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## **Tianyun International Holdings Limited**

**天韵國際控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 6836)**

### **QUARTERLY UPDATE ON RESUMPTION PROGRESS**

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

References are made to (i) the Company’s announcements dated 31 March 2022 and 8 April 2022 in relation to the delay in publication of the unaudited and audited annual results of the Group for the year ended 31 December 2021 and suspension of trading in the Company’s shares (the “**Shares**”) since 1 April 2022; (ii) the Company’s announcement dated 29 April 2022 in relation to, amongst others, the establishment of an investigation committee to investigate into the unauthorized transaction(s); (iii) the Company’s announcement dated 12 May 2022 in relation to the Stock Exchange’s guidance to the Company for the resumption of trading in the Shares (the “**Resumption Guidance**”); (iv) the Company’s announcement dated 16 May 2022 in relation to the change of auditors of the Company; (v) the Company’s announcement dated 30 June 2022 in relation to quarterly update on the progress of resumption of trading in the Shares; (vi) the Company’s announcement dated 29 July 2022 in relation to key findings of the independent forensic investigation and potential deconsolidation of subsidiaries of the Group (the “**Potential Deconsolidation Announcement**”); (vii) the Company’s announcement dated 5 August 2022 in relation to key findings of internal control review (the “**IC Review Announcement**”); (viii) the Company’s announcements dated 10 August 2022 and 19 August 2022 in relation to, amongst others, the deconsolidation of subsidiaries of the Company (the “**Deconsolidation Announcement**”) (collectively, the “**Previous Announcements**”).

Capitalised terms used in this announcement have the same meanings as defined in the Previous Announcements unless defined otherwise herein.

### **UPDATE ON THE RESUMPTION PROGRESS**

Below is the Resumption Guidance and the update on the progress of the Company’s resumption plan with details of actions that the Company has taken or intends to take as well as the expected timeframe in fulfilling the Resumption Guidance to resume trading in the Shares:

## Resumption Guidance

## Update on resumption progress and the expected timeline

- (i) Conduct an appropriate Investigation into the unauthorized transaction(s) carried out by subsidiary(ies) of the Group, announce the findings and take appropriate remedial actions

The Company received the Forensic Investigation Report from the Forensic Accountant on 29 July 2022.

According to the Forensic Investigation Report, the Investigation Committee noted that the Unauthorized Transfer was conducted by Mr. Li and is of the view that Mr. Li should be responsible for the consequential losses suffered by the Group.

After due and detailed discussion, the Investigation Committee is of the view that the content and findings in the Forensic Investigation Report are reasonable and acceptable. Accordingly, the Board had resolved to adopt the findings of the Forensic Investigation as recommended by the Investigation Report.

Key findings of the Forensic Investigation, the view of the Investigation Committee, the overall responses of the Board and the remedial actions taken by the Board were published in the Potential Deconsolidation Announcement.

Further, in order to entrench the Group from any further potential tangible and intangible losses and damage arising from the loss of control of the Subsidiaries, including reputational risks and potential third-party claims, on 10 August 2022, Strong Won BVI resolved to wind up Strong Won HK by way of member's voluntary winding-up under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). Also, due to the loss of control of the Subsidiaries by the Company and the lack of collaboration with the Auditor by the staff of the Subsidiaries, the Auditor has been unable to carry out all necessary procedures for the audit of the accounts of the Subsidiaries for the year ended 31 December 2021, the Board has, after detailed discussions with the Auditor, resolved that the Deconsolidation would take effect from 1 January 2021.

The Company has instructed the Forensic Accountant to extend the scope of the Forensic Investigation (the "**Extended Investigation**") in order to address the concerns raised by the Stock Exchange. The Extended Investigation was completed on 23 September 2022. The Company is expected to announce the relevant findings in accordance with the requirements under the

Listing Rules on or before 7 October 2022, and will, if necessary, take appropriate remedial actions.

