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CHINA HUIRONG FINANCIAL HOLDINGS LIMITED

中國匯融金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1290)

DISCLOSEABLE TRANSACTION

ACQUISITION AND DISPOSAL OF GUANGDA EDUCATION

INTRODUCTION

The Board is pleased to announce that the Group participated in the Restructuring of Guangda Education through its cooperation with Suzhou Qingdong, the previous Restructuring Investor, and entered into the Agreements with various parties.

Huifang Supply Chain is a wholly-owned subsidiary of the Company. For the purpose of the Restructuring, Huifang Dinghe was established by Huifang Supply Chain as a wholly-owned subsidiary to act as the Restructuring Investor, in place of Suzhou Qingdong.

Pursuant to the Agreements and as part of the Restructuring, (1) Huifang Dinghe, as the Restructuring Investor, shall conduct the Acquisition by acquiring the entire equity interest in Guangda Education from the Administrator and assuming the obligation to make (a) the payment of the Restructuring Investment Amount in the amount of RMB196,000,000; and (b) the payment of the nominal Acquisition Consideration in the amount of RMB1; (2) within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000), Suzhou Qingdong shall conduct the Disposal by acquiring the entire equity interest in Huifang Dinghe from Huifang Supply Chain at the Disposal Consideration; and (3) Suzhou Qingdong shall pay Qingdao Wanchen, a wholly-owned subsidiary of the Company, the Consultation Fee for the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the Restructuring.

ACQUISITION OF GUANGDA EDUCATION

Upon completion of the Acquisition, Huifang Dinghe will become the sole registered owner of the entire equity interest in Guangda Education, and shall, through Guangda Education, own the Jasmine Hotel.

DISPOSAL OF GUANGDA EDUCATION

Upon completion of the Disposal, Suzhou Qingdong will become the sole registered owner of the entire equity interest in Huifang Dinghe, and shall, through Huifang Dinghe and Guangda Education, own the Jasmine Hotel.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of each of the Acquisition and the Disposal is/are more than 5% but less than 25%, each of the Acquisition and the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

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Pursuant to the Agreements and as part of the Restructuring, (1) Huifang Dinghe, as the Restructuring Investor, shall conduct the Acquisition by acquiring the entire equity interest in Guangda Education from the Administrator and assuming the obligation to make (a) the payment of the Restructuring Investment Amount in the amount of RMB196,000,000; and (b) the payment of the nominal Acquisition Consideration in the amount of RMB1; (2) within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000), Suzhou Qingdong shall conduct the Disposal by acquiring the entire equity interest in Huifang Dinghe from Huifang Supply Chain at the Disposal Consideration; and (3) Suzhou Qingdong shall pay Qingdao Wanchen, a wholly-owned subsidiary of the Company, the Consultation Fee for the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the Restructuring.

BACKGROUND

Restructuring of Guangda Education

Guangda Education is a company established under the laws of the PRC. On 15 April 2022, Guangda Education entered into the pre-Restructuring procedures, upon which the Administrator was appointed by the Gusu Court to be in charge of the administration of the Restructuring.

On 31 October 2022, Guangda Education (with the Administrator as the representative) and Suzhou Qingdong entered into the Restructuring Investment Agreement (which was later supplemented by two supplemental agreements) to govern the terms of the Restructuring and the designation of Suzhou Qingdong as the Restructuring Investor. On 24 November 2022, Guangda Education entered into the Restructuring procedures.

