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CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED

中國融眾金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03963)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY

References are made to the announcements of China Rongzhong Financial Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (i) dated 26 June 2020 (the “**Announcement**”) in relation to the Acquisition; (ii) dated 14 August 2020, 30 September 2020, 30 October 2020, 31 December 2020 and 26 February 2021 in relation to the delay in despatch of a circular; and (iii) dated 17 March 2021 in relation to updates on the Acquisition. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

The Board announces that on 29 March 2021 (after trading hours), the Purchaser, the Vendors, Mr. Pan, Mr. Li, Silver Creation and Solomon Glory entered into the Supplemental Agreement to amend and supplement certain terms of the Sale and Purchase Agreement, the major amendments of which are set out as follows:

Revised payment terms of the Consideration

As previously agreed under the Sale and Purchase Agreement, the Consideration shall be settled by the Company by way of allotment and issue of the Consideration Shares in the maximum amount of 98,909,989 based on the issue price of HK\$0.33 per Consideration Share, upon completion of which the Vendors’ aggregate shareholding in the Company would amount to approximately 19.34% of the total issued share capital of the Company. Pursuant to the Supplemental Agreement, the parties conditionally agreed to revise the payment terms such that, instead of the allotment and issue of the Consideration Shares by the Company, the Consideration shall be settled by way of transfer of existing Shares. As the Consideration remains the same and there will be no dilution effect as compared to the issue of the Consideration Shares, the number of existing Shares required for the same shareholding of 19.34% under the revised payment terms is adjusted downward to the maximum number of 79,779,772 Shares, subject to fulfilment of the guaranteed profits.

Pursuant to the Supplemental Agreement, the Consideration shall be settled in the following order by the transfer or procurement of transfer of existing Shares held by Shareholders namely (i) Silver Creation, a substantial Shareholder, in the amount of 31,911,908 Shares; (ii) Solomon Glory, a wholly owned subsidiary of Goldbond, a controlling Shareholder, in the amount of 38,503,380 Shares; and (iii) the Relevant Shareholder to be procured by the Purchaser in the amount of 9,364,484 Shares on behalf of the Purchaser and/or cash equivalent to the Vendors at the Agreed Proportion by tranches, further details of which are set out in the below section headed “Transfer of Transfer Shares by tranches”. Pursuant to the Supplemental Agreement, subject to the then conditions of the Company on the 4th Transfer Date, the parties further acknowledged that, apart from procuring the Relevant Shareholder by the Purchaser for the transfer of the existing Shares and/or by way of cash equivalent by the Company for settlement of the remaining Consideration as disclosed above, the Purchaser may elect to settle such payment by way of allotment and issue of new Shares to the Vendors subject to compliance with the Listing Rules. For the avoidance of doubt, the number of new Shares to be allotted and issued by the Purchaser shall be the same as the number of existing Shares which would otherwise be transferred by the Relevant Shareholder to be procured by the Purchaser.

In return for the transfer or procurement of transfer of the Transfer Shares by Silver Creation and Solomon Glory as partial settlement of the Consideration to the Vendors, the Purchaser shall issue the Promissory Notes by tranches in the aggregate principal amount equivalent to (i) number of respective Transfer Shares multiplied by (ii) 120% of the 20-day average closing price (as stated in the daily quotation sheet of the Stock Exchange) of the Shares immediately before the date of the Supplemental Agreement, being HK\$0.198, considering the prevailing market price of the Shares and the incentivising effect to the relevant Shareholders in return for transferring their Shares as payment for the Consideration on behalf of the Purchaser, to Silver Creation and Solomon Glory following each transfer. Based on the amount of 31,911,908 Transfer Shares and 38,503,380 Transfer Shares to be transferred by Silver Creation and to be transferred under procurement by Solomon Glory, the respective principal amounts of the Promissory Notes to be issued by the Purchaser will be approximately HK\$6.32 million to Silver Creation and approximately HK\$7.62 million to Solomon Glory.

The Consideration is subject to adjustments as set out in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”.

