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TEMPUS

騰邦控股

TEMPUS HOLDINGS LIMITED

騰邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 06880)

INSIDE INFORMATION

UPDATE ANNOUNCEMENT IN RELATION TO

(1) FORENSIC INVESTIGATION; AND

(2) CONTINUED SUSPENSION OF TRADING

This announcement is made by Tempus Holdings Limited (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 (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 1 August 2022, 14 October 2022 and 28 April 2023 (collectively the “**Announcements**”) in relation to, inter alia, the Forensic Investigation. Unless otherwise defined in this announcement, capitalised terms herein shall have the same meanings as ascribed to them in the Announcements.

UPDATES ON FORENSIC INVESTIGATION

Reasons for change of forensic consultant

In the announcement of the Company dated 28 April 2023, it was stated that the board of directors of the Company (the “**Board**”) held a meeting (the “**March Board Meeting**”) on 23 March 2023 in which the Board decided to terminate the engagement with Deloitte and to engage Pengsheng in place of Deloitte to continue with the Forensic Investigation. The Company wishes to clarify that the March Board Meeting was in fact held on 22 March 2023 instead of 23 March 2023.

The decision of the Board to terminate the engagement with Deloitte was largely due to the unfavourable ruling (the “**Ruling**”) by the Ministry of Finance of the People’s Republic of China (the “**PRC Ministry of Finance**”) on 15 March 2023 against Deloitte Hua Yong CPA Firm, the affiliated firm of Deloitte in mainland China (“**Deloitte China**”), in relation to failures and deficiencies in the audit works performed by Deloitte China in assessing the assets, businesses and operations of China Huarong Asset Management Co., Ltd. (“**Huarong**”). In particular, the PRC Ministry of Finance found that Deloitte China had failed to fully assess its businesses and operations, to ascertain the actual conditions of some of Huarong’s underlying assets, to review the regulatory compliance of material investments of Huarong and to provide appropriate comments on certain irregular transactions which had been identified, with the result that Deloitte China was unable to give an objective opinion on Huarong’s asset conditions and to accurately assess the reasonableness or appropriateness of the model for calculation of expected credit losses. Additionally, the PRC Ministry of Finance also found that Deloitte China failed to maintain professional skepticism and to obtain sufficient information and conduct the necessary audit procedures in performing its audit works in respect of Huarong. Based on these findings, the PRC Ministry of Finance imposed hefty penalties on Deloitte China, including a fine of RMB211.9 million yuan and an order that Deloitte China’s Beijing office suspend operations for a period of 3 months. In view of the serious faults of Deloitte China revealed by the Ruling, the Board expressed grave concerns as to the credibility, professionalism and suitability of Deloitte to conduct the Forensic Investigation.

Further, the Board had reviewed the draft report of the results of the Forensic Investigation provided by Deloitte (the “**Deloitte Report**”) and expressed its view at the March Board Meeting that the contents of the Deloitte Report were not satisfactory. The Board considered that Deloitte had not conducted comprehensive and adequate investigation in relation to the Suspected Misappropriation of Funds, including but not limited to failing to conduct interviews with all the relevant persons and to follow up on the relevant parties’ responses to requests for information. The Board was also concerned that the analysis of the Deloitte Report was restricted by various assumptions which limited the ability of the Deloitte Report to provide meaningful results and insights into the Issues. Indeed, at a meeting (the “**January Committee Meeting**”) of the independent investigation committee (the “**Committee**”) held on 16 January 2023, the Committee had already expressed the similar view that Deloitte had not undertaken sufficient investigation to gather evidence of the facts and circumstances surrounding the Suspected Misappropriation of Funds and had not been able to provide any helpful observations or answers to the Issues. Although the Committee took steps to communicate with Deloitte its request that Deloitte conduct further and deeper investigations with a view to obtaining more concrete results, Deloitte failed to make any substantial progress in the Forensic Investigation during the period of more than 2 months between the January Committee Meeting and the March Board Meeting. Given the material importance of the final results of the Forensic Investigation to the preparation of the 2022 Annual Results (as defined in the announcement of the Company dated 30 March 2023), the Board considered it to be in the interest of the Company to terminate its engagement with Deloitte for the Forensic Investigation.

