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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)

DISCLOSEABLE TRANSACTION
EXTENSION OF FINANCE LEASE ARRANGEMENT

Reference is made to the announcement of the Company dated 28 March 2019 (the “**2019 Announcement**”) in relation to, among others, the Finance Lease Supplemental Agreement II and the Guarantee Supplemental Agreement. Save for any variations as disclosed in this announcement, all information contained in the 2019 Announcement remains unchanged and true and accurate as of the date of this announcement. Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as given to them in the 2019 Announcement.

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT III

The Board of the Company is pleased to announce that, on 12 November 2020, Rongzhong PRC (a wholly-owned subsidiary of the Company) entered into the Finance Lease Supplemental Agreement III with the Lessee pursuant to which Rongzhong PRC agreed to extend the lease term under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I, the Finance Lease Supplemental Agreement II and the Overall Finance Lease Arrangement Confirmation Agreement for twelve (12) months. The contract amount of the Equipment is approximately RMB23.9 million (equivalent to approximately HK\$27.2 million) with a total future lease payments of approximately RMB27.4 million (equivalent to approximately HK\$31.1 million), inclusive of interest of approximately RMB1.9 million (equivalent to approximately HK\$2.2 million), handling fee of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million) for the extension period and outstanding handling fee under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II of approximately RMB1.4 million (equivalent to approximately HK\$1.6 million). The agreed security deposit is approximately RMB1.0 million (equivalent to approximately HK\$1.1 million).

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios under Rule 14.07 of the Listing Rules for the Finance Lease Supplemental Agreement III is more than 5% but all of them are less than 25%, the transaction contemplated under the Finance Lease Supplemental Agreement III constitutes a disclosable transaction of the Company and is therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT III

As at 18 May 2020, the outstanding contract amount of the Equipment under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II amounted to approximately RMB23.9 million (equivalent to approximately HK\$27.2 million). On 12 November 2020, Rongzhong PRC entered into the Finance Lease Supplemental Agreement III with the Lessee pursuant to which Rongzhong PRC agreed to extend the lease term under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I, the Finance Lease Supplemental Agreement II and the Overall Finance Lease Arrangement Confirmation Agreement for twelve (12) months with a total future lease payments of approximately RMB27.4 million (equivalent to approximately HK\$31.1 million), inclusive of interest of approximately RMB1.9 million (equivalent to approximately HK\$2.2 million), handling fee of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million) for the extension period and outstanding handling fee under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II of approximately RMB1.4 million (equivalent to approximately HK\$1.6 million). The agreed security deposit is approximately RMB1.0 million (equivalent to approximately HK\$1.1 million). The material terms of the Finance Lease Supplement Agreement III have been summarised as follows:

Date of contract

12 November 2020

Parties

Lessor: Rongzhong PRC

Lessee: Lessee

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are Independent Third Parties.

Extension period

Twelve (12) months from 18 May 2020

Lease payments

The aggregate of the interest payments, payable in twelve (12) monthly instalments over the extension period, the contract amount of the Equipment, payable in (i) four (4) equal monthly instalments of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million) and (ii) the outstanding balance of approximately RMB23.3 million (equivalent to approximately HK\$26.5 million) in full at the end of the extension period, and the handling fee of approximately RMB1.6 million (equivalent to approximately HK\$1.8 million) inclusive of handling fee for the extension period and outstanding handling fee under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II, in each case payable by the Lessee to Rongzhong PRC, are approximately RMB27.4 million (equivalent to approximately HK\$31.1 million), which includes a total interest of approximately RMB1.9 million (equivalent to approximately HK\$2.2 million), calculated at the PBOC Rate of compatible maturity period plus a premium and determined after arm's length negotiations between the Lessee and Rongzhong PRC with reference to, among others, the prevailing market terms and practices.

Security deposit

The security deposit of approximately RMB1.0 million (equivalent to approximately HK\$1.1 million) bears no interest and will be repaid to Lessee by Rongzhong PRC upon the Lessee having duly and fully performed all of its obligations under the Finance Lease Agreements.

Equipment ownership

During the extension period, the ownership of the Equipment will continue to be vested in Rongzhong PRC. Subject to the Lessee having duly and fully performed all of its obligations under the Finance Lease Agreements, Rongzhong PRC will transfer the ownership of the Equipment to the Lessee at RMB100 (equivalent to approximately HK\$114) upon the expiry of the Finance Lease Agreements.

THE GUARANTEE SUPPLEMENTAL AGREEMENT I

On 12 November 2020, Rongzhong PRC entered into the Guarantee Supplemental Agreement I with Wuhan Rongzhong Guarantee, pursuant to which Wuhan Rongzhong Guarantee agreed to extend its guarantee in favour of Rongzhong PRC in respect of the Lessee's obligations under the Finance Lease Agreements. The material terms of the Guarantee Supplemental Agreement I have been summarized as follows:

Date of contract

12 November 2020

Parties

Guarantor: Wuhan Rongzhong Guarantee

Lessor: Rongzhong PRC

Guarantee period

Expires one (1) year upon the expiration of the Finance Lease Agreements

Scope of guarantee

Wuhan Rongzhong Guarantee agreed in the Guarantee Supplemental Agreement I to undertake guarantee, to satisfy any and all of the liabilities of the Lessee under the Finance Lease Agreements.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial leasing services.

The Lessee is principally engaged in the business of domestic and international shipping and logistic operations.

The terms of the Finance Lease Supplemental Agreement III and the Guarantee Supplemental Agreement I were determined after arm's length negotiation between the relevant parties and Rongzhong PRC respectively, with reference to, among other things, the prevailing market terms and practices.

The Directors consider that the entering into the Finance Lease Supplemental Agreement III and the Guarantee Supplemental Agreement I are in the ordinary and usual course of business of Rongzhong PRC and that will generate revenue and profit to the Group over the extended lease period. Extending the repayment period will also assist the Lessee to address its temporary liquidity difficulties, increase the likelihood of timely repayments by the Lessee and enhance client affinity to the Group. Since the Finance Lease Supplemental Agreement III and the Guarantee Supplemental Agreement I were entered into under normal commercial terms, the Directors are of the view that the terms of the Finance Lease Supplemental Agreement III and the Guarantee Supplemental Agreement I are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios under Rule 14.07 of the Listing Rules for the Finance Lease Supplemental Agreement III is more than 5% but all of them are less than 25%, the transaction contemplated under the Finance Lease Supplemental Agreement III constitutes a disclosable transaction of the Company and is therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context otherwise requires, have the following meanings:

“Finance Lease Agreements”	the Finance Lease Agreement, the Finance Lease Supplemental Agreement I, the Finance Lease Supplemental Agreement II and the Finance Lease Supplemental Agreement III
“Finance Lease Supplemental Agreement III”	the finance lease supplemental agreement entered into between Rongzhong PRC and the Lessee dated 12 November 2020, pursuant to which Rongzhong PRC agreed to extend the repayment lease term for twelve (12) months
“Guarantee Supplemental Agreement I”	the guarantee supplemental agreement entered into between Rongzhong PRC and Wuhan Rongzhong Guarantee dated 12 November 2020, pursuant to which Wuhan Rongzhong Guarantee agreed to extend its guarantee in favour of Rongzhong PRC in respect of the Lessee’s obligations under the Finance Lease Agreements
“%”	per cent

Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, HK\$ amounts have been translated using the following exchange rate:

HK\$1: RMB0.88

Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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

Hong Kong, 12 November 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.