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## CHINA HUIRONG FINANCIAL HOLDINGS LIMITED

中國匯融金融控股有限公司

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

(Stock Code: 1290)

### VOLUNTARY ANNOUNCEMENT ESTABLISHMENT OF PAWNSHOP BUSINESS IN HUNAN PROVINCE

AND

### SUPPLEMENTAL ANNOUNCEMENT APPOINTMENT OF CHIEF EXECUTIVE OFFICER

#### ESTABLISHMENT OF PAWNSHOP BUSINESS IN HUNAN PROVINCE

This is a voluntary announcement made by China Huirong Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company is pleased to announce that Changsha Furong District Huifang Pawnshop Co., Ltd.\* (長沙市芙蓉區匯方典當有限責任公司) (“**Changsha Pawnshop**”), a limited liability company and a wholly-owned subsidiary of the Company, was duly established under the laws of the People’s Republic of China (“**PRC**”) on 9 December 2021.

#### **Changsha Pawnshop**

Changsha Pawnshop is owned as to 82% by Suzhou Huifang Tongda Information Technology Co., Ltd.\* (蘇州匯方同達信息科技有限公司) (“**Huifang Tongda**”) and as to 18% by Suzhou Huifang Rongda Internet Technology Co., Ltd.\* (蘇州匯方融達網路科技有限公司) (“**Huifang Rongda**”), each a wholly-owned subsidiary of the Company.

The initial registered capital of Changsha Pawnshop is RMB50,000,000, of which Huifang Tongda and Huifang Rongda will contribute RMB41,000,000 and RMB9,000,000, respectively, in proportion to their respective equity interests in Changsha Pawnshop.

Changsha Pawnshop will be principally engaged in the provision of secured loans services (including real estate backed loans and personal property backed loans) (“**Pawn Loans Business**”) in Hunan Province, the PRC (“**Hunan Province**”). The establishment of Changsha Pawnshop was approved by Hunan Province Local Financial Supervision And Administration Bureau\* (湖南省地方金融監督管理局) on 12 November 2021 and was the only pawnshop approved for establishment in Hunan Province in the past year. It is currently expected that Changsha Pawnshop will commence its business operation in mid-December 2021.

### **Reasons for the establishment of Changsha Pawnshop**

The Group is principally engaged in the provision of diversified financial services including pawnshop, micro-finance, turnover loan fund, commercial factoring, insurance brokerage and investment services, etc. to its customers.

The establishment of Changsha Pawnshop is a strategic step for the Group to strength its dominant position in the pawnshop industry in the PRC.

Currently the Group primarily operates its Pawn Loans Business in Jiangsu Province, Sichuan Province, Hubei Province and Anhui Province of the PRC. With the establishment of Changsha Pawnshop, the Group will expand its Pawn Loans Business to customers located in Hunan Province. The expansion of business in Hunan Province further demonstrates the Company’s transition from a regional provider of financing services to a national provider of financing services and helps building the Group’s brand recognition in the pawnshop industry.

### **APPOINTMENT OF CHIEF EXECUTIVE OFFICER**

Reference is made to the announcement of the Company dated 18 October 2021 (the “**Announcement**”) in relation to the appointment of chief executive officer of the Company. In addition to the information disclosed in the Announcement, the Board would like to provide supplemental information on the purposes of the appointment of Mr. Qiu Wei as the chief executive officer of the Company in substitution of Mr. Wu Min. Unless otherwise stated, the terms used in this announcement shall have the same meaning as those defined in the Announcement.

As disclosed in the section headed “Chairman and Chief Executive Officer” of the Corporate Governance Report on page 51 of the 2020 Annual Report of the Company, during the year ended 31 December 2020, Mr. Wu Min assumed the roles of both the chairman and the chief executive officer of the Company and such an arrangement deviated from Code Provision A.2.1 of the Corporate Governance Code and Corporate Governance Report (“**Corporate Governance Code**”) of the Listing Rules. The Board considered that this management structure was effective in terms of the formulation and implementation of the Company’s strategies and the Company’s operations and the Board was of the view that the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Group and its shareholders notwithstanding the deviation. It was also disclosed that the Board would review the management structure from time to time and the need to separate the roles of the chairman and the chief executive officer of the Company to two individuals.

In view of the above, the Board had an agenda to search for an appropriate candidate to take up the role of the chief executive officer from Mr. Wu Min. After all the relevant internal procedures, Mr. Qiu Wei was selected and appointed by a resolution duly passed by the Board as the chief executive officer of the Company in substitution of Mr. Wu Min.

The appointment of Mr. Qiu Wei as the chief executive officer of the Company enables the due compliance by the Company with Code Provision A.2.1 of the Corporate Governance Code of the Listing Rules. Mr. Wu Min remains as the chairman and an executive director of the Company and (i) will continue to lead the management team of the Group comprising a group of chief executives; (ii) will continue to be responsible for overseeing the operations and making the decisions for the key issues of the Group; and (iii) to be ultimately responsible for the management team, including Mr. Qiu Wei, Mr. Zhang Changsong, Mr. Yao Wenjun, Ms. Cao Yu and Mr. Zhou Jun. Mr. Qiu Wei will gradually take up the tasks and duty of responsibilities of the role of the chief executive officer of the Company from Mr. Wu Min from the date of his appointment. Accordingly, the purposes of the appointment of Mr. Qiu Wei as the chief executive officer of the Company in substitution of Mr. Wu Min are (i) the due compliance with Code Provision A.2.1 of the Corporate Governance Code of the Listing Rules; and (ii) the allocation of part of Mr. Wu Min's management duties to Mr. Qiu Wei.

By Order of the Board  
**China Huirong Financial Holdings Limited**  
**Wu Min**  
*Chairman*

Hong Kong, 9 December 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Wu Min and Mr. Zhang Changsong, the non-executive directors of the Company are Mr. Zhuo You, Mr. Zhang Cheng, Mr. Ling Xiaoming and Ms. Zhang Shu and the independent non-executive directors of the Company are Mr. Liang Jianhong, Mr. Feng Ke and Mr. Tse Yat Hong.*

\* *For identification purpose only*