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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 (i) the announcement of the Company dated 13 May 2022 in relation to the Resumption Guidance; (ii) the quarterly update announcements of the Company dated 30 June 2022 and 30 September 2022; (iii) 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; (iv) the announcement of the Company dated 13 September 2022 in relation to the key findings of the Investigation (the “**Independent Investigation Announcement**”); (v) 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**”); (vi) the announcement of the Company dated 20 October 2022 in relation to the proposed change of auditor; (vii) the announcement of the Company dated 8 November 2022 in relation to the poll results of the adjourned annual general meeting of the Company (the “**Adjourned AGM**”); and (viii) the announcement of the Company dated 22 November 2022 in relation to the recommendation of the Independent Investigation Committee. Unless otherwise stated, capitalised term used in this announcement shall have the same meaning as those defined in the above relevant announcements.

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.

QUARTERLY UPDATE ON THE RESUMPTION PROGRESS

Change of auditor

As disclosed in the announcement of the Company dated 20 October 2022, the Board has resolved, with the recommendation of the Audit Committee, to propose the appointment of Mazars CPA Limited ("**Mazars**") as the new auditor of the Company following PwC's retirement as the auditor of the Company upon expiration of its term of office at the conclusion of the Adjourned AGM held on 8 November 2022.

On 8 November 2022, relevant resolution was duly passed by the shareholders of the Company at the Adjourned AGM, Mazars was appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

The Group is working proactively with Mazars and other 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

As disclosed in the announcement of the Company dated 30 September 2022, the Company has engaged Crowe (HK) Risk Advisory Limited (the “**Internal Control Consultant**”) as independent internal control consultant to conduct the Internal Control Review.

In December 2022, the first draft report from the Internal Control Consultant was produced to the management of the Company and the Board. It was reported that there were certain identified deficiencies in the internal control systems and procedures of the Company as well as the selected entities of the Group for the purpose of the Internal Control Review. These deficiencies were in connection with controls at entity and operational levels on various cycles. Discussion was taken place between the Internal Control Consultant and the management personnel of the Company in respect of such internal control deficiencies, the responses of the Company thereto and the recommendations of the adequate remedial actions made by the Internal Control Consultant. The Company is currently at the stage to remedy such internal control deficiencies. Follow-up review on the remedial actions of the Company as well as the selected entities of the Group will be conducted shortly. Subject to the follow-up review results, the final internal control report and respective comfort letter are expected to be issued in or around February 2023.

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 BOARD COMPOSITION

As disclosed in the announcement of the Company dated 22 November 2022, taking into account the impact of the relevant incidents identified during the Investigation on the Company, the Independent Investigation Committee recommended that, in the best interest of the Company and its Shareholders as a whole, the executive Directors whose tenure lasted for more than three years and served as executive Directors during the material period of the relevant incidents (namely Mr. Tomohiko Watanabe, Mr. Ni Xinguang and Ms. Li Wei) shall retire from directorship of the Company.

With effect from 5 December 2022, Mr. Tomohiko Watanabe has resigned as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee and Ms. Li Wei has resigned as an executive director of the Company. The Board noted that Mr. Ni Xinguang indicated that he did not agree with the recommendation of the Independent Investigation Committee to step down from directorship of the Company.

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
Tan Zhenyu
Chairman

Hong Kong, 30 December 2022

As at the date of this announcement, the Board comprises (1) Mr. Tan Zhenyu, Mr. Li Feng and Mr. Ni Xinguang 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.