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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 8 March 2024 in relation to, among others, the appointment of Mr. Cheng Tai Sheung as an independent non-executive director of the Company and as the member of Audit Committee, Remuneration Committee and Nomination Committee (the “**Announcement**”). Capitalised terms and expressions used herein shall have the same meanings as those defined in the Announcement, unless otherwise defined herein or the context requires otherwise.

The Board hereby makes further announcement in relation to RHB Securities Hong Kong Limited (“**RHB**”), a licensed corporation under the SFO that Mr. Cheng had worked for from 2014 to 2019, as disclosed in the Announcement.

Pursuant to public information, RHB received a public reprimand and a penalty of HK\$6.4 million from the Securities and Futures Commission (“**SFC**”) in 2020 (“**RHB Reprimand and Penalty**”) for its failure to comply with:

- paragraph 16.7 of the Code of Conduct for Persons Licensed by or Registered with the SFC (“**Code of Conduct**”) with its failure to effectively implement its policy on avoiding analyst conflicts of interest, as two research reports on a listed company which was listed on RHB’s research restricted list were issued in 2015;
- paragraph 16.5(d) of the Code of Conduct with its failure to adequately disclose its investment banking relationship in a research report issued in November 2015;
- paragraph 16.4(b) of the Code of Conduct with its failure to effectively monitor the trading of its research analysts, as the former head of research sold shares of a listed company within 30 days before the issue of two research reports on the listed company; and

- paragraphs 3.9, 4.2 5.4 and 7.1 of the Code of Conduct with its failure to adequately supervise account executives and implement effective controls to ensure account executive compliance, as it was not able to produce telephone order records for the securities trading account of a client during the SFC's inspection in 2016, and it was further discovered that RHB's frequency and extent of review of its sample telephone recording checking does not commensurate with the size of its business.

The Board had carefully assessed the RHB Reprimand and Penalty before the appointment of Mr. Cheng and received written confirmation from Mr Cheng that the RHB Reprimand and Penalty was unrelated to him, and he is not and was not the person or party under reprimand in the RHB Reprimand and Penalty. The Board further understands that Mr. Cheng was serving as the head of the investment banking team during his time with RHB, while the RHB Reprimand and Penalty was, as disclosed above, in relation to various incidents involving the research team of RHB. Mr. Cheng was not involved in any of the incidents relevant to the RHB Reprimand and Penalty as there was Chinese wall arrangement between the investment banking team and the research team of RHB which block the exchange of information between the two departments. The Board also engaged background search agent who conducted background checks against, amongst others, public register of licensed persons and registered institutions, and noted that there was no record of public disciplinary actions against Mr. Cheng. The Board was and is therefore satisfied that the RHB Reprimand and Penalty does not affect Mr. Cheng's eligibility and suitability as an independent non-executive Director of the Company.

By Order of the Board
China Vered Financial Holding Corporation Limited
Du Lina
Acting Chairperson

Hong Kong, 20 March 2024

As at the date of this announcement, the Board comprises (1) Ms. Lin Le, Mr. Li Feng, and Ms. Du Lina as executive directors of the Company; (2) Mr. Zhang Boyang as non-executive director of the Company; and (3) Ms. Zhou Hui and Mr. Cheng Tai Sheung as independent non-executive directors of the Company.