lack of management and low resilience of the Management

Prior to the Suspected Unauthorised Subscription, the Management failed to conduct thorough background search on the Subscriber and Beijing Future Space. Besides, since the Management was not vigilant as to the loss of control over U-Ton Beijing to Ms. Guo, the Company could not put a halt to any actions done by Ms. Guo that were harmful to the Company's interests such as the Transfers to Beijing Xin'an.

Moreover, the Management trusted the Subscriber and Beijing Future Space completely without assigning its management to monitor the parties or the Suspected Unauthorised Subscription. More importantly, the Management failed to notice immediately when RMB116,869,068.67 was transferred within 5 minutes upon receipt of the Subscription Amount on 21 August 2020. It was only until 12 September 2020 when the Management discovered the Transfers to Beijing Xin'an.

According to the Subscriber's Letter dated 4 July 2022, the Subscriber did not subscribe for any share of the Company. The Independent Investigator questioned the Company as to the reason for the failure to disclose the Suspected Unauthorised Subscription to the Shareholders promptly. According to the Management, the Litigation Lawyer advised that based on the Criminal Procedure Law of the People's Republic of China* (中華人民共和國刑事訴訟法), it is not advisable to make any public announcement before the relevant police and judiciary authorities accept the case. The Independent Investigator is of the view that the Company should publish an announcement promptly once it discovered that the Subscription Amount was transferred out of the Group without proper authorisation.

(5) Lack of professional advisors

According to the Management, U-Ton Beijing had not hired any accounting staff since 1 January 2020 and Ms. Liu was responsible for overseeing the financial management of U-Ton Beijing. The management of the Group should pay attention to the Company and the Group's accounting procedure and payment process and appoint appropriate person to review accounting documents and payments as soon as possible.

Besides, according to the Management, the Company did not appoint any legal advisors and company secretary since the resignation of the previous legal advisor and company secretary in May 2021. To ensure the Company's compliance with the legal and regulatory requirements, the Company should appoint legal advisors and company secretary as soon as possible.

RECOMMENDATIONS OF THE INDEPENDENT INVESTIGATOR

Based on the findings from the Specific Internal Control Review, the Independent Investigator considered that the Company should establish a standardised internal procedure before entering into any material agreements including appointing independent third party to conduct due diligence to verify the identity of the counterparty and arranging face-to-face meetings with the management of the counterparty. The Company should provide regular training to its management and senior employees as to its KYC and AML policies and specify the consequences for non-compliance.

To strengthen the management and supervision of important documents and seals of the Company, the Company should ensure strict compliance and implementation of its internal control policies in this respect. For instance, the Company should clearly appoint different personnel in managing important seals of its subsidiaries in accordance with the Company Seal Management Regulation of the Company and strictly forbid the use of company seals without the approval of the management of the Company. In this regard, the Company should regularly monitor the management of its subsidiaries and establish an internal control policy and communication channel for reporting any unusual circumstances of its subsidiaries.

The Company should provide clear segregation of duties among its management to maintain an effective monitoring and control of the Company and its subsidiaries. For instance, the Company should delegate the power of approval and supervision to different personnel of the management to maintain an effective control over the operation of the Company and its subsidiaries. Lastly, as aforementioned, the Company should appoint accounting and legal professionals to advise and oversee the Company's financial management and legal compliance.

MAJOR LIMITATIONS OF THE SPECIFIC INTERNAL CONTROL REVIEW

The Company is unable to provide some of the documents and/or information requested by the Independent Investigator due to unavailability as at the date of the report.

The key findings of the Specific Internal Control Review are subject to certain limitations. The major limitations include but not limited to:

- (1) The Independent Investigator was unable to confirm the completeness of certain electronic data and the authenticity of the information, records and explanations provided by the Management, its current and former employees and certain third parties;
- (2) The Independent Investigator was unable to conduct an interview with Mr. Sun and Ms. Guo;
- (3) The Independent Investigator was unable to visit the Company's office in the People's Republic of China ("PRC") to conduct internal review procedures as it cannot be accessed due to epidemic cause; and
- (4) Since the Independent Investigator only indirectly obtained scanned documents from the staff and the Management, the Independent Investigator could not ascertain whether the Group has provided all relevant documents as well as the authenticity of the documents.

VIEWS OF THE SPECIAL INVESTIGATION COMMITTEE

The Special Investigation Committee has reviewed the Independent Forensic Investigation Report (including the limitations of the Independent Forensic Investigation) (the "**Independent Forensic Investigation Report**") and the report on the Specific Internal Control Review (including the limitations of the Specific Internal Control Review) (the "**Specific Internal Control Review Report**"). After due and detailed discussion, the Special Investigation Committee is of the view that the content and findings in the Independent Forensic Investigation Report and the Specific Internal Control Review Report are reasonable and acceptable. Accordingly, the Special Investigation Committee has recommended the Board to adopt the findings of the Independent Forensic Investigation and the Specific Internal Control Review and replace the Management with professionals with relevant experience as soon as practicable.

OVERALL RESPONSES FROM THE BOARD

The Board has reviewed the Independent Forensic Investigation Report and the Specific Internal Control Review Report and considered the recommendations made by the Special Investigation Committee (the “**Recommendations**”). The Board agreed with the views of the Special Investigation Committee and has resolved that the Recommendations be implemented as soon as practicable.

The Board is of the view that the issues identified in the Independent Forensic Investigation Report and the Specific Internal Control Review Report do not have material adverse impact on the business operations of the Group. Despite the likely change in management personnel, the Group’s business operations continue as usual despite the suspension of trading in the Shares since 5 May 2021.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 3:00 p.m. on Wednesday, 5 May 2021 and will remain suspended pending fulfilment of the resumption guidance and any supplement or modification thereto. Further announcements will be made to provide further updates to the Shareholders and potential investors of the Company as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing with the Shares.

* *The English translation is for reference only*

Mr. Ho Man Kit
Joint and Several Liquidator of
CHINA U-TON FUTURE SPACE
INDUSTRIAL GROUP HOLDINGS LTD.
(In Liquidation)

Hong Kong, 4 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Jiang Changqing, Mr. Zhao Feng, Ms. Liu Jianzhou, Mr. Chen Qizheng, Mr. Liu Zhen and Mr. Mok Kwan Leong; the independent non-executive directors are Mr. Wang Haiyu, Mr. Mok Hon Kwong Thomas and Mr. Ma Yu-heng.

The affairs, business and property of the Company in Hong Kong are being managed by Mr. Ho Man Kit and Ms. Kong Sze Man Simone, the joint and several liquidators, who act as the agent of the Company only and without personal liability.