Transfer of Transfer Shares by tranches

Pursuant to the Supplemental Agreement, the settlement of the Consideration to the Vendors have been amended and restated as follows:

- (i) as to HK\$13,056,000, which shall be satisfied by the First Tranche Transfer Shares, representing 40% of the Transfer Shares, to be transferred by Silver Creation to the Vendors at the Agreed Proportion for settlement on the Completion Date;
- (ii) subject to adjustments in accordance with clause (a) in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”, as to HK\$6,528,000, which shall be satisfied by the Second Tranche Transfer Shares, representing 20% of the Transfer Shares, to be transferred under procurement by Solomon Glory to the Vendors at the Agreed Proportion for settlement on the 2nd Transfer Date;
- (iii) subject to adjustments in accordance with clause (b) in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”, as to HK\$6,528,000, which shall be satisfied by the Third Tranche Transfer Shares, representing 20% of the Transfer Shares, to be transferred under procurement by Solomon Glory to the Vendors at the Agreed Proportion for settlement on the 3rd Transfer Date;

- (iv) subject to adjustments in accordance with clause (c) in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”, as to HK\$6,528,000, which shall be satisfied by the Fourth Tranche Transfer Shares, representing 20% of the Transfer Shares, which should first be transferred under procurement by Solomon Glory and then be transferred by the Relevant Shareholder under procurement by the Company and/or alternatively satisfied by cash equivalent of the Company, to the Vendors at the Agreed Proportion for settlement on the 4th Transfer Date; and
- (v) if the number of the Second Tranche Transfer Shares, Third Tranche Transfer Shares and/or Fourth Tranche Transfer Shares transferred or to be transferred (as the case may be) to the Vendors have been adjusted in accordance with clause (a), (b) and/or (c) in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”, any shortfall amount shall be settled by the Fifth Tranche Transfer Shares (if any) (1) to be transferred under procurement by Solomon Glory; and (2) to be transferred by the Relevant Shareholder under procurement by the Company and/or cash equivalent by the Company to the Vendors at the Agreed Proportion for settlement on the 4th Transfer Date in accordance with clause (d) in the below section headed “Adjustment to Consideration subject to the revised profit guarantee”.

For the avoidance of doubt, the First Tranche Transfer Shares shall be transferred directly by Silver Creation to the Vendors at Completion. The Second Tranche Transfer Shares, the Third Tranche Transfer Shares, the Fourth Tranche Transfer Shares and the Fifth Tranche Transfer Shares (if any) shall first be transferred under procurement by Solomon Glory, and shall then be transferred by the Relevant Shareholder under procurement by the Company and/or by way of cash equivalent by the Company to the Vendors.

Adjustment to Consideration subject to the revised profit guarantee

Under the Supplemental Agreement, (i) the profit guarantee for the period from 1 July 2020 to 31 December 2020 has been removed but such clause has been rephrased and included as one of the conditions precedent to the Sale and Purchase Agreement given the latest timetable of the Acquisition, details of which are set out in the below section headed “Conditions precedent”; and (ii) the guaranteed profit amounts in the respective periods and therefore the adjustment mechanism to the Consideration have been amended and restated, which is as follows:

- (a) In the event that the sum of (i) the audited consolidated net profit after tax of the Target Company as shown in its consolidated financial statements for the year ending 31 December 2021, as audited by the Auditor; and (ii) the interest expense arising from the Shareholders’ Loan during the year ending 31 December 2021, shall be:
 - (i) HK\$6,000,000 or more, the Second Tranche Transfer Shares shall be transferred to the Vendors at the Agreed Proportion on the 2nd Transfer Date; or
 - (ii) less than HK\$6,000,000, the number of the Second Tranche Transfer Shares to be transferred to the Vendors at the Agreed Proportion shall be adjusted and calculated as follows,

$$E = F \times \frac{G}{H}$$

where:

“E” means the final number of the Second Tranche Transfer Shares that will be transferred to the Vendors on the 2nd Transfer Date (rounded down to the nearest whole number). In the event that E equals to or is less than zero, the Vendors shall not be entitled to any of the Second Tranche Transfer Shares;

“F” means 15,955,954 Shares, the initial number of the Second Tranche Transfer Shares;

“G” means the sum of (i) the actual amount of the audited consolidated net profits after tax of the Target Company for the year ending 31 December 2021 as shown in its audited consolidated financial statements; and (ii) the interest expense arising from the Shareholders’ Loan during the year ending 31 December 2021; and

“H” means HK\$6,000,000.

(b) In the event that the sum of (i) the audited consolidated net profit after tax of the Target Company as shown in its consolidated financial statements for the year ending 31 December 2022, as audited by the Auditor; and (ii) the interest expense arising from the Shareholders’ Loan during the year ending 31 December 2022, shall be:

(i) HK\$8,250,000 or more, the Third Tranche Transfer Shares shall be transferred to the Vendors at the Agreed Proportion on the 3rd Transfer Date; or

(ii) less than HK\$8,250,000, the number of the Third Tranche Transfer Shares to be transferred to the Vendors at the Agreed Proportion shall be adjusted and calculated as follows,

$$J = K \times \frac{L}{M}$$

where:

“J” means the final number of the Third Tranche Transfer Shares that will be transferred to the Vendors on the 3rd Transfer Date (rounded down to the nearest whole number). In the event that J equals to or is less than zero, the Vendors shall not be entitled to any of the Third Tranche Transfer Shares;

“K” means 15,955,955 Shares, the initial number of the Third Tranche Transfer Shares;

“L” means the sum of (i) the actual amount of the audited consolidated net profits after tax of the Target Company for the year ending 31 December 2022 as shown in its audited consolidated financial statements; and (ii) the interest expense arising from the Shareholders’ Loan during the year ending 31 December 2022; and

“M” means HK\$8,250,000.