Pursuant to the Restructuring Investment Agreement and the Restructuring Plan, the parties agreed, among other matters, that:

- (a) Suzhou Qingdong shall pay the Restructuring Deposit in the amount of RMB15,000,0000 to the Administrator to secure its position as the Restructuring Investor in accordance with the following payment schedule:
 - (i) RMB5,000,000 payable on the date of the Restructuring Investment Agreement; and
 - (ii) RMB10,000,000 payable within ten (10) days of the date of approval by the Gusu Court of the Restructuring Plan.
- (b) Suzhou Qingdong shall acquire the entire equity interest in Guangda Education, which owns the Guangda Education Assets, at the Restructuring Investment Amount in the amount of RMB196,000,000 and the nominal Acquisition Consideration in the amount of RMB1; and
- (c) the Restructuring Investment Amount in the amount of RMB196,000,000 represents the necessary funding for the Restructuring, out of which:
 - (i) Suzhou Qingdong has already paid an amount of RMB17,257,928.76, which consists of:
 - RMB15,000,000, being the Restructuring Deposit (which may be applied in full to settle a portion of the Restructuring Investment Amount); and
 - RMB2,257,928.76, being the purchase price for three (3) properties that form part of the Jasmine Hotel.
 - (ii) the remaining Restructuring Investment Amount in the amount of RMB178,742,071.24 shall be paid in accordance with the following payment schedule:
 - RMB145,000,000 payable within three (3) months of the date of approval by the Gusu Court of the Restructuring Plan; and
 - RMB33,742,071.24 payable within six (6) months of the date of approval by the Gusu Court of the Restructuring Plan.

On 14 June 2023, the Restructuring Plan formulated by the Administrator was approved by the Gusu Court and became effective upon the approval.

Cooperation between Suzhou Qingdong and the Group in the Restructuring

In view of the current resources available to and the overall strategic development of Suzhou Qingdong, Suzhou Qingdong has been contemplating the introduction of another party as the Restructuring Investor taking up its rights and obligations under the Restructuring Investment Agreement and providing the necessary funding for the Restructuring. Huifang Supply Chain was therefore approached by Suzhou Qingdong to participate in the Restructuring.

On 17 August 2023, Suzhou Qingdong, Huifang Supply Chain, Huifang Dinghe, Qingdao Wanchen and Guangda Education (with the Administrator as the representative) (as applicable) entered into (1) the Tripartite Agreement; (2) the Cooperation Agreement; and (3) the Consultation Services Agreement, respectively.

THE TRIPARTITE AGREEMENT

Pursuant to the Tripartite Agreement, the parties agreed, among other matters, that Huifang Dinghe shall act as the Restructuring Investor in place of Suzhou Qingdong and assume the obligation to pay the Restructuring Investment Amount in the amount of RMB196,000,000 and the nominal Acquisition Consideration in the amount of RMB1 for the Acquisition.

Upon completion of the Acquisition, Huifang Dinghe will become the sole registered owner of the entire equity interest in Guangda Education, and shall, through Guangda Education, own the Jasmine Hotel.

The principal terms of the Tripartite Agreement are set out below.

Date: 17 August 2023

Parties: (1) Guangda Education (with the Administrator as the representative);
(2) Suzhou Qingdong; and
(3) Huifang Dinghe.

New Restructuring Investor: Effective from the date of the Tripartite Agreement, Huifang Dinghe shall substitute Suzhou Qingdong as the Restructuring Investor and Suzhou Qingdong shall cease to be the Restructuring Investor.

The Acquisition: As a result of Huifang Dinghe becoming the Restructuring Investor, Huifang Dinghe shall conduct the Acquisition by acquiring the entire equity interest in Guangda Education from the Administrator at the Restructuring Investment Amount in the amount of RMB196,000,000 and the nominal Acquisition Consideration in the amount of RMB1.

Payment of the Restructuring Investment Amount:

Out of the Restructuring Investment Amount in the amount of RMB196,000,000:

- (a) the amount of RMB17,257,928.76 was paid by Suzhou Qingdong and shall be regarded as part-payment by Huifang Dinghe of the Restructuring Investment Amount; and
- (b) the remaining Restructuring Investment Amount in the amount of RMB178,742,071.24 shall be paid by Huifang Dinghe to the Administrator in accordance with the following payment schedule:
 - (i) RMB145,000,000 payable within three (3) months of the date of approval by the Gusu Court of the Restructuring Plan; and
 - (ii) RMB33,742,071.24 payable within six (6) months of the date of approval by the Gusu Court of the Restructuring Plan.

