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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 TRANSACTIONS
FINANCE LEASE ARRANGEMENTS

THE FINANCE LEASE AGREEMENT I

On 20 April 2016, Rongzhong PRC entered into the Finance Lease Agreement I with Lessee I pursuant to which Rongzhong PRC agreed to purchase Asset I from Lessee I at a contract amount of approximately RMB54.0 million (equivalent to approximately HK\$64.3 million), payable by Rongzhong PRC to Lessee I by instalments on such amount on demand by Lessee I from time to time, and to lease the Asset I back to the Lessee I for a term of twenty-four (24) months with a total future lease payments (inclusive of interest and other administrative fee) for such lease period of approximately RMB65.9 million (equivalent to approximately HK\$78.5 million). The estimated value of Asset I is approximately RMB100.0 million (equivalent to approximately HK\$119.0 million). The agreed security deposit is approximately RMB3.0 million (equivalent to approximately HK\$3.6 million).

THE BENEFICIAL OWNER GUARANTEE AGREEMENT I

On 10 July 2016, Rongzhong PRC entered into the Beneficial Owner Guarantee Agreement I with the Beneficial Owner pursuant to which the Beneficial Owner guaranteed to secure due payment of the lease payments by Lessee I to Rongzhong PRC pursuant to the Finance Lease Agreement I.

THE LR GUARANTEE AGREEMENT I

On 20 April 2016, Rongzhong PRC entered into the LR Guarantee Agreement I with the Legal Representative pursuant to which the Legal Representative guaranteed to secure due payment of the lease payments by Lessee I to Rongzhong PRC pursuant to the Finance Lease Agreement I.

THE FINANCE LEASE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the Finance Lease Agreement II with Lessee II pursuant to which Rongzhong PRC agreed to purchase Asset II from Lessee II at a contract amount of approximately RMB21.0 million (equivalent to approximately HK\$25.0 million) and to lease Asset II back to Lessee II for a term of twenty-four (24) months with a total future lease payments (inclusive of interest and other administrative fee) for such lease period of approximately RMB25.5 million (equivalent to approximately HK\$30.4 million). The book value of Asset II is approximately RMB26.3 million (equivalent to approximately HK\$31.3 million).

THE BENEFICIAL OWNER GUARANTEE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the Beneficial Owner Guarantee Agreement II with the Beneficial Owner pursuant to which the Beneficial Owner guaranteed to secure due payment of the lease payments by Lessee II to Rongzhong PRC pursuant to the Finance Lease Agreement II.

THE LR GUARANTEE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the LR Guarantee Agreement II with the Legal Representative pursuant to which the Legal Representative guaranteed to secure due payment of the lease payments by Lessee II to Rongzhong PRC pursuant to the Finance Lease Agreement II.

THE FINANCIAL CONSULTANCY CONTRACT

On 25 July 2016, Rongzhong PRC entered into the Financial Consultancy Contract with Lessee II pursuant to which Rongzhong PRC agreed to provide financial consultancy services to Lessee II in relation to, among other things, advising on policy analysis, financial management, investment and related financial products for a period commencing from 25 July 2016 to 25 July 2018. The aggregate consultancy fee is approximately RMB0.4 million (equivalent to approximately HK\$0.5 million), payable by Lessee II to Rongzhong PRC in two (2) equal instalments of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million).

LISTING RULES IMPLICATIONS

As of 20 April 2016, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for Transaction I was more than 5% but all of them were less than 25%, Transaction I constituted a discloseable transaction of the Company and was therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

As of 25 July 2016, Lessee I and Lessee II were parties associated with each other to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries. Transaction I and Transaction II therefore shall be aggregated for the classification in accordance with Rule 14.22 of the Listing Rules.

As of 25 July 2016, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for Transaction I and Transaction II (on an aggregated basis) was more than 5% but all of them were less than 25%, Transaction I and Transaction II constituted discloseable transactions of the Company and were therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

THE FINANCE LEASE AGREEMENT I

On 20 April 2016, Rongzhong PRC entered into the Finance Lease Agreement I with Lessee I pursuant to which Rongzhong PRC agreed to purchase Asset I from Lessee I at a contract amount of approximately RMB54.0 million (equivalent to approximately HK\$64.3 million), payable by Rongzhong PRC to Lessee I by instalments on such amount on demand by Lessee I from time to time, and to lease the Asset I back to the Lessee I for a term of twenty-four (24) months with a total future lease payments (inclusive of interest and other administrative fee) for such lease period of approximately RMB65.9 million (equivalent to approximately HK\$78.5 million). The estimated value of Asset I is approximately RMB100.0 million (equivalent to approximately HK\$119.0 million). The agreed security deposit is approximately RMB3.0 million (equivalent to approximately HK\$3.6 million). The material terms of the Finance Lease Agreement I have been summarised as follows:

Date of contract

20 April 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee I

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

Lease period

Twenty-four (24) months commencing from 25 April 2016.