(c) In the event that the sum of (i) the audited consolidated net profit after tax of the Target Company as shown in its consolidated financial statements for the year ending 31 December 2023, as audited by the Auditor; and (ii) the interest expense arising from the Shareholders' Loan during the year ending 31 December 2023, shall be:

- (i) HK\$12,250,000 or more, the Fourth Tranche Transfer Shares shall be transferred to the Vendors at the Agreed Proportion on the 4th Transfer Date; or
- (ii) less than HK\$12,250,000, the number of the Fourth Tranche Transfer Shares to be transferred to the Vendors at the Agreed Proportion shall be adjusted and calculated as follows,

$$P = Q \times \frac{R}{S}$$

where:

“P” means the final number of the Fourth Tranche Transfer Shares that will be transferred to the Vendors on the 4th Transfer Date (rounded down to the nearest whole number). In the event that P equals to or is less than zero, the Vendors shall not be entitled to any of the Fourth Tranche Transfer Shares;

“Q” means 15,955,955 Shares, the initial number of the Fourth Tranche Transfer Shares;

“R” means the sum of (i) the actual amount of the audited consolidated net profits after tax of the Target Company for the year ending 31 December 2023 as shown in its audited consolidated financial statements; and (ii) the interest expense arising from the Shareholders' Loan during the year ending 31 December 2023; and

“S” means HK\$12,250,000.

(d) In the event that the number of the Second Tranche Transfer Shares, the Third Tranche Transfer Shares and/or the Fourth Tranche Transfer Shares transferred or to be transferred (as the case may be) to the Vendors have been adjusted in accordance with clause (a), clause (b) and/or clause (c) above (as the case may be), based on the aggregate actual audited consolidated net profits after tax achieved by the Target Company for the period from 1 January 2021 to 31 December 2023, the Fifth Tranche Transfer Shares to be transferred to the Vendors at the Agreed Proportion on the 4th Transfer Date shall be calculated as follows,

$$N = \left(\frac{T}{U} \right) \times (F + K + Q) - (E + J + P)$$

where:

“N” means the number of the Fifth Tranche Transfer Shares that will be transferred to the Vendors on the 4th Transfer Date (rounded down to the nearest whole number). In the event that N equals to or is less than zero, the Vendors shall not be entitled to any of the Fifth Tranche Transfer Shares;

“T” means the sum of (i) the actual amount of the audited consolidated net profits after tax of the Target Company for the period from 1 January 2021 to 31 December 2023 as shown in its audited consolidated financial statements; and (ii) the interest expense arising from the Shareholders’ Loan during the period from 1 January 2021 to 31 December 2023; and

“U” means HK\$26,500,000, provided that:

- (i) the maximum number of the Transfer Shares subject to fulfilment of the guaranteed profits that the Vendors may receive in aggregate shall be capped at 47,867,864; and
- (ii) $\left(\frac{T}{U} \right) \times (F + K + Q)$

shall be equal to or less than 47,867,864. In the event that it is larger than 47,867,864, it will be deemed to be 47,867,864 for the purpose of the above formula in calculating the number of the Fifth Tranche Transfer Shares that the Vendors, in aggregate, shall be entitled to. Regarding clauses (a), (b), (c) and (d) of this section, the Purchaser and the Vendors shall jointly procure, within 70 Business Days after 31 December 2021, 31 December 2022 and 31 December 2023 respectively, the consolidated financial statements of the Target Company (including the consolidated balance sheets and consolidated profit and loss statements of the Target Company) in the relevant reporting period as stated in clause (a), clause (b) or clause (c) (as the case may be) to be drawn up in accordance with the Hong Kong Financial Reporting Standards and audited by the Auditor for delivery to the Purchaser. Solomon Glory shall procure the transfer of and the Company shall procure the Relevant Shareholder to transfer (as the case may be) the Second Tranche Transfer Shares, the Third Tranche Transfer Shares, the Fourth Tranche Transfer Shares and the Fifth Tranche Transfer Shares (subject to adjustments in accordance with clause (a), clause (b), clause (c) and clause (d)) and/or the Company shall pay cash equivalent in accordance with clause (iv) in the above section headed "Transfer of Transfer Shares by tranches", subject to the audited consolidated financial statements (including the consolidated balance sheets and consolidated profit and loss statements of the Target Company) having delivered to the Vendors.