Failure to pay the Restructuring Investment Amount:

In the event that Huifang Dinghe is in breach of its obligations under the Tripartite Agreement, Huifang Dinghe shall be entitled to a grace period of fifteen (15) days to rectify the breach. If the breach continues after the grace period, Huifang Dinghe shall be:

- (a) liable to pay liquidated damages of 30% of the Restructuring Investment Amount;
- (b) disqualified as the Restructuring Investor; and
- (c) required to pay damages to cover any further losses incurred by Guangda Education.

Basis of the Restructuring Investment Amount

The Restructuring Investment Amount was determined with reference to the following factors:

- (a) the total amount of debts and liabilities of Guangda Education as at the date of its Restructuring petition filed on 31 October 2022; and
- (b) the amount required to repurchase certain properties within the Jasmine Hotel from other external parties that shall form part of the Jasmine Hotel.

Source of funding for the Restructuring Investment Amount

The payment of the Restructuring Investment Amount in the amount of RMB178,742,071.24 will be funded in the following manner:

- (a) RMB35,000,000, being the registered capital of Huifang Dinghe contributed by Huifang Supply Chain;
- (b) RMB43,742,071.24 will be advanced by Huifang Supply Chain to Huifang Dinghe as the Shareholders' Loan; and
- (c) the remainder of the Restructuring Investment Amount of approximately RMB100,000,000 will be funded by the Bank Facility.

The investment amount mentioned in (a) and (b) above will be settled by the Group's internal resources. The investment amount mentioned in (c) above will be guaranteed by Huifang Supply Chain and Huifang Tongda, the wholly-owned subsidiaries of the Company.

THE COOPERATION AGREEMENT

The Cooperation Agreement was entered into between Huifang Supply Chain and Suzhou Qingdong to govern the terms of cooperation in respect of the Restructuring, in particular, in relation to the Acquisition and the Disposal.

Pursuant to the Cooperation Agreement, the parties agreed, among other matters, that (1) Suzhou Qingdong shall pay the Cooperation Deposit in the amount of RMB50,000,000 to Huifang Supply Chain; and (2) within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000), Suzhou Qingdong shall conduct the Disposal by acquiring the entire equity interest in Huifang Dinghe from Huifang Supply Chain at the Disposal Consideration (which includes the settlement of all debts and liabilities incurred by Huifang Dinghe and Huifang Supply Chain as a result of the Acquisition).

The principal terms of the Cooperation Agreement are set out below.

Date: 17 August 2023

Parties: (1) Huifang Supply Chain;
(2) Suzhou Qingdong.

Term: Two years from the effective date of the Cooperation Agreement.

- Procedures for change of Restructuring Investor:** Within thirty (30) days after the effective date of the Cooperation Agreement, Huifang Supply Chain shall establish Huifang Dinghe, being an entity controlled by Huifang Supply Chain.
- Within three (3) working days after the payment of the first instalment of the Cooperation Deposit by Suzhou Qingdong, Suzhou Qingdong shall provide a letter to the Administrator designating Huifang Dinghe as the Restructuring Investor in place of Suzhou Qingdong.
- Payment of the Restructuring Investment Amount:** Huifang Supply Chain shall conduct the Acquisition (via Huifang Dinghe) and pay the Restructuring Investment Amount in the amount of RMB196,000,000 to the designated account of the Administrator in accordance with the Tripartite Agreement.
- Management of Guangda Education:** Upon completion of the Acquisition, Huifang Dinghe will become the sole registered owner of entire equity interest in Guangda Education, and shall be entitled to control the company seal, licences, books and accounts of Guangda Education and make decisions in relation to the operations of Guangda Education.
- All management decisions of Guangda Education and renovation matters of the Jasmine Hotel contemplated by Suzhou Qingdong shall not be conducted without the prior approval of Huifang Dinghe.
- The Disposal:** Within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000), Suzhou Qingdong shall conduct the Disposal by acquiring the entire equity interest in Huifang Dinghe from Huifang Supply Chain at the Disposal Consideration (which includes the settlement of all debts and liabilities incurred by Huifang Dinghe and Huifang Supply Chain as a result of the Acquisition). The Disposal Consideration shall consist of the following items:
- (a) RMB50,000,000, representing the registered capital of Huifang Dinghe in the amount of RMB35,000,000 and a premium of RMB15,000,000 (the “**Capital Premium**”) to be settled by the Cooperation Deposit;
 - (b) RMB1,350,000, representing the dividend from Huifang Dinghe in the amount of RMB450,000 per annum for three years (the “**Dividend Premium**”);

