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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)

VOLUNTARY ANNOUNCEMENT

BACKGROUND

As at the date of this announcement, Rongzhong PRC has 24 loans provided by the Bank with an aggregate balance of approximately RMB407.7 million (equivalent to approximately HK\$485.4 million). Among them, 12 loans with an aggregate balance of approximately RMB195.2 million (equivalent to approximately HK\$232.4 million) have matured on 21 June 2021.

On or about 28 April 2021, Rongzhong PRC applied to the Bank for:

- (1) the extensions of 24 loans provided by the Bank with an aggregate balance of approximately RMB407.7 million (equivalent to approximately HK\$485.4 million); and
- (2) the assignments of 24 loans provided by the Bank to Rongzhong Capital Investments,

and if approved, in each case, on terms to be further set out in definitive agreements relating to such extensions and/or assignments.

LOAN EXTENSION AGREEMENTS

The Board hereby announces that on 21 June 2021, Rongzhong PRC and the Bank entered into the Loan Extension Agreements to extend the repayment dates of 12 loans provided by the Bank, all with original maturity dates on 21 June 2021, to 5 July 2022.

The principal terms of the Loan Extension Agreements (in respect of all 12 loans) are set out below:

Date:	21 June 2021
Lender:	the Bank
Borrower:	Rongzhong PRC
Aggregate loan amount:	approximately RMB195.2 million (equivalent to approximately HK\$232.4 million)
Interest rate:	per annum benchmark rate offered by the National Interbank Funding Center plus 10 basis points

Default interest:	150% of interest rate
Repayment date:	5 July 2022
Guarantors:	a joint venture of a controlling shareholder of the Company (being Perfect Honour Limited, which is a wholly owned subsidiary of Goldbond Group Holdings Limited, a company listed on the Stock Exchange with stock code 172) and a substantial shareholder of the Company (being Silver Creation Investments Limited, a company incorporated in the British Virgin Islands with limited liability); three independent third parties and a director of the Company's subsidiary

As a result of commercial negotiations between Rongzhong PRC and the Bank and to facilitate the approval of the above applications, Rongzhong PRC agreed to undertake as follows:

- (a) Rongzhong PRC has provided repayment plans, among others, of the Finance Lease Customer involving Rongzhong PRC's release (and Rongzhong PRC has commenced the process to implement such release) of its seizure of the Land Use Right in order to facilitate the sales of the Finance Lease Customer's residential project which in turn is expected to generate operating cash flow for future repayment;
- (b) Rongzhong PRC has agreed to, or will, give a sub-ordination undertaking such that the indebtedness of three creditors of the Finance Lease Customer will rank higher (subject to an aggregate limit of approximately RMB1 billion (equivalent to approximately HK\$1.2 billion)) than the indebtedness of Rongzhong PRC (the Company expects that the Finance Lease Customer's residential project will generate not less than approximately RMB2 billion (equivalent to approximately HK\$2.4 billion) in sales proceeds, and in turn will generate sufficient funding for full repayments of all indebtedness owed to the three creditors and Rongzhong PRC); and
- (c) (for the primary purpose of facilitating the assignments of 24 loans) Rongzhong PRC will set up a designated bank account with the Bank for future deposit of finance lease receivables arising from certain finance lease customers upon the completion of the proposed assignments of all of the 24 loans (the aggregate net book value of these finance lease receivables is approximately RMB287.4 million (equivalent to approximately HK\$342.1 million) as at 30 September 2020). As at the date of this announcement, no designated bank account had been set up by Rongzhong PRC with the Bank.

The terms of the Loan Extension Agreements, including the above undertakings, were arrived at after arm's length negotiations between the Bank and Rongzhong PRC. Having considered (i) the security provided by Rongzhong PRC and (ii) the market interest rate, the Directors are of the view that the terms of the Loan Extension Agreements (including the undertakings to be given by Rongzhong PRC) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

POTENTIAL ASSIGNMENTS OF LOANS

The Company has also applied to the Bank for the assignments of all of the 24 loans provided by the Bank to Rongzhong Capital Investments. The Directors are of the view that the proposed assignments of 24 loans (if materialised) may allow the Group to maintain better financial flexibility and strengthen the balance sheet of the Company in view of the Group's relatively low cash level.

As at the date of this announcement, the proposed assignments of the 24 loans provided by the Bank from Rongzhong PRC to Rongzhong Capital Investments is still at the application stage with the Bank. No agreement between the Bank and Rongzhong PRC, and no agreement between Rongzhong PRC and Rongzhong Capital Investments, has been entered into in relation to such loan assignments. If the Company receives the Bank's approval for, and/or any of such agreements are entered into in respect of, such loan assignments, the Company will make necessary disclosures (and obtain relevant approvals from Shareholders) as and when appropriate in compliance with the Listing Rules.

DEFINITIONS

Bank	a joint-stock commercial bank incorporated in the PRC
Board	the board of Directors of the Company
Company	China Rongzhong Financial Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whose issued Shares are listed on the Stock Exchange of Hong Kong Limited
Director(s)	the director(s) of the Company
Finance Lease Customer	a limited liability company established in the PRC with principal business of real estate development, recreation and entertainment services operations and an Independent Third Party
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Independent Third Party(ies)	any person(s) or company(ies) who are not connected persons (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
Land Use Right	the land use right owned by the Finance Lease Customer and seized by Rongzhong PRC, which is located in Jinyinhu District of Wuhan with land area of approximately 255,851 square meters

Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Loan Extension Agreements	12 loan extension agreements dated 21 June 2021 entered into between the Bank (as lender) and Rongzhong PRC (as borrower)
PRC	the People's Republic of China
Rongzhong Capital Investments	Rongzhong Capital Investments Group Limited (融眾資本投資集團有限公司), a limited liability company incorporated in the PRC and a joint venture of a controlling shareholder of the Company (being Perfect Honour Limited, which is a wholly owned subsidiary of Goldbond Group Holdings Limited, a company listed on the Stock Exchange with stock code 172) and a substantial shareholder of the Company (being Silver Creation Investments Limited, a company incorporated in the British Virgin Islands with limited liability), which are each a connected person of the Company under Chapter 14A of the Listing Rules
Rongzhong PRC	Rongzhong International Financial Leasing Co., Ltd. (融眾國際融資租賃有限公司), a limited liability company incorporated in the PRC and a wholly own subsidiary of the Company
RMB	Renminbi, the lawful currency of the PRC

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

Hong Kong, 28 June 2021

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.