Contract amount

The contract amount of approximately RMB54.0 million (equivalent to approximately HK\$64.3 million) of Asset I is payable by Rongzhong PRC to Lessee I by instalments on such amount on demand by Lessee I from time to time (the full contract amount has been paid by Rongzhong PRC to Lessee I and/or its nominee, with the last instalment paid on 20 September 2016).

Lease payments

The total future lease payments are approximately RMB65.9 million (equivalent to approximately HK\$78.5 million), including a total interest of approximately RMB6.8 million (equivalent to approximately HK\$8.1 million), calculated at the PBOC Rate of compatible maturity period plus a premium, and a total of other administrative fee of approximately RMB5.1 million (equivalent to approximately HK\$6.1 million).

The interest and other administrative fee are payable in eight (8) quarterly instalments over the lease period and the contract amount of Asset I is payable in one (1) instalment at the end of the lease period, in each case by Lessee I to Rongzhong PRC. The first instalment of the interest and other administrative fee will be payable on a date falling three (3) months after the date of Rongzhong PRC paying all the contract amount of Asset I to Lessee I.

Security deposit

The security deposit of approximately RMB3.0 million (equivalent to approximately HK\$3.6 million) bears no interest and will be applied to make up part of the repayment payable by Lessee I to Rongzhong PRC at the end of the lease period.

Asset I ownership

During the lease period, the ownership of Asset I shall be vested in Rongzhong PRC. Subject to Lessee I having duly and fully performed all of its obligations under the Finance Lease Agreement I, Rongzhong PRC will transfer the ownership of Asset I to Lessee I at nil consideration upon the expiry of the Finance Lease Agreement I.

THE BENEFICIAL OWNER GUARANTEE AGREEMENT I

On 10 July 2016, Rongzhong PRC entered into the Beneficial Owner Guarantee Agreement I with the Beneficial Owner pursuant to which the Beneficial Owner guaranteed to secure due payment of the lease payments by Lessee I to Rongzhong PRC pursuant to the Finance Lease Agreement I. The material terms of the Beneficial Owner Guarantee Agreement I have been summarised as follows:

Date of contract

10 July 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee I

Guarantor: Beneficial Owner

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Beneficial Owner is an Independent Third Party.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement I.

Scope of guarantee

The Beneficial Owner agreed to undertake personal guarantee, on a joint and several basis, to satisfy any and all of the liabilities of Lessee I under the Finance Lease Agreement I and all incidental enforcement costs.

THE LR GUARANTEE AGREEMENT I

On 20 April 2016, Rongzhong PRC entered into the LR Guarantee Agreement I with the Legal Representative pursuant to which the Legal Representative guaranteed to secure due payment of the lease payments by Lessee I to Rongzhong PRC pursuant to the Finance Lease Agreement I. The material terms of the LR Guarantee Agreement I have been summarised as follows:

Date of contract

20 April 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee I

Guarantor: Legal Representative

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Legal Representative is an employee of the Related Group and an Independent Third Party.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement I.

Scope of guarantee

The Legal Representative agreed to undertake personal guarantee, on a joint and several basis, to satisfy any and all of the liabilities of Lessee I under the Finance Lease Agreement I and all incidental enforcement costs.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION I

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

Lessee I is principally engaged in the business of investments in property development projects and providing related investment consultancy and management services in the PRC.

The terms of the Finance Lease Agreement I (including the contract amount, the lease payments, the interest and the security deposit), the Beneficial Owner Guarantee Agreement I and the LR Guarantee Agreement I were determined after arms' 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 Transaction I was entered into in the ordinary and usual course of business of Rongzhong PRC and that will generate revenue and profit to the Group over the lease period. As mentioned in Company's 2016 annual report, it is part of the Group's business strategies to seek growth opportunities in various new industries including the cultural and art related industries. The Directors consider that the entry into Transaction I is in line with the business strategies of the Group to diversify its financial leasing businesses to meet the funding needs of the cultural and art related industries. Since Transaction I was entered into under normal commercial terms, the Directors are of the view that the terms of the Transaction I are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

THE FINANCE LEASE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the Finance Lease Agreement II with Lessee II pursuant to which Rongzhong PRC agreed to purchase Asset II from Lessee II at a contract amount of approximately RMB21.0 million (equivalent to approximately HK\$25.0 million) and to lease Asset II back to Lessee II for a term of twenty-four (24) months with a total future lease payments (inclusive of interest and other administrative fee) for such lease period of approximately RMB25.5 million (equivalent to approximately HK\$30.4 million). The book value of Asset II is approximately RMB26.3 million (equivalent to approximately HK\$31.3 million). The material terms of the Finance Lease Agreement II have been summarised as follows:

Date of contract

25 July 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee II

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

Lease period

Twenty-four (24) months commencing from 25 July 2016.

