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瑞森生活服務有限公司

RUISEN LIFE SERVICE CO, LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1922)

(1) INSIDE INFORMATION KEY FINDINGS OF THE REPORT OF THE INDEPENDENT FORENSIC ACCOUNTANT (2) REMOVAL OF PRESIDENT; AND (3) CONTINUED SUSPENSION OF TRADING

This announcement is made by Ruisen Life Service Co, Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 announcements of the Company dated 11 June 2024 and 5 July 2024 (the “**Announcements**”) in relation to, among others, (i) Allegation A and Allegation B; (ii) the establishment of the Investigation Committee to conduct the Investigation; and (iii) the appointment of the Independent Forensic Accountant for the purpose of assisting in the Investigation. Unless otherwise defined, capitalised terms used in this announcement shall have the meanings as given to them in the Announcements.

The purpose of this announcement is to provide the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company with key findings of the report from the Independent Forensic Accountant dated 25 November 2024 (the “**Report**”) and the response of the Investigation Committee and the Board to the Report.

SCOPE OF THE INVESTIGATION

The Independent Forensic Accountant was engaged to investigate the following matters as disclosed in the Announcements:

- (i) Mr. Li had, from 2019 to 2023, allegedly procured the Company to issue off-the-books bonus payments to himself without the approval of the Board (“**Issue A1**”);
- (ii) Mr. Li was alleged to be interested in an entity with a nominee holding the interest of such entity on his behalf and, without disclosing his interest in such entity, formed a joint venture company with the Group (“**Issue A2**”);

- (iii) The related party transactions in relation to “Advances to related companies” as disclosed under the sections headed “Related Party Transactions” in the Annual Reports were allegedly transactions conducted by the Group with related entities controlled by Mr. Huang. Such transactions were not disclosed and are in breach of the connected transaction disclosure requirements under the Listing Rules. Mr. Huang was alleged to have from time-to-time instigated Ms. Huang Xuemei (“**Ms. Huang**”), a then executive Director and Chief Financial Officer of the Company, to misappropriate the operational capital of the Company since the listing of the Company (“**Issue B1**”);
- (iv) Mr. Huang allegedly misappropriated all the listing proceeds of the Company and has yet to return such proceeds to the Company (“**Issue B2**”); and
- (v) The personal expenditures of Mr. Huang were alleged to be reimbursed by the Company including without limitation personal expenditures of approximately RMB500,000 (“**Issue B3**”).

(collectively, Issue A1, Issue A2, Issue B1, Issue B2 and Issue B3, the “**Issues**”)

Procedures Performed

The review period of the Independent Forensic Review is from 1 January 2019 to 31 December 2023 (the “**Review Period**”). The following procedures were performed by the Independent Forensic Accountant during the course of their work:

- reviewed the whistleblower’s reports for Allegation A and Allegation B and any additional information provided by the whistleblowers, and conducted interview with the whistleblowers;
- reviewed the relevant policies and procedures of the Company including meeting minutes of the Board and the remuneration committee of the Company (the “**Remuneration Committee**”);
- reviewed the finance data of the Company, analysed the relevant accounts’ ledgers and bank ledgers, and reviewed the underlying supporting documents of 57 sampled transactions related to Issue A1, Issue A2, Issue B1, Issue B2, and other related-party transactions included in the Company’s Annual Reports for testing;
- collected, processed and reviewed the electronic data contained in one of the laptops issued by the Company to each of Mr. Li and Ms. Huang, the server emails of Mr. Li and Mr. Huang, and the communication records of Mr. Huang stored on the Company’s instant message platform, after applying search terms;
- performed 13 interviews with personnel who were involved and/or have knowledge of the matter; and
- obtained and reviewed the documents that are relevant to the Issues.

(collectively, the work performed by the Independent Forensic Accountant, the “**Independent Forensic Review**”)

SUMMARY OF THE INDEPENDENT FORENSIC REVIEW

Issue A1

1. Allegation Summary

The Board received a report from a whistleblower (the “**Whistleblower’s Report**”) which alleged, among other things, that Mr. Li had, from 2019 to 2023, procured the Company to issue off-the-books bonus payments to himself without the approval of the Board, the approximate amount of which for each year did not exceed RMB2 million.