In the event that the Transfer Shares (or any part thereof) to be transferred to the Vendors (or any of them) involves fractions, the number of the Transfer Shares to be transferred to such Vendor(s) will be rounded down to the nearest whole number.

Long Stop Date

Pursuant to the Supplemental Agreement, the Long Stop Date is extended to 31 July 2021 or such later date as agreed in writing from time to time by the Purchaser, the Vendors, Mr. Pan, Mr. Li, Silver Creation and Solomon Glory.

Conditions precedent

Under the Supplemental Agreement, the conditions precedent to the Sale and Purchase Agreement have been amended, being mainly (1) the addition of three conditions precedent (iv), (vi) and (ix); and (2) the removal of conditions precedent “the Vendors having delivered the audited consolidated financial statements of the Target Group for the year ending 31 December 2019 to the Purchaser”, and restated as follows:

- (i) the Vendors’ title to the Sale Shares being in order and free from all encumbrances;
- (ii) all the warranties remaining true and accurate and not misleading as at Completion and no events having occurred that would result in any breach of any of the warranties or provisions of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) by Mr. Pan and/or by the Vendors (or any of them);
- (iii) the Vendors having assisted the Purchaser to undertake a legal, financial and business due diligence investigation in respect of the Target Group, and the results of such due diligence investigation being reasonably satisfactory to the Purchaser;
- (iv) the tax issue(s) (if any) between ALLF and the Target Company having been settled and the results of which being reasonably satisfactory to the Purchaser;
- (v) the legal opinion having been duly issued by legal advisor as to the laws of the PRC and addressed to the Purchaser (in the form satisfactory to the Purchaser) in respect of the due execution, validity, binding effect and enforceability of the ALLF Agreements;
- (vi) the Vendors, the Purchaser, Goldbond, Silver Creation and Solomon Glory having executed and delivered the Lock-up Agreement on the Completion Date;
- (vii) all necessary consents, confirmations, permits, approvals, licenses and authorisations from all relevant governmental, regulatory and other authorities, agencies and departments in Hong Kong, the PRC, Singapore or elsewhere or otherwise required from any third parties in connection with the transactions contemplated under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) having been obtained;
- (viii) the Independent Shareholders having approved the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder at the EGM;
- (ix) the audited consolidated net profit after tax of the Target Company as shown in its consolidated financial statements for the year ended 31 December 2020, as audited by the Auditor, being not less than HK\$5,000,000, or the audited consolidated net profit after tax of the Target Company as shown in its consolidated financial statements for the period from 1 July 2020 to 31 December 2020, as audited by the Auditor, being not less than HK\$2,500,000; and
- (x) there being no material litigation or winding-up petition with respect to all members of the Target Group as at Completion.

The above conditions precedent may be waived by the Purchaser, save for conditions (vii) and (viii) which cannot be waived by any parties. The parties shall use their best endeavours to satisfy the conditions precedent as soon as practicable and in any event on or before the Long Stop Date.

As at the date of this announcement, none of the conditions have been fulfilled.

Save as disclosed above, all other principal terms and conditions of the Sale and Purchase Agreement shall remain unchanged and continue to be in full force and effect in all respects.

PROMISSORY NOTES

The principal terms of the Promissory Notes to be issued by the Purchaser to Silver Creation and Solomon Glory, respectively, are summarised below:

Issuer:	The Purchaser	
Payee:	Silver Creation	Solomon Glory
Principal amount:	Approximately HK\$6.32 million, calculated based on the amount of 31,911,908 Transfer Shares multiplied by 120% of the 20-day average closing price (as stated in the daily quotation sheet of the Stock Exchange) of the Shares immediately before the date of the Supplemental Agreement, being HK\$0.198.	Approximately HK\$7.62 million in aggregate, calculated based on the amount of 38,503,380 Transfer Shares multiplied by 120% of the 20-day average closing price (as stated in the daily quotation sheet of the Stock Exchange) of the Shares immediately before the date of the Supplemental Agreement, being HK\$0.198.
Interest:	Interest shall not accrue on the Promissory Notes.	
Maturity:	31 December 2021	13 months from the respective dates of issue of the Promissory Note
Early repayment:	The Purchaser may early repay the Promissory Note in whole or in part at any time and from time to time without premium or penalty with prior notice to Silver Creation.	The Purchaser may early repay the Promissory Note in whole or in part at any time and from time to time without premium or penalty.
Right of first refusal:	The Promissory Note (whether in whole or in part) is freely transferable or assignable, provided that Goldbond and its subsidiaries shall have rights of first refusal in acquiring the Promissory Note in the event that Silver Creation intends to transfer the Promissory Note to any third party, except where the transferee is a holding company (as defined in the Listing Rules) or a subsidiary (as defined in the Listing Rules) of Silver Creation or a subsidiary of the holding company of Silver Creation.	Not applicable.

