Fu Shou Yuan International Group Limited
福壽園國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1448)

QUARTERLY UPDATE ON PROGRESS OF RESUMPTION; AND CONTINUED TRADING SUSPENSION

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of Fu Shou Yuan International Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) and Rule 13.49(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements (the "**Announcements**") of the Company dated March 19, 2026, March 31, 2026, April 27, 2026, June 18, 2026, July 10, 2026, August 14, 2026 and August 31, 2026 in relation to, among other matters, the delay in publication of the 2025 Annual Results; delay in despatch of the 2025 Annual Report and Sustainability Report; postponement of the Board meeting; the progress of the investigation; update on progress of resumption; postponement of the annual general meeting; appointment of the independent Investigator; delay in publication of the 2026 Interim Results; delay in despatch of the 2026 Interim Report; removal of an executive Director; and trading suspension. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcements.

QUARTERLY UPDATE ON PROGRESS OF RESUMPTION

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the Shareholders and potential investors on the recent developments of the Company and the progress of its efforts to fulfill the Resumption Guidance as at the date of this announcement, as follows:

(a) Conduct an appropriate independent forensic investigation into the Questionable Transactions, assess their impact on the Company's business operations and financial position, announce the findings of the investigation and take appropriate remedial actions;

Background

As disclosed in the Announcements, in July 2025, allegations appeared on a mainland online forum against a former executive Director of the Company (who was removed as the CEO in December 2025 and removed from office as a Director on August 28, 2026) (the "**Former CEO**"), alleging that he, together with certain management of a wholly-owned subsidiary of the Company (the "**Subsidiary**"), breached compliance requirements for personal gain when operating projects of the Subsidiary.

In February 2026, the Audit Committee and Compliance Committee of the Company resolved to engage Ernst & Young (China) Advisory Limited ("**EYCAL**") as a consultant to further review the above matters, including the involvement of relevant personnel, the Group's approval procedures and internal control systems during the relevant period, as well as the commercial rationale, business substance and use of the relevant funds.

During the preparation of the annual results, the Group noted a payment relating to an asset procurement transaction in the amount of approximately RMB3 million, for which the supporting documents and approval procedures require further verification and assessment.

Subsequently, on March 19, 2026, the Company established the Special Investigation Committee (the "**Special Investigation Committee**") comprising all independent non-executive Directors. On March 22, 2026, the Special Investigation Committee further appointed EYCAL as the forensic accountant (the "**Forensic Accountant**") to conduct an independent forensic investigation into the relevant Questionable Transactions.

By late March 2026, the Forensic Accountant reported its preliminary findings, which preliminarily identified a total of 47 Questionable Transactions during the period from 2016 to 2025 relating to cash withdrawals/disbursements and payments to suppliers purportedly for procurement, amounting to approximately RMB19.7 million in aggregate. At that time, the quantity, nature and relevant individuals involved in the Questionable Transactions remained subject to further investigation and verification.

Scope of Relevant Personnel

The personnel relevant to the investigation include former management and former and current staff members of the Group: the Former CEO; a former senior consultant of the Group (then a senior advisor to the CEO of the Group and head of the Group's planning and design review committee); a former consultant of the Group's process and risk control centre (then a consultant of the Group's financial planning centre and the person in charge of the Group's funds); and a current accountant of certain subsidiaries of the Group (being non-principal operating entities) (then a funds specialist of the Group's financial planning centre and an accountant of certain subsidiaries of the Group) (collectively, the "**Relevant Personnel**").

Scope of Investigation

The scope of the investigation covers: (i) matters involving cash withdrawals or cash disbursements, as well as related procurement transactions and payment arrangements (including previously disclosed matters and other subsequently identified transactions); (ii) the Relevant Personnel involved in the above transactions; and (iii) the Group's cash flows, approval procedures and implementation of internal controls during the relevant period.

Investigation Methods and Main Procedures

The forensic accountant appointed by the Special Investigation Committee have commenced various investigative procedures, including but not limited to the following:

i. Conducted further investigation into the previously identified questionable matters, including electronic data review and necessary interviews as referred to in the procedures below, in order to examine the substance of the relevant transactions and the use of funds;

ii. Conducted: (i) transaction completeness testing on all remaining bank accounts of the Group during the period from January 1, 2024 to December 31, 2025 ("**Period 1**"), excluding those designated for specific purposes, to identify and investigate discrepancies between bank records and accounting records; and (ii) a review of discrepancies between bank records and accounting records and of transactions of the Subsidiary during the period from January 1, 2014 to December 31, 2025 ("**Period 2**"). ("**Period 1**" and "**Period 2**" are collectively referred as "**Review Period**");

iii. During the Review Period, for companies whose bank accounts were managed by the Relevant Personnel (the "**Relevant Companies**"), conducted testing on payment transactions exceeding a certain threshold amount where such payments were either not approved at all or were approved solely or jointly by any of the four Relevant Personnel without following the prescribed fund authorization and approval rules, and examined the substance of such payments and the use of funds;

iv. Reviewed the onboarding procedures of the relevant questionable suppliers, as well as summerised and examined the transactions between companies within the Group and such suppliers, including the commercial substance of those transactions;

v. Conducted electronic forensics and data review on the work computers, work emails and work-related communication data of the Relevant Personnel;

vi. Identified and summerised bank transfers made to Relevant Personnel during the Review Period, and examined the supporting documentation for such transfers; and

vii. Conducted interviews with Relevant Personnel.

Key Investigation Findings

With the full support of the Special Investigation Committee, the Forensic Accountant has completed its data collection to the extent practicable and completed its independent investigation report (the "**Investigation Report**"). The key investigation findings set out in the Investigation Report are as follows. As at the date of this announcement, the Forensic Accountant identified a total of 69 Questionable Transactions within the scope of the investigation, amounting to RMB23,412,645 in aggregate, details of which are set out below:

Type of Questionable Transactions	**Number**	**Amount** *(RMB)*
Cash withdrawal transactions lacking supporting documents to substantiate the use of cash withdrawn	22	8,015,353
Multi-purpose prepaid cards ("**OK Cards**") lacking distribution records to substantiate actual use	30	2,894,000
General manager expenses and corporate cards lacking supporting documents to substantiate actual use	6	800,000
Payments of an unclear nature to a former employee	1	1,655,500
Payments to external companies with questionable commercial substance (refer to the Note below)	10	10,047,792
Subtotal	69	23,412,645
Less: double-counting of cash withdrawal transactions and payments to suppliers	(5)	(645,212)
Total	64	22,767,433

Note: Among the 10 transactions in respect of which the commercial substance of the payments to external companies was in doubt, 5 involved payments made to one supplier (amounting to RMB690,376 in aggregate), of which RMB645,212 was transferred back by such supplier to a relevant company and subsequently withdrawn in cash respectively (such cash withdrawal transactions were counted under "Cash withdrawal transactions lacking supporting documents to substantiate the use of cash withdrawn").

Based on the information obtained through electronic data review, interviews, document review and other procedures as set out in the Investigation Report, the fund flows and instructions in relation to the Questionable Transactions are as follows:

1. *A total of 58 Questionable Transactions relating to cash withdrawals, OK Cards, general manager expenses and corporate cards, amounting to RMB11,709,353 in aggregate*

   Of these, (i) 22 cash withdrawal transactions amounted to RMB8,015,353 in aggregate. According to interviews conducted during the investigation with Relevant Personnel (current and former) and external payees (the "**Interviews**"), cash in respect of 13 transactions amounting to RMB6,656,937 in aggregate was withdrawn under the direction of the then person in charge of funds with the assistance of several finance personnel and subsequently delivered to the Former CEO. Requests for funds were mainly made directly by the Former CEO to the then person in charge of funds, who determined the amount to be withdrawn based on the sources of funds, arranged subordinate finance personnel to withdraw the cash and deliver it to the Former CEO. WeChat communication records identified through electronic data review also corroborated certain of such fund flows. Cash in respect of 4 transactions amounting to RMB713,204 in aggregate was delivered to a former senior consultant to the Former CEO, while the remaining amounts involved a general manager assistant of a Relevant Company, the then person in charge of funds and others. (ii) 30 purchases of OK Cards amounted to RMB2,894,000 in aggregate, all of which lacked distribution records. According to the Interviews, OK Cards with a value of approximately RMB810,000 were collected by the Former CEO; OK Cards with a value ranging from approximately RMB1,184,000 to RMB1,264,000 were collected by a former senior consultant to the Former CEO; and the remaining OK Cards were collected by a general manager assistant of a Relevant Company, the then person in charge of funds and other personnel for social and relationship maintenance activities. (iii) 6 transactions relating to general manager expenses and corporate cards amounted to RMB800,000 in aggregate, of which RMB700,000 was paid directly to the Former CEO and RMB100,000 was paid to the corporate card used by the Former CEO. However, there was no written policy or budget approval in respect of such general manager expenses, nor were there invoices to support the aforesaid payments, payment slips or other supporting documents specifying the actual use of the funds.

2. *One payment of an unclear nature to a former employee in the amount of RMB1,655,500*

   The transaction lacked sufficient supporting documentation to substantiate the nature and commercial substance of the payment.

3. *10 payments to external companies with questionable commercial substance, amounting to RMB10,047,792 in aggregate*

According to the investigation findings, the relevant payments lacked sufficient supporting documentation to substantiate their commercial substance or the actual delivery of the relevant goods or services. The personnel involved in the relevant payments (including the personnel who processed the payments and the approvers other than the Former CEO) had not engaged in substantive business communications with the relevant payees, had not witnessed the actual delivery of the relevant goods or services, and were not aware of the commercial substance of the relevant payments. According to the Interviews, there were instances where the relevant payments were made directly at the instruction of the Former CEO or where the Former CEO instructed the then person in charge of funds to arrange the payments.

Remedial measures: The Company has replaced the finance personnel responsible for fund review duties in connection with the Questionable Transactions, issued an updated Group treasury management policy, and arranged relevant training courses on treasury management for the management and finance personnel of the Company and its subsidiaries. The Company has sought assistance from its legal advisers in respect of the payment to the former employee, and will enhance the approval and supporting documentation requirements for non-routine payments to current and former employees, further strengthen the management of approvals, receipt and use, write-off and document retention in respect of cash withdrawals, cash equivalents and management expenses, and strengthen supplier management, payment approval and the review requirements for transaction supporting documentation, and further improve the relevant policies and procedures in accordance with the recommendations of the internal control consultant.

In respect of the Relevant Personnel involved in the above 69 Questionable Transactions, the identifiable direct fund flows involving the Former CEO amounted to RMB8,266,937 in aggregate, comprising cash withdrawals of RMB6,656,937, OK Cards of RMB810,000, and general manager expenses and corporate cards of RMB800,000; the identifiable direct fund flows involving a former senior consultant to the Former CEO amounted to between RMB1,897,204 and RMB1,977,204 in aggregate; and the identifiable direct fund flows involving the then person in charge of funds amounted to between RMB200,000 and RMB370,000 in aggregate.

In respect of the approval status of the above 69 Questionable Transactions, 19 transactions (amounting to RMB8,937,649 in aggregate) were not subject to any approval, including 7 sets of bank inflow and cash withdrawal transactions which were not recorded in the financial ledgers (amounting to RMB3,026,201 in aggregate). The remaining 50 transactions (amounting to RMB14,474,996 in aggregate) were approved only through offline payment notification forms, without obtaining sufficient approvals in accordance with the Company's applicable authorization and approval policy for the use of funds and the relevant approval procedures.

Specific Limitations of the Independent Forensic Investigation

The Special Investigation Committee wishes to inform the Shareholders and potential investors that the independent investigation was subject to the following principal limitations:

i. The Former CEO did not participate in an interview despite multiple invitations. Despite repeated requests, the Former CEO did not provide the three company computers used by him for electronic data forensics (which, according to the Company's records, were purchased with Company funds through the Company's procurement approval procedures and recorded as fixed assets of the Company), nor did he provide the password to his corporate email account or his personal communication records relating to work;

ii. Three former employees (including a former deputy general manager of a Relevant Company, a former assistant to the Former CEO who also served as general manager of the administration and human resources centre, and a former finance staff member of a Relevant Company) declined to participate in interviews;

iii. Four external payees were unable or unwilling to cooperate with the investigation, including one which declined to participate in an interview, two on which cooperation letters could not be served, and one which did not respond after acknowledging receipt of a cooperation letter; and

iv. The accounting vouchers of a subsidiary for the period from 2014 to 2017 had been lost, rendering it impossible to review the supporting documentation attached to transactions during that period.

Review and Follow-up Work of The Board and The Special Investigation Committee

The Special Investigation Committee is seeking professional advice in relation to the findings of the Investigation Report. Having taken into account the professional advice received to date (and without waiving any legal professional privilege or other applicable forms of privilege), the Special Investigation Committee preliminarily considers that, notwithstanding the above limitations, the Forensic Accountant has cross-checked and corroborated the principal Questionable Transactions through multiple sources by reviewing bank records and financial information, examining transactions and supporting documentation, interviewing Relevant Personnel, reviewing electronic data obtained and performing other investigation procedures. Accordingly, the Board and the Special Investigation Committee consider that the procedural limitations identified at this stage do not have a material impact on the principal findings and results of the Forensic Accountant's investigation. The Special Investigation Committee confirms that, in the course of the independent investigation, it has urged the relevant parties to cooperate with the investigation and will continue to take all reasonable measures to safeguard the interests of the Company and the Shareholders as a whole. As such, notwithstanding the limitations as set out under "Specific Limitations of the Independent Forensic Investigation", the Board and the Special Investigation Committee consider that the Investigation Report has adequately addressed each of the Questionable Transactions based on best-available information there were provided.

The Former CEO was removed as the CEO in December 2025 and removed from office as a Director on August 28, 2026. The Company will, as and when appropriate, announce the remedial measures and follow-up actions recommended by the Special Investigation Committee, and will make further announcement(s) as soon as practicable in respect of the conclusions and recommendations of the Special Investigation Committee and the Board.

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

As at the date of this announcement, the 2025 Annual Results and the 2026 Interim Results have not yet been finalised. The Company is compiling and providing the necessary information and documents requested by the Auditor to complete the audit in respect of the 2025 Annual Results and the review procedures in respect of the 2026 Interim Results.

The publication or despatch of the 2025 Annual Results, the 2025 Annual Report, the 2025 Sustainability Report, the 2026 Interim Results and the 2026 Interim Report remains subject to the progress of the Stock Exchange's enquiries in relation to the Investigation Report referred to in item (a) and the progress and results of the independent internal control review referred to in item (d). No date has yet been fixed for the relevant publication or despatch. Given that the 2025 Annual Results and the 2025 Annual Report have not yet been finalised and published, it is expected that the annual general meeting of the Company (the "**AGM**") will also be further postponed.

The Company will continue to work closely with the Auditor and take all necessary measures to publish the 2025 Annual Results and the 2026 Interim Results, and despatch the 2025 Annual Report, the 2025 Sustainability Report and the 2026 Interim Report, as soon as practicable. The Company will make further announcement(s) as and when appropriate to inform the Shareholders and potential investors of the publication dates of the 2025 Annual Results and the 2026 Interim Results, the despatch dates of the 2025 Annual Report and the 2026 Interim Report, and the date of the AGM.

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

The Board's assessment of the integrity, competence and character of the management and/or any persons with substantial influence over the Company's management and operations will only be conducted after the Stock Exchange has completed its enquiries in relation to the independent Investigation Report and the internal control review has been concluded. As both exercises are still ongoing, no conclusion has been reached at this stage.

(d) Engage an independent internal control consultant to conduct an independent internal control review and demonstrate that:

(i) the material deficiencies identified in relation to the trading suspension have been rectified and all necessary remedial measures have been implemented; and

(ii) the internal controls of the Company are adequate and effective to serve their purposes and enable the Company to comply with the Listing Rules in all material aspects, including but not limited to financial reporting, disclosure and compliance relating to notifiable and connected transactions and disclosure of material information;

With respect to the appointment of the internal control consultant, the Audit Committee and the Compliance Committee have commenced the relevant work, which is currently at the stage of shortlisting. The Company will complete the selection process and appoint the internal control consultant as soon as practicable. Upon appointment, the internal control consultant will commence the independent internal control review as soon as practicable, compile an analytical report on findings, and put forward recommendations on the measures to be adopted by the Company to improve and strengthen the Group's internal control systems. The Company will make a further announcement upon the appointment of the internal control consultant.

Further announcement(s) will be made by the Company to keep the Shareholders and potential investors informed of the progress of the internal control review, any material developments, recommendations from the internal control consultant and the status of the Company's implementation of remedial measures.

(e) Demonstrate the Company's compliance with Rule 13.24;

Since the suspension of trading on March 20, 2026 and up to the date of this announcement, the Group has continued to operate its cemetery and funeral businesses in the ordinary course of business. The Group's principal operating entities and cemeteries have continued to provide customers with burial services, funeral services, memorial and other related services. The Group's overall business operations have continued in all material respects as normal and have not experienced any material interruption as a result of the suspension of trading in the Company's shares. During the trading suspension, the Group has continued to enhance its product and service portfolio in response to the needs of different customers, including by providing burial products and services across different price ranges, promoting land-saving ecological burial and life commemoration services, and further implementing digital services across its cemeteries and related service scenarios to enhance its online and offline service capabilities and customer experience. Certain cemeteries of the Group have also continued to upgrade their service facilities and conduct various life commemoration, public welfare ecological burial and other customer service activities. Based on the above, the Board considers that, as at the date of this announcement, the Group continues to maintain business operations of substance that are viable and sustainable, together with sufficient assets to support its operations, and complies with Rule 13.24 of the Listing Rules. The Group will continue to maintain the normal operation of its business, assess and monitor the impact, if any, of the trading suspension on the Group's business operations and financial performance, and disclose any material developments as and when appropriate in accordance with the requirements of the Listing Rules.

(f) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

The Company will continue to keep the Shareholders and other investors informed of any relevant material developments by making further announcement(s) as and when appropriate under the Listing Rules. The Company will continue to work closely with its professional advisers and take all necessary and appropriate steps to fulfill the Resumption Guidance with a view to resuming trading in its shares on the Stock Exchange as soon as practicable.

CONTINUED TRADING SUSPENSION

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Friday, March 20, 2026 and will remain suspended until further notice. The Company will issue a further announcement in due course to inform the market of the latest developments and the arrangements for the resumption of trading.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Fu Shou Yuan International Group Limited
Bai Xiaojiang
Chairman and Executive Director

Hong Kong, September 16, 2026

As at the date of this announcement, the executive Directors are Mr. Bai Xiaojiang and Mr. Ho Man; the non-executive Directors are Mr. Tan Leon Li-an, Mr. Lu Hesheng and Mr. Huang James Chih-Cheng; and the independent non-executive Directors are Ms. Liang Yanjun, Mr. Shi Xiaobei, Mr. Chen Gui, Mr. Ng Michael Chiu Ho, Mr. Zhao Guangbin, Mr. Zhou Quan and Ms. Qian Qian.