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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

DISCLOSEABLE TRANSACTION

ENTERING INTO SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT WITH HGC RMB FUND IV

On 11 March 2024, the Company and HGC RMB Fund IV entered into the Settlement Agreement. Pursuant to that agreement, the Company agreed to accept transfer of the entire interests in the SPVs that hold HGC RMB Fund IV's Relevant Portfolio Interests (as defined below) at approximately RMB790.77 million. HGC RMB Fund IV is required to apply such payment in full settlement of the Outstanding IA in the same amount, following which interest accrued and unpaid by HGC RMB Fund IV to the Group (amounting to approximately RMB116.80 million as at 30 June 2023) will no longer be payable. The Outstanding IA represents the investment amount made by the Group under the Warehouse Arrangement in respect of HGC RMB Fund IV's investment in the Portfolio Companies that has not been repaid to the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios, as calculated in accordance with Chapter 14 of the Listing Rules in respect of the transactions contemplated under the Settlement Agreement, exceeds 5% but is less than 25%, the entering into of the Settlement Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The acquisition of each individual Relevant Portfolio Interest does not constitute a notifiable transaction of the Company.

As completion of the Settlement is subject to the fulfilment of a number of conditions precedent which are detailed in this announcement, the Settlement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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Background

In line with market practice, parallel to the launch of HGC RMB Fund IV in 2022 and in the ordinary course of the Group's investment management business, the Group acquired on behalf of HGC RMB Fund IV interests in 8 investee portfolio companies (the "**Portfolio Companies**") described in the section headed "Information of the SPVs and the Relevant Portfolio Interests" which interests were transferred by the Group to HGC RMB Fund IV shortly after its first closing (the "**Warehouse Arrangement**"). The purchase price of such interests in the Portfolio Companies on behalf of HGC RMB Fund IV totalled RMB1,648 million. The Group charges interest by reference to the Group's cost of funds from acquisition date on the acquisition price to the date of repayment of such funding in the ordinary course. The acquisition funding and related interest were to be repaid on a scheduled basis from funds raised by HGC RMB Fund IV. As of 30 June 2023, HGC RMB Fund IV has paid RMB922.93 million to the Group. The outstanding investment amount ("**Outstanding IA**") that remains unpaid is approximately RMB790.77 million and interest accrued and unpaid amounted to approximately RMB116.80 million as at 30 June 2023.

Principal terms of the Settlement Agreement

The date, the parties and the principal terms of the Settlement Agreement are set out below.

Date	:	11 March 2024
Parties	:	(1) The Company; and (2) HGC RMB Fund IV
Subject matter	:	100% interest in SPVs that hold a portion of the interests (" Relevant Portfolio Interests ") in the Portfolio Companies held by HGC RMB Fund IV. The portion to be held by the SPVs was determined by the value of the Outstanding IA as a percentage of the agreed value of HGC RMB Fund IV's interest in the Portfolio Companies acquired pursuant to the Warehouse Arrangement of approximately RMB1,714 million. Such agreed value is slightly lower than the fair value of the same as disclosed below.

The SPVs are to hold the Relevant Portfolio Interests in order to provide flexibility to the Group in its future dealings with the Relevant Portfolio Interests as described under “Rights of the Group after completion of the Transfers” below.

- The Settlement, the Transfers and Consideration : The parties agreed that, subject to the fulfillment (or waiver by the Company at its sole discretion) of the conditions precedent described below:
- (i) HGC RMB Fund IV shall transfer or procure the transfer to the Group 100% interest in the SPVs (which together will hold the Relevant Portfolio Interests following the reorganisation that is to be effected as a condition precedent to the settlement) (the “**Transfers**”) for which the Group is to make cash payment of RMB790,771,691.31 (the “**Consideration**”), being equivalent in value to the Outstanding IA.
 - (ii) HGC RMB Fund IV shall apply the entire Consideration in full in settlement of the Outstanding IA. Following receipt by the Group of such payment and completion of the Settlement, interest accrued and unpaid (amounting to approximately RMB116.80 million as at 30 June 2023) would automatically be reduced and will no longer be payable by HGC RMB Fund IV.
- Conditions Precedent : Completion of the Settlement is subject to the satisfaction of the following conditions (unless waived by the Company):
- (1) completion of the reorganization of HGC RMB Fund IV’s holding structure of interests in the Portfolio Companies, such that the SPVs shall hold, directly or indirectly, ownership of the Relevant Portfolio Interests free from any existing or contingent liability, and completion of filing of the SPVs with the Asset Management Association of China (the “**AMAC**”) as private venture capital investment funds; and
 - (2) the execution and delivery of such other relevant transaction documents necessary to give effect to the Transfers.
- Long-stop Date : If any of the above conditions precedent of the Settlement is not satisfied (or waived by the Company) on or before 31 May 2024 (or such later date as the Company may agree in writing), the Company may, without prejudice to any rights and remedies of the Group, require payment of all outstanding amounts due and payable (including the interest accrued) in full, terminate the Settlement Agreement by written notice to HGC RMB Fund IV.

