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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, 28 April, 8 and 28 June, 2 July, 28 September 2021, 6 and 12 January and 9, 23 and 31 March 2022 (collectively, the “**Announcements**” and each an “**Announcement**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as defined in the Announcements.

### **UPDATE ON PROGRESS OF RESUMPTION**

The Company would like to provide the following update to its shareholders and potential investors in respect of the latest progress for the fulfillment of the Resumption Guidance issued by the Stock Exchange.

## **Resumption Guidance**

- (i) conduct an independent forensic investigation into the unauthorised guarantees and loans, disclose the findings and take appropriate remedial actions

- (ii) conduct an independent forensic investigation with a view to identifying, if any, other material financial assistance made by the Group without proper authorisation, announce the findings, and take appropriate remedial actions

## **Latest Progress**

On 3 March 2022, the Independent Consultant has concluded its investigation on the Incidents and issued the Supplemental Forensic Review Report in relation to its additional findings in its forensic investigation on the Unauthorized Guarantees and Unauthorized Loans which was not covered in the Investigation. The findings have been disclosed in the Announcement dated 9 March 2022.

As stated in the Announcement dated 31 March 2022, the Company has taken appropriate remedial actions in relation to the Unauthorized Guarantees and Unauthorized Loans.

The Company has also made submissions to the Stock Exchange for the purpose of fulfilling this Resumption Guidance, and is actively communicating with the Stock Exchange with the aim to satisfy this Resumption Guidance.

On 3 March 2022, the Independent Consultant has concluded its Supplemental Investigation in relation to the identification of additional material financial assistance made by the Group without proper authorisation. The findings have been disclosed in the Announcement dated 9 March 2022.

## Resumption Guidance

- (iii) demonstrate that there is no reasonable regulatory concern about management integrity, and/or integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence

## Latest Progress

As stated in the Announcement dated 31 March 2022, the Company has also taken appropriate remedial actions by establishing adequate and effective internal controls systems and procedures with a view to satisfy the requirement under the Resumption Guidance.

The Company has also made submissions to the Stock Exchange for the purpose of fulfilling this Resumption Guidance, and is actively communicating with the Stock Exchange with the aim to satisfy this Resumption Guidance.

Based on the findings from the Investigation, the Supplemental Forensic Review Report and the Internal Controls Review Report, the Company has made submissions to the Stock Exchange to demonstrate that there is no reasonable regulatory concern about management integrity and/or integrity of any persons with a substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence.

The Company is actively communicating with the Stock Exchange with an aim to satisfy this Resumption Guidance.

## **Resumption Guidance**

(iv) demonstrate that the directors of the Company meet a standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules

(v) demonstrate that the Company has in place adequate internal controls systems and procedures to comply with the Listing Rules

## **Latest Progress**

Based on the findings from the Investigation, the Supplemental Forensic Review Report and the Internal Controls Review Report, the Company has made submissions to the Stock Exchange to demonstrate that the directors of the Company have met, and continue to meet, a standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rules 3.08 and 3.09 of the Listing Rules.

The Company is actively communicating with the Stock Exchange with an aim to satisfy this Resumption Guidance.

On 3 March 2022, the Independent Consultant has concluded its review of the Group's internal controls systems and procedures and issued its Internal Controls Review Report. The findings have been disclosed in the Announcement dated 9 March 2022.

As stated in the Announcement dated 31 March 2022, the Company has followed the recommendations provided under the Internal Controls Review Report and has implemented a number of changes with the view of satisfying the internal controls requirement under the Resumption Guidance.

## Resumption Guidance

- (vi) publish all outstanding financial results required under the Listing Rules and address any audit modifications

## Latest Progress

The Company has also made submissions to the Stock Exchange for the purpose of fulfilling this resumption guidance, and is actively communicating with the Stock Exchange with the aim to satisfy this resumption guidance.

The Company is working closely with its auditors to prepare, finalize and publish the annual results and reports for each of the years ended 31 December 2020 and 31 December 2021 as soon as practicable.

The progress of the Company's auditor in preparing, finalizing and publishing the annual results and reports have been affected by the enhanced COVID-19 restrictions imposed in Beijing in the second quarter of 2022 which restricted the ability of the auditors to access and review corporate records in the Beijing offices of the Group. It is currently expected that the annual results and report for each of the years ended 31 December 2020 and 31 December 2021 will be published on or before 31 August 2022.

## **Resumption Guidance**

(vii) demonstrate compliance with Rule 13.24 of the Listing Rules

(viii) announce all material information for the Company's shareholders and investors to appraise its position

## **Latest Progress**

The Group is principally engaged in providing financing services in Hong Kong and mainland China.

Since the suspension of trading of the shares in the Company on 29 March 2021 and up to the date of this announcement, the Group has continued its normal business operations.

Since the suspension of trading of the shares in the Company, the Company has kept its shareholders and potential investors informed of all material information in relation to the Unauthorized Guarantees and Unauthorized Loans, the Resumption Guidance and any relevant updates and progress by way of announcements.

The Company will continue to keep its shareholders and potential investors abreast of any relevant material development by making further announcement(s) as and when appropriate in accordance with the requirements under the Listing Rules.

## **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 Company's results for the year ended 31 December 2020 and will remain suspended until the Company fulfills the Resumption Guidance as disclosed in the Company's announcement of 28 June 2021.

The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate.

**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, 30 June 2022

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

Mr Zhang Min

*Independent non-executive Directors*

Mr Chan Chun Keung

Mr Lee Ka Wai

Dr Zhang Xiao Jun

Madam Zhan Lili