

TARGET

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PART I OF II

RENCO HOLDINGS GROUP LTD: MANAGEMENT'S CONTINUOUS STRUGGLE FROM DROWNING IN DEBT

Mr Leung Yiu Cho (梁耀祖), the Company Secretary of Renco Holdings Group Ltd (融科控股集团有限公司) (Code: 2323, Main Board, The Stock Exchange of Hongkong Ltd) by Order of the Board of Directors of the Company, caused, on or about Friday, November 8, 2024, to have published and disseminated in The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC) the following announcement, headlined:

'INSIDE INFORMATION AND DISCLOSURE PURSUANT TO RULES 13.09 AND 13.19 OF THE LISTING RULES

'This announcement is made by Renco Holdings Group Limited (the "Company", together with its subsidiaries as the "Group") pursuant to Rules 13.09 and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

'References are made to (i) the Company's announcement dated 28 June 2022 in relation to the HK Demand Letter and the PRC Demand Letter; (ii) the Company's announcement dated 8 July 2022 in relation to the Second HK Demand Letter and the Second PRC Demand Letter; (iii) the Company's announcement dated 20 July 2022 in relation to the progress of negotiation with the Lender in connection with the repayment of the Outstanding Sum; (iv) the Company's announcement dated 29 July 2022 in relation to the engagement of legal advisers to negotiate with the

*Lender and/or to prepare or review documentation on any settlement in connection with the repayment of the Outstanding Sum; (v) the Company's announcement dated 12 August 2022 in relation to the Third HK Demand Letter; (vi) the Company's announcement dated 21 June 2024 in relation to the Fourth HK Demand Letter; and (vii) the Company's announcement dated 19 July 2024 in relation to the Fifth HK Demand Letter (collectively, the "**Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.*

*'Further to the HK Demand Letter, the PRC Demand Letter, the Second HK Demand Letter, the Second PRC Demand Letter, the Third HK Demand Letter, the Fourth HK Demand Letter, and the Fifth HK Demand Letter; (i) a letter dated 30 October 2024 (and issued by the Hong Kong legal advisers of the Lender) (the "**Sixth HK Demand Letter**") was received by the Company, which was addressed to the Company and the Guarantor Subsidiaries in relation to the Loan and the Guarantee; and (ii) a letter 30 October 2024 (and issued by the PRC legal advisers of the Lender) was received by the Borrower in relation to the Loan (the "**30 October 2024 PRC Demand Letter**").*

'It is stated in the Sixth HK Demand Letter that (among other matters):

- (i) the Lender has set 8 November 2024 as the deadline for the Group (either as Borrower, co-guarantors or otherwise) to fully repay the outstanding principal of the Loan in the sum of RMB170,000,000 and payment of accrued interest up to and inclusive of 8 November 2024 (collectively, the "**Outstanding Sum**");*
- (ii) if the Lender fails to receive full repayment of the Outstanding Sum on or before 8 November 2024, the Lender may carry out the following actions without any further notice:*
 - (a) commence legal proceedings against the Company, the Guarantor Subsidiaries and the Borrower, including but not limited to winding-up proceedings; and/or*
 - (b) hold the Company, the Guarantor Subsidiaries and the Borrower liable for all the costs and expenses (including legal costs) incurred by the Lender in enforcing its right.*

'In addition, the Company would like to provide additional information in relation to the details of the Loan and the Guarantee.

'POTENTIAL IMPACTS TO THE GROUP

'As at 30 June 2024 and in relation to the Loan, the Company recognized approximately HK\$221.39 million (approximately equivalent to RMB201.21 million) as the current liabilities in its consolidated statement

of financial position of the interim report for the six months period from 1 January 2024 to 30 June 2024 (the “Existing Liabilities”).

‘If the Outstanding Sum as requested in the Sixth HK Demand Letter were repaid, the consolidated statement of financial position of the Company would record a borrowing from a shareholder in the amount of approximately RMB268.92 million as the non-current liabilities. If the Company were to repay the Outstanding Sum, it intends to incur additional borrowings from the substantial shareholder of the Company, which provide the financial support on 28 March 2024 for supporting the going concern basis.

‘LATEST DEVELOPMENT

‘As at the date of this announcement, the Company is (i) in the process of engaging a legal adviser and to recalculate the amount of the accrued interest arising from the Loan and (ii) endeavor to reach out with representatives of the Lender to extend the repayment schedule. In the meantime, the Company is reaching out with its substantial shareholder to obtain financial assistance in the event that the Company decided to repay the Outstanding Sum in full or in part.

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