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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 and 29 March 2021 (the “**Announcements**”) in relation to the Acquisition; and (ii) dated 14 August 2020, 30 September 2020, 30 October 2020, 31 December 2020, 26 February 2021 and 30 April 2021 in relation to the delay in despatch of a circular. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

### **THE SECOND SUPPLEMENTAL AGREEMENT**

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

- (1) Pursuant to the Sale and Purchase Agreement (as supplemented by the First 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 in the amount of 31,911,908 Shares; (ii) Solomon Glory in the amount of 38,503,380 Shares; and (iii) a Relevant Shareholder to be procured by the Purchaser in the amount of 9,364,484 Shares and/or cash equivalent to the Vendors at the Agreed Proportion by tranches.

Pursuant to the Second Supplemental Agreement, the definition and all references regarding the “Relevant Shareholder” have been deleted in its entirety such that the remaining Consideration shall be settled by cash in the amount of HK\$3,831,256. Further details are set out in the below section headed “Transfer of Transfer Shares by tranches”.

- (2) Pursuant to the Sale and Purchase Agreement (as supplemented by the First 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.

Pursuant to the Second Supplemental Agreement, such clause has been deleted in its entirety.

**(3) Transfer of Transfer Shares by tranches**

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

- (i) as to HK\$13,056,000, representing 40% of the Consideration, which shall be satisfied by the First Tranche 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 profit guarantee”, as to HK\$6,528,000, representing 20% of the Consideration, which shall be satisfied by the Second Tranche 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 profit guarantee”, as to HK\$6,528,000, representing 20% of the Consideration, which shall be satisfied by the Third Tranche 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 profit guarantee”, as to HK\$6,528,000, representing 20% of the Consideration, which shall first be satisfied by the Fourth Tranche Transfer Shares to be transferred under procurement by Solomon Glory and then satisfied by Cash Consideration by the Company to the Vendors at the Agreed Proportion for settlement on the 4th Transfer Date; and

- (v) if the relevant partial Consideration settled or to be settled on the 2nd Transfer Date, the 3rd Transfer Date and/or the 4th Transfer Date (as the case may be) have been adjusted in accordance with clause (a), (b) and/or (c) in the below section headed “Adjustment to Consideration subject to the profit guarantee”, additional Consideration (if any) shall (1) be settled by the Fifth Tranche Transfer Shares by way of transfer under procurement by Solomon Glory; and/or (2) be satisfied by Cash Consideration by the Company to the Vendors at the Agreed Proportion on the 4th Transfer Date in accordance with clause (d) in the below section headed “Adjustment to Consideration subject to the 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 settled by the Cash Consideration by the Company to the Vendors.

In the event that part of the Consideration is adjusted according to clause (a), (b), (c) and (d) in the below section headed “Adjustment to Consideration subject to the profit guarantee”, the number of Shares and cash that each Vendor will receive will be proportionately reduced.

**(4) Adjustment to Consideration subject to the profit guarantee**

The Consideration is subject to adjustment in accordance with the Sale and Purchase Agreement (as supplemented by the Supplemental Agreements). As a result of the revised settlement term in respect of the remaining Consideration by way of cash as disclosed above, 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 partial Consideration as to HK\$6,528,000 shall be settled at the Agreed Proportion on the 2nd Transfer Date; or
- (ii) less than HK\$6,000,000, the partial Consideration to be settled on the 2nd Transfer Date shall be adjusted and calculated as follows,

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

where:

“E” means the final partial Consideration to be settled 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 relevant partial Consideration shall be deemed as zero;

“F” means HK\$6,528,000;

“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 partial Consideration as to HK\$6,528,000 shall be settled at the Agreed Proportion on the 3rd Transfer Date; or

(ii) less than HK\$8,250,000, the partial Consideration to be settled on the 3rd Transfer Date shall be adjusted and calculated as follows,

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

where:

“J” means the final partial Consideration to be settled 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 relevant partial Consideration shall be deemed as zero;

“K” means HK\$6,528,000;

“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 partial Consideration as to HK\$6,528,000 shall be settled at the Agreed Proportion on the 4th Transfer Date; or

(ii) less than HK\$12,250,000, the partial Consideration to be settled on the 4th Transfer Date shall be adjusted and calculated as follows,

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

where:

“P” means the final partial Consideration to be settled on the 4th Transfer Date (rounded down to the nearest whole number). Where P is less than or equal to HK\$2,696,744, in respect of such part of the Consideration, part or all of the Fourth Tranche Transfer Shares will be transferred to the Vendors; where P is more than HK\$2,696,744, the excess will be settled in cash in the maximum amount of HK\$3,831,256. In the event that P equals to or is less than zero, the final partial Consideration shall be deemed as zero;

“Q” means HK\$6,528,000;