2. Findings of the Independent Forensic Review

(a) Mr. Li’s remuneration

From the review of Mr. Li’s executive director service contracts during the Review Period, the circulars of annual general meetings of the Company from 2020 to 2024, and the resolution dated 26 August 2022 of the Remuneration Committee, it was found that Mr. Li was entitled to a director’s remuneration of RMB1.27 million per annum during the Review Period. Based on the meeting minutes of the Board and the meeting minutes of the Remuneration Committee provided to the Independent Forensic Accountant, it appears that there was no record of approval by the Board or by the Remuneration Committee for any other remuneration or bonus payments to Mr. Li. In addition, the Company provided the labour contracts of Mr. Li covering the Review Period, which showed a monthly salary of RMB2,020 in the labour contract signed in April 2020 (with no fixed term). Thus, during the Review Period, the total remuneration authorised by the Board for Mr. Li amounted to RMB6.35 million only.

However, according to the interview conducted by the Independent Forensic Accountant with Mr. Li, he admitted that the total remuneration and bonuses received by him from the Company during the Review Period was in fact RMB14.99 million. On top of the RMB14.99 million, Ms. Huang further alleged that she had paid Mr. Li RMB1 million in cash as the bonus payment in 2023 but no documentary evidence could be provided; but Mr. Li denied having received such cash payment. Therefore, based on the amount authorised by the Remuneration Committee and the amount which Mr. Li confirmed that he had received, the unauthorised payment that Mr. Li had received during the Review Period was approximately RMB8.64 million.

Mr. Li claimed that during the Review Period, his entitlement to annual remuneration and bonus payments was allegedly based on certain internal documents with the letterhead of “銀城集團” (Yincheng Group*) signed by Mr. Huang and Mr. Xie (the “**Yincheng Documents**”), totalling RMB13.99 million, as well as bonus payments of RMB0.35 million approved orally by Mr. Xie, and internal adjustment items totalling RMB1.49 million (such as payment in lieu of annual leave and transportation allowance). Although Mr. Huang and Mr. Xie acknowledged that the Yincheng Documents were signed by them and that those documents formed the basis of Mr. Li’s remuneration and bonus payments, it was noted that the Yincheng Documents had not been approved by the Board or the Remuneration Committee based on the information made available to the Independent Forensic Accountant. Nor had the internal adjustment items been approved by the Board or the Remuneration Committee. Mr. Xie also denied approving any bonus payments to Mr. Li orally.

(b) Payments via suppliers

Based on the payment records provided by human resources personnel of the Company and the bank transfer records provided by Ms. Huang and the interviews with them, the Independent Forensic Accountant found that a portion of Mr. Li’s remuneration and bonus payments, being approximately RMB9.15 million, was paid via suppliers. Mr. Li and Ms. Huang admitted in their interviews that such arrangement was put in place for the purpose of lowering personal income tax.

On 30 October 2024, the Company management advised the Independent Forensic Accountant that the Company has already made up the personal income tax and the relevant value-added and other relevant taxes. However, the Independent Forensic Accountant did not perform any procedures to validate such statement of the Company management.

3. Summary of Findings

According to the information made available to the Independent Forensic Accountant, save that it could not be confirmed whether Mr. Li had “procured” the Company to issue such payments, the allegations under Issue A1 were substantiated. Based on the amount of RMB6.35 million calculated according to the director’s remuneration agreement authorised by the Remuneration Committee and the amount of RMB14.99 million which Mr. Li confirmed that he had received, the unauthorised payment that Mr. Li had received during the Review Period was approximately RMB8.64 million.

Issue A2

1. Allegation Summary

According to the shareholding entrustment agreement enclosed to the Whistleblower's Report and the interview with the Independent Forensic Accountant, the whistleblower alleged that Mr. Li has interest in an entity with a nominee holding the interest of such entity on his behalf and, without disclosing his interest in such entity, formed several joint venture companies with the Group.

According to the shareholding entrustment agreement enclosed to the Whistleblower's Report and interviews with Mr. Li, Ms. Huang and the nominee (the "**Nominee**") (a Vice President of the Company), it was noted that the Nominee holds 16% and 9% interest in Nanjing Jingzhong Commercial Trading Limited Partnership* (南京京中商業貿易合夥企業(有限合夥)) ("**Nanjing Jingzhong**"), established on 14 April 2023, on behalf of Mr. Li and Ms. Huang, respectively.