THE LOCK-UP AGREEMENT

In consideration of the revised payment terms by way of transfer of existing Shares held by Silver Creation and Solomon Glory on behalf of the Purchaser pursuant to the Supplemental Agreement, the entering into the Lock-up Agreement was included as one of the conditions precedent to the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) to restrict the disposal of Transfer Shares held by the Vendors during certain restricted periods.

The restricted period with respect to disposal of the First Tranche Transfer Shares shall be 18 months immediately following the date of transfer from Silver Creation. In respect of the First Tranche Transfer Shares only, after 6 months following the date of transfer of the First Tranche Transfer Shares, the Vendors or any of their designated transferee(s) could, by notice in writing sent to the Purchaser, offer to dispose of not less than 500,000 Transfer Shares per disposal during the aforesaid 18-month restricted period. The Purchaser shall, upon receipt of such written notice, procure the sale of the subject Shares at a price not less than HK\$0.4 per Share on a reasonable-effort basis, where any shortfall amount shall be compensated by the Purchaser to the relevant Vendor(s) in cash.

The restricted period with respect to disposal of the Second Tranche Transfer Shares, Third Tranche Transfer Shares, Fourth Tranche Transfer Shares and Fifth Tranche Transfer Shares shall be 12 months immediately following the respective dates of transfer from the relevant Shareholders (except that the Vendors or any of their designated transferee(s) could dispose of or transfer the Transfer Shares to Goldbond or its subsidiaries only within the period from the seventh month following the respective dates of transfer from the relevant Shareholders to the expiry of the aforesaid corresponding 12-month restricted period); and if the disposal of Transfer Shares proceeds within the 12-month period upon expiry of the corresponding restricted period, the relevant Vendor should provide the first right of refusal to Solomon Glory and Goldbond for acquiring the Transfer Shares, both in the maximum number equivalent to the aggregate number of existing Shares procured to transfer by Solomon Glory to the Vendors at the time of such proposed disposal.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no change in the issued share capital of the Company from the date of this announcement and up to the date of transfer of the Transfer Shares in full and no adjustment to the number of the Second Tranche Transfer Shares, the Third Tranche Transfer Shares and the Fourth Tranche Transfer Shares, set out below is the shareholding structure of the Company as at the date of this announcement and immediately after the transfer of the Transfer Shares in full:

Shareholders	As at the date of this announcement		Immediately after the transfer of the First Tranche Transfer Shares		Immediately after the transfer of the Second Tranche Transfer Shares		Immediately after the transfer of the Third Tranche Transfer Shares		Immediately after the transfer of the Fourth Tranche Transfer Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Silver Creation	77,527,255	18.79	45,615,347	11.05	45,615,347	11.05	45,615,347	11.05	45,615,347	11.05
Solomon Glory (Note 1)	38,503,380	9.33	38,503,380	9.33	22,547,426	5.47	6,591,471	1.60	-	-
Vendor A	-	-	21,901,142	5.31	32,851,713	7.96	43,802,285	10.62	48,326,011	11.72
Vendor B	-	-	1,627,508	0.39	2,441,262	0.59	3,255,016	0.79	3,591,182	0.87
Vendor C	-	-	2,750,806	0.67	4,126,209	1.00	5,501,612	1.33	6,069,796	1.47
Vendor D	-	-	5,632,452	1.37	8,448,678	2.05	11,264,904	2.73	12,428,299	3.01
<i>Subtotal</i>	116,030,635	28.12	116,030,635	28.12	116,030,635	28.12	116,030,635	28.12	116,030,635	28.12
Perfect Honour Limited (Note 2)	143,805,903	34.86	143,805,903	34.86	143,805,903	34.86	143,805,903	34.86	143,805,903	34.86
Ms. Michelle Wong, Ms. Jacqueline Wong and their associates (Note 3)	20,234,242	4.91	20,234,242	4.91	20,234,242	4.91	20,234,242	4.91	20,234,242	4.91
Other public Shareholders	132,438,220	32.11	132,438,220	32.11	132,438,220	32.11	132,438,220	32.11	132,438,220	32.11
Total	412,509,000	100.00	412,509,000	100.00	412,509,000	100.00	412,509,000	100.00	412,509,000	100.00