- Completion : Completion of the Settlement shall take place within 30 days after satisfaction (or waiver) of all the above conditions (or such later date as the Company may agree).
- Rights of the Group after completion of the Transfers : Both parties have confirmed and agreed in the Settlement Agreement that following completion of the Settlement, the Group may at any time transfer and/or dispose of its interests in the SPVs and/or their interests in the Portfolio Companies on such terms as the Group may think fit, regardless of any investment/divestment decision any member of the Group acting as investment manager and/or general partner of HGC RMB Fund IV may make for or on behalf of HGC RMB Fund IV, except as provided below. The Group shall be subject to same transfer restrictions applicable to HGC RMB Fund IV due to (i) restriction(s) imposed by the relevant Portfolio Companies to its investors due to their listing process and related needs; and (ii) transfer restriction(s) imposed by applicable law, regulations and/or administrative rules, proportionate to their respective interest in the relevant Portfolio Companies, without prejudice to their right to decide whether or not to proceed with any disposal.

The terms of the Settlement Agreement (including the Consideration and the reduction of interest) have been agreed after arms' length negotiations between the parties to the Settlement Agreement.

The Consideration has been agreed by the Group with reference to (i) the aggregate market value as at 31 December 2023 of all the interests in the Portfolio Companies held by HGC RMB Fund IV that was acquired under the Warehouse Arrangement of approximately RMB1.75 billion as determined by an independent valuer; (ii) the portion of HGC RMB Fund IV's interest in the Portfolio Companies comprised in the Relevant Portfolio Interests; and (iii) the fact that the SPVs have not conducted business since their establishment and has no other material assets and liabilities.

The independent valuer has adopted Guideline Publicly-traded Company method (the “**GPTC method**”) as the primary valuation method in the valuation of the market value of each of the Portfolio Companies. In the GPTC method, the market value of each of the Portfolio Companies is based on the trailing twelve-month enterprise value-to-sales multiple or price-to-book value multiple of comparable companies as appropriate. Comparable companies selected are trading in a public market. Major assumptions under the GPTC method include but not limited to i) the existence of good guideline publicly-traded companies; and ii) the existence of an efficient market. A discount for lack of marketability is applied to reflect the lack of liquidity for the equity interest in each of the Portfolio Companies. The income approach was not adopted method in the valuation of the market value of each of the Portfolio Companies, due to the unavailability of financial projections, which are necessary in the application of the income approach. To the extent that interests in the Portfolio Companies held by HGC RMB Fund IV are preferred equities or enjoy certain liquidation/redemption preferences, its interest in the relevant Portfolio Companies are derived by adopting equity allocation models based on the market value of that Portfolio Companies.

Given that a member of the Group (as investment manager and general partner) originated the investment opportunities, made the decision to invest and continues to manage the investments in the Portfolio Companies of HGC RMB Fund IV and taking into account the circumstances described under “Reasons for and benefits of entering into the Settlement Agreement” below, the Company considered that it is appropriate and fair and reasonable to reduce the accrued and unpaid interest (using 30 June 2023 position as a reference date, given the negotiations of the Settlement Agreement commenced in the second half of 2023), so that the Group’s interest as owner of the Relevant Portfolio Interests is more aligned with the economic interests of external investors in HGC RMB Fund IV in respect of the investment in the Portfolio Companies. This would be consistent with customary expectations and practice of alignment of the interests of asset managers and investors within the asset management industry.

Upon completion of the Transfers contemplated under the Settlement Agreement, 100% of the interests of each of the SPVs that hold the Relevant Portfolio Interests will be held by the Group and the SPVs will become indirect wholly-owned subsidiaries of the Company. The Relevant Portfolio Interests are to be accounted for as financial assets at fair value through profit and loss of the Group.

INFORMATION OF THE SPVs AND THE RELEVANT PORTFOLIO INTERESTS

Each of the SPVs is a limited partnership established in China in June, 2021 for investment purposes. As of the date of this announcement, the general partner of SPV 1 and SPV 2 is Suzhou Xinwang and Tianjin Zhihong (each a member of the Group), respectively, and the sole limited partner of the SPVs is HGC RMB Fund IV. Each of the SPVs will make filings as a private venture capital investment fund with the AMAC. Neither of the SPVs have engaged in any business nor will they do so prior to the completion of the Transfers. Accordingly, they do not have any material assets or liabilities.

