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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: 3963)

DISCLOSEABLE TRANSACTION EXTENSION OF FINANCE LEASE AGREEMENT

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT II

The Board is pleased to announce that, on 20 February 2016, Rongzhong PRC (a wholly-owned subsidiary of the Company) entered into the Finance Lease Supplemental Agreement II with the Lessee pursuant to which Rongzhong PRC agreed to extend the lease term under the Finance Lease Agreement for twelve (12) months with a total future lease payments of approximately RMB210.2 million (equivalent to approximately HK\$250.2 million), inclusive of interest, for the extension period. The agreed security deposit is approximately RMB70.0 million (equivalent to approximately HK\$83.3 million). In accordance with the relevant accounting standards, the amount of finance lease receivable recognized by the Company on inception date will be approximately RMB130.0 million (equivalent to approximately HK\$154.8 million).

THE GUARANTEE AGREEMENTS

On 20 February 2016, Rongzhong PRC and each of the Beneficial Owners and the Corporate Guarantor entered into the Beneficial Owners Guarantee Agreements and the Corporate Guarantee Agreement, respectively, to secure due payment of the lease payments by the Lessee to Rongzhong PRC.

THE FINANCE LEASE AGREEMENT

On 25 February 2013, Rongzhong PRC entered into the Finance Lease Agreement with the Lessee pursuant to which Rongzhong PRC agreed to purchase the Equipment from the Lessee at a contract amount of approximately RMB200.0 million (equivalent to approximately HK\$238.1 million) and to lease the Equipment back to the Lessee for a term of thirty-six (36) months with a total future lease payments of approximately RMB230.7 million (equivalent to approximately HK\$274.6 million), inclusive of interest, for such lease period. The agreed security deposit is approximately RMB70.0 million (equivalent to approximately HK\$83.3 million).

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT I

On 16 March 2015, Rongzhong PRC entered into the Finance Lease Supplemental Agreement I with the Lessee pursuant to which Rongzhong PRC agreed to change certain repayment plan under the Finance Lease Agreement.

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 II and the Guarantee Agreements is more than 5% but all of them are less than 25%, the transaction contemplated under the Finance Lease Supplemental Agreement II and the Guarantee Agreements constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

THE FINANCE LEASE AGREEMENT

On 25 February 2013, Rongzhong PRC entered into the Finance Lease Agreement with the Lessee pursuant to which Rongzhong PRC agreed to purchase the Equipment from the Lessee at a contract amount of approximately RMB200.0 million (equivalent to approximately HK\$238.1 million) and to lease the Equipment back to the Lessee for a term of thirty-six (36) months with a total future lease payments of approximately RMB230.7 million (equivalent to approximately HK\$274.6 million), inclusive of interest, for such lease period. The book value of the Equipment as of 25 February 2013 is approximately RMB205.3 million (equivalent to approximately HK\$244.4 million). The agreed security deposit is approximately RMB70.0 million (equivalent to approximately HK\$83.3 million) and such amount shall be excluded in the calculation of the lease payments.

The interest payments are payable in twelve quarterly instalments, and the contract amount is payable in four quarterly instalments of approximately RMB50.0 million (equivalent to approximately HK\$59.5 million) each starting on the ninth instalment by the Lessee to Rongzhong PRC over the lease period.

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT I

On 16 March 2015, Rongzhong PRC entered into the Finance Lease Supplemental Agreement I with the Lessee pursuant to which Rongzhong PRC agreed to change the repayment plan under the Finance Lease Agreement, such that the interest payments are payable in twelve quarterly instalments and the contract amount is payable in full upon the expiry of the Finance Lease Agreement by the Lessee to Rongzhong PRC over the lease period, so as to address the temporary liquidity difficulty of the Lessee.

