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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 MAJOR AND CONNECTED TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY AND THE SHAREHOLDER'S LOAN**

Reference is made to the announcement of China Rongzhong Financial Holdings Company Limited (the “**Company**”) dated 31 March 2022 (the “**Announcement**”) in relation to the Disposal. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement. This announcement is made to provide supplemental information and updates in relation to the Disposal.

BACKGROUND

In light of the further negotiation between the Company and the Purchaser and the change in circumstances, the aggregated amount of finance lease receivables of the Company to be disposed pursuant to the Disposal has been downsized from approximately HK\$696.2 million to approximately HK\$447.0 million.

THE SUPPLEMENTAL AGREEMENT

The Board announces that on 2 June 2022 (after trading hours), the Company and the Purchaser entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and modify certain terms of the Sale and Purchase Agreement, pursuant to which, among others, the unaudited financial information of the Target Company has been updated to 31 March 2022. Save for the above, the other major terms and conditions of the Sale and Purchase Agreement shall remain effective.

FINANCIAL INFORMATION OF THE TARGET GROUP

The unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards has been updated and is shown as follows:

	For the year ended	
	31 March	
	2021	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net loss before tax and extraordinary items	102,432	133,474
Net loss after tax and extraordinary items	102,432	133,474

The revised unaudited total assets and net liabilities of the Target Group (excluding the assets and liabilities to be retained in the Group) as at 31 March 2022 were approximately HK\$460.8 million and HK\$612.9 million, respectively.

REVISED FINANCIAL EFFECT OF THE DISPOSAL

The financial effect of the Disposal has been revised, the net liabilities of the Target Group excluding the assets and liabilities to be retained in the Group as at 31 March 2022 is at approximately HK\$612.9 million. Hence, the Group expects to recognize a gain on Disposal of approximately HK\$396.1 million in the financial year ending 31 March 2023, which is arrived at after adding the revised net liabilities of the Target Group (excluding the assets and liabilities to be retained in the Group) as at 31 March 2022 of approximately HK\$612.9 million and deducting the assignment of the benefit and advantage of the Debt of approximately HK\$177.9 million as at 31 March 2022, the cumulative exchange and statutory reserves recognised in respect of the Target Group of HK\$38.2 million as at 31 March 2022 and the direct expenses in relation to the Disposal of HK\$0.8 million from the Consideration of HK\$100,000.

The estimated gain on Disposal of approximately HK\$396.1 million is arising from the transaction with an owner in their capacity as owner of the Company and hence the Disposal is treated as an equity transaction. Hence, the estimated gain on Disposal will be treated as deemed capital contribution from a Shareholder and recognised under “other reserves” in the consolidated statement of changes in equity.

The actual gain on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal as contemplated under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As of the date of this announcement, the Purchaser is a merchant who owns the entire issued share capital of each of Yong Hua, Capital Grower and Clifton Rise, which are interested in approximately 9.33%, 0.51% and 2.57% of the issued Shares, respectively and the Purchaser is a director of certain subsidiaries of the Company. Therefore, the Purchaser is a substantial Shareholder and a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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

A circular containing, among other things, (i) further details of the Disposal, the Sale and Purchase Agreement (supplemented by the Supplemental Agreement) and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the EGM, will be despatched to the Shareholders on or before 24 June 2022.

GENERAL

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the condition precedent. Therefore, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

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

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

Hong Kong, 2 June 2022

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.