The table below contains a brief description of the Relevant Portfolio Interests to be held by the SPVs:

	<i>Percentage of equity interest</i>	<i>Information of the Portfolio Companies</i>
<i>Portfolio Company 1</i>	0.51%	A company that provides battery and energy storage solutions for vehicles
<i>Portfolio Company 2</i>	4.21%	A provider of smart home solutions
<i>Portfolio Company 3</i>	3.31%	A provider of beauty and personal care products
<i>Portfolio Company 4</i>	0.62%	An innovative manufacturer of high-end cleaning devices
<i>Portfolio Company 5</i>	2.20%	A leading restaurant brand focusing on Lanzhou beef noodle
<i>Portfolio Company 6</i>	3.22%	An online whole-course management platform that provides post-hospital & post-diagnosis management services
<i>Portfolio Company 7</i>	0.69%	A manufacturer of interventional medical devices, mainly consumables
<i>Portfolio Company 8</i>	0.62%	A leading provider of comprehensive blood purification solutions centering on hemodialysis and peritoneal dialysis

To the best of the Directors' information and belief having made all reasonable enquiry, each of the Portfolio Companies is a third party independent from and not a connected person of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

The principal business of the Group includes the provision of investment management services (including the establishment and management of private equity funds). The private equity fund management business of the Group is conducted in China by its subsidiaries that are registered with the AMAC and subject to AMAC's regulation and supervision.

In the ordinary course of the Group's investment management business, the Warehouse Arrangement was effected parallel to the launch of HGC RMB Fund IV in April 2022. However, due to adverse changes in market conditions and sentiments, HGC RMB Fund IV did not achieve its original fund-raising target. Moreover, due to the circumstances of Mr. Bao as disclosed in the Company's announcements dated 16 February 2023, 26 February 2023 and 9 August 2023, further capital calls on limited partners or other fund-raising by HGC RMB Fund IV were affected. The Group has engaged in extensive negotiations on the recovery of the Outstanding IA and accrued interest with HGC RMB Fund IV.

As members of the Group have been and continue to be the investment manager and general partner of HGC RMB Fund IV since its launch, have sourced the investments in the Portfolio Companies and have been conducting on-going due diligence and monitoring of such investments, the Group saw and continues to see the potential upside of investing in the Relevant Portfolio Interests through the Transfers.

The Directors consider that the Settlement Agreement to be beneficial to the Group as it would allow the Group to eliminate its credit exposure in respect of the Outstanding IA given the current liquidity position of HGC RMB Fund IV described above, provide the Group with the opportunity to benefit from any future appreciation in value of the Relevant Portfolio Interests. It also allows the Group to build on its business relationship with investors in HGC RMB Fund IV which continues to be managed by a member of the Group.

Accordingly, the Board (including the independent non-executive Directors) considers the terms of the Settlement Agreement to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON HGC RMB FUND IV

HGC RMB Fund IV is a limited partnership established in China on 7 January 2022. Its filing with the AMAC as a private equity investment fund was completed on 26 May 2022. The general partner of HGC RMB Fund IV is Wuxi Youyuan, a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company. HGC RMB Fund IV is managed by its fund manager, Huasheng Youge, an indirectly wholly-owned subsidiary of the Company established in the PRC which is registered with the AMAC as fund manager.

Wuxi Youyuan, as general partner, has 1.59% interest in the paid-up capital of HGC RMB Fund IV, and the Group also owns 5.38% of the paid-up capital as a limited partner through Huaxing Fengyun, a 99% owned subsidiary of the Company. There are 54 other investors (either direct or through feeder fund structures established and managed by the Group) in the remaining 93.03% of HGC RMB Fund IV's paid-up capital, comprising (i) 7 institutional investors including PRC asset management companies (on behalf of respective investment schemes managed by them), insurance company, government investment fund and third party managed private equity funds); (ii) 6 non-institutional corporate investor clients, (iii) 19 individual investor clients and wealth management business clients respectively; and (iv) investment management and non-investment management employees and ex-employees of the Group. None of the limited partners of HGC RMB Fund IV owns 30% or more of the paid-up capital of HGC RMB Fund IV as of the date of this announcement.

To the best of the Directors' information and belief having made all reasonable enquiry, HGC RMB Fund IV and its investors or (in the case of managed investment schemes or private equity funds) their investment managers are third parties independent of the Company and its connected persons except for (i) Huaxing Lingshuo which holds 26.88% interest in the paid-up capital of HGC RMB Fund IV and its limit partner is a 37.40% held associate of Enlight Holdings (a substantial shareholder of CR Securities) and therefore a connected person of the Company at subsidiary level; and (ii) director of a member of the Group who is therefore connected person of the Company indirectly interested in less than 0.54% interest in the paid-up capital of HGC RMB Fund IV.