Notes:

- Solomon Glory, which is a wholly owned subsidiary of Goldbond, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited has charged, inter alia, its assets including but not limited to the 38,503,380 Shares held by it by way of floating charge, which was crystallised into a fixed charge. An order was subsequently issued by the High Court of Hong Kong to the effect that, among others, these charged Shares shall not be sold at a price of more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of such sale.
- The 143,805,903 Shares are held by Perfect Honour Limited, which is a wholly owned subsidiary of Goldbond, the shares of which are held as to approximately 30.99% by Allied Luck Trading Limited, a company wholly owned by Allied Luck Trust, and as to approximately 26.06% by Ace Solomon Investments Limited, a company wholly owned by Aceyork Trust. Ms. Michelle Wong and Ms. Jacqueline Wong are the beneficiaries of Allied Luck Trust and Aceyork Trust.
- Among the 20,234,242 Shares, (i) 10,127,176 Shares are held by Legend Crown International Limited and 10,107,066 Shares are held by Plenty Boom Investments Limited, respectively, of which the entire issued share capital of each of Legend Crown International Limited and Plenty Boom Investments Limited are held by a discretionary trust whose trustee is Ace York Investment Management Limited, a company owned as to 50% by Ms. Jacqueline Wong and 50% by Ms. Michelle Wong, respectively.
- The shareholding structure is illustrated on the assumption that the remaining Consideration after the partial settlement by the Transfer Shares procured to transfer by Solomon Glory to the Vendors will be settled by the Company in cash.

INFORMATION ON SILVER CREATION AND SOLOMON GLORY

Silver Creation is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, Silver Creation is interested in 77,527,255 Shares, representing approximately 18.79% of the issued share capital of the Company and is a substantial Shareholder of the Company. Silver Creation is wholly-owned by Hony Capital Fund 2008, L.P. which is controlled by its sole general partner, Hony Capital Fund 2008 GP, L.P., which in turn is controlled by its sole general partner, Hony Capital Fund 2008 GP Limited, a company wholly-owned by Hony Group Management Limited, which is owned as to approximately 80% by Hony Managing Partners Limited which is in turn wholly-owned by Exponential Fortune Group Limited, a company owned as to approximately 49% by Mr. Zhao John Huan.

Solomon Glory is an investment holding company incorporated in the British Virgin Islands with limited liability. Solomon Glory is a wholly owned subsidiary of Goldbond, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 172).

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Following the execution of the Sale and Purchase Agreement and after considering the additional time required for the allotment and issue of new Shares for settlement of the Consideration, the Company has negotiated with the Vendors on other settlement possibilities including but not limited to by way of transfer of existing Shares. Taking into account the significant number of existing Shares required for the aforesaid settlement method, the Company has approached the controlling Shareholder and substantial Shareholder who are able to take up part or full payment obligations under the Sale and Purchase Agreement on behalf of the Company. The parties to the Supplemental Agreement have therefore agreed to, among other things, amend the payment terms under the Sale and Purchase Agreement to the effect that (i) a substantial portion of the Consideration shall be settled by way of transfer of existing Shares to the Vendors firstly by Silver Creation at Completion and secondly under procurement by Solomon Glory upon fulfilment of the applicable guaranteed profits during the Guaranteed Period, while the Purchaser will issue the Promissory Notes with reference to the market price of the Shares prior to the entering of the Supplemental Agreement to Silver Creation and Solomon Glory respectively in return; and (ii) the remaining minority portion shall be settled by way of transfer of existing Shares by the Relevant Shareholder to be procured by the Company and/or cash equivalent and/or allotment and issue of new Shares by the Company to the Vendors subject to compliance with the Listing Rules at the material time after the relevant Transfer Shares have been transferred by Silver Creation and transferred under procurement by Solomon Glory to the Vendors.