“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 respective partial Consideration settled or to be settled on the 2nd Transfer Date, the 3rd Transfer Date and/or the 4th Transfer Date (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 net profits after tax achieved by the Target Company for the period from 1 January 2021 to 31 December 2023, additional Consideration shall be settled on the 4th Transfer Date which shall be calculated as follows,

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

where:

“N” means the additional Consideration that will be settled on the 4th Transfer Date (rounded down to the nearest whole number). Where N is less than or equal to HK\$15,752,744, part or all of the Second Tranche Transfer Shares, the Third Tranche Transfer Shares and/or the Fourth Tranche Transfer Shares (“**Fifth Tranche Transfer Shares**”) will be transferred to the Vendors; where N is more than HK\$15,752,744, the excess will be settled in cash in the maximum amount of HK\$3,831,256. In the event that N equals to or is less than zero, there shall be no additional Consideration;

“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 Consideration subject to fulfilment of the guaranteed profits shall be capped at HK\$19,584,000; and
- (ii)  $\left( \frac{T}{U} \right) \times (F + K + Q)$

shall be equal to or less than HK\$19,584,000. In the event that it is larger than HK\$19,584,000, it will be deemed to be HK\$19,584,000 for the purpose of the above formula in calculating the additional Consideration to be settled on the 4th Transfer Date. 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 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 the Company shall pay the Cash Consideration 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 been delivered to the Purchaser.

## **(5) Long Stop Date**

Pursuant to the Second Supplemental Agreement, the Long Stop Date is further extended to 30 September 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.

Save for the terms as amended by the Second Supplemental Agreement, all other principal terms and conditions of the Sale and Purchase Agreement (as supplemented by the First Supplemental Agreement) shall remain unchanged and continue to be in full force and effect in all respects.

The terms of the Second Supplemental Agreement have been arrived at after arm’s length negotiations between the parties. The Directors are of the view that the terms and conditions of the Second Supplemental Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **THE LOCK-UP AGREEMENT**

The Board would like to provide an update on the arrangement under the Lock-up Agreement as follows:

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 them) could, by notice in writing sent to the Purchaser,

notify the Purchaser of their intention to dispose of all or part of the First Tranche Transfer Shares in the open market through the Stock Exchange during the aforesaid 18-month restricted period, but the Vendor(s) shall sell the First Tranche Transfer Shares to independent third party(ies) in the open market through the Stock Exchange at the prevailing market price. In the event that the relevant First Tranche Transfer Shares were disposed of in the open market through the Stock Exchange at a price of less than HK\$0.4 per Share, the shortfall amount (being the difference between HK\$0.4 and the average trading price of the relevant First Tranche Transfer Shares being sold in the open market) shall be compensated by the Purchaser to the relevant Vendor(s) in cash. Such shortfall amount shall be paid by the Purchaser on the 10th business day after the completion of the sales of the relevant First Tranche Transfer Shares by the relevant Vendor(s). For the avoidance of doubt, such arrangement in relation to the shortfall amount shall only be applicable to the relevant Vendor disposing the relevant First Tranche Transfer Shares through the Stock Exchange in the open market at a price of less than HK\$0.4 per Share during the 7th month to 18th month of the restricted period. In the event that the relevant First Tranche Transfer Shares were disposed of in the open market through the Stock Exchange at a price of HK\$0.4 or above, no compensation shall be made by the Purchaser to the Vendor(s).

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 Solomon Glory (except that the Vendors (or any of them) 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 Solomon Glory 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, 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.

**Completion of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreements) 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:

“Cash Consideration”	the partial consideration as to HK\$3,831,256 to be paid by the Purchaser to the Vendors in cash, as described in the section headed “Transfer of Transfer Shares by tranches” in this announcement
“Fifth Tranche Transfer Shares”	the additional Transfer Shares which are existing Shares to be procured to transfer by Solomon Glory, as described in the section headed “Adjustment to Consideration subject to the profit guarantee” in this announcement

“First 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
“Fourth Tranche Transfer Shares”	the fourth tranche Transfer Shares in the amount of 6,591,471 which are existing Shares to be procured to transfer by Solomon Glory, as described in the section headed “Transfer of Transfer Shares by tranches” in this announcement
“Second Supplemental Agreement”	the supplemental agreement dated 29 June 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 (as supplemented by the First Supplemental Agreement)
“Supplemental Agreements”	collectively, the First Supplemental Agreement and the Second Supplemental Agreement
“Transfer Share(s)”	the aggregate maximum of 70,415,288 Shares (i) to be transferred by Silver Creation as to 31,911,908 existing Shares; and (ii) to be transferred under procurement by Solomon Glory in the maximum of 38,503,380 existing 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 Agreements), as partial settlement for the Consideration

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

Hong Kong, 29 June 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.*