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DEFINITIONS

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

“Board”	the board of Directors
“China”	the People’s Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	China Renaissance Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands
“connected person”	has the same meaning ascribed to it under the Listing Rules
“CR Securities”	China Renaissance Securities (China) Co., Ltd. (華興證券有限公司), a limited liability company established in China and a non-wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Enlight Media”	Beijing Enlight Media Co., Ltd. (北京光線傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300251)
“Enlight Holdings”	Enlight Holdings Co., Ltd. (光線控股有限公司) a company incorporated with limited liability in China, which is a substantial shareholder of CR Securities
“Group”	the Company and its subsidiaries
“HGC RMB Fund IV”	Wuxi Jiangyin Huaxing Lingjie Capital Partners, L.P. (無錫江陰鏵興領傑股權投資合夥企業(有限合夥)), a limited partnership registered in China on 7 January 2022, the general partner of which is Wuxi Youyuan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huasheng Youge”	Shanghai Huasheng Youge Capital Management Co., Ltd. (上海華晟優格股權投資管理有限公司), a company incorporated with limited liability in China on 28 October 2015, an indirect wholly-owned subsidiary of the Company

“Huaxing Fengyun”	Xiamen Huaxing Fengyun Venture Capital Partners, L.P.(廈門鐸興豐耘創業投資合夥企業(有限合夥)), a limited partnership registered in China on 13 September 2021, the general partner of which is Xiamen Youyuan
“Huaxing Lingshuo”	Xiamen Huaxing Lingshuo Venture Capital Partners, L.P. (廈門鐸興領碩創業投資合夥企業(有限合夥)), a limited partnership registered in China on 14 September 2021, the general partner of which is Wuxi Youyuan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Bao”	Mr. Bao Fan, formerly the Chairman of the Board, Executive Director and Chief Executive Officer who resigned on 2 February 2024, and currently the controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of China
“Settlement”	the transactions contemplated under the Settlement Agreement
“Settlement Agreement”	the settlement agreement dated 11 March 2024 entered into between the Company and HGC RMB Fund IV in relation to the settlement of the Outstanding IA
“SPVs”	The two special purpose vehicles, namely SPV 1 and SPV 2, which would hold the pro rata interests in the Portfolio Companies after completion of the reorganization of HGC RMB Fund IV, to be transferred to the Group pursuant to the Settlement Agreement
“SPV 1”	Tianjin Huaxing Fengyu Venture Capital Partnership (Limited Partnership) (天津華興豐瑜創業投資合夥企業(有限合夥)), a limited partnership registered in China on 23 June 2021, the general partner of which is Suzhou Xinwang
“SPV 2”	Tianjin Huaxing Fengye Venture Capital Partnership (Limited Partnership) (天津華興豐曄創業投資合夥企業(有限合夥)), a limited partnership registered in China on 23 June 2021, the general partner of which is Tianjin Zhihong
“Suzhou Xinwang”	Suzhou Xinwang Enterprise Management Consulting Partnership (Limited Partnership) (蘇州信望企業管理諮詢合夥企業(有限合夥)), a limited partnership registered in China on 7 May 2020, which is a member of the Group and the general partner of SPV 1
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tianjin Zhihong”	Tianjin Zhihong Enterprise Management Consulting Partnership (Limited Partnership) (天津智宏企業管理諮詢合夥企業(有限合夥)), a limited partnership registered in China on 12 January 2022, which is a member of the Group and the general partner of SPV 2
“Transfers”	the transfers of all the interests in the SPVs (which hold the Relevant Portfolio Interests at the time of transfer) to the Group pursuant to the Settlement Agreement
“Wuxi Youyuan”	Wuxi Jiangyin Youyuan Investment Co., Ltd. (無錫江陰優源投資有限公司), a company incorporated with limited liability in China on 19 January 2022, an indirect wholly-owned subsidiary of the Company. Wuxi Youyuan is the general partner of HGC RMB Fund IV
“Xiamen Youyuan”	Xiamen Huayu Youyuan Investment Co., Ltd. (廈門鑄嶼優源投資有限公司), a company incorporated with limited liability in China on 13 August 2021, an indirect wholly-owned subsidiary of the Company

By order of the Board
China Renaissance Holdings Limited
Xie Yi Jing
Chairman of the Board and Executive Director

Hong Kong, 11 March 2024

As at the date of this announcement, the Board comprises Mr. Xie Yi Jing as Chairman and Executive Director, Mr. Du Yongbo, Mr. Lam Ka Cheong Jason, Mr. Wang Lixing as Executive Directors, Mr. Lin Ning David and Ms. Sun Chin Hung as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Nonexecutive Directors.