THE FINANCE LEASE SUPPLEMENTAL AGREEMENT II

On 20 February 2016, Rongzhong PRC entered into the Finance Lease Supplemental Agreement II with the Lessee pursuant to which Rongzhong PRC agreed to extend the lease term under the Finance Lease Agreement for twelve (12) months (from 36 months to 48 months) with a total future lease payments of approximately RMB210.2 million (equivalent to approximately HK\$250.2 million), inclusive of interest, for the extension period. The agreed security deposit is approximately RMB70.0 million (equivalent to approximately HK\$83.3 million) and such amount shall be excluded in the calculation of the lease payments. In accordance with the relevant accounting standards, the amount of finance lease receivable recognized by the Company on inception date will be approximately RMB130.0 million (equivalent to approximately HK\$154.8 million). The material terms of the Finance Lease Supplement Agreement II have been summarised as follows:

Date of contract

20 February 2016

Parties

Lessor: Rongzhong PRC

Lessee: the 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 third parties independent of the Company and its connected persons.

Extension period

Twelve (12) months from the date of the contract.

Lease payments

The aggregate lease payments payable in four quarterly instalments and four monthly instalments by the Lessee to Rongzhong PRC over the extension period is approximately RMB210.2 million (equivalent to approximately HK\$250.2 million), which includes a total interest of approximately RMB10.2 million (equivalent to approximately HK\$12.1 million), calculated at the PBOC Rate of compatible maturity period plus a premium. In accordance with the relevant accounting standards, the amount of finance lease receivable recognized by Rongzhong PRC on inception date will be approximately RMB130.0 million (equivalent of approximately HK\$154.8 million).

Security deposit

The security deposit of approximately RMB70.0 million (equivalent to approximately HK\$83.3 million) will be offset against part of the contract amount. The security deposit bears no interest and will be applied to make up part of the total future lease payments of approximately RMB210.2 million (equivalent to approximately HK\$250.2 million) during the extension period.

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 Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II, Rongzhong PRC will transfer the ownership of the Equipment to the Lessee at nil consideration upon the expiry of the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II.

THE BENEFICIAL OWNERS GUARANTEE AGREEMENTS

On 20 February 2016, Rongzhong PRC and each of the Beneficial Owners entered into the Beneficial Owners Guarantee Agreements, respectively, to secure due payment of the lease payments by the Lessee to Rongzhong PRC. The material terms of the Beneficial Owners Guarantee Agreements have been summarised as follows:

Date of contract

20 February 2016

Parties

Lessor: Rongzhong PRC

Guarantor: each of the Beneficial Owners for each of the Beneficial Owners Guarantee Agreements

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Beneficial Owners are third parties independent of the Company and its connected persons.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II.

Scope of guarantee

Each of the Beneficial Owners agreed in their respective Beneficial Owners Guarantee Agreement to undertake personal guarantee, on a joint and several basis, to satisfy any and all of the liabilities of the Lessee under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II and all incidental enforcement costs.

THE CORPORATE GUARANTEE AGREEMENT

On 20 February 2016, Rongzhong PRC and the Corporate Guarantor entered into the Corporate Guarantee Agreement to secure due payment of the lease payments by the Lessee to Rongzhong PRC. The material terms of the Corporate Guarantee Agreement have been summarised as follows:

Date of contract

20 February 2016

Parties

Lessor: Rongzhong PRC

Guarantor: the Corporate Guarantor

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Corporate Guarantor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II.

Scope of guarantee

The Corporate Guarantor agreed in the Corporate Guarantee Agreement to undertake guarantee, on a joint and several basis, to satisfy any and all of the liabilities of the Lessee under the Finance Lease Agreement, the Finance Lease Supplemental Agreement I and the Finance Lease Supplemental Agreement II and all incidental enforcement costs.

Further protective covenants

The Corporate Guarantor further agreed in the Corporate Guarantee Agreement to give certain protective covenants in favour of Rongzhong PRC, including an obligation to obtain the prior written consent of Rongzhong PRC if the Corporate Guarantor intends to transfer up to 50% of its operating assets, an obligation to inform Rongzhong PRC 30 days in advance and obtain consent from Rongzhong PRC in case of merger, reorganisation or other major changes in shareholding structure on the part of the Corporate Guarantor and an obligation to obtain consent from Rongzhong PRC if the Corporate Guarantee intends to provide guarantee to any third party with its cumulative guarantee liabilities in excess of 70% of its net asset value as shown in its latest financial statements.

REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS

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

Each of the Lessee and the Corporate Guarantor is principally engaged in the business of manufacturing of special steel, mold and special steel production equipment.

The terms of the Finance Lease Supplemental Agreement II (including the lease payments and the security deposit) and the Guarantee Agreements were determined after arm's length negotiations between the Lessee and Rongzhong PRC and between the Beneficial Owners and the Corporate Guarantor and Rongzhong PRC, respectively, with reference to, among others, the prevailing market terms and practices.

The Directors consider that the entering into the Finance Lease Supplemental Agreement II and the Guarantee Agreements is 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 II and the Guarantee Agreements were entered into under normal commercial terms, the Directors are of the view that the terms of these agreements 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 II and the Guarantee Agreements is more than 5% but all of them are less than 25%, the transaction contemplated under the Finance Lease Supplemental Agreement II and the Guarantee Agreements constitutes a discloseable 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:

“Beneficial Owners”	two individuals together holding 100% interest of the Lessee and each being a third party independent of the Company and its connected persons
“Beneficial Owners Guarantee Agreements”	the guarantee agreements entered into between Rongzhong PRC and each of the Beneficial Owners on 20 February 2016 pursuant to which each of the Beneficial Owners has provided to Rongzhong PRC certain guarantees
“Board”	the board of Directors
“Company”	China Rongzhong Financial Holdings Company Limited, a limited liability company incorporated in the Cayman Islands with its issued shares listed on the Main Board of the Stock Exchange
“connect person(s)”	has the same meaning ascribed to it under the Listing Rules
“Corporate Guarantee Agreement”	the guarantee agreement entered into between Rongzhong PRC and the Corporate Guarantor on 20 February 2016 pursuant to which the Corporate Guarantor has provided to Rongzhong PRC certain guarantees
“Corporate Guarantor”	a limited liability company established in the PRC with its principal business in manufacturing of special steel, mold and special steel production equipment, wholly owned by the Beneficial Owners and a third party independent of the Company and its connected persons
“Director(s)”	director(s) of the Company
“Equipment”	7 sets of various production equipment of reduction furnace
“Finance Lease Agreement”	the finance lease agreement entered into between Rongzhong PRC and the Lessee on 25 February 2013 pursuant to which Rongzhong PRC will purchase the Equipment from the Lessee and then lease it back to the Lessee

“Finance Lease Supplemental Agreement I”	the finance lease supplemental agreement entered into between Rongzhong PRC and the Lessee on 16 March 2015 pursuant to which Rongzhong PRC agreed to change certain repayment plan of the Finance Lease Agreement
“Finance Lease Supplemental Agreement II”	the finance lease second supplemental agreement entered into between Rongzhong PRC and the Lessee on 20 February 2016 pursuant to which the term of the Finance Lease Agreement has been extended for a period of twelve (12) months
“Group”	the Company and its subsidiaries
“Guarantee Agreements”	the Beneficial Owners Guarantee Agreements and the Corporate Guarantee Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lessee”	a limited liability company established in the PRC with its principal business in manufacturing of special steel, mold and special steel production equipment, wholly owned by the Beneficial Owners and a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC Rate”	the benchmark interest rate promulgated the People’s Bank of China for RMB loans
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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

“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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: RMB0.84

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 Tsz Lun
Company Secretary

Hong Kong, 22 February 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Xie Xiaoqing and Mr. Li Fan; the non-executive Directors of the Company are Mr. Ding Chung Keung Vincent, Ms. Wong Jacqueline Yue Yee and Mr. Sun Changyu and the independent non-executive Directors of the Company are Mr. Nie Yong, Mr. Duan Chang Feng, and Ms. Zou Lin.