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**Tou Rong Chang Fu Group Limited**

**投融長富集團有限公司**

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

**(Stock code: 850)**

**(1) LAPSE OF THE MEMORANDUM OF UNDERSTANDING  
IN RESPECT OF THE POSSIBLE ACQUISITION OF  
THE ENTIRE OR PART OF THE ISSUED SHARE CAPITAL OF  
THE TARGET COMPANY;**

**AND**

**(2) THE ENTERING INTO OF THE SETTLEMENT AGREEMENT  
REGARDING THE RETURN OF DEPOSIT UNDER  
THE MEMORANDUM OF UNDERSTANDING**

Reference is made to the announcement (the “**Announcement**”) of Tou Rong Chang Fu Group Limited (the “**Company**”) dated 11 May 2018 in relation to, among other things, the entering into of the non-legally binding memorandum of understanding (the “**MOU**”) dated 11 May 2018 in respect of the possible acquisition (the “**Possible Acquisition**”) of the entire or part of the issued share capital of a company incorporated or to be incorporated in the British Virgin Islands which, upon completion of a reorganisation, will, (i) directly or indirectly hold the entire registered and paid-up capital of 浙江投融界網絡有限公司 (Zhejiang Tou Rong Jie Network Co., Ltd.#) (the “**PRC Company**”), or (ii) have actual control of the PRC Company and enjoy all the economic benefits of the PRC Company. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

As disclosed in the Announcement, the Purchaser (or its designated subsidiary) and the Vendors shall negotiate in good faith with the view of entering into the legally-binding Formal Agreement on or before the date falling 3 months from the date of the MOU (i.e. on or before 11 August 2018) (or such later date as may be agreed among the Purchaser and the Vendors), and in the event that the Formal Agreement is not entered into among the Purchaser (or its designated subsidiary) and the Vendors within 3 months from the date of the MOU (i.e. on or before 11 August 2018) (or such later date as may be agreed among the Purchaser and the Vendors), the MOU shall be cancelled and the Vendors shall forthwith return the Deposit (without interest) to the Purchaser.

The Board wishes to inform the Shareholders and investors that, as no Formal Agreement was entered into between the parties to the MOU and no agreement was reached in extending the long stop date under the MOU, the MOU has lapsed and cancelled.

Pursuant to the MOU, the Vendors shall forthwith return the Deposit in the amount of RMB20 million (without interest) to the Purchaser. As the Vendors require additional time to arrange necessary fund flow for the repayment of the Deposit, the Vendors have requested to settle the Deposit by stages, and on 16 August 2018, the Purchaser and the Vendors entered into an agreement (the “**Settlement Agreement**”), pursuant to which the parties have agreed that the Deposit shall be returned by the Vendors to the Purchaser in the following manner:

- (a) as to RMB8 million to be returned by the Vendors within 3 days after receiving notice from the Purchaser for the repayment; and
- (b) as to RMB11.5 million (the “**Remaining Settlement Sum**”), together with interest at the rate of 5% per annum, shall be returned by the Vendors as follows:
  - (i) as to RMB4 million to be returned by the Vendors before 15 October 2018;
  - (ii) as to RMB4 million to be returned by the Vendors before 14 December 2018; and
  - (iii) as to the remaining balance of RMB3.5 million, together with the interest accrued, shall be returned by the Vendors before 15 February 2019.

The shortfall of RMB0.5 million represents the expenses incurred regarding the Possible Acquisition agreed to be borne by the Purchaser.

Subject to the repayment of the Deposit in full, the Board is of the view that there will not be any significant impact on the trading and financial position of the Group as a result of the lapse of the MOU and the entering into of the Settlement Agreement. The amount of interest was determined after arm's length negotiation with reference to the benchmark interest rate for RMB loans with a maturity of less than a year as promulgated by PRC banks.

Taking into account that (i) the Purchaser could receive a repayment of RMB8 million within 3 days after giving notice to the Vendors; (ii) the Remaining Settlement Sum is a substantial amount and it would be reasonable for the Vendors to request further time to arrange settlement thereof; and (iii) the additional interest income under the Settlement Agreement, the Directors consider that the terms of the Settlement Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors are of the view that the Settlement Agreement was entered into on normal commercial terms.

By order of the Board  
**Tou Rong Chang Fu Group Limited**  
**Wong Kwok Leung**  
*Executive Director*

Hong Kong, 16 August 2018

*# The English transliteration of the Chinese name in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.*

*As at the date hereof, the Board comprises (i) four executive Directors, namely Mr. Wong Kwok Leung, Mr. Poon Wai Kong, Mr. Wu Zhou and Mr. Li Zhenjun (suspended); and (ii) three independent non-executive Directors, namely Mr. Chan Shu Kin, Mr. Cheung Kwan Hung and Mr. Chiu Wai Piu.*