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QUARTERLY UPDATE ON BUSINESS OPERATIONS AND PROGRESS OF RESUMPTION

This announcement is made by China Financial Services Holdings Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A of the Rules of Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to the announcements of the Company dated 18 October 2020, 28, 29 and 31 March 2021, 28 April 2021, 8 and 28 June 2021 and 2 July 2021.

UPDATE ON PROGRESS OF RESUMPTION

As disclosed in the Company’s announcement of 28 June 2021, the Stock Exchange has set out the resumption guidance for the Company (the “**Resumption Guidance**”). The Company has continuously been making effort in taking steps to fulfill the Resumption Guidance, and the board of directors of the Company (the “**Board**”) wishes to update the shareholders and investors of the Company the progress of resumption as follows.

As disclosed in the Company's announcement of 18 October 2020, the Company has formed an investigation committee (the "**Investigation Committee**") to investigate certain guarantees purported entered into by the Company (the "**Unauthorized Guarantees**") and certain loans given by the Group without authorization from the Board (the "**Unauthorized Loans**"), and through its legal adviser, the Company has engaged one of the big four accounting firms as an independent forensic consultant (the "**Independent Consultant**") to investigate the Unauthorized Guarantees and the Unauthorized Loans (the "**Investigation**"). A summary of the major findings as at 24 March 2021 was disclosed in the Company's announcement of 26 March 2021.

As at the date of this announcement, the Investigation Committee comprises all independent non-executive directors of the Company, namely, Mr. Chan Chun Keung, Mr. Lee Ka Wai, Dr. Zhang Xiao Jun and Madam Zhan Lili, and the Independent Consultant is in the process of conducting further independent forensic investigation into the Unauthorized Guarantees and Unauthorized Loans and further independent forensic investigation with a view to identifying, if any, other material financial assistance made by the Group without proper authorization. The Company has also engaged the Independent Consultant to conduct a review on the internal controls system and procedures of the Group (the "**Internal Control Review**").

The Company will provide all necessary assistance to the Independent Consultant to expedite the Investigation and the Internal Control Review as far as practicable, and will take appropriate remedial actions and announce the relevant findings as and when appropriate upon completion of the Investigation and/or the Internal Control Review or any major stage(s) thereof.

The Company has also been working closely with its auditors in relation to the audit works on the Group's financial results for the year ended 31 December 2020 (the "**2020 Annual Results**"). Upon completion of the Investigation, the Company will continue to work closely with its auditors to finalize and publish the 2020 Annual Results and the annual report for the year ended 31 December 2020 as soon as practicable.

BUSINESS OPERATIONS

As at the date of this announcement, the Group continues to carry on its normal business of provision of financing services.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares in the Company on the Stock Exchange has been halted with effect from 9:43 a.m. on 29 March 2021 pending the publication of the 2020 Annual Results and will remain suspended until the Company fulfills the Resumption Guidance.

The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate and will announce quarterly updates on its development in accordance with Rule 13.24A of the Listing Rules.

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 Financial Services Holdings Limited
Chung Chin Keung
Company Secretary

Hong Kong, 28 September 2021

As at the date of this announcement, the directors of the Company are:

Executive Director

Dr. Cheung Chai Hong

Non-executive Directors

Mr. Chan Yuk Ming (*Chairman*)

Mr. Fang Feiyue

Mr. Wu Xinjiang

Mr. Tao Chun

Independent non-executive Directors

Mr. Chan Chun Keung

Mr. Lee Ka Wai

Dr. Zhang Xiao Jun

Madam Zhan Lili