On the other hand, having considered that the change of payment terms, being the transfer of existing Shares to the Vendors, would enable the Company to engage the Vendors to become Shareholders and strategic partner of the Group to cooperate and facilitate the operations of the Target Group upon Completion, as opposed to other settlement methods such as cash payment or issue of promissory note, while at the same time allowing the Group to maintain financial flexibility due to its relatively low cash level and the high costs associated with bank borrowings, the Company is of the view that the revised payment terms are fair and reasonable. In connection with the transfer of existing Shares by the Relevant Shareholder to the Vendors, the Lock-up Agreement shall also be entered into pursuant to the Supplemental Agreement to restrict the disposal of Shares by the Vendors after they become shareholders of the Company. In consideration of the entering into of the Supplemental Agreement which results in a lower number of Shares to be received by the Vendors under the Acquisition and given the recent market price of the Shares which has been at a relatively low level as compared to the date of the entering into of the Sale and Purchase Agreement, the Company considers that it is reasonable to provide the compensatory arrangement in favour of the Vendors. Given the lapse of time since the entering into the Sale and Purchase Agreement in June 2020 and the various changes in market conditions, in particular, the impact brought by the COVID-19 pandemic as reflected in the second half of 2020 causing delay in certain business development and growth, the parties to the Supplemental Agreement have agreed to adjust downward the amount of profit of the Target Group required for 2020, while the shortfall shall be reflected in the remaining Guaranteed Period by adjusting upward the respective guaranteed profits for 2022 and 2023, which is considered to be more commercially practicable as the pandemic situation is expected to be stabilised in the following years. Moreover, in view of (i) that the fulfilment of guaranteed profit for the six months ended 31 December 2020 of HK\$2.5 million or the year ended 31 December 2020 of HK\$5 million by the Target Group is included as one of the conditions precedent to Completion; and (ii) the longer-than-expected time for Completion to take place, the parties to the Supplemental Agreement have agreed to combine the first and second tranches of consideration payment into one single tranche payable at Completion upon the relevant guaranteed profit for 2020 has been achieved by the Target Group and accordingly, the portion of Transfer Shares transferable to the Vendors at Completion has increased, which is considered to be commercially justifiable.

The Directors (excluding members of the Independent Board Committee whose view will be formed after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Major transaction

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the consideration payable on the part of the Company for the Acquisition and the maximum commitment of the Company under the compensatory arrangement with respect to the First Tranche Transfer Shares pursuant to the Lock-up Agreement exceed 25% but are less than 100%, the Acquisition remains to be classified as a major transaction of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected transaction

Since (i) Silver Creation is a substantial Shareholder interested in 77,527,255 Shares, representing approximately 18.79% of the issued share capital of the Company; and (ii) Solomon Glory is a wholly owned subsidiary of Goldbond, which is a controlling Shareholder interested in 143,805,903 Shares, representing approximately 34.86% of the issued share capital of the Company, each of Silver Creation, Goldbond and Solomon Glory is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) exceed 5%, the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the respective issuances of the Promissory Notes to Silver Creation and Solomon Glory by the Company also constitute connected transactions of the Company in the form of financial assistance in favour of the Company. However, as no security over any assets of the Group is involved in connection with the Promissory Notes and the Directors consider that the terms of the Promissory Notes are on normal commercial terms or better, the issuance of the Promissory Notes by the Company is fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

The Directors who are considered to have material interests in the Supplemental Agreement namely (i) Ms. Michelle Wong and Ms. Jacqueline Wong by virtue of being controlling shareholders of Goldbond; (ii) Mr. Wong Ming Bun David by virtue of being the chief executive of Goldbond; and (iii) Mr. Chen Shuai by virtue of being a managing director of Hony Capital Fund 2008, L.P. which wholly owns Silver Creation, have abstained from voting on the relevant resolutions of the Board approving the Supplemental Agreement and the transactions contemplated thereunder. Save as disclosed, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Director has a material interest in the Supplemental Agreement and was required to abstain from voting on the relevant resolutions of the Board approving the Supplemental Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising of all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder. Giraffe Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A letter from the Independent Board Committee and a letter from the Independent Financial Adviser, both advising on the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, will be included in the circular to be despatched by the Company.

GENERAL

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

In view of the interests of Silver Creation, Solomon Glory, Goldbond, Ms. Michelle Wong and Ms. Jacqueline Wong in the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement), each of Silver Creation, Goldbond, Ms. Michelle Wong and Ms. Jacqueline Wong and their respective associates shall abstain from voting in respect of the resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder. Save as disclosed, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder or any of its associates has a material interest in the Acquisition and therefore no other Shareholder would be required to abstain from voting at the EGM.

