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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 LOCK-UP AGREEMENT IN RELATION TO THE MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY

References are made to (i) the circular of China Rongzhong Financial Holdings Company Limited (the “**Company**”) dated 30 June 2021 in relation to the Acquisition (the “**Circular**”); (ii) the announcement of the Company dated 25 August 2021 in relation to the Completion of the Acquisition; and (iii) the announcement of the Company dated 27 September 2022 in relation to trading suspension of the shares of the Company on The Stock Exchange of Hong Kong Limited. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

BACKGROUND

According to the Lock-up Agreement, in respect of the First Tranche Transfer Shares only, after 6 months following the date of transfer of the First Tranche Transfer Shares (that is, after 24 February 2022), 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 18-months restricted period immediately following the date of the said transfer from Silver Creation (that is, the 18-months period from 25 August 2021 to 24 February 2023), provided that the Vendor 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.

As disclosed in the announcement of the Company dated 27 September 2022, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 27 September 2022 under Rule 13.50A of the Listing Rules (the “**Suspension**”); and, will remain suspended until further notice.

THE SUPPLEMENTAL LOCK-UP AGREEMENT

The Board announces that on 4 April 2023 (after trading hours), the Company, the Vendors, Goldbond, Solomon Glory and Silver Creation entered into a supplemental lock-up agreement (the “**Supplemental Lock-up Agreement**”) in respect of the extension of the period during which the compensation arrangement as mentioned in the section headed “BACKGROUND” above is applicable (the “**Original Compensation Period**”).

Pursuant to the Supplemental Lock-up Agreement, in respect of the First Tranche Transfer Shares only, during the period from the date of resumption of trading in the Shares on the Stock Exchange (the “**Resumption Date**”) to the 151st day immediately following the Resumption Date (both days inclusive) (the “**Additional Compensation Period**”), in the event that the relevant First Tranche Transfer Shares were disposed of to independent third party(ies) in the open market through the Stock Exchange at a price of less than HK\$0.4 per Share by the Vendor(s), 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 Company as the Purchaser to the relevant Vendor(s) in cash on the 10th Business Day immediately following the date of the relevant disposal. For the avoidance of doubt, such arrangement in relation to the shortfall amount shall only be applicable to the relevant Vendor(s) disposing of the relevant First Tranche Transfer Shares (each disposal being not less than 500,000 Shares) through the Stock Exchange to independent third party(ies) in the open market at a price of less than HK\$0.4 per Share during the Additional Compensation Period. In the event that the relevant First Tranche Transfer Shares were disposed of (i) off-market at any price; or (ii) in the open market through the Stock Exchange at a price of HK\$0.4 per Share or above, no compensation shall be made by the Purchaser to the relevant Vendor(s).

The Additional Compensation Period was determined based on the number of days of the period commencing from the date of suspension of trading in the Shares to the last day of the Original Compensation Period. Save for the above, all other terms, conditions and provisions of the Lock-up Agreement remain unchanged and shall continue to have full force and full legal effect.

Comparisons of the principal terms of the Lock-up Agreement and the Supplement Lock-up Agreement are set out as follows.

With respect to the First Tranche Transfer Shares only

Material Terms	Lock-up Agreement	Supplemental Lock-up Agreement
Restricted period	18 months immediately following the date of transfer from Silver Creation (i.e. 25 August 2021 to 24 February 2023)	No amendment or supplement to this term

Material Terms	Lock-up Agreement	Supplemental Lock-up Agreement
Compensation period	After 6 months following the date of transfer of the First Tranche Transfer Shares and during the aforesaid 18-month restricted period (i.e. 24 February 2022 to 24 February 2023, or the Original Compensation Period)	During the period from the Resumption Date to the 151st day immediately following the Resumption Date (both days inclusive) (i.e. the Additional Compensation Period)
Compensation amount	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 (the “ Compensation Arrangements ”) (Note)	No amendment or supplement to this term

Note:

The Compensation Arrangements shall only apply to any selling of the relevant First Tranche Transfer Shares in the open market through the Stock Exchange; while there is no restriction in the Supplemental Lock-up Agreement on any selling of the relevant First Tranche Transfer Shares by the Vendors through off-market channels (the “**Off-Market Selling**”), the Compensation Arrangements do not apply to any Off-Market Selling; and accordingly, no compensation shall be paid by the Company to the Vendors.

With respect to the remaining Transfer Shares

There is no amendment or supplement by the Supplemental Lock-up Agreement to the Lock-up Agreement with respect to the remaining Transfer Shares (i.e. the Second Tranche Transfer Shares, Third Tranche Transfer Shares, Fourth Tranche Transfer Shares and Fifth Tranche Transfer Shares). There is no compensation arrangement for the remaining Transfer Shares which is similar to the Compensation Arrangements for the First Tranche Transfer Shares. For further details with respect to the remaining Transfer Shares, please refer to the Circular.

With respect to the signing parties

The signing parties of the Supplemental Lock-up Agreement are the same as the Lock-up Agreement, namely the Company (as the Purchaser), the Vendors, Goldbond, Solomon Glory and Silver Creation.

With respect to the Additional Compensation Period

Due to the Suspension, the Compensation Arrangements with respect to the First Tranche Shares became unfeasible from 27 September 2022 to 24 February 2023, which covered 151 days (the “**Unfeasible Compensation Period**”); and, the Lock-up Agreement had not covered any situation similar to the Suspension.

It was the intention of the contracting parties to the Lock-Up Agreement that the Vendors shall have a reasonable and fair period to dispose of the First Tranche Transfer Shares through open-market in an orderly manner and given that the Suspension was unexpected and not covered under the Lock-Up Agreement, the original intention of affording a reasonable disposal by the Vendors is no longer feasible due to the Suspension. With the Supplemental Lock-Up Agreement setting forth the Additional Compensation Period and with the length of the Additional Compensation Period being exactly the same as the Unfeasible Compensation Period, the arrangements under the Supplemental Lock-up Agreement is consistent and reflective of the intended arrangements and results of the original Lock-Up Agreement as explained above without any material deviation from the original commercial arrangements as agreed.

In view of the above, the Board considered that the entering into the Supplemental Lock-up Agreement does not result in any change in material terms of the Lock-up Agreement (as approved in the EGM).

REASONS FOR, AND BENEFITS OF, THE SUPPLEMENTAL LOCK-UP AGREEMENT

The terms of the Supplemental Lock-up Agreement were determined after arm’s length negotiation between the signing parties of the Lock-up Agreement respectively and is consistent with the intention to afford the Vendors a reasonable and fair period to dispose of the First Tranche Transfer Shares through open-market in an orderly manner. In particular, the Supplemental Lock-up Agreement does not impose any unintended onerous obligations.

As at the date of this announcement, the Vendors are Shareholders and Vendor B and the sole owner of Vendor C are senior management of the Group, who have been continuously providing valuable advices on the Group’s debt collection and credit investigation services since August 2021, which in turn enhance and nurture synergies within the Group’s ecosystem in order to further complement the development of the Group’s leasing services. Accordingly, the Board considers that maintaining reasonable, fair and collegial relationships with the Vendors, by way of entering into the Supplemental Lock-Up Agreement to reflect the original intended commercial positions, is beneficial to the Company and in the interest of the Company and its Shareholders as a whole.

In view of the above, the Board considers that the terms of the Supplemental Lock-up Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The above information does not affect any other information contained in the Circular and, save as disclosed in this announcement, the contents of the Circular remain correct and unchanged.

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

Hong Kong, 4 April 2023

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 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 and Mr. Ng Wing Chung Vincent.