Through the review of supporting documents attached to the Whistleblower's Report and searches of publicly available information on Nanjing Jingzhong, the Independent Forensic Accountant noted that the shareholders of Nanjing Jingzhong are 21 company personnel (at manager level or above) and identified five joint venture companies formed by Nanjing Jingzhong and the Group, namely:

- (i) Nanjing Banxian Intelligent Information Technology Company Limited* (南京斑綫智能信息技術有限公司) ("**Banxian**"), established on 19 March 2024, held as to 18% by Nanjing Jingzhong and 42% by the Group;
- (ii) Nanjing Zhihu Medical Technology Service Company Limited* (南京智護醫療科技服務有限公司) ("**Zhihu Medical**"), established on 23 April 2023, held as to 27% by Nanjing Jingzhong and 55% by the Group;
- (iii) Nanjing Likang Medical Technology Service Company Limited* (南京立康醫療科技服務有限公司) ("**Likang Medical**"), established on 4 May 2023, held as to 29.25% by Nanjing Jingzhong and 55% by the Group;
- (iv) Jiangsu Ningju Smart Technology Company Limited* (江蘇寧聚智慧科技有限公司) ("**Ningju**"), established on 6 July 2023, held as to 5% by Nanjing Jingzhong and 55% by the Group; and
- (v) Nanjing Meiyong Meili Beauty Service Company Limited* (南京美盈美利美容服務有限公司) ("**Meiyong Meili**"), established on 2 November 2023, held as to 5% by Nanjing Jingzhong and 50.1% by the Group.

2. Key Findings of the Independent Forensic Review

Mr. Li, Ms. Huang and the Nominee all admitted their knowledge of the shareholding entrustment arrangement and confirmed that the Nominee holds 16% and 9% interest in Nanjing Jingzhong on behalf of Mr. Li and Ms. Huang, respectively, during their interviews with the Independent Forensic Accountant. They also claimed that the purpose of establishing Nanjing Jingzhong was to motivate the Company's management personnel to support the new businesses conducted by the joint venture entities. Mr. Li and Ms. Huang further confirmed that the reason for such shareholding entrustment arrangement was to avoid the disclosure of their interests in Nanjing Jingzhong. Based on the Board meeting minutes provided and Mr. Li's statement in the interview, the shareholding entrustment arrangement had not been reported to the Board.

Based on the information provided by the Company, it was found that all five joint venture companies recorded negative gross profits as of December 2023 and May 2024, respectively.

According to the finance personnel of the Company, the financial statements of four joint venture companies (Banxian, Zhihu Medical, Likang Medical and Ningju) have been or would be consolidated into the financial statements of the Company for the years ended 31 December 2023 and 2024, while the fifth one (Meiying Meili) has been listed as an affiliated joint venture of the Company for the year ended 31 December 2023. The finance personnel stated that the Company did not consolidate Meiying Meili's financial statements because the Company had not been involved in Meiying Meili's operations and management, as such, the Company did not have actual control of Meiying Meili. Based on the transaction descriptions stated in the ledgers of the accounts receivables/payables and other receivables/payables of the Group, less than 10 transactions between the Group and the joint venture companies were noted to be above RMB200,000 during the Review Period. Among these transactions, it was noted that the other receivables between the Group and Ningju (being 55% owned by the Group and one of the consolidated entities), amounted to approximately RMB7.78 million. According to the finance personnel of the Company and the supporting documents provided, it was a loan from the Group to Ningju for applying qualification for the second-hand automobile business. Although no loan agreement was signed regarding this loan, the Independent Forensic Accountant was provided with an agreement between Ningju and the Company, stating that an interest rate of 4% shall be applied to the loan. For each of the other four joint venture companies, the total transaction amounts of each of their accounts receivables and/or payables and other accounts receivables and/or payables with the Group during the Review Period did not exceed RMB500,000.

3. Summary of Findings

On the basis that Mr. Li, Ms. Huang, and the Nominee all confirmed the existence of the above entrustment arrangement and the intention of not disclosing such arrangement during the interviews with the Independent Forensic Accountant, it was noted that the allegations under Issue A2 were substantiated. Based on the information made available to the Independent Forensic Accountant, it was undetermined who had initiated such arrangement.

Issue B1

1. Allegation Summary

It was alleged that the related party transactions disclosed in the Annual Reports were in fact conducted with entities controlled by Mr. Huang and had not been disclosed in accordance with the connected transaction requirements under the Listing Rules. The whistleblower of Allegation B further alleged that Mr. Huang had instigated Ms. Huang to misappropriate the Company's operating funds.

2. Key Findings of the Independent Forensic Review

(a) Overview

The Independent Forensic Accountant reviewed the advances to/from related parties disclosed in (i) the "Related Party Transactions" sections in the annual reports of the Company during the Review Period (the "**Annual Report Records**") and those recorded in (ii) the transaction records provided by the Company during the period from August 2018 to January 2024 (the "**Related-Party Transaction Records**").

Based on the Annual Report Records, during the Review Period, the outflow of funds from the Group to related parties amounted to approximately RMB2.67 billion in total (including both (i) advances provided to related parties and (ii) repayment of advances received from related parties) whilst the inflow of funds from related parties to the Group amounted to approximately RMB2.71 billion in total (including both (i) recovery of advances provided to related parties and (ii) advances received from related parties).

The Annual Report Records consisted of certain transactions recorded in the Related-Party Transaction Records as well as other advances ("**Other Advances**").

(b) Advances in the Related-Party Transaction Records

Based on the review of the Related-Party Transaction Records, bank slips, and supporting documents provided by the finance personnel of the Company, it was found that during the period from August 2018 to January 2024, there had been transactions involving loans or advances between the Group and (i) Yincheng Real Estate Group Holding Co., Ltd. (銀城地產集團股份有限公司) ("**Yincheng Real Estate**") and their related entities (collectively, "**Yincheng Group**") and (ii) Yincheng International Holding Co., Ltd. ("**Yincheng International**") and its subsidiaries. Both Yincheng Group and Yincheng International are entities controlled by Mr. Huang. Based on the Related-Party Transaction Records, the total amount involved was approximately RMB1.11 billion.

In addition to the transactions in the Related-Party Transaction Records, based on the counterparty descriptions of the other receivables of the Company: -

- (i) the Independent Forensic Accountant identified certain additional transactions, totalling approximately RMB1.63 million, which also appeared to be loans to the Yincheng Group. Based on the review of the Annual Report Records and the explanation given by the finance personnel of the Company, these transactions have already been disclosed in the Annual Report Records; and
- (ii) the Independent Forensics Accountant noted that there were other instances of recovery of advances towards the financial year end or interim period end and advances of the same amounts shortly after the beginning of the next financial year or interim period (the “**Bridging Transactions**”). According to the interviews with the finance personnel of the Company, the bridging transactions were for the purpose of reducing the balance of related party advances disclosed in the annual reports and interim reports of the Company. The Company’s finance personnel advised that this was done by raising funds from various parties by Yincheng Group towards the end of the financial year or interim period to repay the advances, which were recorded as repayments from Yincheng Group, then after the interim or annual reports were published, the funds were returned to the parties who advanced the funds. Based on the review of the relevant bank slips, the Independent Financial Accountant identified that these funds were advanced from Yincheng Group, third-party financing companies, and the Company’s senior executives.

Based on the review of public announcements of the Company from November 2019 to January 2024, there were potentially 36 advances in the Related-Party Transaction Records (including 16 Bridging Transactions), totalling approximately RMB1.53 billion, that might need to be disclosed, but had not been disclosed, in accordance with the requirements under the Listing Rules.

Furthermore, in respect of the interest of the related-party advances, based on the underlying documents made available to the Independent Forensic Accountant, the agreements or approval documentation indicated that most of the non-bridging loans to the Yincheng Group or Yincheng International were subject to an interest rate of 9% per annum. Based on the transaction records provided by the finance personnel of the Company and the interviews with relevant finance personnel, it was noted that the interest income was at least RMB38.88 million during the Review Period. According to the minutes of the Board meeting provided to the Independent Forensic Accountant, the above interest arrangement has not been reported to the Board.