Lease payments

The aggregate lease payments are approximately RMB25.5 million (equivalent to approximately HK\$30.4 million), including a total interest of approximately RMB2.6 million (equivalent to approximately HK\$3.1 million), calculated at the PBOC Rate of compatible maturity period plus a premium, and a total of other administrative fee of approximately RMB1.9 million (equivalent to approximately HK\$2.3 million).

The interest and other administrative fee are payable in eight (8) quarterly instalments over the lease period and the contract amount of Asset II is payable in one instalment at the end of the lease period, in each case by Lessee II to Rongzhong PRC.

Asset II ownership

During the lease period, the ownership of Asset II shall be vested in Rongzhong PRC. Subject to Lessee II having duly and fully performed all of its obligations under the Finance Lease Agreement II, Rongzhong PRC will transfer the ownership of Asset II to Lessee II at nil consideration upon the expiry of the Finance Lease Agreement II.

THE BENEFICIAL OWNER GUARANTEE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the Beneficial Owner Guarantee Agreement II with the Beneficial Owner pursuant to which the Beneficial Owner guaranteed to secure due payment of the lease payments by Lessee II to Rongzhong PRC pursuant to the Finance Lease Agreement II. The material terms of the Beneficial Owner Guarantee Agreement II have been summarised as follows:

Date of contract

25 July 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee II

Guarantor: Beneficial Owner

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Beneficial Owner is an Independent Third Party.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement II.

Scope of guarantee

The Beneficial Owner agreed to undertake personal guarantee, on a joint and several basis, to satisfy any and all of the liabilities of Lessee II under the Finance Lease Agreement II and all incidental enforcement costs.

THE LR GUARANTEE AGREEMENT II

On 25 July 2016, Rongzhong PRC entered into the LR Guarantee Agreement II with the Legal Representative pursuant to which the Legal Representative guaranteed to secure due payment of the lease payments by Lessee II to Rongzhong PRC pursuant to the Finance Lease Agreement II. The material terms of the LR Guarantee Agreement II have been summarised as follows:

Date of contract

25 July 2016

Parties

Lessor: Rongzhong PRC

Lessee: Lessee II

Guarantor: Legal Representative

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Legal Representative is an employee of the Related Group and an Independent Third Party.

Guarantee period

Expires two (2) years upon the expiration of the Finance Lease Agreement II.

Scope of guarantee

The Legal Representative agreed to undertake personal guarantee, on a joint and several basis, to satisfy any and all of the liabilities of Lessee II under the Finance Lease Agreement II and all incidental enforcement costs.

THE FINANCIAL CONSULTANCY CONTRACT

On 25 July 2016, Rongzhong PRC entered into the Financial Consultancy Contract with Lessee II pursuant to which Rongzhong PRC agreed to provide financial consultancy services to Lessee II in relation to, among other things, advising on policy analysis, financial management, investment and related financial products for a period commencing from 25 July 2016 to 25 July 2018. The aggregate consultancy fee is approximately RMB0.4 million (equivalent to approximately HK\$0.5 million), payable by Lessee II to Rongzhong PRC in two (2) equal instalments of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million).

REASONS FOR, AND BENEFITS OF, THE TRANSACTION II

Lessee II is principally engaged in the business of investment management in the PRC

The terms of the Finance Lease Agreement II (including the contract amount, the lease payments and the interest), the Beneficial Owner Guarantee Agreement II, the LR Guarantee Agreement II and the Financial Consultancy Contract were determined after arms' 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 Transaction II was entered into in the ordinary and usual course of business of Rongzhong PRC and that will generate revenue and profit to the Group over the lease period. Since Transaction II was entered into under normal commercial terms, the Directors are of the view that the terms of the Transaction II are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As of 20 April 2016, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for Transaction I was more than 5% but all of them were less than 25%, Transaction I constituted a discloseable transaction of the Company and was therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

As of 25 July 2016, Lessee I and Lessee II were parties associated with each other to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries. Transaction I and Transaction II therefore shall be aggregated for the classification in accordance with Rule 14.22 of the Listing Rules.

As of 25 July 2016, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for Transaction I and Transaction II (on an aggregated basis) was more than 5% but all of them were less than 25%, Transaction I and Transaction II constituted discloseable transactions of the Company and were therefore subject to the announcement requirement in Chapter 14 of the Listing Rules.