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

As set out in the Forensic Investigation Report, the Unauthorized Transfer was conducted by Mr. Li and was primarily caused by: (i) Mr. Li entering into the loan agreement with Mr. Gu without authorization and approval from the Board; and (ii) Mr. Li having overridden the Company's investment management and payment internal control procedures and instructed the financial staff of Tiantong Yichang to transfer the Loan to Mr. Gu without proper authorization.

In view of the above findings, the Investigation Committee is of view that Mr. Li has failed to discharge his fiduciary duties as a director of Tiantong Yichang, in particular, he failed to act honestly and in good faith in the overall interests of the Company and to exercise reasonable care, skill, and diligence.

The Forensic Investigation had also identified all persons involved in the Unauthorized Transfer and concluded that none of the Directors was involved in the Unauthorized Transfer nor had knowledge of it until they were informed.

In order to prevent occurrence of similar incidents in the future and enhance the corporate governance of the Group, the Board has resolved to adopt the recommendation of the Investigation Committee. If there are any additional findings on the management integrity, and/or the integrity of any persons with substantial influence over the Company's management and operations in the future, the Company will announce and take appropriate actions and measures as soon as practicable.

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

The Auditor is in the course of finalizing the audit of the financial statements of the Remaining Group for the year ended 31 December 2021.

As announced in the Company's announcement dated 26 August 2022, the publication of the results announcements and reports, as well as the Board meeting approving the same, will be further postponed to a date to be determined.

The Company will publish further updates on the date of Board meeting as and when appropriate.

- (iv) Demonstrate the Company's compliance with Rule 13.24 of the Listing Rules
- Since the suspension of trading in the Shares on 1 April 2022 and up to the date of this announcement, the business operations of the Group have operated as usual in all material respects. The Company's compliance with Rule 13.24 of the Listing Rules can be further assessed with the publication of the 2021 Audited Annual Results.
- (v) Conduct the IC Review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules
- On 5 August 2022, the Audit Committee reported the results of the IC Review and the Board has reviewed and approved the IC Review report on the same day.
- Having considered the IC Review Report and the remedial actions taken by the Group, in particular, Elite Partners Risk Advisory had performed follow-up reviews on the enhanced internal control measures adopted by the Group, the Audit Committee and the Board are of the view that (i) the key internal control deficiencies as set out in the IC Review Report have been remediated and the related risks have been managed to a reasonable level; and (ii) the remedial actions and improvement measures implemented by the Company are adequate and sufficient to address the key findings of the IC Review Report and the internal control concerns raised by PwC. The Board are of the view that the Group has in place the adequate internal controls and procedures to prevent and detect incidents similar to the Unauthorized Transfer.
- Key findings of the IC Review and the view of the Audit Committee and the Board were published in the IC Review Announcement.
- (vi) Announce all material information for the Company's shareholders and investors to appraise its position
- Since the suspension of trading in the Shares on 1 April 2022, the Company has kept its shareholders and potential investors informed of all material information in relation to the unauthorized transaction(s) carried out by subsidiary(ies) of the Group, 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.

## **CONTINUED TRADING SUSPENSION OF THE SHARES OF THE COMPANY**

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 am on 1 April 2022 as required under Rule 13.50 of the Listing Rules and will remain suspended until further notice.

The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress on the fulfilment of the Resumption Guidance 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  
**Tianyun International Holdings Limited**  
**Yang Ziyuan**  
*Chairman and Executive Director*

Hong Kong, 30 September 2022

*As at the date of this announcement, the Board comprises (i) Mr. Yang Ziyuan, Mr. Sun Xingyu and Mr. Yeung Wan Yiu as the executive Directors; (ii) Ms. Chu Yinghong and Mr. Wong Yim Pan as the non-executive Directors; and (iii) Mr. Liang Zhongkang, Mr. Shiu Shu Ming and Prof. Ye Xingqian as the independent non-executive Directors.*