(c) The approval process

According to the interviews with the Company's personnel, the payments to external parties shall go through the approval process of reimbursement forms, borrowing forms, or expense application forms (the "**Mandatory Approval Process**"). However, according to the interviews and the review of the sampled transactions, some of the loans to Yincheng Group and Yincheng International did not go through the Mandatory Approval Process and were only approved on the "Collaborative Platform" (協同平台) (the "**Collaborative Platform**"), whilst some of the loans did not go through either of the approval process. The Collaborative Platform was a platform jointly used by the Company before June 2022 together with Yincheng Group and Yincheng International. It was a pre-approval process, with the purpose of informing the superior or other responsible personnel about any upcoming expenses or payments. Employees of the Company, Yincheng Group, and Yincheng International could initiate the approval process on the Collaborative Platform. By reviewing the Collaborative Platform approval records made available to the Independent Forensic Accountant and the Mandatory Approval Process records of the sample transactions, it was noted that some of the loans were approved by one or two of Ms. Huang, Mr. Li and Mr. Huang or all three of them together.

During Mr. Huang's interview, he claimed that he was not familiar with the Collaborative Platform and did not know the transaction details at the time when he approved them. Ms. Huang claimed that the related party advances were communicated by Mr. Li with Mr. Huang or the finance personnel of Yincheng Group, and she did not participate in the communications. Mr. Li stated in his interview that he had approved the loans under the pressure of Mr. Huang and provided a record of his communication with Ms. Huang in January 2022, in which Ms. Huang told him that Mr. Huang pressured her to make a loan payment of RMB12 million to Yincheng Real Estate. Mr. Li, however, could not provide any direct communication record between Ms. Huang or him of the one part and Mr. Huang of the other part to support his claim that he had acted under the pressure of Mr. Huang.

Based on the interviews, Ms. Huang and the Finance Manager of the Company confirmed that both of them were aware of the disclosure requirements of the related-party advances under the Listing Rules. Ms. Huang claimed that the Finance Director or Finance Manager of the Company consulted the Capital Markets Director of Yincheng International and was told that there was no need to disclose the advances, while the Finance Manager of the Company claimed that she did not receive instructions to issue company announcements after she had reminded Ms. Huang and Mr. Li about the disclosure requirements. Mr. Huang said that he was not aware of the related-party advances and was unclear about the disclosure requirements under the Listing Rules. Based on the meeting minutes of the Board provided to the Independent Forensic Accountant, the Board had not been informed by Mr. Li or Ms. Huang prior to the commencement of the Investigation of the related-party advances.

(d) Other Advances in the Annual Report Records

For Other Advances, the Independent Forensic Accountant identified potentially 5 related-party advances totalling approximately RMB60 million which may need to be disclosed but have not been disclosed in accordance with the disclosure requirements under the Listing Rules.

3. Summary of Findings

Based on the procedures performed, it was noted that part of the allegations under Issue B1 were substantiated. According to the review by the Independent Forensic Accountant, there are potentially 36 loan transactions amounting to a total of approximately RMB1.53 billion which have not been disclosed in accordance with the disclosure requirements under the Listing Rules. As to the allegation that Mr. Huang has, from time to time, instigated Ms. Huang to misappropriate the operating funds of the Company, since no direct evidence was provided to show that Mr. Huang pressured Mr. Li or Ms. Huang, there was insufficient evidence to indicate that Mr. Huang had played a dominant role in instructing the related-party advances to Yincheng Group and/or Yincheng International.

Further, from the review of the Annual Report Records, it was found that there were potentially 5 related-party advances totalling approximately RMB60 million which may need to be disclosed but have not been disclosed in accordance with the disclosure requirements under the Listing Rules.

Issue B2

1. Allegation Summary

It was alleged that Mr. Huang misappropriated all the listing proceeds of the Company in 2019 and has yet to return such proceeds.

2. Key Findings of the Independent Forensic Review

According to the bank statements of the Company's account used to receive the listing proceeds and bank slips of the relevant bank transfers, it was noted that the net proceeds from the listing of the Company of around HKD131 million (the "Net Proceeds") was deposited into the Company's bank account in Hong Kong on 6 November 2019. During December 2019 and January 2020, a total of HKD120 million was then transferred from such bank account of the Company on two separate occasions to the bank account of Ningyirun Service Co., Ltd.* (寧逸潤服務有限公司)("Ningyirun"), a wholly-owned subsidiary of the Company. Subsequently, on 7 January 2020, HKD120 million was transferred from the bank account of Ningyirun to the bank account of Yinjiacheng Holding Co., Ltd.* (銀嘉城控股有限公司)("Yinjiacheng"), a wholly-owned subsidiary of Yincheng International. According to the accounting records of the Company, the relevant payment was recorded as other receivables from Yinjiacheng.