Completion of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) is subject to the fulfilment or waiver (as the case may be) of the conditions precedent thereto, and accordingly may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following words and expressions shall have the meanings set out below, unless the context otherwise requires:

“Agreed Proportion”	the agreed proportion in relation to the Transfer Shares to be transferred to the respective Vendors (or their respective designated transferee, if applicable) expressed as percentages, being (i) 68.63% to Vendor A; (ii) 5.10% to Vendor B; (iii) 8.62% to Vendor C; and (iv) 17.65% to Vendor D
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder

“Fifth Tranche Transfer Shares”	the additional Transfer Shares to be procured to transfer by Solomon Glory and to be transferred by the Relevant Shareholder to be procured by the Company and/or cash equivalent by the Company, as described in the section headed “Transfer of Transfer Shares by tranches” in this announcement
“First Tranche Transfer Shares”	the first tranche Transfer Shares in the amount of 31,911,908 to be transferred by Silver Creation
“Fourth Tranche Transfer Shares”	the fourth tranche Transfer Shares in the amount of 15,955,955 to be procured to transfer by Solomon Glory and to be transferred by the Relevant Shareholder to be procured by the Company and/or by cash equivalent by the Company, as described in the section headed “Transfer of Transfer Shares by tranches” in this announcement
“Goldbond”	Goldbond Group Holdings Limited, a company listed on the Stock Exchange with stock code 172 and a controlling Shareholder interested in 143,805,903 Shares through Perfect Honour Limited, representing approximately 34.86% of the issued share capital of the Company as at the date of this announcement
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder
“Independent Financial Adviser”	Giraffe Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than those who have a material interest in the Acquisition and therefore are, together with their associates, required to abstain from voting on the resolution(s) to approve the Acquisition under the Listing Rules
“Lock-up Agreement”	the lock-up agreement to be entered into among the Vendors, the Purchaser, Goldbond, Silver Creation and Solomon Glory on the Completion Date setting out certain restrictions on disposal of the Transfer Shares by the Vendors and other relevant rights of the parties

“Long Stop Date”	31 July 2021, or such later date as the parties to the Sale and Purchase Agreement and the Supplemental Agreement may agree in writing
“Promissory Note(s)”	the non-interest-bearing promissory notes in the aggregate principal amount equivalent to (i) number of the relevant Transfer Shares multiplied by (ii) 120% of the 20-day average closing price (as stated in the daily quotation sheet of the Stock Exchange) of the Shares immediately before the date of the Supplemental Agreement to be issued by the Purchaser to Silver Creation with a maturity date on 31 December 2021 and Solomon Glory with a maturity of 13 months from the respective issue dates in settlement of the relevant Transfer Shares by tranches
“Relevant Shareholder(s)”	a Shareholder who is a substantial Shareholder as at the 4th Transfer Date
“Second Tranche Transfer Shares”	the second tranche Transfer Shares in the amount of 15,955,954 to be procured to transfer by Solomon Glory
“Silver Creation”	Silver Creation Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder interested in 77,527,255 Shares, representing approximately 18.79% of the issued share capital of the Company as at the date of this announcement
“Solomon Glory”	Solomon Glory Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Goldbond, being the chargee of 38,503,380 Shares (representing approximately 9.33% of the issued share capital of the Company as at the date of this announcement) which pursuant to an order issued on 13 March 2019 by The High Court of The Hong Kong Special Administrative Region, such Shares shall be sold at a price not more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of sale of such Shares or any of them
“Supplemental Agreement”	the supplemental agreement dated 29 March 2021 entered into among the Purchaser, the Vendors, Mr. Pan, Mr. Li, Silver Creation and Solomon Glory to amend and supplement certain terms of the Sale and Purchase Agreement
“Third Tranche Transfer Shares”	the third tranche Transfer Shares in the amount of 15,955,955 to be procured to transfer by Solomon Glory

“Transfer Share(s)”	the existing shares in the aggregate maximum of 79,779,772 Shares to be transferred or be transferred under procurement by (i) Silver Creation as to 31,911,908 Shares; (ii) Solomon Glory in the maximum of 38,503,380 Shares; and (iii) the Relevant Shareholder to be procured by the Company in the maximum of 9,364,484 Shares to the Vendors (or their respective designated transferee(s), if applicable), in accordance with the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) as settlement for the Consideration
“2nd Transfer Date”	the 20th Business Day after the audited consolidated financial statements of the Target Group for the year ending 31 December 2021 becomes available
“3rd Transfer Date”	the 20th Business Day after the audited consolidated financial statements of the Target Group for the year ending 31 December 2022 becomes available
“4th Transfer Date”	the 20th Business Day after the audited consolidated financial statements of the Target Group for the year ending 31 December 2023 becomes available

By order of the Board
China Rongzhong Financial Holdings Company Limited
Wong Emilie Hoi Yan
Executive Director

Hong Kong, 29 March 2021

As at the date of this announcement, the executive Director of the Company is Ms. Wong Emilie Hoi Yan; the non-executive Directors of the Company are Mr. Chen Shuai, Ms. Wong Jacqueline Yue Yee, Ms. Wong Michelle Yatyee and Mr. Wong Ming Bun David and the independent non-executive Directors of the Company are Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang.