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**JIU RONG HOLDINGS LIMITED**

**久融控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2358)**

**FURTHER INFORMATION TO THE AUDITED ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to the announcement of Jiu Rong Holdings Limited (the “**Company**”) dated 31 March 2021 in relation to the audited annual results of the Company for the year ended 31 December 2020 (the “**2020 Audited Annual Results Announcement**”).

The Board of Directors would like to provide further information in relation to the auditors’ qualified opinion as a result of the auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the recoverability of the trade receivables of approximately HK\$189,666,000 from the Banco Nacional de Cuba (“**Cuba Trade Receivables**”) derived from the trading business of Soyea Jiu Rong Technology Company Limited (“**Soyea Jiu Rong**”), an indirect wholly owned subsidiary of the Company) to Cuba. As the Group fails to reach a settlement plan with expected timetable with the Banco Nacional de Cuba and cannot recover the Cuba Trade Receivables before issuance of the 2020 audited annual results. The Group may consider to provide an impairment loss of the Cuba Trade Receivables on the Group’s financial statements. But since Banco Nacional de Cuba continues to undertake that it will settle the Cuba Trade Receivables and Banco Nacional de Cuba is still in normal operation. Auditors will propose qualification on (i) the balance of the Cuba Trade Receivables and (ii) impairment loss of the Cuba Trade Receivables due to limitation on the amount of the impairment loss and whether such impairment loss should be recorded in current or prior years. This qualification will only be removed when Banco Nacional de Cuba indicates that it will not settle the Cuba Trade Receivables and the amounts of the impairment loss becomes certain.

Taken into account that Banco Nacional de Cuba is a state-owned commercial bank and the Banco Nacional de Cuba continues to undertake that it will settle the Cuba Trade Receivables and Banco Nacional de Cuba is still in normal operation, the management believes that Banco Nacional de Cuba will be able to settle the Cuba Trade Receivables when the shortage of foreign currency of Cuba being improved, as a result, the management did not provide any impairment on the Cuba Trade Receivables and auditors do agree with the Group that impairment is not an appropriate way and will not solve the audit issues and leads to other audit

qualifications unless Banco Nacional de Cuba indicates that it will not settle the Cuba Trade Receivables. However, as auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the recoverability of the Cuba Trade Receivables. There are no other satisfactory audit procedures that auditors could adopt to determine whether any allowance for non-recovery of the amount should be made in the consolidated financial statements, as a result, auditors issued the qualified opinion to the Cuba Trade Receivables for the year ended 31 December 2020. The management and the audit committee agreed with the auditor's point of view in relation to the qualified opinion as the management and the audit committee considered the recovery of the Cuba Trade Receivables arose from the political issues of Cuba that is out of both Banco Nacional de Cuba and the Company's control because the Cuba has been running out of foreign currency and the Cuba Government strictly controlled the usage of foreign currency.

The key sources of foreign exchange income of Cuba are tourism and export of medical service experts (such as Cuba assigned doctors and nurses to other South America's countries for exchange of foreign currency). However, since January 2017, the U.S. government began to tighten its tourism and trade policies toward Cuba. In June 2019, the U.S. government banned U.S. people to travel to Cuba for the purpose of humanistic education and prohibited U.S. people to travel to Cuba by cruise ships or private jets. The number of tourists to Cuba decreased from 4.75 million in 2018, 4.27 million in 2019, to only 1.08 million in 2020. Foreign exchange income dropped from US\$10 billion in 2018 to only US\$3 billion in 2020. Due to the U.S. government intensified sanctions against Cuba, many South America countries followed the United States and expelled medical experts of Cuba. In 2020, there was almost no foreign exchange income from exports of medical experts. As a result of the shortage of foreign exchange, the Cuba government utilized approximately 60% of its foreign exchange to purchase food, medicines and other materials that are urgently needed for the Cuba people's livelihood. The shortage of foreign currency position seems unlikely to be improved in 2021 due to the continuing spread of the COVID-19 worldwide which seriously hit the travelling business of Cuba. The shortage of foreign currency continues to be fierce and the Cuba Government will continue to adopt strict control of the usage of foreign currency, the qualified opinion will be unlikely to be removed in its consolidated financial statements for the financial year ending 31 December 2021. After discussion with auditors, auditors will continue to issue the qualified opinion to the Cuba Trade Receivables.

The Group actively approached and wanted to reach a settlement timetable with the Banco Nacional de Cuba to seek for repayment on the Cuba Trade Receivables. In 2020, our staff in Hangzhou office contacted the responsible officers for the Asia's division of Banco Nacional de Cuba through emails and our staff in Cuba office personally visited to Banco Nacional de Cuba for repayment on a monthly basis, as well as obtaining the confirmation of trade receivable balances from Banco Nacional de Cuba on a quarterly basis (the Group will keep on approaching the Banco Nacional de Cuba through the above ways to seek for settlement of the Cuba Trade Receivables in 2021). Moreover, On 7 April 2021, the general manager of Soyeya Jiu Rong had a meeting with the Chief Executive of the Banco Nacional de Cuba Beijing Representing Office to urge for repayment of the Cuba Trade Receivables. The Chief Executive fully understood the Cuba Trade Receivables and the Group's willingness to urge of such settlement. The Chief Executive undertakes to help liaising with the president of the Banco Nacional de Cuba in relation to the settlement and the Banco Nacional de Cuba

issued outstanding Cuba Trade Receivables balance as at 31 March 2021 to Soyee Jiu Rong on 13 April 2021. However, the Banco Nacional de Cuba is still unable to provide a detailed settlement plan due to the shortage of foreign currency and the Cuba Government strictly controlled the usage of foreign currency that all Cuban companies that need to remit foreign exchange to purchase goods must apply to the Cuba National Special Committee for approval. After discussion with auditors, these steps are still unable to provide sufficient appropriate audit evidence to satisfy themselves as to the recoverability of the trade receivables. As a result, auditors will continue to issue the qualified opinion to the Cuba Trade Receivables for the year ending 31 December 2021.

The Group would like to receive other unrestricted foreign currency other than USD or EUR to settle the Cuba Trade Receivables, yet due to the main source of foreign currency of Cuba were USD and Euro, the other types of foreign currency received by Cuba representing only very small portion to the total foreign currency and such spending also must apply to the Cuba National Special Committee for approval, the Group could not receive other unrestricted foreign currency for settlement.

The Group really wants to recover all outstanding amounts and remove the audit qualifications and try all its means to liaise with Banco Nacional de Cuba, yet, the current foreign currency shortage of Cuba is a political issue which is out of the Group's control, the Group really cannot provide a specific timeline to address the audit issue. Further announcement(s) will be issued by the Company as and when necessary if there are material developments of the auditors' qualified opinion in relation to the Cuba Trade Receivables.

By order of the Board  
**Jiu Rong Holdings Limited**  
**Siu Chi Ming**  
*Executive Director*

Hong Kong, 4 June 2021

As at the date of this announcement, Mr. Siu Chi Ming and Mr. Yin Jianwen are the Executive Directors; Mr. Wang Ning, Mr. Chen Zheng and Mr. Yuan Qian Fei are the Independent Non-executive Directors.