By reviewing the supporting documentation of the payment of HKD120 million, the Independent Forensic Accountant found that a loan memorandum for the loan of HKD120 million was entered into between a subsidiary of the Company, Nanjing Yincheng Property Service Co., Ltd* (南京銀城物業服務有限公司) (“**Yincheng Property**”), and Yincheng Real Estate. One of the supporting documentation provided was the approval record on Collaborative Platform which stated that “Yincheng Property was going to lend HKD120 million of the Net Proceeds to Yincheng Real Estate”, and the applications were submitted by a finance personnel from Yincheng International on the Collaborative Platform, and approved by Mr. Wu (then Finance Director of the Company), Mr. Li, the Capital Markets Director of Yincheng International (who is responsible for capital markets affairs of both Yincheng International and the Company), the Finance Director of Yincheng International, and a Legal Manager of Yincheng Group, respectively. The Independent Forensic Accountant was advised that no other payment approval document could be provided to show the approvals made within the Company when the payments were made. However, as to why the loan recipient was Yinjiacheng instead of Yincheng Real Estate which signed the loan memorandum with the Company, no reason was provided by the Company as the relevant personnel who had knowledge about details of the loan had left the Company.

Based on the interview with Mr. Li, he claimed that his involvement was limited to approving the application on the Collaborative Platform, but he was not involved in the discussion of the loan arrangement. He further claimed that he had approved the transaction under the pressure of Mr. Huang. On the other hand, Mr. Huang denied the knowledge of the HKD120 million loan payment from Ningyirun to Yinjiacheng, nor any involvement in the loan transaction or any part of the arrangement. Mr. Huang also stated that the Group and Yincheng International operated independently, and he did not know who had arranged this transaction.

From the review of the Group’s ledger of other receivables from Yinjiacheng, it was noted that as of 31 December 2023, Yinjiacheng had repaid HKD62,315,235 and still had an outstanding balance of HKD57,684,765 due to the Group. Given that the loan agreement of HKD120 million was signed with Yincheng Group but the payment was made to Yincheng International, also, according to the finance personnel of the Company, the transactions between the Group and Yincheng Group/Yincheng International were frequent, it may be difficult to associate one repayment to a specific loan. The Independent Forensic Accountant did not obtain any evidence to prove that the repayment of HKD62,315,235 on the Group’s ledger was partial repayment of the loan of HKD120 million.

Further, according to the Company’s cash flow situation as disclosed in its prospectus, 2019 annual report and 2020 unaudited interim report, even after deducting the Net Proceeds, the Company still appeared to have sufficient cash to pay HKD120 million to Yinjiacheng. Therefore, considering the overall fund position of the Company at the time, the Independent Forensic Accountant was not able to determine whether the HKD120 million transferred to Yinjiacheng came from the Net Proceeds.

3. Summary of Findings

Based on the information and documents reviewed, the Independent Forensic Accountant was not able to determine whether the HKD120 million transferred from the Company to Yinjiacheng was from the Net Proceeds. However, it appears that the Company has not disclosed the relevant transaction under the connected transaction requirements of the Listing Rules and hence there may be potential non-disclosure issue.

Issue B3

1. Allegation Summary

It was alleged that Mr. Huang's personal expenses had been reimbursed by the Company, which included the following expense items:

- (i) Mr. Zhao, Mr. Huang's personal bodyguard, received approximately RMB212,000 in wages and salaries paid by the Company;
- (ii) Mr. Zhao lived in an apartment with rent paid by the Company amounting to a total of RMB99,000;
- (iii) Mr. Huang's private maid had been living in a dormitory provided by the Company free-of-charge, the rent of which would have amounted to RMB12,000 if calculated at the employee rate; and
- (iv) In 2023, Mr. Huang had bought cigarettes, tea leaves, alcohol, beef and gift cards for personal consumption, the total of which amounted to approximately RMB100,000.

2. Key Findings of the Independent Forensic Review

In respect of the allegations under Issue B3, at the instructions of the Investigation Committee, the Independent Forensic Accountant obtained explanations from Mr. Huang regarding the four expense items above and confirmed with the personnel who submitted the reimbursements on behalf of Mr. Huang, and did not carry out any further forensic procedures.