- (c) RMB43,742,071.24 plus interest at 12% per annum, representing the repayment of the Shareholders' Loan; and
- (d) the amount required to repay the Bank Facility in the amount of approximately RMB100,000,000 plus interest accrued.

Cooperation Deposit: Suzhou Qingdong shall pay the Cooperation Deposit in the amount of RMB50,000,000 in accordance with the following payment schedule:

- (a) RMB24,742,071.24 payable within fifteen (15) days of the date of the Cooperation Agreement;
- (b) RMB8,000,000 payable within six (6) months of the date of approval by the Gusu Court of the Restructuring Plan; and
- (c) the amount paid by Suzhou Qingdong to the Administrator in the amount of RMB17,257,928.76 shall be regarded as part-payment of the Restructuring Investment Amount by Huifang Dinghe.

The Cooperation Deposit shall be applied to settle the corresponding portion of the Disposal Consideration.

If Suzhou Qingdong fails to perform the relevant obligations, Huifang Supply Chain shall be entitled to forfeit all the Cooperation Deposit paid as at the date of breach, or require Suzhou Qingdong to pay liquidated damages at the rate of 0.06% of the Disposal Consideration per day for so long that the breach persists.

Upon completion of the Disposal, Suzhou Qingdong will become the sole registered owner of the entire equity interest in Huifang Dinghe, and shall, through Huifang Dinghe and Guangda Education, own the Jasmine Hotel.

Basis of the Disposal Consideration

The Disposal Consideration was arrived at after arm's length negotiations between Huifang Supply Chain and Suzhou Qingdong with reference to the following factors:

- (a) the payment of the Restructuring Investment Amount in the amount of RMB196,000,000 by Huifang Supply Chain by assuming the obligations as the Restructuring Investor, through contribution to the registered capital of Huifang Dinghe, the Shareholders' Loan and the Bank Facility; and

(b) the risks undertaken by Huifang Supply Chain in taking part in the Restructuring, establishing Huifang Dinghe and assuming the role of the Restructuring Investor.

THE CONSULTATION SERVICES AGREEMENT

The Consultation Services Agreement was entered into between Qingdao Wanchen, a wholly-owned subsidiary of the Company, and Suzhou Qingdong in relation to the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the Restructuring at the Consultation Fee in the amount of RMB1,500,000.

The principal terms of the Consultation Services Agreement are set out below.

Date: 17 August 2023

Parties: (1) Suzhou Qingdong; and
(2) Qingdao Wanchen

Term: One year from the effective date of the Consultation Services Agreement.

Provision of consultation services: Qingdao Wanchen shall provide consultation services in relation to the Restructuring to Suzhou Qingdong, which mainly includes assistance in communication with the Administrator and the relevant courts in the course of the Restructuring.

Consultation Fee: Suzhou Qingdong shall pay Qingdao Wanchen the Consultation Fee in the amount of RMB1,500,000 within three (3) working days of the date of the Consultation Services Agreement.