Consideration of potential impact on Forensic Investigation

At the March Board Meeting, the Board considered the potential impact of the termination of Deloitte on the progress of the Forensic Investigation and the time of publication of the Company's 2022 Annual Results. The Board was of the view that, although the change of forensic consultant might lead to some additional time being required for the transition, it would not require the Forensic Investigation to be re-started afresh as certain parts of the investigation records and results could be used as a basis for the continuation of the Forensic Investigation to be undertaken by Pengsheng. Additionally, Pengsheng had previously been engaged by Shenzhen Tempus Value Chain Co., Ltd. ("**Shenzhen Value Chain**"), a subsidiary of the Company, to issue an audit report in respect of the assets, liabilities and other financial data of Shenzhen Qianhai Zhiyuan Shuzhi Value Chain Co., Ltd* (深圳前海致遠數智價值鏈有限公司) (formerly known as Shenzhen Qianhai Tempus Value Chain Co., Ltd (深圳前海騰邦價值鏈有限公司)) ("**Qianhai Value Chain**") at the time of the transfer by Shenzhen Value Chain of its entire shareholding in Qianhai Value Chain to Shenzhen Zhiyuan Shuzhi Supply Chain Management Company Limited* (深圳市致遠數智供應鏈管理有限公司) (formerly known as Shenzhen Youxingxin Logistics Co., Ltd.* (深圳市友興昕物流有限公司)) ("**Zhiyuan Shuzhi Supply**") pursuant to the share transfer agreement between Shenzhen Value Chain and Zhiyuan Shuzhi Supply dated 30 December 2019 (as disclosed in the Company's announcement dated 30 December 2019) (the "**Value Chain Share Transfer**"). Therefore, Pengsheng had a fair amount of understanding of the corporate structure and business operations of the Group, which would be conducive to the smooth and efficient performance of the Forensic Investigation. Further, having discussed with Pengsheng its potential engagement, the Board was of the view that Pengsheng's overall strategy, approach and investigative methods would better satisfy the requirements of the Company in respect of the Forensic Investigation.

Therefore, having taken into account the relatively small extent of disruption and delay that might arise from the change of forensic consultant and the Board's view that Pengsheng would be more well-suited to perform the Forensic Investigation based on its methods, strategies and approach as discussed with the Company, as well as the Board's concerns relating to the quality of the Deloitte Report and doubts as to the suitability of Deloitte in light of the Ruling, the Board was of the view that the change of forensic consultant by engaging Pengsheng in place of Deloitte would have an overall positive impact on the Forensic Investigation.

Consideration of Pengsheng's capability, qualification and independence

The Board and the Committee consider Pengsheng to be well-qualified and capable to perform the Forensic Investigation based on the Group's prior experience of working with Pengsheng and also Pengsheng's general recognition and status as one of the most well-respected professional audit firms in mainland China. As at February 2023, Pengsheng has a total of 41 offices across mainland China as well as branch offices in Hong Kong and Canada. Being headquartered in Shenzhen, Pengsheng ranked 8th among registered 362 audit and accounting firms in Shenzhen in terms of revenues for the year ended 31 December 2022 according to the list published by the Shenzhen Certified Public Accountant Association (深圳市註冊會計師協會). Pengsheng is experienced in serving listed companies, financial services and securities brokerage companies, property developers as well as medium and large state-owned enterprises. Additionally, Pengsheng has also been entrusted to conduct accounting and audit-related works by a number of governmental organisations and agencies, including but not limited to the Shenzhen Finance Bureau (深圳市財政局) and the Shenzhen Intermediate People's Court (深圳市中級人民法院). In addition, Pengsheng also possesses substantial experiences in conducting similar forensic investigations, including but not limited to forensic investigations into other cases of misappropriation of funds, fraud and other financial crimes and wrongdoings.

The Board and the Committee also consider Pengsheng to meet the independence requirements to conduct the Forensic Investigation. Although Pengsheng had, prior to its engagement to conduct the Forensic Investigation, been engaged by Shenzhen Value Chain to issue an audit report in relation to the Value Chain Share Transfer (the “**Value Chain Engagement**”), the audit works performed by Pengsheng under the Value Chain Engagement only concerned one of the subsidiaries of the Company and not the Group as a whole. In addition, based on the Company’s communications with Pengsheng, despite that certain persons directly or indirectly connected to or involved in the circumstances surrounding the Suspected Misappropriation of Funds were employees or officers of Shenzhen Value Chain and/or Qianhai Value Chain, it was not found during the Forensic Investigation that the Suspected Misappropriated Funds were assets of either Shenzhen Value Chain or Qianhai Value Chain or that the Suspected Misappropriated Funds were otherwise connected to Shenzhen Value Chain or Qianhai Value Chain. Thus, the Forensic Investigation did not involve any investigation in respect of the Value Chain Share Transfer. Further, Pengsheng has also confirmed to the Board and the Committee that according to the relevant provisions of the China Registered Accountants Auditing Standards (CRAAS), it has the necessary independence to conduct the Forensic Investigation.

Based on the above, the Board and Committee are of the view that Pengsheng is a suitable audit firm possessing the requisite experience, capability and independence to conduct the Forensic Investigation.

Update on Forensic Investigation

On 24 May 2023, the Committee held a meeting, in which the Committee reviewed and discussed the draft Forensic Report provided by Pengsheng on 22 May 2023 (the “**Draft Forensic Report**”). The comments of the Committee on the Draft Forensic Report were communicated to Pengsheng, which then provided a revised draft of the Forensic Report (the “**Revised Draft Forensic Report**”) to the Company on 25 May 2023 based on the Committee’s comments. The Revised Draft Forensic Report was considered and approved by the Board at its meeting held on 26 May 2023. On 5 June 2023, the Company received the finalised Forensic Report dated 2 June 2023 (the “**Final Forensic Report**”) issued by Pengsheng.

According to the Final Forensic Report, between 27 December 2018 and 15 April 2019, Ms. Zhong Yanfen (鍾燕芬), then Overall Operations Manager (綜合業務部主管) of Shenzhen Value Chain (“**Ms. Zhong**”), Mr. Zhong Qifu (鍾奇富), Ms. Zhong’s husband (“**Mr. Zhong**”) and Mr. Huang Guofan (黃國藩), a friend of Ms. Zhong (“**Mr. Huang**”; together with Ms. Zhong and Mr. Zhong, the “**Initial Recipients**”), together received on behalf of the Company a total sum of RMB9,313,859.89 (the “**Incoming Funds**”) from various persons, including (i) Zhuhai Jielong Tianxia Corporate Management Company (Limited Partnership)* (珠海傑隆天下企業管理合夥企業(有限合夥)) (“**Zhuhai Jielong**”), a limited partnership established in December 2017 and dissolved in April 2019, the partners of which included Mr. Sun, whose administrative and executive duties and powers as an executive director of the Company have been suspended since 2 June 2022 (as disclosed in the Company’s announcement dated 1 August 2022) and Mr. Jiang Bian (蔣卞), who was Deputy Chief Financial Officer (財務副總監) of Tempus OTO (Shenzhen) Evergrande Health Industry Limited* 騰邦豪特(深圳)大健康產業有限公司 (“**Shenzhen Tempus OTO**”) from 1 January 2018 to 31 July 2019 and Chief Financial Officer and Chief Accounts Officer (財務總監兼財務會計部總監) of the Company from 1 August 2019 to 31 December 2019 (“**Mr. Jiang**”); (ii) an individual named Mr. Qiu Jianzhao (邱建詔); and (iii) an individual named Ms. Liu Caixiang (劉彩香). Ms. Zhong arranged for the Incoming Funds to be received by herself, Mr. Zhong and Mr. Huang through their respective personal bank accounts on behalf of the Company at the direction of Mr. Jiang. Despite that Mr. Sun and Mr. Jiang were partners of Zhuhai Jielong, neither the Company nor any other entity within the Group holds any interest in Zhuhai Jielong. Tempus OTO Health is and was, at all relevant times, an indirect wholly-owned subsidiary of the Company.

Between 16 November 2018 and 23 April 2019, the Initial Recipients, again at the direction of Mr. Jiang, transferred from their respective personal bank accounts various sums amounting to RMB9,140,424.89 in aggregate (the “**Outgoing Funds**”) to various persons, which included RMB5,000,000 (the “**Relevant Sum**”), representing the Suspected Misappropriated Funds, transferred on 27 December 2018 to an individual named Mr. Hu Xinyao (胡新堯) (“**Mr. Hu**”) as a temporary loan. Ms. Zhong later contacted Mr. Hu, who informed Ms. Zhong that the Relevant Sum had been repaid and that she should contact Mr. Sun for further details. On 30 May 2022, the Company sent to Mr. Sun a letter to enquire about the Relevant Sum. On 31 May 2022, Mr. Sun replied to the Company stating that he had received the Relevant Sum from Mr. Hu through the arrangement of Mr. Li Dongming (李東明), then Chief Executive Director (行政總裁) of the Company (“**Mr. Li**”), and that he then transferred the Relevant Sum to his friend Mr. Yu Liang (于亮) (“**Mr. Yu**”), who in turn transferred the Relevant Sum to Tianjin Huicheng Corporate Management Company (Limited Partnership)* (天津市雲橙企業管理合夥企業(有限合夥)) (“**Tianjin Huicheng**”), which is not and was not related to or otherwise affiliated with the Company or any entity within the Group, for the purpose of funding Tianjin Huicheng’s acquisition of shares of a certain company. Further, according to Mr. Sun’s letter dated 8 July 2022 in response to the letter of enquiry of the Committee dated 7 July 2022, Mr. Sun stated that the Relevant Sum had been returned to him through Mr. Yu over the course of over a year since it was transferred to Tianjin Huicheng through Mr. Yu and that he had, since receiving back the Relevant Sum, spent it on investments and other expenses for his own account. However, to date Mr. Sun has not provided the relevant bank transfer records or any other supporting documents.

Based on the above, the Final Forensic Report concludes that the Suspected Misappropriated Funds came back into the possession of Mr. Sun after the chain of multiple transfers between various parties and that, by Mr. Sun's own admission, the Suspected Misappropriated Funds have been disposed of by Mr. Sun for personal investments and other expenses.

Further announcement(s) containing further details in relation to the Forensic Investigation will be made by the Company as and when appropriate to keep its Shareholders and potential investors informed on the progress and results of the Forensic Investigation.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 3 April 2023 and will remain suspended until further notice.

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

By Order of the Board
Tempus Holdings Limited
Zhong Baisheng
Chairman

Hong Kong, 6 June 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhong Yiming, Mr. Yip Chee Lai, Charlie, Mr. Wang Xingyi and Mr. Sun Yifei; one non-executive Director, namely Mr. Zhong Baisheng; and three independent non-executive Directors, namely Mr. Li Qi, Mr. Wong Kai Hing and Mr. Cheng Tsz Lok.

** For identification purpose only.*