According to the interview with Mr. Huang, his explanations for each of the alleged expense items were as follows:

- (i) Mr. Huang claimed that Mr. Zhao was an employee of the Company. Mr. Zhao served as a driver for Mr. Huang but he also had other job responsibilities, rather than exclusively serving Mr. Huang;
- (ii) Mr. Huang confirmed that Mr. Zhao lived in the alleged apartment, but his accommodation was arranged by Mr. Li;

- (iii) whilst he confirmed that his private maid lived in the Company's employee dormitory without paying rent, Mr. Huang claimed that the property was not owned by the Company but was developed by Yincheng Group and provided for the Company's usage free-of-charge; and
- (iv) Mr. Huang claimed that most of the expenses in 2023 were business entertainment expenses incurred for the Company, with a small portion used for maintaining relationships on behalf of Yincheng Group.

Further, from the interviews with the Company personnel who helped submit the reimbursements on behalf of Mr. Huang, they confirmed that they had not submitted any other reimbursements on behalf of Mr. Huang. Since their scope of work did not include other procedures in relation to Issue B3, the Independent Forensic Accountant did not perform any additional procedures to verify the statements provided by Mr. Huang and other interviewees.

OTHER KEY FINDINGS NOTED FROM THE INDEPENDENT FORENSIC REVIEW

During the course of their review, the Independent Forensic Accountant also noted other issues as summarised below which they would like to bring to the attention of the Investigation Committee.

- (i) Based on the review of the payment application records initiated by the human resources personnel and the salary details provided by the Company's human resources personnel, it was noted that employees of the Group other than Mr. Li also received remuneration and bonus payments totalling at least RMB61,196,508 during the Review Period, via suppliers (the "**Other Issue 1**"). On 30 October 2024, the Company management advised the Independent Forensic Accountant that the Company has already made up the personal income tax, value-added and other relevant taxes. However, the Independent Forensic Accountant did not perform any procedures to validate such statement of the Company management.
- (ii) According to the interview with the Company's finance personnel, the Independent Forensic Accountant noted that the interest payment under the Bridging Transactions for the purpose of reducing the balance of advances to related parties disclosed in the annual reports and interim reports of the Company for 2022 and 2023 were borne by the Group. The Independent Forensic Accountant cannot ascertain (1) the exact arrangement as to how the Company bore the interest payment; (2) whether the Company reimbursed the third party for the interest payment; and (3) the source of fund of the third party (Other Issue 2).
- (iii) From the review of a document identified from Mr. Li's company laptop, the Independent Forensic Accountant identified that the Group might have potentially paid for the purchase of certain real estates from Yincheng Group, involving potential undisclosed related party transactions, and the purchases were made in the name of a joint venture of the Company, Jiangsu Jing'an Security Services Co., Ltd.* (江蘇京安保安服務有限公司) ("**Jing'an Security**"), in which the Group holds an interest of 33.97%, allegedly controlled by the Company, to avoid the connected transaction disclosure requirement (Other Issue 3).

KEY SCOPE LIMITATIONS

During the course of their review, the Independent Forensic Accountant have encountered certain limitations which may prevent them from identifying all information relevant to their review. Key scope limitations were listed as below:

- (i) Regarding the completeness of the Board meeting minutes, the Independent Forensic Accountant has relied on the statement made by Mr. Xie (executive Director and chairman of the Board).
- (ii) Several electronic devices were issued by the Company to Ms. Huang and Mr. Li but only one of the company-issued devices for each of them was provided to the Independent Forensic Accountant for review as the rest of the devices were already re-assigned to other Company employees. No company-issued device of Mr. Huang was provided since he did not have such device.

RECOMMENDATIONS FROM THE INDEPENDENT FORENSIC ACCOUNTANT

In light of the findings noted from the Independent Forensic Review, the Independent Forensic Accountant has recommended the Investigation Committee to consider performing additional procedures with a view to (1) identifying (a) the Company personnel who were involved and/or have knowledge of the Issues involved; (b) the circumstances under which the Issues had happened; (c) whether there is any other similar matters which have not been identified; and/or (2) assessing the potential impact on the Group's financial statements. The suggested procedures include but are not limited to:

- i. expanding the scope of eDiscovery procedures (i.e. electronic data collection and review) to include other Company personnel who were noted to be aware of or involved in the Issues;
- ii. regarding each allegation, performing additional procedures including but not limited to performing additional analysis/reconciliation, reviewing relevant supporting documents, conducting additional sample testing and interviews with Company personnel who were involved and/or have knowledge of the matter and relevant suppliers;
- iii. in respect of the Company management's representation that the Company has already made up the personal income tax and the relevant value-added tax, reviewing the relevant supporting documents to evaluate if the potential tax exposure arising from the off-the-books payments of staff remuneration and bonuses have been fully addressed;
- iv. as regards the observations noted from the Independent Forensic Review and the potential undisclosed related party transactions identified, seeking legal advice to assess the potential legal risks or exposure of the Company; and

- v. upon the completion of the Independent Forensic Review, further investigating into all the issues noted in the Independent Forensic Report, engaging internal control experts to review the Company's internal controls, provide recommendations for remedial actions, and assess whether the rectified internal controls are operating effectively as intended.

VIEWS AND RESPONSES OF THE INVESTIGATION COMMITTEE AND THE BOARD

The Board (excluding Mr. Huang) and the Investigation Committee have reviewed the contents of the Report, and believe the findings made by the Independent Forensic Accountant as documented in the Report are reasonable. They also consider that the Report has reasonably addressed the Issues.

In view of the findings of the Report, the Investigation Committee has made the following recommendations to the Board:

- (i) to engage an internal control consultant to conduct an independent review on the internal control policies and procedures of the Group with a focus on the incidents in the Issues and provide corresponding recommendations for remedial actions in order to improve the Group's internal control system;
- (ii) to assess the transactions revealed in the Report and for those which are subject to disclosure obligations under the Listing Rules, to make the necessary disclosures in compliance with the Listing Rules;
- (iii) to assess the Group's losses as a result of the Issues;
- (iv) to engage legal counsels to opine on the possible legal actions that may be initiated for the recovery of the Group's losses as a result of the Issues;
- (v) to consider the removal of Mr. Li as President of the Company;
- (vi) to consider the suitability of the management personnel involved in relation to their role at the Company;
- (vii) to engage professional consultants to opine on the possible tax risks as a result of the payment arrangement under the Issues;
- (viii) to work with the auditors to consider the impact of the Issues on the financial statements of the Company;
- (ix) to take appropriate action (including legal action) against the relevant personnel for their legal and/or financial responsibilities in connection with the Issues; and
- (x) based on the results of the follow-up actions under the section of "Recommendations from the Independent Forensic Accountant" paragraphs i to v above, to consider and, if thought fit, adopt the other recommendations of the Independent Forensic Accountant as mentioned above.

The Board (excluding Mr. Huang) agreed with the recommendations of the Investigation Committee and that all of them should be implemented as soon as practicable.

As of the date of this announcement, the Company management has confirmed that the Company has made up the personal income tax and the relevant value-added tax and other relevant taxes in connection with Issue A1 and Other Issue 1, and the Independent Forensic Accountant, the auditors of the Company and the Investigation Committee have not yet perused the relevant information.

The impact on the operations and financial position of the Company

Subsequent to the removal of Mr. Li as Director and suspension of his duties as President, Mr. Xie and Mr. Pan have been responsible for overseeing the Group's strategic planning and development, and determining the objectives, strategies and policies of the Group.

As at the date of this announcement, there has been no material change in the senior management of the Group and the operations of the Group remains stable.

The Board is of the view that the findings of the Report may have an impact on the financial position of the Group. The Company is assessing such impact and will make further announcement as and when appropriate.

REMOVAL OF MR. LI AS PRESIDENT

In light of the findings of the Report, the Board has resolved to remove Mr. Li's role as President, terminate his labour contract and any other role within the Group with effect from 25 November 2024.

Save as disclosed above and in the Announcements, there are no other matters relating to Mr. Li's removal that needs to be brought to the attention of the Shareholders and the Stock Exchange.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended since 9:04 a.m. on 28 August 2024 and will remain suspended until further notice.

The Company will make further announcement(s) in accordance with the Listing Rules as and when necessary in relation to any update in connection with the above.

By order of the Board
Ruisen Life Service Co, Limited
XIE Chenguang
Chairman

Hong Kong, 25 November 2024

As at the date of this announcement, the executive Director is Mr. Xie Chenguang; the non-executive Directors are Mr. Huang Qingping, Mr. Yao Ning and Mr. Pan Xiaohu; and the independent non-executive Directors are Mr. Chow Siu Hang, Mr. Li Yougen and Mr. Mao Ning.

* for identification purpose only