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FUGUINIAO CO., LTD.

富貴鳥股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)
(Stock Code: 1819)

UPDATE ON PROGRESS OF FULFILLMENT OF RESUMPTION CONDITIONS

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

References are made to the announcements of the Company dated 31 August 2016, 22 September 2016, 11 April 2017, 9 May 2017, 18 May 2017 (the “**Resumption Conditions Announcement**”), 31 May 2017, 23 June 2017, 28 July 2017, 22 August 2017, 29 September 2017, 23 October 2017 and 24 November 2017.

As part of the resumption conditions referred to in the Resumption Conditions Announcement, the Company should demonstrate that it has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules. To assist the Company in fulfilling this condition, the Company has engaged Pan-China Enterprise Risk Management Consulting Limited (“**Pan-China**”) as its internal control consultant to conduct a review of the internal control systems and procedures of the Group, and to make recommendations accordingly.

Pan-China has conducted on-site visits and interviewed certain relevant personnel of the Group, and has proposed for the Company’s consideration certain enhancements of cross-department procedures with a view to strengthen the control over the Company’s initiation, vetting, and approval of granting of corporate guarantees and the related disclosure procedures in compliance of the Listing Rules.

In the course of finalizing the annual results for the year ended 31 December 2016 and the interim results for the six months ended 30 June 2016 and 30 June 2017, the Directors note that the auditors are minded to issue disclaimer of opinion/conclusion on the basis of certain matters related to the following accounts in the Company's draft financial statements: prepayments, deposits and other receivables, trade receivables, inventories, guarantees granted to certain third parties, fixed deposits and other financial assets. The Directors take a serious view of the proposed disclaimer of opinion/conclusion and have revised the scope of its engagement with Pan-China pursuant to which Pan-China will now conduct a review of most of the matters underlying the proposed disclaimer of opinion in the draft annual results for the year ended 31 December 2016.

Broadly speaking, Pan-China is tasked to examine whether the Company's approval of financial transactions, recording and settlement of prepayments, deposits and other receivables are in line with the Company's financial operations. The scope of Pan-China's work will cover balances related to the aforementioned accounts as at 31 December 2016, fund transfers approval, security and guarantee related transactions, fund flows related to the same during the year 2016, and balances of the aforementioned accounts as at 31 December 2017. Pan-China is expected to set out the appropriate internal control recommendations in its final report when the current internal control review exercise completes at the scheduled time of end of May 2018.

With the aid of the aforementioned final report, the Directors will try to understand how the matters that led to the proposed disclaimer of opinion have arisen and to address the ensuing issues and to formulate the appropriate preventive measures going forward.

The Company and its advisers have been taking all appropriate actions to fulfill the resumption conditions as imposed by the Stock Exchange.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2016 and will remain suspended until further notice.

By order of the Board of
Fuguiniao Co., Ltd.
Lam Wo Ping
Chairman

Hong Kong, 20 March 2018

As at the date of this announcement, the executive Directors are Mr. Lam Wo Ping, Mr. Lam Wing Ho, Mr. Lam Wo Sze and Mr. Hong Huihuang; and the independent non-executive Directors are Mr. Wang Zhiqiang, Mr. Cheung Ming Hung and Mr. Chung Wai Man.