In the event that Suzhou Qingdong decides to discontinue its participation in the Restructuring, Qingdao Wanchen shall refund half of the amount of the Consultation Fee in the amount of RMB750,000 within three (3) working days after receiving such notification.

INFORMATION OF GUANGDA EDUCATION AND THE JASMINE HOTEL

Guangda Education is a company established under the laws of the PRC and is the legal and beneficial owner of the Jasmine Hotel situated at No. 345, Changxu Road, Suzhou and No. 39, Jinmen Road, Suzhou (save for certain properties forming part of the Jasmine Hotel to be repurchased by the Restructuring Investor in accordance with the Restructuring Plan), with an aggregate gross floor area of 30,280.44 square meters. It was principally engaged in hotel operations.

On 15 April 2022, Guangda Education entered into the pre-Restructuring procedures, upon which the Administrator was appointed by the Gusu Court to be in charge of the administration of the Restructuring. On 24 November 2022, Guangda Education entered into Restructuring procedures. On 14 June 2023, the Restructuring Plan formulated by the Administrator was approved by the Gusu Court and became effective upon the approval.

According to the information provided by Guangda Education, it is expected that, immediately upon completion of the Restructuring, the unaudited net assets of Guangda Education will be in the amount of RMB1. The unaudited operating income, net profit before and after tax of Guangda Education for the two financial years ended 31 December 2021 and 2022, respectively, are as set out below:

	For the financial year ended 31 December	
	2021	2022
	<i>RMB</i>	<i>RMB</i>
Operating Income	12,238,550	12,056,800
Net profit before tax	1,281,600	1,702,730
Net profit after tax	1,281,600	1,702,730

Based on the evaluation performed by an independent third-party agency, the appraised value of the Jasmine Hotel as of 18 May 2023 amounted to RMB242,359,300.

It is expected that the Group will realize a gain on disposal of approximately RMB16,350,000, which is calculated with reference to the Capital Premium and the Dividend Premium. The Disposal is intended to be conducted within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000). The proceeds from the Disposal are currently intended to be used by the Group for general working capital.

The above calculation and accounting treatment are subject to review by the auditors of the Group.

Upon completion of the Disposal, the Group will no longer have any interest in Huifang Dignhe and Guangda Education, and Huifang Dinghe and Guangda Education will cease to be accounted as a subsidiary of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a comprehensive financing service provider. For the benefit of the Company and the Shareholders as a whole, the Group has been actively seeking opportunities in relation to provision of financing solutions to customers in the acquisition of distressed assets or in the restructuring of distressed companies.

In structuring the Group's participation in the Restructuring and in negotiating the terms of the Agreements, the Group is looking at a net gain in the form of (1) the Capital Premium (i.e. a premium on the registered capital of Huifang Dinghe) and the Dividend Premium (i.e. the receipt of the dividend from Huifang Dinghe) as part of the Disposal Consideration; and (2) the Consultation Fee received by Qingdao Wanchen. The Board considers that the net gain from the Acquisition and the Disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business and offering financing solutions to its customers, thereby creating a win-win situation. The Board has discussed and approved the transaction contemplated under the Agreements and is of the view that such transactions will bring benefits and create value to the Group and the Shareholders as a whole.

Based on the Group's internal assessment of the Restructuring Plan, the Directors also believe that the Group's participation is conducive to the completion of the Restructuring and the realization of the intrinsic value and potential of the Guangda Education Assets. The Directors therefore believe that there is a good prospect for an investment return from the Group's participation in the Restructuring and the consequential Disposal as contemplated under the Cooperation Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Agreements are in the ordinary and usual course of the Group's business, and the terms of which are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE GROUP

The Company was incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 01290). The Group is principally engaged in the provision of diversified financial services, including pawnshop, micro-finance, commercial factoring, financial leasing, art investment, equity investment, special asset investment, turnover loan fund and etc. to its customers.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS

Huifang Supply Chain

Huifang Supply Chain is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in supply chain management.