Due to the oversight and misunderstanding of the Listing Rules on the part of certain executive(s) of the Group handling the transactions, it is mistakenly believed that the entering into of Transaction I and Transaction II did not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules. Therefore, the Company failed to timely comply with the relevant announcement requirements under Chapter 14 of the Listing Rules in respect of Transaction I and Transaction II. As soon as the Company became aware that the entering into of Transaction I and Transaction II constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules, the Company has:

- (a) undertaken a thorough review on its internal control procedures for handling similar transactions;
- (b) formulated plans to implement a series of enhanced control measures to pro-actively ensure timely compliance with the Listing Rules in the future, including:

- (i) external advisers will be engaged from time to time to provide training on the Listing Rules to the managerial staff of the Group (including those at the subsidiary level) who may be involved in handling similar transactions;
 - (ii) all proposed transactions of the Group shall be reviewed by and discussed among the executive directors, the financial controller and the company secretary of the Company to enable cross-checking compliance safeguard; and
 - (iii) a procedure will be put in place to require pre-transaction sign-off in writing from the company secretarial department of the Group to ensure continuous compliance; and
- (c) arranging for the directors and senior management of the Group to attend appropriate continuous professional development training in respect of compliance with the Listing Rules.

In light of the review on its internal procedures and the series of enhanced control measures that the Company will implement to pro-actively prevent any possible non-compliance of the Listing Rules, the Company is confident that the risk of non-compliance with the Listing Rules in the future could be minimised.

DEFINITIONS

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

“Asset I”	a set of 4 Chinese antique bronze statues
“Asset II”	5 batches of elevators, 1 batch of escalators, 2 centrifugal chillers, 5 batches of tower air-conditioning systems, 2 sets of mechanical parking equipment, 1 batch of water pumps, 40 low pressure tanks, 16 high pressure tanks and 1 batch of air-conditioners
“Beneficial Owner”	an individual (to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries) who is the beneficial owner of approximately 98% of Lessee I and approximately 98% of Lessee II and, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, an Independent Third Party
“Beneficial Owner Guarantee Agreement I”	the guarantee agreement entered into between Rongzhong PRC and the Beneficial Owner on 10 July 2016 pursuant to which the Beneficial Owner has provided to Rongzhong PRC certain guarantees
“Beneficial Owner Guarantee Agreement II”	the guarantee agreement entered into between Rongzhong PRC and the Beneficial Owner on 25 July 2016 pursuant to which the Beneficial Owner 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 Cayman Islands with its issued shares listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Financial Consultancy Contract”	the financial consultancy contract entered into between Rongzhong PRC and Lessee II on 25 July 2016 pursuant to which Rongzhong PRC agreed to provide certain financial consultancy services to Lessee II
“Finance Lease Agreement I”	the finance lease agreement entered into between Rongzhong PRC and Lessee I on 20 April 2016 pursuant to which Rongzhong PRC will purchase Asset I from Lessee I and lease it back to Lessee I
“Finance Lease Agreement II”	the finance lease agreement entered into between Rongzhong PRC and Lessee II on 25 July 2016 pursuant to which Rongzhong PRC agreed to purchase Asset II from Lessee II and lease it back to Lessee II
“Group”	the Company and its subsidiaries
“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
“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)
“Legal Representative”	an individual (to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries) who is the registered owner of approximately 98% of Lessee I and approximately 98% of Lessee II, the legal representative of each of Lessee I and Lessee II and an employee of the Related Group and, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, an Independent Third Party
“Lessee I”	a limited liability company established in the PRC with its principal business in the investments in property development projects and providing related investment consultancy and management services, and, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, an Independent Third Party

“Lessee II”	a limited liability company established in the PRC with its principal business in investment management, and, to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LR Guarantee Agreement I”	the guarantee agreement entered into between Rongzhong PRC and the Legal Representative on 20 April 2016 pursuant to which the Legal Representative has provided to Rongzhong PRC certain guarantees
“LR Guarantee Agreement II”	the guarantee agreement entered into between Rongzhong PRC and the Legal Representative on 25 July 2016 pursuant to which the Legal Representative has provided to Rongzhong PRC certain guarantees
“PBOC Rate”	the benchmark interest rate promulgated the People’s Bank of China for RMB loans
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Related Group”	a group of companies comprising Rongzhong Group Limited (a company incorporated in the British Virgin Islands with limited liability) and its subsidiaries which are connected persons (as defined in the Listing Rules) of the Company
“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
“Transaction I”	the transactions contemplated under the Finance Lease Agreement I, the Beneficial Owner Guarantee Agreement I and the LR Guarantee Agreement I
“Transaction II”	the transactions contemplated under the Finance Lease Agreement II, the Beneficial Owner Guarantee Agreement II, the LR Guarantee Agreement II and the Financial Consultancy Contract
“%”	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
Xie Xiaoqing
Chairman

Hong Kong, 18 October 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Xie Xiaoqing and Mr. Yao Feng; 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.