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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement dated 5 May 2020 (the “**Announcement**”) of China Rongzhong Financial Holdings Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) relating to the Company’s discloseable transaction involving the disposal of the Group’s rights and interests in certain finance leases. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

ADDITIONAL INFORMATION REGARDING PAYMENT TERMS

As disclosed in the Announcement, the First Payment of the Consideration of RMB1,000,000 (equivalent to approximately HK\$1.1 million) shall be paid within 50 days from the signing date of the Assets Disposal Agreement and date on which the Company has fully complied with the relevant Listing Rules requirements (including announcement and shareholders’ approval requirements) while the Second Payment of the Consideration of RMB15,000,000 (equivalent to approximately HK\$16.7 million) shall be paid within 180 days from the signing date of the Assets Disposal Agreement and the date on which the Company has fully complied with the relevant Listing Rules requirements (including announcement and shareholders’ approval requirements). Upon the First Payment of the Consideration, all the rights, interest and risks in relation to the Underlying Assets will be transferred from the Vendor to the Purchaser.

The Board wishes to supplement that although contractually the Company has agreed to transfer the rights and interests in the Finance Leases to the Purchaser with effect from the date of the First Payment, there are substantial time lags expected following the date of the First Payment before the Purchaser may exercise legal rights in respect of these Finance Leases because the Purchaser will have to process and satisfy all notification and registration procedures, including but not limited to handing over physical documents between the Vendor and the Purchaser, preparing and giving notices to the principal debtors, courts, governmental offices, registries and third parties etc. in Wuhan and Hubei Province. Based on the information available to the Board, the standard time required to complete registration procedures with the court is approximately 130 days from initial filing, including appeal and final judgement. In addition, unforeseeable factors such as undeliverable notices to principal debtors and/or related guarantors require the mandatory publication of an announcement of such notices for 60 days prior to filing of registration with the court may also result in further delays. These expected time lags are further amplified by the recent outbreak of novel coronavirus (COVID-19) epidemic in Wuhan and Hubei Province where the cities are still recovering from months of lock-downs and delays in logistical and transport systems and governmental operations. Therefore, the Company has agreed to give the Purchaser a prolonged settlement period for the Second Payment during the commercial negotiation on an arms-length basis in light of the expected substantial time lags before the Purchaser may exercise its legal rights and further in light of the exceptional circumstances surrounding the Wuhan and Hubei Province at the moment.

ADDITIONAL INFORMATION REGARDING PROTECTIVE TERMS

The Board wishes to further supplement that certain customary protective terms are agreed in the Assets Disposal Agreement in order to safeguard the Company's interest in case the Second Payment is not fully, or is not duly, paid by the Purchaser for any reason. The protective terms include (but are not limited to), in case of a breach of the obligation to make the Second Payment, the following:

- (a) the Vendor shall have the right to unilaterally terminate the Assets Disposal Agreement;
- (b) the Vendor shall have the right to dispose of the underlying Finance Leases in case of unilateral termination by the Vendor;
- (c) the Purchaser shall compensate the Vendor for any deficit between the proceeds from the Vendor's disposal of the underlying Finance Leases and the Consideration (any surplus shall be retained by the Vendor); and
- (d) the First Payment and any payments already paid by the Purchaser shall not be refundable (and shall be forfeited by the Purchaser).

ADDITIONAL INFORMATION REGARDING THE PURCHASER

As disclosed in the Announcement, the Purchaser is 廣東福灣盛達投資管理有限公司 (Guangdong Fuwan Shengda Investment Management Co., Ltd, English name for identification purpose only).

The Board wishes to further clarify that so far as the Company is aware, the ultimate beneficial owners of the Purchaser are:

Ultimate Beneficial Owner I: 劉秀媚 (Ms. Liu Xiu Mei (“**Ms. Liu**”), English name for identification purpose only), an individual holding 50% indirect interest of the Purchaser and an Independent Third Party.

Ultimate Beneficial Owner II: 蔡菁 (Ms. Cai Jing (“**Ms. Cai**”), English name for identification purpose only), an individual holding 50% indirect interest of the Purchaser and an Independent Third Party.

Each of the Directors confirmed that, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners (namely Ms. Liu and Ms. Cai) are Independent Third Parties.

Save as the information stated above, all the information in the Announcement remains unchanged.

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

Hong Kong, 15 May 2020

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.