Qingdao Wanchen

Qingdao Wanchen is a company established under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in special assets investment.

Huifang Dinghe

Huifang Dinghe is a company established under the laws of the PRC with limited liability and is a direct wholly-owned subsidiary of Huifang Supply Chain and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Suzhou Qingdong

Suzhou Qingdong is a company established in the PRC with limited liability and is principally engaged in hotel operations. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Suzhou Qingong is indirectly owned by Ms. Wang Senyun (王森雲) and Mr. Zou Qinchen (鄒親成) as to 62% and 36%, respectively. Each of Ms. Wang Senyun (王森雲) and Mr. Zou Qinchen (鄒親成) is an entrepreneur and is principally engaged in hotel operations and other investments in the PRC.

Guangda Education

Guangda Education is a company established under the laws of the PRC and was principally engaged in hotel operations. On 15 April 2022, Guangda Education entered into the pre-Restructuring procedures, upon which the Administrator was appointed by the Gusu Court to be in charge of the administration of the Restructuring. On 24 November 2022, Guangda Education entered into the Restructuring procedures. On 14 June 2023, the Restructuring Plan formulated by the Administrator was approved by the Gusu Court and became effective upon the approval.

Administrator

The Administrator is an accounting firm established in the PRC and was designated to act as the administrator of Guangda Education by the Gusu Court in April 2023.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Suzhou Qingdong and the Administrator, and their respective ultimate beneficial owners, are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in respect of each of the Acquisition and the Disposal is/are more than 5% but less than 25%, each of the Acquisition and the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the entire equity interest in Guangda Education by Huifang Dinghe from the Administrator at the Restructuring Investment Amount in the amount of RMB196,000,000 and the nominal Acquisition Consideration in the amount of RMB1 in accordance with the Tripartite Agreement
“Acquisition Consideration”	the nominal amount of RMB1 for the Acquisition in accordance with the Tripartite Agreement
“Administrator”	Jiangsu Xinrui Accounting Company Limited* (江蘇新瑞會計師事務所有限公司), being the administrator of the Restructuring of Guangda Education as approved by the Gusu Court
“Agreements”	the Tripartite Agreement, the Cooperation Agreement and the Consultation Services Agreement
“Bank Facility”	a bank loan in the amount of RMB100,000,000 to be borrowed by Huifang Dinghe from a commercial bank and to be guaranteed by Huifang Supply Chain and Huifang Tongda for the purpose of funding part of the Restructuring Investment Amount
“Board”	the board of Directors
“Company”	China Huirong Financial Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 01290)
“Connected persons”	has the meaning ascribed to it under the Listing Rules
“Consultation Fee”	the consultation fee in the amount of RMB1,500,000 to be paid by Suzhou Qingdong to Qingdao Wanchen in accordance with the Consultation Services Agreement
“Consultation Services Agreement”	the consultation services agreement (諮詢服務協議) dated 17 August 2023 and entered into between Suzhou Qingdong and Qingdao Wanchen in relation to the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the Restructuring at the Consultation Fee in the amount of RMB1,500,000

“Cooperation Agreement”	the cooperation agreement (合作框架協議) dated 17 August 2023 and entered into among Huifang Supply Chain and Suzhou Qingdong to govern the terms of cooperation in respect of the Restructuring, in particular, in relation to the Acquisition and the Disposal
“Cooperation Deposit”	the deposit in the amount of RMB50,000,000 to be paid by Suzhou Qingdong to Huifang Supply Chain in accordance with the Cooperation Agreement
“Disposal”	the disposal of the entire equity interest in Huifang Dinghe by Huifang Supply Chain to Suzhou Qingdong at the Disposal Consideration within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000) in accordance with the Cooperation Agreement
“Disposal Consideration”	the consideration to be paid by Suzhou Qingdong for the acquisition of the entire equity interest in Huifang Dinghe from Huifang Supply Chain (i.e. the Disposal) within twelve (12) months of the Acquisition (i.e. from the date of full payment of the Restructuring Investment Amount in the amount of RMB196,000,000) in accordance with the Cooperation Agreement
“Directors”	the director(s) of the Company
“Guangda Education”	Suzhou Guangda Education Technology Development Company Limited* (蘇州市廣大教育科技發展有限公司), a company established under the laws of the PRC with limited liability and in respect of which the Administrator was appointed by the Gusu Court in relation to the Restructuring
“Guangda Education Assets”	the following assets owned by Guangda Education: <ul style="list-style-type: none"> (i) the Jasmine Hotel; (ii) an automobile registered under the name of Guangda Education; and (iii) any receivables due to Guangda Education and yet to be collected or determined to be recoverable by the Administrator prior to the date on which the business operation of Guangda Education was handed over to the Administrator
“Group”	the Company and its subsidiaries
“Gusu Court”	the People’s Court of Gusu District, Suzhou* (蘇州市姑蘇區人民法院)

“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huifang Dinghe”	Suzhou Huifang Dinghe Business Management Company Limited* (蘇州匯方鼎合商業管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Huifang Supply Chain
“Huifang Supply Chain”	Suzhou Huifang Supply Chain Management Company Limited* (蘇州市匯方供應鏈管理有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Huifang Tongda”	Suzhou Huifang Tongda Management Consulting Co., Ltd* (蘇州匯方同達管理諮詢有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	party(ies) independent of the Company and its connected persons
“Jasmine Hotel”	the 83 properties with an aggregate gross floor area of 30,280.44 square meters situated at No. 345, Changxu Road, Suzhou and No.39, Jinmen Road, Suzhou, together with the facilities and equipment therein for commercial uses
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Qingdao Wanchen”	Qingdao Wanchen Buliang Property Company Limited* (青島萬宸不良資產處置有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Restructuring”	the bankruptcy restructuring of Guangda Education in the PRC
“Restructuring Deposit”	the deposit in the amount of RMB15,000,000 paid by Suzhou Qingdong under the Restructuring Investment Agreement

“Restructuring Investment Agreement”	the restructuring investment agreement (重整投資協議) dated 31 October 2022 and entered into between Guangda Education (with the Administrator as the representative) and Suzhou Qingdong in relation to the Restructuring, as supplemented by the supplemental restructuring investment agreements (重整投資協議補充協議) dated 16 November 2022 and 28 April 2023, respectively
“Restructuring Investment Amount”	RMB196,000,000, being the aggregate amount payable by the Restructuring Investor for the Restructuring under the Restructuring Investment Agreement
“Restructuring Investor”	the restructuring investor enlisted by the Administrator for the Restructuring
“Restructuring Plan”	the restructuring plan for implementation of the Restructuring
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Shareholders’ Loan”	the shareholders’ loan in the amount of RMB43,742,071.24 to be advanced by Huifang Supply Chain to Huifang Dinghe
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Qingdong”	Suzhou Qingdong Hotel Management Limited* (蘇州慶東酒店管理有限公司), a company established under the laws of the PRC with limited liability and an Independent Third Party
“Tripartite Agreement”	the tripartite agreement dated 17 August 2023 and entered into among Guangda Education (with the Administrator as the representative), Suzhou Qingdong and Huifang Dinghe in relation to the Restructuring

“%”

per cent

By Order of the Board
China Huirong Financial Holdings Limited
WU Min
Chairman

Hong Kong, 17 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wu Min, Mr. Qiu Wei, Mr. Zhang Changsong and Mr. Yao Wenjun, the non-executive directors of the Company are Mr. Ling Xiaoming and Ms. Zhang Shu and the independent non-executive directors of the Company are Mr. Liang Jianhong, Mr. Feng Ke and Mr. Tse Yat Hong.

* *For identification purposes only*