China Rongzhong Financial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03963

Annual Report

2022

Contents

Corporate Information

COMPANY NAME

China Rongzhong Financial Holdings Company Limited

STOCK CODE

03963

BOARD OF DIRECTORS

Executive Director

Ms. Wong Emilie Hoi Yan

Non-executive Directors

Mr. Chen Shuai
Ms. Wong Jacqueline Yue Yee
Ms. Wong Michelle Yatyee
Mr. Wong Ming Bun David

Independent non-executive Directors

Mr. Lie Chi Wing
Mr. Ng Wing Chung Vincent
Mr. Yu Yang

AUDIT COMMITTEE

Mr. Yu Yang (Chairman)
Mr. Chen Shuai
Mr. Lie Chi Wing
Mr. Ng Wing Chung Vincent
Mr. Wong Ming Bun David

NOMINATION COMMITTEE

Mr. Ng Wing Chung Vincent (Chairman)
Mr. Chen Shuai
Mr. Lie Chi Wing
Ms. Wong Michelle Yatyee
Mr. Yu Yang

REMUNERATION COMMITTEE

Mr. Ng Wing Chung Vincent (Chairman)
Mr. Chen Shuai
Mr. Lie Chi Wing
Ms. Wong Michelle Yatyee
Mr. Yu Yang

RISK MANAGEMENT COMMITTEE

Ms. Wong Emilie Hoi Yan (Chairman)
Mr. Ng Wing Chung Vincent
Ms. Wong Michelle Yatyee
Mr. Wong Ming Bun David
Mr. Yu Yang

COMPANY SECRETARY

Mr. Cheng King Fai Kenneth

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Floor 18, Tower B
Optics Valley International Plaza
No. 889 Luoyu Road
East Lake Development Zone
Wuhan, Hubei Province
China

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3901, 39/F,
Tower One, Lippo Centre,
89 Queensway,
Hong Kong

COMPANY WEBSITE

www.chinarzfh.com

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants

LEGAL ADVISER

JTC Solicitors

PRINCIPAL SHARE REGISTRAR

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd. Hong Kong Branch
China Everbright Bank Xinhua Branch, Wuhan
China Everbright Bank, Hong Kong Branch
Hankou Bank Qiaokou Branch, Wuhan

RESULTS

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**35,120**	15,821	27,484	70,784	128,503
Loss before tax	**(567,039)**	(121,383)	(65,936)	(78,635)	(335,453)
Income tax (expense) credit	**(774)**	–	210	(12,775)	(17,069)
Loss for the year	**(567,813)**	(121,383)	(65,726)	(91,410)	(352,522)
Other comprehensive (expense) income	**(24,173)**	(4,372)	(3,696)	(14,086)	45,411
Total comprehensive expense for the year	**(591,986)**	(125,755)	(69,422)	(105,496)	(307,111)

ASSETS AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**433,922**	846,967	915,084	1,043,715	1,245,029
Total liabilities	**(1,129,806)**	(956,957)	(899,802)	(959,091)	(1,036,480)
(Capital deficiency)/total equity	**(695,884)**	(109,990)	15,282	84,624	208,549

CEO's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of China Rongzhong Financial Holdings Company Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), I hereby present the annual results of the Group for the year ended 31 March 2022 (the "**Reporting Period**") to the shareholders of the Company (the "**Shareholders**").

During the Reporting Period, the Group had completed various acquisitions and establishment in new locations as part of a strategic plan to reform the Group's leasing operations by expanding its operating locations outside of the Hubei Province in the People's Republic of China ("**PRC**"). While staying committed to expand its leasing network, we are also committed to mitigating business risks exposure, hence, the Group diversified its business risks through more liquid assets with generally smaller loan size. To further strengthen our leasing operations across the PRC, we have complemented our leasing operations with integral value-added services such as credit assessment, investigation and debt recovery services, interacting together these services can further strengthen the Group's leasing operations and created an ecosystem, while each of these services on their own also enabled the Group to generate additional revenue. All of these strategic steps were taken with the grand purpose to reform the Group's leasing operations, to ensure the seamless diversification of the Group's leasing operation outside of the Hubei Province, to further enable the Group's expansion of its leasing networks as well as strengthen its leasing operations while diversifying its business risks and to achieve overall growth, synergies and benefits across multiple platforms from the common economies of scales.

2022 has continued to be an extremely difficult year for the Group, the continuous outbreak of the novel coronavirus (COVID-19) had caused global disruptions and catastrophes. The recent lockdown across many major cities in PRC, the tighten social distancing measures across the PRC, and the tightening of travel restrictions as well as quarantine measures; and, the current anti-epidemic measures in Hong Kong had caused major disruptions to the Group's operations. While the Group is making its best effort to restore its normal operations, the COVID-19 pandemic, disruption of operations, the liquidity crisis of many property developers, the geopolitical conflicts and warfare are continuing to cause significant difficulties to the Group from all aspects, including adverse economic impacts on the financial conditions, cashflow and collectability of our leasing customers, the quality of collaterals of existing customers, the assessments and processing of application of any potential new customers etc. As a result, it is expected that the Group's operations and productivity may continue to be effect and subject to material challenges and uncertainties.

Looking forward, while the uncertainties and the duration of the COVID-19 epidemic had seriously affected the global economy and business development of the Group, nevertheless, the Group remains committed to further expand our leasing operations, place strong emphasis on the recovery of past due receivables and to further mitigate our business risks. The Group has successfully expanded its operating locations outside of Hubei Province and will continue the establishment of additional subsidiaries and expansion to other locations with similar dynamics. Furthermore, the Group is attempting to dispose of certain lease receivables together with its associated financial obligations in order to optimise the Group's portfolio. As such, the Board believes that through the improvement of the financial position of the Group after the completion of the Disposal (as defined hereunder), the Group could obtain additional funding for its leasing business and the Group is expected to be able to leverage on its resources to further expand its leasing operations.

The Group focuses on the finance lease business since its establishment in 2008 and will continue to focus on the development of the finance lease business. The above-mentioned strategic steps and in particular the Disposal (as defined hereunder) does not annotate that the Group shall shift its focus to other businesses. Rather, it is part of overall strategy to strengthen our ecosystem of an all-rounded enhancement of our Group's finance lease business to enhance its profitability and sustainability of the Group in the near future. In addition, the Board considers that diversification of income sources and associated business risks is a key in enhancing the operations of the Group, and the Board will continue to actively explore and to acquire businesses beyond the horizon of leasing, so as to further enhance and nurture synergies within our ecosystem in order to provide sustainable sources of revenue to the Group. The Company strongly believes that its operations will turn around as and when the general economic environment in the PRC and the COVID-19 pandemic gradually improve.

Finally, on behalf of all members of the Board and management, I would like to extend our sincere gratitude to all Shareholders, business partners, customers, and all staff of the Group for their continued support and encouragement.

Wong, Emilie Hoi Yan
Chief Executive Officer

Hong Kong, 26 September 2022

BOARD OF DIRECTORS

Executive Director

Ms. WONG Emilie Hoi Yan ("**Ms. Emilie Wong**"), aged 46, was appointed as an executive Director ("**Executive Director**") on 3 July 2018, she was appointed as the chief executive officer of the Company ("**Chief Executive Officer**") on 12 July 2018. Ms. Emilie Wong is responsible for the implementation of the Group's development strategies as set out by the Board, and in addition, the management of the daily operations of the Company. Ms. Emilie Wong obtained a Bachelor's degree in Science from State University of New York at Buffalo in 1999, she has over 16 years of experience in financial reporting and internal control matters in finance and finance leasing industry. Ms. Emilie Wong joined the Group in 2007 and was appointed as the deputy financial controller of the Company in 2016. She is also a director of various subsidiaries of the Company.

Ms. Emilie Wong is also a director of certain subsidiaries of Rongzhong Group Limited ("**Rongzhong Group**"); Legend Crown International Limited ("**Legend Crown**"); Plenty Boom Investments Limited ("**Plenty Boom**"); and Yancheng Goldbond Supply Chain Management Company Limited (formerly known as Yancheng Goldbond Technology Small Loan Company Limited, "**Yancheng Goldbond**").

Ms. Emilie Wong is a cousin of Ms. Wong Jacqueline Yue Yee and Ms. Wong Michelle Yatyee, each a non-executive Director ("**Non-executive Director**") and each a controlling shareholder of the Company ("**Controlling Shareholder**"). Ms. Emilie Wong is a niece of Mr. Wong Yu-Lung Charles and Ms. Wong Fang Pik Chun, each a Controlling Shareholder.

Save as disclosed under the section headed "Share Option Scheme" in the "Report of Directors", Ms. Emilie Wong was not interested in any underlying shares of the Company ("**Shares**") within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"). Save as disclosed in this annual report, Ms. Emilie Wong does not have any relationship with any other Directors, senior management, Controlling Shareholders or substantial shareholders.

Non-executive Directors

Mr. CHEN Shuai ("**Mr. Chen**"), aged 48, was appointed as a Non-executive Director on 9 July 2018. He was appointed as the chairman ("**Chairman**") of the Board on 12 July 2018 and resigned on 19 November 2019. Mr. Chen is primarily responsible for advising on strategic development and corporate governance of our group.

Mr. Chen has extensive experience in investment management, supplier management and retail business. He joined a management company of Hony Capital being a series of private equity investment funds, together with their respective management companies/general partners (collectively "**Hony Capital**") in 2003 and has served as a managing director of Hony Capital since 2011. Hony Capital Fund 2008, L.P. being one of the investment funds within Hony Capital, wholly-owns Silver Creation Investments Limited, a substantial shareholder of the Company ("**Substantial Shareholder**"). Mr. Chen is also a director of various subsidiaries of the Company. Mr. Chen holds a Master of Business Administration degree from the China Europe International Business School. He was awarded a bachelor's degree in economics from Beijing Forestry University.

Currently, Mr. Chen is a managing director of Hony Capital and a non-executive director of Century Ginwa Retail Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); stock code: 0162) and an executive director, chairman of the board and acting chief executive officer of Hospital Corporation of China Limited (a company listed on The Stock Exchange; stock code: 3869). Mr. Chen is also a director of Rongzhong Group and certain of its subsidiaries, Rongzhong Capital Investments Group Limited and certain of its subsidiaries.

Mr. Chen was not interested in any underlying Shares within the meaning of Part XV of the SFO. Save as disclosed in this annual report, Mr. Chen does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders.

Biographies of Directors

Ms. WONG Jacqueline Yue Yee (“**Ms. Jacqueline Wong**”), aged 36, was appointed as a Non-executive Director on 23 June 2015 and is primarily responsible for advising on strategic development and corporate governance of our Group. Ms. Jacqueline Wong graduated from the University of Southern California in May 2007 with a bachelor of arts degree in political science and the University of London in July 2010 with a bachelor of law degree. Since 2014, Ms. Jacqueline Wong has been an executive director of Wah Link Investments Limited, a company which principally engaged in property investment and her role in Wah Link Investments Limited mainly involves acquiring, managing and maintaining residential and commercial real estate projects in Asia and in United States. Ms. Jacqueline Wong is a director of certain subsidiaries and an associate of Goldbond Group Holdings Limited (“**Goldbond**”), a Controlling Shareholder of the Company.

Ms. Jacqueline Wong is a director of Legend Crown and Plenty Boom. She is the founder of a discretionary trust which holds the entire issued share capital of Legend Crown and Plenty Boom which have interest in the Shares. Ms. Jacqueline Wong is also the beneficiary of a trust. She is interested in underlying Shares in respect of the share options granted by the Company to certain Directors. Details of her interest in the underlying Shares in the Company are set out in the “Report of Directors”. Ms. Jacqueline Wong was taken to be interested in a total of 164,440,145 underlying Shares within the meaning of Part XV of the SFO as of the date of this report.

Ms. Jacqueline Wong is a daughter of Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, each (including Ms. Jacqueline Wong) a Controlling Shareholder. She is a sister of Ms. Michelle Wong, a Non-executive Director and a Controlling Shareholder of the Company. She is a cousin of Ms. Emilie Wong, an Executive Director and the Chief Executive Officer. Save as disclosed in this annual report, Ms. Jacqueline Wong does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders of the Company.

Ms. WONG Michelle Yatyee (“**Ms. Michelle Wong**”), aged 41, was appointed as a Non-executive Director on 11 July 2019 and is primarily responsible for advising on strategic development and corporate governance of our Group. Ms. Michelle Wong is an executive director of Goldbond, a Controlling Shareholder of the Company. She graduated from the University of Southern California, Los Angeles, the United States of America (“**U.S.A.**”) with a bachelor degree of arts in political science in May 2003 and holds a juris doctorate in law from Whittier Law School, California, the U.S.A. in May 2006 and is also a Certified ESG Planner of the International Chamber of Sustainable Development. Ms. Michelle Wong is also a director of certain subsidiaries of Goldbond.

Ms. Michelle Wong is a director of Legend Crown and Plenty Boom and she is interested in Legend Crown and Plenty Boom which have interests in the Shares. Ms. Michelle Wong is the beneficiary of a trust. She is interested in underlying Shares in respect of the share options granted by the Company to certain Directors. Details of her interest in the underlying Shares in the Company are set out in the “Report of Directors”. Ms. Michelle Wong was taken to be interested in a total of 164,440,145 underlying Shares within the meaning of Part XV of the SFO.

Ms. Michelle Wong is a daughter of Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, each (including Ms. Michelle Wong) a Controlling Shareholder. She is a sister of Ms. Wong Jacqueline Yue Yee, a Non-executive Director and a Controlling Shareholder. She is also a cousin of Ms. Wong Emilie Hoi Yan, an Executive Director and the Chief Executive Officer. Saved as disclosed in this annual report, Ms. Michelle Wong does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders of the Company.

Mr. WONG Ming Bun David (“**Mr. David Wong**”), aged 49, was appointed as a Non-executive Director on 11 July 2019 and is primarily responsible for advising on strategic development and corporate governance of our Group. Mr. David Wong has over 20 years of professional capital market, financial investment and asset management experience. He is an executive director and the chief executive officer of Goldbond, a Controlling Shareholder of the Company and he is currently an independent non-executive director of Hingtex Holdings Limited (a company listed on the Stock Exchange; stock code: 1968). Prior to joining the Goldbond, he was a senior vice president at Franklin Templeton Darby Private Equity and was responsible for deal origination, execution and monitoring and was involved in fundraising for regional growth capital funds with a primary focus on private credit and mezzanine financing in the Greater China and Southeast Asian region. Before that, he was an equity research analyst in Citigroup Smith Barney’s asia pacific consumer research team, covering a portfolio of listed companies in Hong Kong, Taiwan, South Korea, Indonesia, Singapore and Malaysia. Previously, Mr. David Wong worked at PricewaterhouseCoopers focusing on banking and capital market assurance and business advisory services. He graduated from the University of Toronto with a bachelor of commerce degree majoring in accounting & finance in June 1995 and is also a Certified Public Accountant (AICPA, HKICPA), Chartered Global Management Accountant (AICPA), Certified Management Accountant (IMA) and Certified ESG Planner of the International Chamber of Sustainable Development. Mr. David Wong is also a director of certain subsidiaries of Goldbond and a legal representative of a subsidiary of Goldbond.

Save as disclosed under the section headed “Share Option Scheme” in the “Report of Directors”, Mr. David Wong was not interested in any underlying Shares within the meaning of Part XV of the SFO. Save as disclosed in this annual report, Mr. David Wong does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders.

Independent Non-executive Directors

Mr. LIE Chi Wing ("**Mr. Lie**"), aged 44, was appointed as an independent non-executive Director ("**Independent Non-executive Director**" or "**INED**") on 19 November 2019, and is primarily responsible for supervising and providing independent judgement to the Board. Mr. Lie holds a Bachelor Degree of Business Administration (First Class Honors) from The Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst. Mr. Lie has extensive experience in auditing and corporate advisory services with major international accounting firms. Mr. Lie is currently the Company Secretary of China Water Affairs Group Limited (stock code: 855), the shares of which are listed on the main board of the Stock Exchange. He was also an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996) from 5 February 2015 to 9 April 2019, of which the shares are listed on the main board of the Stock Exchange.

Save as disclosed under the section headed "Share Option Scheme" in the "Report of Directors", Mr. Lie was not interested in any underlying Shares within the meaning of Part XV of the SFO. Save as disclosed in this annual report, Mr. Lie does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders.

Mr. NG Wing Chung Vincent ("**Mr. Ng**"), aged 43, was appointed as an INED on 27 August 2019, and is primarily responsible for supervising and providing independent judgement to the Board. Mr. Ng has over 17 years of professional capital market experience. He is licensed by the Securities and Futures Commission for Type 1 regulated activity (dealing in securities) as responsible officer. Mr. Ng joined Atlantic-Pacific Capital, Inc. in 2007, currently he is a partner of Atlantic-Pacific Capital, Inc. responsible for global fundraising assignments including private equity, infrastructure, real estate, credit, secondary and direct opportunities. Prior to joining Atlantic-Pacific Capital, Inc., Mr. Ng worked at Deloitte & Touche Corporate Finance Limited and Deloitte & Touche LLP focusing on corporate finance, audit and financial due diligence services. He graduated from the London School of Economics and Political Science with a Master of Accounting and Finance and the Queen Mary College – University of London with a Bachelor of Economics (Honours). He is also a Fellow Chartered Accountant (ICAEW), Certified Public Accountant (HKICPA) and Chartered Financial Analyst® (CFA Institute).

Save as disclosed under the section headed "Share Option Scheme" in the "Report of Directors", Mr. Ng was not interested in any underlying Shares within the meaning of Part XV of the SFO. Save as disclosed in this annual report, Mr. Ng does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders.

Mr. YU Yang ("**Mr. Yu**"), aged 46, was appointed as an INED on 30 August 2018, and is primarily responsible for supervising and providing independent judgement to the Board. Mr. Yu has extensive experience in initial public offerings, project refinancing and asset restructuring. Mr. Yu graduated from Jilin University in July 1995 with a bachelor degree in technical economics. In July 2004, he graduated from Nankai University with a master degree in financial management. He was registered as a certified public accountant in August 2008. Since August 2004 to June 2005, he served as the finance manager in CCID Group where he was in charge of the finance department of CCID Consulting Company Limited (a company listed on the GEM of the Stock Exchange; stock code: 08235). From July 2005 to August 2012, he worked for Beijing Zhongyongxin Certified Public Accountants Co., Ltd.（北京中永信會計師事務所有限公司）, where he served as an audit assistant and a project manager. From August 2012 to June 2015, he worked for Beijing Zhongdeheng Certified Public Accountants Co., Ltd（北京中德恒會計師事務所有限公司）as a project manager. From June 2015 to October 2016, he worked for Xinghua Certified Public Accountants (Special General Partnership) as a project manager.

Mr. Yu joined Zhongxinghua Certified Public Accountant LLP and served as a partner since 2016 and he is currently serving as the leading partner of regional business division number nine.

Save as disclosed under the section headed "Share Option Scheme" in the "Report of Directors", Mr. Yu was not interested in any underlying Shares within the meaning of Part XV of the SFO. Save as disclosed in this annual report, Mr. Yu does not have any relationship with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 March 2022.

Corporate Governance Practice

The Group is committed to promote good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"). During the Reporting Period, except as disclosed in this report, the Company had complied with all code provisions in the CG Code and had adopted most of the recommended best practices set out in the CG Code except for as at the date of this report, the Company does not have a Chairman to discharge the duties as required under CG Code A.2.2 to A.2.9. The daily operation and management of the Company are monitored by the Executive Director as well as the Senior Management of the Company. The Board is of the view that although there is no Chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Company will, at the appropriate time, arrange for the election of a Chairman.

BOARD OF DIRECTORS

Board Composition

During the Reporting Period and up to the date of this report, the composition of the Board is as follows:

Executive Director

Ms. Wong Emilie Hoi Yan

Non-executive Directors

Mr. Chen Shuai
Ms. Wong Jacqueline Yue Yee
Ms. Wong Michelle Yatyee
Mr. Wong Ming Bun David

Independent Non-executive Directors

Mr. Lie Chi Wing
Mr. Ng Wing Chung Vincent
Mr. Yu Yang

Responsibilities of the Board

The Board is responsible for setting the Company's corporate strategies, supervising and monitoring its implementation, review of the overall operations and financial performance of the Group, and making decisions in major aspects of the Company's matters including but not limited to the approval and adoption of key policies, material transactions, business plans, annual budgets, internal control, risk management, annual and interim results.

The Board is entrusted with the overall responsibility of monitoring the Company's business and affairs and ultimately responsible for the management of the Company which is delegated to the Chairman, the Chief Executive Officer and the senior managements (the "**Senior Management**") of the Company. The roles of the Chairman and the Chief Executive Officer are separated.

The Chairman is responsible for the proposing and reviewing of corporate directions and strategies of the Group, while the Chief Executive Officer works with the Senior Management team to ensure proper implementation of these strategies throughout the development of the Group. The Chief Executive Officer and Senior Management are responsible for the day-to-day operations of the Group under the leadership of the Chairman.

Ms. Wong Emilie Hoi Yan is currently the Chief Executive Officer, while the position of the Chairman remains vacant. The daily operation and management of the Company is monitored by the Executive Director as well as the Senior Management. The Board is of the view that although there is no Chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting the operation of the Company and the Group. This arrangement can still enable the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Company will, at the appropriate time, arrange for the election of a Chairman.

The Board received from each of the INEDs a written annual confirmation of his/her independence in compliance with guidelines set out in Rule 3.13 of the Listing Rules. Each of the INEDs will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his/her independence. The Company is of the view that all INEDs meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The biographical information of the Directors and the relationships among the Directors are set out in the section headed "Biographies of Directors" on pages 5 to 7 of this annual report.

Non-executive Directors

Each of the Non-executive Directors is appointed for a specific term which may be extended as each of the Non-executive Directors and the Company may agree, unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

Pursuant to the amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 18 December 2015 (the "**Articles**"), at each annual general meeting one-third of the Directors for the time being, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Board Meetings and Attendance

In accordance with Appendix 14 to the Listing Rules, Code Provision A.1.1 prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation from the majority of the Directors, either in person or through other electronic means of communication.

During the Reporting Period, the Company held two extraordinary general meetings ("**EGM**").

During the Reporting Period, the Board held nine regular Board meetings and one annual general meeting ("**AGM**").

During the Reporting Period, the record of each Director attended/being eligible to attend, at the Board meetings, general meetings and committee meetings are set out below:

Directors	Regular Board Meeting	AGM	EGM	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Executive Director							
Ms. Wong Emilie Hoi Yan	9/9	1/1	2/2	N/A	N/A	N/A	N/A
Non-executive Directors							
Mr. Chen Shuai	8/9	1/1	2/2	2/2	1/1	N/A	N/A
Ms. Wong Jacqueline Yue Yee	8/9	1/1	2/2	N/A	N/A	N/A	N/A
Ms. Wong Michelle Yatyee	8/9	1/1	2/2	N/A	1/1	N/A	N/A
Mr. Wong Ming Bun David	9/9	1/1	2/2	2/2	N/A	N/A	N/A
Independent Non-executive Directors							
Mr. Lie Chi Wing	8/9	1/1	2/2	2/2	1/1	N/A	N/A
Mr. Ng Wing Chung Vincent	9/9	1/1	2/2	2/2	1/1	N/A	N/A
Mr. Yu Yang	9/9	1/1	2/2	2/2	1/1	N/A	N/A

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his/her responsibilities.

Induction and Continuous Professional Development

The Company encourages all Directors to participate in continuous professional development to further enhance and refresh their knowledge and skills, as well as to receive updates on developments in corporate governance practices. In addition, every newly appointed Director is provided with a package comprising the induction materials such as the duties and responsibilities of directors under the Listing Rules and Chapter 622 of the Laws of Hong Kong (Hong Kong Companies Ordinance), guidelines for directors issued by the Companies Registry of Hong Kong, legal and other new regulatory requirements and the governance policies of the Company. During the Reporting Period, no Directors were appointed.

The Directors received the following training for the year ended 31 March 2022 (based on the records provided by the Directors):

Directors	Reading materials/ regulatory updates/ management monthly updates	Attending seminars
Executive Director		
Ms. Wong Emilie Hoi Yan	✓	✓
Non-executive Directors		
Mr. Chen Shuai	✓	✓
Ms. Wong Jacqueline Yue Yee	✓	✓
Ms. Wong Michelle Yatyee	✓	✓
Mr. Wong Ming Bun David	✓	✓
Independent Non-executive Directors		
Mr. Lie Chi Wing	✓	✓
Mr. Ng Wing Chung Vincent	✓	✓
Mr. Yu Yang	✓	✓

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he/she has, throughout the Reporting Period, complied with the required standards set out therein.

Directors' and officers' Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

Directors' Remuneration

The remuneration of Directors have been determined by the Board for the year ended 31 March 2022 with reference to their respective duties and responsibilities within the Group and the benchmarks from similar positions and prevailing market conditions.

The remuneration paid to and/or entitled by each of the Directors for the year ended 31 March 2022 is set out below:

Name of Directors	Directors' Fee HK$'000	Retirement benefit scheme contributions HK$'000	Other emoluments mainly salaries and other benefits HK$'000	Equity-settled share-based payment HK$'000	Total HK$'000
For the year ended 31 March 2022					
Executive Director:					
Ms. Wong Emilie Hoi Yan (Note)	–	18	1,032	33	1,083
Non-executive Directors:					
Mr. Chen Shuai	120	–	–	–	120
Ms. Wong Jacqueline Yue Yee	120	–	–	33	153
Ms. Wong Michelle Yatyee	120	–	–	33	153
Mr. Wong Ming Bun David	120	–	–	335	455
Independent Non-executive Directors:					
Mr. Lie Chi Wing	120	–	–	2	122
Mr. Ng Wing Chung Vincent	120	–	–	2	122
Mr. Yu Yang	120	–	–	2	122
	840	18	1,032	440	2,330

Note: Ms. Wong Emilie Hoi Yan's emoluments disclosed above include those for services rendered by her as the Chief Executive Officer.

Board Diversity Policy

On 18 December 2015, the Company adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board in order to enhance quality of its performance. On 2 May 2019, the Company has adopted a series of terms of reference for Board committees in compliance with the regulations contained in the Companies Law of the Cayman Islands, the Listing Rules and the Articles. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In reviewing and assessing the Board composition, its diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, professional qualifications, skills, knowledge, industry and regional experience. The Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Board may adopt and/or amend from time to time as applicable such perspectives that are appropriate to the Company's business and the Board succession planning as applicable.

BOARD COMMITTEES

The Company established four Board committees on 18 December 2015, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. The terms of reference of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee are posted on the websites of the Company and the Stock Exchange.

Audit Committee

The Audit Committee was established on 18 December 2015. On 2 May 2019, the Company has adopted a terms of reference of the Audit Committee in compliance with the regulations contained in the Companies Law of the Cayman Islands, the Listing Rules and the Articles. The primary duties of the Audit Committee during the year included but not limited to reviewing the Group's financial information, overseeing the Group's financial reporting system and internal control procedures, risk management system and maintaining relationship with the Group's external auditor and providing recommendations to the Board. As at the date of this report, the Audit Committee consisted of two Non-executive Directors: Mr. Chen Shuai and Mr. Wong Ming Bun David, and three INEDs: Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang. The chairman of the Audit Committee was Mr. Yu Yang.

During the Reporting Period, two meetings of the Audit Committee, the management of the Company and the external auditor of the Company were held to review the accounting principles and policies adopted by the Group, the financial reporting matters, the interim and annual results of the Group for the Reporting Period and proposed adoption of the same by the Directors. The attendance records are set out under the section headed "Board Meetings and Attendance" of this report.

Nomination Committee

The Nomination Committee was established by the Board on 18 December, 2015. On 2 May 2019, the Company has adopted a director nomination policy in compliance with the CG Code (the "**Director Nomination Policy**"). The Board has delegated its authority and duties for matters relating to selection and appointment of Directors to the Nomination Committee of the Company. During the year, the Nomination Committee was responsible for the setting of the criteria and process in the nomination and appointment of Directors, ensuring the Board has a balance of skills and diversity of perspectives appropriate to the Company and to ensure the continuity and appropriate leadership in the Board. The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Any nomination of directors will be reviewed by the Nomination Committee. Upon considering a candidate suitable for the directorship after having regard to the above selection criteria, the Nomination Committee will approve the recommendation to the Board for appointment. After due consideration, the Board confirms to appoint the candidate to fill a vacancy or as an addition to the Board.

As at the date of this report, the Nomination Committee consisted of, two Non-executive Directors: Mr. Chen Shuai and Ms. Wong Michelle Yatyee, and three INEDs: Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang. The chairman of the Nomination Committee was Mr. Ng Wing Chung Vincent.

During the Reporting Period, one meeting of the Nomination Committee was held to among other matters, make recommendations to the Board for the re-election of retiring Directors be proposed for shareholders' approval in the AGM; and to review the structure, size and composition of the Board. The attendance records are set out under the section headed "Board Meetings and Attendance" of this report.

Remuneration Committee

The Remuneration Committee was established by the Board on 18 December 2015 with written terms of reference in compliance with the Listing Rules and the CG Code. The primary duties of the Remuneration Committee during the year included but are not limited to regularly monitoring the remuneration of all the Directors and the Senior Management to ensure that the levels of their remuneration and compensation are appropriate, to assess the performance of executive directors and to approve the terms of executive directors' service contracts and to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. As at the date of this report, the Remuneration Committee consisted of two Non-executive Directors: Mr. Chen Shuai and Ms. Wong Michelle Yatyee and three INEDs: Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang. The chairman of the Remuneration Committee was Mr. Ng Wing Chung Vincent.

During the Reporting Period, the Company did not hold meeting of the Remuneration Committee and the primary duties of the Remuneration Committee have been discharged by the Board as a whole during the year.

Risk Management Committee

The Risk Management Committee was established by the Board on 18 December 2015. The primary duties of the Risk Management Committee during the year were to formulate and monitor the implementation of our major risk management policies and systems, ensure necessary measures are adopted by the Senior Management to identify, evaluate, measure, detect, control and mitigate risks and conduct regular review on the risk management reports submitted by the Senior Management. It is also in charge of reviewing the feasibility, risk prevention and mitigation measures of finance leasing projects larger than RMB100.0 million and other risk-related issues in our operations that may have a material impact on our business. As at the date of this report, the Risk Management Committee consisted of one Executive Director: Ms. Wong Emilie Hoi Yan; two Non-executive Directors: Ms. Wong Michelle Yatyee and Mr. Wong Ming Bun David; and two INEDs: Mr. Ng Wing Chung Vincent and Mr. Yu Yang. The chairman of the Risk Management Committee was Ms. Wong Emilie Hoi Yan.

During the Reporting Period, the Company did not hold meeting of the Risk Management Committee and the primary duties of the Risk Management Committee have been discharged by the Board as a whole during the year.

The Board is responsible for performing the functions set out in Code Provision D.3.1 of the CG Code.

During the year, the Board had reviewed once the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines of the Company, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The Company has appointed Moore Stephens CPA Limited ("**Moore**") as the Company's external auditor on 8 April 2022. The Audit Committee has been notified of the scope of work, nature and the service charges of the audit and non-audit services performed by Moore and considered that these audit and non-audit services have no adverse effect on the independence of Moore. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of Moore.

The remuneration paid/payable to Moore in respect of audit and non-audit services for the year ended 31 March 2022 is set out below:

Nature of services provided by Moore	**Amount of Fees** HK$'000
Audit fee for final results	1,200
Non-audit services (professional fee in relation to a major and connected transaction on disposal)	160
Total	1,360

DIRECTORS' AND AUDITORS' RESPONSIBILITIY OF FINANCIAL REPORTING

The Directors acknowledge that they are responsible for the preparation of the financial statements of the Company for the year ended 31 March, 2022. The Company's financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and the related interpretations, adjustments and estimates made are prudent and reasonable and the financial statements have been prepared on a going concern basis. The Directors are aware of conditions indicating the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as going concern. The statement made by external auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain an effective risk management and internal control system in order to safeguard the Group's assets and investments and the Shareholders' interest. The Board reviews the effectiveness of the Group's risk management and internal control system at least once a year. During the Reporting Period, the Company engaged an external independent internal audit service provider to review the effectiveness of the Group's internal control system on financial reporting, operation and compliance. The review plan was presented to the Audit Committee and the Board, with strengths and recommendations for improvements. No significant risk and control deficiency was identified.

The relevant assessment and review reports have been considered by the Audit Committee and the Board for assessing the effectiveness of the risk management and internal control systems. The Audit Committee has also reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions performed by the external independent internal audit service provider. The Board, through the reviews made by the external independent internal audit service provider and the recommendations of the Audit Committee, concluded that the risk management and internal control systems are effective and adequate for the Group.

COMPANY SECRETARY

Ms. Cheng Choi Ha resigned as the company secretary of the Company (the "**Company Secretary**"). On 27 January 2022, Mr Cheng King Fai Kenneth ("**Mr. Cheng**") was appoint as the Company Secretary. Mr. Cheng is currently the Deputy Financial Controller of the Company. Mr. Cheng has over 18 years of experience in the fields of accounting, auditing and financial management. Prior to joining the Group, he was a Senior Finance Manager of Hang Lung Properties Limited, worked for the Property Manager of Hui Xian Real Estate Investment Trust as the Head of Finance, and has acquired extensive auditing experience while working at Deloitte Touche Tohmatsu. Mr. Cheng is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheng holds a Master's degree in Business Administration from Tsinghua University. He also holds a Bachelor's degree in Accountancy from The Hong Kong Polytechnic University. Mr. Cheng had complied with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training during the Reporting Period.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company had not made any changes to its Articles.

SHAREHOLDERS' COMMUNICATION POLICY

The Company adopted a shareholders' communication policy on 18 December 2015. Under this policy, the Company communicates with its Shareholders and the investment community through various means: timely publication of the Company's interim and annual financial reports, annual general meetings and other general meetings that may be convened, making available all the disclosures submitted to the Stock Exchange and any of the Company's corporate communications and publications on the Company's website.

The annual general meeting and other general meetings of the Company are the primary forums of communication between Shareholders and the Board. The Company shall provide Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Articles and the Listing Rules. The Company encourages Shareholders to attend and participate in general meetings. The members of the Board and other chairmen of all the Board committees, or their delegates, and the external auditor will attend the annual general meeting to answer any questions from Shareholders.

SHAREHOLDERS' RIGHTS

– Procedures for Shareholders to convene EGMs

Pursuant to Article 64 of the Articles, one or more shareholder(s) holding not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition (the "**Requisition**").

The Requisition shall be made in writing by post to the Company's principal place of business in Hong Kong at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Board.

Pursuant to Article 64 of the Articles, the Board is required to hold the EGM within two months after the deposit of the Requisition.

Pursuant to Article 64 of the Articles, if the Board fails to proceed to convene the general meeting within 21 days of the deposit of the Requisition, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

– Procedures for Shareholders to raise enquiries

Shareholders shall direct their questions about their shareholdings, share transfer, share registration and payment of dividend to Tricor Investor Services Limited ("**Tricor**"), the Company's Hong Kong branch share registrar. Contact details of Tricor are set out below:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Telephone: +852 2980 1333
Fax: +852 2810 8185

Shareholders may at any time raise any enquiries in respect of the Company at the following designated contacts, correspondence address, email address and enquiry hotline of the Company:

Address: Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong
Email: info@chinarzfh.com
Telephone: +852 2899 2682
Fax: +852 2899 2029
Attention: Board of Directors

Shareholders are reminded to lodge their enquiries together with their detailed contact information as they deem appropriate for prompt responses from the Company.

As a channel to promote effective communication, the Group maintains a website at www.chinarzfh.com where information about the Company's announcements, financial information and other information are posted.

– Procedures for Shareholders to put through proposals at general meetings

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's headquarter. The period for lodgment of the notices required under the Articles will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The Board of the Company, hereby presents the annual report and the audited consolidated financial statements of the Group for the Reporting Period to the Shareholders.

PRINCIPAL ACTIVITIES OF THE GROUP

The Group is principally engaged in the provision of (1) leasing services in the PRC and (2) value added services including due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore. The principal activities and other particulars of its subsidiaries are set out in note 46 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2022.

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial results and the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, are set out on page 3. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in equipment are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 March 2022 are set out in note 30 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

RESERVES AND DISTRIBUTABLE RESERVES

As at 31 March 2022, details of movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 61. As at 31 March 2022, the Company has no reserves available for distribution to the Shareholders (2021: nil).

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 March 2022 are set out in note 37 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, our five largest customers accounted for approximately 50.0% (2021: approximately 68.8%) of the Group's total revenue and our largest customer accounted for approximately 20.6% (2021: approximately 39.2%) of our total revenue.

Due to the nature of our business, we do not have any significant contribution from major suppliers during the normal course of our business. However, we relied substantially on interest-bearing loans to operate our business and we have established strong relationships with various funding parties including national and local commercial banks; the Company's controlling shareholder and a related company. For details, please refer to the section headed "Exempt Continuing Connected Transaction" and note 31 of this report.

To the best knowledge of the Directors, save as disclosed in this report, none of the Directors or their respective close associates as defined in the Listing Rules or any of the Shareholders of the Company who own more than 5% of the Company's issued shares has any interest in any of the Group's five largest customers or suppliers or lenders.

DIRECTORS AND SERVICE CONTRACTS

During the Reporting Period and up to the date of this report, the composition of the Board are as follows:

Executive Director

Ms. Wong Emilie Hoi Yan

Non-executive Directors

Mr. Chen Shuai
Ms. Wong Jacqueline Yue Yee
Ms. Wong Michelle Yatyee
Mr. Wong Ming Bun David

Independent Non-executive Directors

Mr. Lie Chi Wing
Mr. Ng Wing Chung Vincent
Mr. Yu Yang

The biographical details of the Directors are set out on pages 5 to 7 of this annual report.

Each of the Directors is subject to retirement by rotation in accordance with the Articles. Pursuant to Article 108 of the Articles, Ms. Wong Jacqueline Yue Yee, Mr. Ng Wing Chung Vincent and Mr. Yu Yang shall retire from the Board at the forthcoming 2022 annual general meeting (the "**2022 AGM**"). All of the retiring Directors, being eligible and offering themselves for re-election at the 2022 AGM. Details of the retiring Directors standing for re-election are set out in the circular to the Shareholders sent together with this annual report.

The Company has received, from each of the Independent Non-executive Director, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all of the Independent Non-executive Directors are independent.

None of the Directors being proposed for re-election or election at the 2022 AGM has or will have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Details of Directors' emoluments by name are set out in note 14 to the consolidated financial statements.

INDUSTRY OVERVIEW

The Group faces yet another challenging year due to the continuous negative impact of COVID-19 pandemic. The leasing industry is also affected by the change of market regulations and is undergoing structural adjustment. While strict market regulations have some short term effects on the industry, these regulatory requirements focus on areas in due diligence, management of leased assets and capital investment of leasing companies with aim and led to more effective reforms which are beneficial for healthier and more sustainable development in the industry as a whole. The recent lockdown across many major cities in PRC, the tighten social distancing measures across the PRC, and the tightening of travel restrictions as well as quarantine measures; and, the current anti-epidemic measures in Hong Kong had caused major disruptions to the Group's operations. While the Group is making its best effort to restore its normal operations, macroeconomic and social development was still subject to many uncertainties and major challenges. Against the backdrop of increase in finance costs, decrease in profit margin, increase of non-performing loans, coupled with multiple industry indicators such as tightening of the financial regulatory environment and the decline in economic growth, all of which had tremendous pressure on the leasing industry.

Nevertheless, during the Reporting Period, the Group proactively responded to all these hardship by strategically reforming our leasing operations one step at a time. With the aim to diversify our source of income and operating locations while carefully mitigating business and credit risks, the Group expanded to new locations and started to process loans with more liquid assets and generally smaller in loan size. In addition, we have complemented our leasing operations with value-added services such as credit assessment, investigation and debt recovery services, to further strengthen the Group's leasing operations by creating an ecosystem. During the Reporting Period, the Group had expanded its operating locations and will continue to explore and to acquire businesses beyond the horizon of leasing, so as to further enhance and nurture synergies within our ecosystem. The Group firmly believes that leasing industry has huge potential in serving the traditional economy and this presents a very bright prospect for the development of the Group.

BUSINESS OVERVIEW

The Group is principally engaged in (1) the provision of leasing services in the PRC and (2) related valued added services including the provision of due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore.

FINANCIAL REVIEW

The following discussion and analysis pertain to the financial information of the Group.

Revenue

For the year ended 31 March 2022, the Group recorded revenue of approximately HK$35.1 million (2021: approximately HK$15.8 million), representing an increase of approximately 122.0% from the previous corresponding period ended 31 March 2021. The increase in revenue was due to the Group's effective implementation of its strategic move to expand into new operating locations outside of Hubei Province and initiation to process loans with more liquid assets and generally smaller in loan size, hence, minimizing credit risk while increasing activities in leasing operations. To complement the development of the Group's leasing service, the Group provides value added services including credit assessment, investigation and debt recovery services, so as to further strengthen the Group's leasing operations by creating an ecosystem which in turn contributed approximately HK$24.6 million to the Group's revenue during the Reporting Period. Services fees for due diligence and credit investigation services are charge based on the agreed upon scope covering the number of search targets, search period and the complexity of obtaining the relevant search information. Debt collection services are provided to clients with past due commercial accounts receivables. Substantially all revenue derived from the provision of debt collection services are recognized upon successful recovery of past due receivables.

Staff costs

Staff costs of the Group amounted to approximately HK$20.9 million for the Reporting Period, representing an increase of approximately 249.8% from approximately HK$6.0 million recorded in the previous corresponding period ended 31 March 2021. This was mainly due to increase in the number of staffs in the Group.

Other operating expenses

During the Reporting Period, other operating expenses of the Group amounted to approximately HK$19.7 million, representing an increase of approximately 78.8% from approximately HK$11.0 million recorded in the previous corresponding period ended 31 March 2021. This was mainly due to the increase in operating expenses in relation to increase in legal and professional fees.

Impairment losses on financial assets

Impairment losses on financial assets is approximately HK$504.3 million for the Reporting Period, representing an increase in impairment losses of approximately HK$406.3 million from approximately HK$98.0 million impairment losses recorded in the previous corresponding period ended 31 March 2021.

The continuous impact of COVID-19 pandemic, the liquidity crisis of the property developers (and the property market in general in the PRC) and geopolitical instability are some of the significant factors causing continuing material adverse impacts on the businesses of the customers of the Group (mostly SMEs) and hence the financial performance of the Financial Leasing Business of the Group and in particular:

(i) COVID-19 pandemic has caused significant material adverse effects on the businesses and cashflows of the SME customers of the Group and their abilities to make repayments to the Group (affecting recovery of outstanding loans of the Group);

(ii) the worsening market condition in the PRC property sector has caused significant material adverse effects on the property value of the properties held by the SME customers of the Group, including their abilities to liquidate these properties or obtain financing on these properties, and hence their abilities to make repayments to the Group (affecting recovery of outstanding loans of the Group);

(iii) the significant decline in the value of the proposed collaterals (a large number of which are properties) has reduced the number of eligible customers for the Financial Leasing Business of the Group (affecting approval of new loans of the Group);

(iv) the significant decline in the value of the collaterals held by the Group also adversely affected the Group's ability to liquidate such collaterals due to the diminishing number of potential purchasers at the intended price level (affecting recovery of outstanding loans of the Group); and

(v) the worsening business conditions of the SME customers of the Group coupled with the effect of rapidly declining value of the collaterals and proposed collaterals have posed significant challenges for all money lender businesses in the PRC, including the Group in the past few years;

(vi) the geopolitical conflicts and warfare in recent years have significantly dampened global investments and business activities affecting the customers of the Group who may be manufacturing and export-oriented and in turn affected their abilities to make repayments to the Group.

While the Group is making its best effort to restore its normal operations, the above-mentioned factors are continuing to cause significant difficulties to the Group from all aspects. The Group has been taking active measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit, debt restructuring, and other methods that are considered effective and can improve the liquidity position of the Group. The Group has taken legal actions against the relevant customers and respective guarantors for an aggregate gross carrying value of the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately RMB1,108,142,000. In addition, the Group has taken alternative measures and utilize the Group's expertise in debt collection service to speed up the recovery of lease receivables and receivables arising from sale and leaseback arrangements. The Group will continue to use appropriate means to further expedite the recovery of its past due receivables.

Furthermore, approximately HK$296.6 million of the above-mentioned provisions are related lease receivables from to the Disposal (as defined under). The Board believe that the completion of the Disposal (as defined hereunder) will greatly improve the financial position and liquidity of the Group, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability.

For further details, please refer to the Company's announcement dated 31 March 2022 and 2 June 2022.

Other income

Other income of the Group mainly comprised of reversal of over provision for other operating expenses, bank interest income and government subsidies. During the Reporting Period, the other income of the Group amounted to approximately HK$0.1 million, representing a decrease of approximately 89.4% from approximately HK$1.1 million recorded in the previous corresponding period ended 31 March 2021. Such decrease was mainly due to the decrease in government subsidies accounted for as financial support and reversal of over-provision for other operating expenses in prior years.

Finance costs

Finance costs of the Group comprised of interest on bank borrowings, imputed interest on promissory note, imputed interest on convertible bonds, imputed interest on loan note, interest on lease liabilities, imputed interest expense on interest-free deposits from customers, interest on amounts due to a related company and interest on amounts due to a shareholder. During the Reporting Period, finance costs of the Group amounted to approximately HK$32.1 million, representing an increase of approximately 8.4% from approximately HK$29.6 million in the previous corresponding period ended 31 March 2021. This was mainly due to increase in the Group's borrowings and financing activities.

As at 31 March 2022, the outstanding bank borrowings guaranteed by related parties amount to approximately HK$706.0 million (2021: approximately HK$659.8 million) and the guarantee fee paid to the related parties during the Reporting Period amount to nil (2021: nil).

Loss for the year

Loss for the year ended 31 March 2022 of the Company amounted to approximately HK$567.8 million, representing an increase of approximately 367.8% from approximately HK$121.4 million loss recorded in the previous corresponding period ended 31 March 2021. This was mainly due to the increased of impairment losses and provision of expected credit losses.

Dividend

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2021.

Liquidity, financial resources and capital resources

As at 31 March 2022, the aggregate sum of the Group's bank balances and cash and short-term bank deposits amounted to approximately HK$15.5 million (2021: approximately HK$12.3 million), representing an increase of approximately HK$3.2 million compared to 31 March 2021. This was due to a combination of multiple effects including the Group's strategy to promote business, collection of past due financial assets and use of internal funding. The working capital deficiency (current assets less current liabilities) of the Group were approximately HK$777.8 million (2021: working capital of approximately HK$10.8 million) and the capital deficiency of the Group were approximately HK$695.9 million (2021: approximately HK$110.0 million).

As at 31 March 2022, the Group's bank borrowings with maturity within one year amounted to approximately HK$707.2 million (2021: approximately HK$443.7 million) and the Group's bank borrowings with maturity exceeded one year amounted to approximately HK$3.3 million (2021: approximately HK$216.1 million).

Our gearing ratio (total bank borrowings/total equity) as at 31 March 2022 was not applicable (2021: not applicable).

In June 2021, the Group obtained a letter of undertaking from a company under the joint control of certain major shareholders of the Company (the "**Related Party**"), three independent parties and a director of a subsidiary of the Company. Pursuant to the undertaking, the Related Party agreed to take up: (i) certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) certain bank borrowings of the Group. As at 31 March 2021, the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately HK$47.5 million while the relevant bank borrowings were approximately HK$548.0 million. The implementation of the undertaking by the Related Party is dependent on the approval from the relevant bank for the transfer of bank borrowings. Pursuant to the Company's announcement on 28 June 2021, the Group is applying to the relevant bank for the transfer of bank borrowings to the Related Party. Such application was still under review and pending approval from the relevant bank as at the date of issuance of this report. For illustrative purposes only, based on the figures as at 31 March 2022, should the Group be able to complete the derecognise and transfer those receivables and bank borrowings according to Hong Kong Financial Reporting Standards, the Group's consolidated net liabilities would be reduced by HK$500.5 million.

Loan receivable

Loan receivable represents an unsecured loan to a third party of HK$10.0 million (2021: HK$10.0 million) carrying interest at 10% per annum. The loan receivable was past due as at 31 March 2022 and the impairment loss allowance is approximately HK$10.9 million (2021: approximately HK$5.3 million).

Charges on group assets

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$680.6 million (2021: approximately HK$634.9 million) were granted by banks in the PRC and secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of approximately HK$170.9 million (2021: approximately HK$368.2 million).

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$25.4 million (2021: approximately HK$24.9 million) were secured by bank deposits of approximately HK$1.2 million (2021: approximately HK$1.2 million).

Capital commitments

As at 31 March 2022, the Group has no capital commitments (2021: nil).

Employees and remuneration policy

As at 31 March 2022, the Group had 129 staff located in Hong Kong, the PRC and Singapore, and their remuneration is determined based on the employees' performance, experience and prevailing industry practices. The Group also offers other benefits such as medical insurance, retirement schemes and training subsidies to its employees. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

In Hong Kong, we participate in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and are administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK$1,500.

PRC employees are covered by the mandatory social security schemes operated by the PRC government. The Group is required by PRC laws to contribute a certain percentage of payroll costs to the retirement benefits scheme to fund the benefits. There were no forfeited contributions utilised to offset employers' contributions for the Reporting Period.

Singapore employees are covered by the mandatory social security savings scheme funded by contributions from employers and employees, the Centra Provident Fund. The Group and its employees are each required to contribute a certain percentage of payroll costs to fund the mandatory social security savings schemes. There were no forfeited contributions utilized to offset employers' contributions for the Reporting Period.

RISK FACTORS AND MANAGEMENT

Credit risk of small medium enterprises ("SMEs") in the PRC

Our business is positioned to fulfill the financing needs of SMEs and individuals, the sustainability of our business and future growth depend on our ability to manage our credit risk effectively. The Group is committed to mitigate its risk exposures and diversification of business risks throughout liquid and smaller loan size. As such, any deterioration in our asset quality or collectability of our lease receivables and receivables arising from leasing arrangements could adversely affect our business, prospects and financial conditions. Due to the continuation of downturn economic pressure and business disruption due to the outbreak of the novel coronavirus ("**COVID-19**") in the PRC, it is inevitable for some corporations to be faced with a greater risk of default, especially the SMEs. As most SMEs customers in general have less financial resources in terms of capital or fund raising capability when compared to larger corporations, and as such they are more likely to be adversely affected by changes in market conditions, which poses an increasing risk of default to our Group. Our management has been monitoring the changes of our customers' credit risk, and we had, in fact, in some cases requested additional collaterals and pledged assets from customers as a form of additional precautionary measures. We will continue to closely monitor the value of the related leased assets and the collaterals securing our leases in order to take effective additional precautionary measures to minimize our risk of exposure to such credit risks.

Risk relating to funding sources and interest rate

Our business operation relies substantially on interest-bearing bank loans. We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our borrowings from various banks and funding parties. Accordingly, fluctuations in interest rates have affected and will continue to directly and immediately affect our financing costs and, ultimately, our profitability and results of operations. However, our management will continue to closely monitor the changes in interest rate and in turn charge our clients by the same amount in order to minimize our risk of exposure to such interest rate risks.

Foreign exchange risk

Our Group is exposed to foreign currency risk primarily with respect to Renminbi ("**RMB**") and United States Dollars denominated transactions, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets and earnings. In particular, distributions to holders of the shares of the Company are made in Hong Kong dollars. The Group currently does not have a foreign exchange hedging policy to eliminate the currency exposures. However, our management will continue to monitor the related foreign currency exposure closely and will consider appropriate measures should the need arise.

Liquidity risk

The Group is exposed to liquidity risk in respect of settlement of trade payables, accruals and other payables and bank borrowings and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liabilities (2021: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group from time to time is exploring investment opportunities that would benefit the Shareholders as a whole. Saved as disclosed in this annual report, the Group did not have other material acquisition or disposals by the Group during the Reporting Period and up to the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Acquisition of Alpha & Leader Risks and Assets Management Company Limited

On 26 June 2020, the Company entered into the sale and purchase agreement (as supplemented on 29 March 2021 and 29 June 2021) with the vendors, pursuant to which the Company has agreed to purchase, and the vendors has agreed to sell, 408,000 issued shares of Alpha & Leader Risks and Assets Management Company Limited ("**ALRAM**"), representing 51% of the total issued share capital of ALRAM (the "**ALRAM Acquisition**"). ALRAM and its subsidiaries are principally engaged in the provision of due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore. The completion of the ALRAM Acquisition took place on 25 August 2021. Upon completion of the ALRAM Acquisition, ALRAM and its subsidiaries have become non wholly-owned subsidiaries of the Company. The ALRAM Acquisition constituted a major and connected transaction of the Company under the Listing Rules.

For details, please refer to the Company's circular dated 30 June 2021.

Acquisition of Ultimate Harvest Global Limited

On 26 October 2021, the Company entered into the sale and purchase agreement (as supplemented on 6 December 2021) with Goldbond Group Holdings Limited ("**Goldbond**"), pursuant to which the Company has agreed to purchase, and Goldbond has agreed to sell, 51 issued shares of Ultimate Harvest Global Limited (the "**UMH**"), representing 51% of the total issued share capital of UMH (the "**UMH Acquisition**"). UMH and its subsidiaries are principally engaged in the provision of automobile operating lease services in the PRC. The completion of the UMH Acquisition took place on 4 March 2022. Upon completion of the UMH Acquisition, UMH and its subsidiaries have become non wholly-owned subsidiaries of the Company. The UMH Acquisition constituted a major and connected transaction of the Company under the Listing Rules.

For details, please refer to the Company's circular dated 24 January 2022.

Disposal of Rongzhong Capital Holdings Limited

On 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing entered into the sale and purchase agreement, pursuant to which, Mr. Xie Xiaoqing conditionally agreed to acquire, and the Company conditionally agreed to sell the 104,422 shares of Rongzhong Capital Holdings Limited ("**Rongzhong Capital**"), representing 100% of total issued share capital of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company as at the date of the sale and purchase agreement in the sum of HK$177,925,850.34, respectively, at the consideration of HK$100,000 or equivalent in RMB (the "**Disposal**"). Upon completion of the Disposal, Rongzhong Capital and its subsidiaries will cease to be subsidiaries of the Company and the financial results, assets and liabilities of Rongzhong Capital and its subsidiaries will no longer be consolidated into the Group's financial statements. The Disposal constituted a major and connected transaction of the Company under the Listing Rules.

For details, please refer to the Company's announcement dated 31 March 2022 and 2 June 2022.

EVENTS AFTER THE PERIOD UNDER REVIEW

New bank guarantee agreements

New bank guarantee agreements On 24 May 2022, Mr. Xie and Rongzhong Capital Investments (defined hereunder) had each entered into bank guarantee agreements pursuant to which Mr. Xie and Rongzhong Capital Investments (defined hereunder) agreed to provide certain guarantee in favor of a bank for the grant of loan to Rongzhong International Financial Leasing Co., Ltd.. The bank guarantee agreements expire three years upon the settlement of the loan and no guarantee fee is payable by Rongzhong International Financial Leasing Co., Ltd. to Mr. Xie and Rongzhong Capital Investments (defined hereunder) for their provision of guarantee services under the bank guarantee agreements.

For details, please refer to section headed "Exempt Continuing Connected Transaction" of this report.

Supplemental agreement in related to the major and connected transaction disposal of the entire issued share capital of the target company

On 2 June 2022, the Company and Mr. Xie entered into a supplemental agreement to amend and modify certain terms of the Rongzhong Capital SPA, pursuant to which, among others, the unaudited financial information of Rongzhong Capital has been updated to 31 March 2022.

For details, please refer to the Company's announcement dated 2 June 2022.

Besides the establishment of additional subsidiaries, in order to fully integrate with the reform of the Group's leasing operations, the board believe that the completion of the Disposal is of crucial importance to the future development of the Group, especially the Group's leasing business. It is expected that the completion of the Disposal will greatly improve the financial position and liquidity of the Group and significantly reduce its finance costs, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability.

Impact of novel coronavirus outbreak to the Group

2022 has continued to be an extremely difficult year for the Group. Due to the outbreak of COVID-19 in 2020, the Group was forced to suspend its main operations in Wuhan and Hubei Province of the PRC for months. While operations in the Hubei Province have been slowly restored after months of lock down, the Group's operation and productivity were impacted, as well as most of the Group's customers who were mostly SMEs in the Hubei Province. Since then, the Group is determined to reform its leasing operations by expanding outside of the Hubei Province.

The continuous outbreak of COVID-19 had continued to caused global disruptions and catastrophes, many companies and corporations are stuck in a cycle of disruption. The recent city-wide lockdown of Shanghai and many major cities in the PRC, the tighten social distancing measures across the PRC, and the tightening of travel restrictions as well as quarantine, various sanitization and precaution measures; and, the current anti-epidemic measures in Hong Kong had caused major disruptions to the Group's operations. While the Group is making its best effort to restore its normal operations, the COVID-19 pandemic and disruption of operations is continuing to cause significant difficulties to the Group from all aspects, including adverse economic impacts on the financial conditions, cashflow and collectability of the Group's leasing customers, the quality of collaterals of existing customers, the assessments and processing of application of any potential new customers etc. As a result, it is expected that the Group's operations and productivity may continue to be affected and subject to material challenges and uncertainties.

Latest development of the Group

The Group is actively reviewing and processing loan applications, as at 31 August 2022, the Group has entered into various automobile leasing arrangements involving an aggregate of 636 automobiles at the value of approximately RMB67.9 million (equivalent to approximately HK$80.8 million), of which approximately 46 automobiles at the amount of approximately RMB6.1 million (equivalent to approximately HK$7.3 million) are under finance lease arrangements.

Furthermore, the Group had established two additional subsidiaries in Wenzhou and Jiaxing of the PRC in order to facilitate the further expansion of the automobile leasing business in response to the increasing market demand, as well as to enhance the management efficiency of the automobile leasing business of the Group in multiple locations. The establishment of these subsidiaries will be financed by the working capital of the Group. As at the date of this report, the Group has 17 establishments across various cities in the PRC for its leasing business.

The above-mentioned recent developments of the Group are in-line with the Group's strategy (i) to further enhance and nurture synergies within our ecosystem in order to further complement the development of the Group's leasing services; (ii) to expand its business outside of Hubei Province in the PRC; (iii) to diversify business risk through liquid assets with generally smaller loan size; and (iv) to provide sustainable sources of revenue to the Group, which in turn will diversify the Group's business risks, enhance its financial performance and to create value for the shareholders of the Company.

Save as disclosed above, there is no other change to the Group's business plan regarding its leasing business and the Board firmly believes that the Group's leasing business will turn around as and when the general economic environment in the PRC and the global COVID-19 epidemic gradually improve. The Group will also continue to manage and apply various strategies and means to recover its overdue finance lease receivables and take various actions including lawsuit, debt restructuring and other methods that are considered effective and can improve the liquidity position of the Group.

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF AUDIT OPINION

In connection with the independent auditor's disclaimer of opinion set forth in the section headed "INDEPENDENT AUDITOR'S REPORT" (the "**Disclaimer of Audit Opinion**"), the Company would like to provide shareholders and potential investors with additional information regarding the matters from which the Disclaimer of Audit Opinion has arisen, and the views of the Company's management (the "**Management**") and the Company's Audit Committee (the "**Audit Committee**").

In respect of "Material uncertainties relating to going concern"

As explained in the section headed note 2.1 to the consolidated financial statements, notwithstanding that the Group's consolidated financial statements for the year ended 31 March 2022 have been prepared on a going concern basis, there are conditions together with other matters described there indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such conditions, the Company has, during the course of audit, provided to the Company's auditor with all available information and has given careful consideration to the Group's current liquidity, performance and available resources in considering the Group's ability to continue as a going concern. The Company has taken and will continue to implement the measures as further detailed in note 2.1 to the consolidated financial statements to rectify the matters in relation to the disclaimer of opinion. Based on the plans and measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this report and, accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Action plan to address the material uncertainties relating to going concern

It is the intention of the Company to rectify the conditions in relation to the disclaimer of opinion, the Company had taken and continue to implement the measures as further detailed in Note 2.1 and listed below:

(i) Obtaining new source of finance to improve working capital requirements

On 21 October 2021, the Company and Goldbond Group Holdings Limited ("**Goldbond**"), the Company's substantial shareholder, entered into a loan agreement pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK$50,000,000 to fund the general working capital of the Company, at 6% per annum and maturity on the third anniversary of the first drawdown date (the"**Goldbond Loan Agreement**"). The availability period commenced on the date of the Goldbond Loan Agreement and will end on the earlier of three years after the date of the Goldbond Loan Agreement; or the date on which the facility is fully drawn, cancelled or terminated. As at 31 March 2022 and 26 September 2022, the amount of HK$33,100,000 and HK$20,348,000, respectively, as stand-by unutilised facilities. Besides, the directors of the Company are also negotiating and obtaining new loan facilities with other sources of finance when necessary.

(ii) Implementation of measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements

The Group has been taking active measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit, debt restructuring, and other methods that are considered effective and can improve the liquidity position of the Group. The Group has taken legal actions against the relevant customers and respective guarantors for an aggregate gross carrying value of the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately RMB1,108,142,000. In addition, the Group has taken alternative measures and utilize the Group's expertise in debt collection service to speed up the recovery of lease receivables and receivables arising from sale and leaseback arrangements. The Group will continue to use appropriate means to further expedite the recovery of its past due receivables.

During the year ended 31 March 2022, the Group obtained a letter of undertaking from a company under the joint control of certain major shareholders of the Company (the "**Related Party**"), three independent parties and a director of a subsidiary of the Company. Pursuant to the undertaking, the Related Party agreed to take up: (i) certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) certain bank borrowings of the Group. As at 31 March 2022, the net carrying amount of the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately HK$47,531,000 while the relevant bank borrowings were approximately HK$547,990,000. The execution of the undertaking by the Related Party is depending on the approval from the relevant bank for transfer of bank borrowings. Pursuant to the Company's announcement on 28 June 2021, the Group is applying to the relevant bank for transfer of bank borrowings to the Related Party ("**Transfer of Bank Borrowings**"). Such application was still under review and pending approval from the relevant bank as at the date of issuance of this report. For illustrative purposes only, based on the figures as at 31 March 2022, should the Group be able to complete the transfer and could be derecognised of those receivables and bank borrowings according to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Group's consolidated net liabilities would be reduced by HK$500,459,000.

(iii) Negotiation of the renewal of bank borrowings

During the year ended 31 March 2022, the Group successfully renewed its bank borrowings with principal amounts of approximately HK$240,953,000 extended to July 2022. The Group is in the process of negotiation with relevant Bank to obtain further extension.

(iv) Implementation of active cost-saving measures

The Group continues to take active measures to control administrative costs through various channels to improve operating cash flows and its financial position.

(v) Disposal of Rongzhong Capital Holdings Limited

On 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing entered into the sale and purchase agreement, pursuant to which, Mr. Xie Xiaoqing conditionally agreed to acquire, and the Company conditionally agreed to sell the 104,422 shares of Rongzhong Capital Holdings Limited ("**Rongzhong Capital**"), representing 100% of total issued share capital of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company as at the date of the sale and purchase agreement in the sum of HK$177,925,850.34, respectively, at the consideration of HK$100,000 or equivalent in RMB (the "**Disposal**"). Upon completion of the Disposal, Rongzhong Capital and its subsidiaries will cease to be subsidiaries of the Company and the financial results, assets and liabilities of Rongzhong Capital and its subsidiaries will no longer be consolidated into the Group's financial statements. The Board believes that the completion of the Disposal will greatly improve the financial position and liquidity of the Group, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability.

For details, please refer to the Company's announcement dated 31 March 2022 and 2 June 2022.

The Company and the Board believe that the above-mentioned action plans are the most commercially practicable plans and measures in addressing the multiple uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Assuming all the above plans and actions can be completed as planned and no new circumstances and conditions have occurred, subject to the satisfactory completion of review of the management's assessment of the Group's going concern, the disclaimer of opinion may be removed in connection with the audit of consolidated financial statements of the group for the year ended 31 March 2022.

The Company and the Board will focus on the current action plans and the implementation thereof, while keeping viable options open as they continue the efforts in addressing the going concern issue and the rectification of conditions in relation to the disclaimer of opinion.

In respect of "Scope limitation on the Group's lease receivables and receivables arising from sale and leaseback arrangements"

In respect of the Group's lease receivables and receivables arising from sale and leaseback arrangements (details set out in note 18 to the consolidated financial statements) of their net carrying amounts of approximately HK$309,371,000 and HK$817,669,000 associated with deposits received from customers (note 26) of approximately HK$207,963,000 and HK$214,813,000 as at 31 March 2022 and 2021, respectively, the Group recognised accumulated impairment loss amounting to approximately HK$1,522,838,000 and HK$1,052,478,000 as at 31 March 2022 and 2021 and impairment loss recognised of approximately HK$498,064,000 in consolidated profit or loss for the year ended 31 March 2022 and impairment loss recognised of approximately HK$96,974,000 during the year ended 31 March 2021.

Although the Auditor was unable to obtain sufficient appropriate audit evidence regarding the judgement, assumptions and estimation techniques adopted in the impairment assessment of certain lease receivables and receivables arising from sale and leaseback arrangements, and hence the Auditor was unable to ascertain the carrying amounts as at 31 March 2021 that were free from material misstatements. Consequently, any adjustments found to be necessary to the closing balances of assets as at 31 March 2021 in respect of the matter described above might have significant effect on the Group's impairment loss recognised and cash flows for the year ended 31 March 2022 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022.

The Board considered that the accumulative impairment loss made on the lease receivables as at 31 March 2022 had taken a prudent view on the net remaining carrying amounts of approximately HK$309,371,000 that largely representing the deposits received from customer mentioned above and remaining borrowers with subsequent repayment not requiring fully impaired. As such, the remaining net carrying amount of the lease receivables was considered as properly reflected its recoverable amounts on the Group's financial position as at 31 March 2022, and hence the Board expects that this disclaimer related to the opening balance of certain lease receivables and receivables arising from sale and leaseback arrangements as of 31 March 2021 would not have carried forward impact to and will be removed in the independent auditor's report for the financial year ending 31 March 2023, except for the effect on the comparative figures for the year ended 31 March 2022.

In respect of "Scope limitation on the bank borrowings"

In respect of note 30 to the consolidated financial statements, the Group's bank borrowings amounted to approximately HK$710,504,000 as at 31 March 2022, of which the Auditor had not received an audit confirmation in respect of certain bank borrowings amounted to approximately HK$547,990,000 and the associated details to be shown on such bank confirmation.

About this outstanding bank confirmation, the Board understood that the Group was applying to the relevant bank for transfer of bank borrowings to the Related Party ("**Transfer of Bank Borrowings**") the details set out in the Company's announcement on 28 June 2021 and hence this related bank is still reviewing this application. However, such application was still under review and pending approval from the relevant bank as at the date of issuance of this report. Hence, the related bank borrowings were recorded and reflected on the Group's financial position as at 31 March 2022 until such application is eventually approved by the related bank.

Moreover, on 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing entered into the sale and purchase agreement, pursuant to which, Mr. Xie Xiaoqing conditionally agreed to acquire, and the Company conditionally agreed to sell the 104,422 shares of Rongzhong Capital Holdings Limited ("**Rongzhong Capital**"), representing 100% of total issued share capital of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company as at the date of the sale and purchase agreement in the sum of HK$177,925,850.34, respectively, at the consideration of HK$100,000 or equivalent in RMB (the "**Disposal**"). Upon completion of the Disposal, Rongzhong Capital and its subsidiaries will cease to be subsidiaries of the Company and the financial results, assets and liabilities of Rongzhong Capital and its subsidiaries will no longer be consolidated into the Group's financial statements. Hence, the Board believes that the completion of the Disposal will greatly improve the financial position and liquidity of the Group, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability. For details, please refer to the Company's announcement dated 31 March 2022 and 2 June 2022.

Hence, the Group had already reflected such bank borrowings on the consolidated statement of financial position as at 31 March 2022, and expected the disclaimer on bank borrowings will be removed in the independent auditor's report for the financial year ending 31 March 2023 upon the completion of Disposal before the financial year ending 31 March 2023 of which such relevant bank borrowings of approximately HK$547,990,000 would be disposed associated with Rongzhong Capital, except for the effect on the comparative figures for the year ended 31 March 2022.

Audit committee's view on the Disclaimer and the responses from the management

The Audit Committee had critically reviewed the major basis of the disclaimer of opinion on the Group's audited consolidate financial statements for the year ended 31 March 2022 and also the management's position, action plans and above responses of the Group to address the disclaimer of opinion.

The Audit Committee is in agreement with the management's position for the responses set out as above with respect to the issues set out in the disclaimer of opinion and the Group's ability to continue as a going concern, in particular the actions and measures taken and to be implemented by the management and the Group.

The Board has obtained an understanding with the Auditor that the Company considers itself to have addressed the issues giving rise to the disclaimer of opinion in the consolidated financial statement for the year ended 31 March 2022 and in the light of the measures and expectation and barring unforeseen circumstances, a disclaimer of opinion in respect of the same issues may no longer be required to be included in the consolidated financial statements for the year ending 31 March 2023 when all the measures and expectation being fully implemented, except for the qualification on the effect on the comparative figures for the year ended 31 March 2022.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has adopted internal control to monitor the on-going compliance with relevant laws and regulations.

Under the Measures of Foreign Investment in the Leasing Industry announced by the Ministry of Commerce of the PRC ("**MOFCOM**"), foreign-invested financial leasing companies may:

i) conduct the following business:

- financial leasing business;
- leasing business;
- purchase of domestic and overseas leased assets;
- disposal of the residual value of and maintenance of leased property;
- lease transaction consultancy and security services; and
- other business approved by MOFCOM.

ii) carry out financial leasing activities by ways of:

- direct leasing;
- sub-leasing;
- sale-leaseback;
- leveraged leasing;
- entrusted leasing; and
- joint leasing.

In addition, financial leasing companies shall, according to the requirements of MOFCOM, report the relevant data in a timely and truthful manner through the National Finance Leasing Enterprise Management Information System within 15 working days after the end of each quarter, submitting:

i) the statistics on and summary of its operation in the preceding quarter; and

ii) the statistics on and summary of its operation in the preceding year.

The audited financial and accounting report for the preceding year together with appended notes thereto should also be submitted prior to 30 April of each year. During the year, the operating entity engaged in provision of financial leasing had complied with the above key statutory requirements and restrictions.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

As at 31 March 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in ordinary shares ("Shares") /underlying Shares of the Company

		Number of Shares/underlying Shares (Note 1)				
Name of Director	**Capacity/ nature of interest**	**Personal Interest**	**Corporate Interest**	**Other Interest**	**Total Interest**	**Approximate % of issued shares**
Ms. Wong Emilie Hoi Yan ("**Ms. Emilie Wong**")	Beneficial owner	400,000 (L) (Note 5)	–	–	400,000 (L)	0.1%
Mr. Chen Shuai ("**Mr. Chen**")	–	–	–	–	–	–
Ms. Wong Jacqueline Yue Yee ("**Ms. Jacqueline Wong**")	Beneficial owner/ interest of controlled corporations/founder of a discretionary trust and beneficiary of a trust	400,000 (L) (Note 5)	20,234,242 (L) (Note 2)	168,555,903 (L) (Note 3)	189,190,145 (L)	45.86%
	Beneficiary of a trust	–	–	38,503,380 (S) (Note 4)	38,503,380 (S)	9.33%
Ms. Wong Michelle Yatyee ("**Ms. Michelle Wong**")	Beneficial owner/ interest of controlled corporations and beneficiary of a trust	400,000 (L) (Note 5)	20,234,242 (L) (Note 2)	168,555,903 (L) (Note 3)	189,190,145 (L)	45.86%
	Beneficiary of a trust	–	–	38,503,380 (S) (Note 4)	38,503,380 (S)	9.33%
Mr. Wong Ming Bun David ("**Mr. David Wong**")	Beneficial owner	4,000,000 (L) (Note 5)	–	–	4,000,000 (L)	0.97%
Mr. Lie Chi Wing ("**Mr. Lie**")	Beneficial owner	22,000 (L) (Note 5)	–	–	22,000 (L)	0.01%
Mr. Ng Wing Chung Vincent ("**Mr. Ng**")	Beneficial owner	22,000 (L) (Note 5)	–	–	22,000 (L)	0.01%
Mr. Yu Yang ("**Mr. Yu**")	Beneficial owner	22,000 (L) (Note 5)	–	–	22,000 (L)	0.01%

Notes:

1. The letters "L" and "S" denote the Directors' long position and short position in the Shares or underlying Shares of the Company respectively.

2. Such interests include 10,127,176 Shares held by Legend Crown International Limited ("**Legend Crown**") and 10,107,066 Shares held by Plenty Boom Investments Limited ("**Plenty Boom**"). Ms. Jacqueline Wong founded the discretionary trust (the "**Ace York Management Trust**") of which the property included the entire issued share capital of Legend Crown and Plenty Boom. The trustee of the Ace York Management Trust is Ace York Investment Management Limited ("**Ace York Management**", a company owned as to 50% by Ms. Jacqueline Wong and 50% by Ms. Michelle Wong), where the beneficiaries are Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s). By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong and Ace York Management are taken to have a duty of disclosure in relation to the said Shares held by Legend Crown and Plenty Boom under the SFO.

3. Such Shares include (i) 143,805,903 Shares held by Perfect Honour Limited ("**Perfect Honour**"), which is a wholly owned subsidiary of Goldbond Group Holdings Limited ("**Goldbond**"); and (ii) 24,750,000 Shares that Goldbond was directly interested in. On 4 March 2022, the Company issued convertible bonds in an aggregate principal amount of HK$3,811,500 at a conversion price of HK$0.154 per conversion share to Goldbond, in which a maximum of 24,750,000 new Shares will be allotted and issued to Goldbond upon conversion of such convertible bonds. Mr. Wong Charles Yu Lung ("**Mr. Wong**") and Mrs. Wong Fang Pik Chun ("**Mrs. Wong**"), parents of Ms. Michelle Wong and Ms. Jacqueline Wong established the Allied Luck Trust (as defined below) and Ms. Michelle Wong and Ms. Jacqueline Wong established the Aceyork Trust (as defined below), where both Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s) are the beneficiaries of such trusts. The assets of the Allied Luck Trust include all the Goldbond's shares held by Allied Luck Trading Limited ("**Allied Luck**", a company wholly-owned by the Allied Luck Trust), being approximately 30.99% of the total issued share capital of Goldbond, (the "**Allied Luck Trust**"), and the assets of the Aceyork Trust included all the Goldbond's shares held by Ace Solomon Investments Limited ("**Ace Solomon**") being approximately 26.06% of the total issued share capital of Goldbond. Ace Solomon is a company jointly owned by Allied Golden Investment Limited ("**Allied Golden**") and Aceyork Investment Limited ("**Aceyork**"), which (in each of the cases of Allied Golden and Aceyork) in turn are wholly-owned by the Aceyork Trust (the "**Aceyork Trust**"). Ms. Jacqueline Wong and Ms. Michelle Wong being beneficiaries of the Allied Luck Trust and the Aceyork Trust, in turn, holds approximately 34.86% of the issued share capital of the Company through Perfect Honour. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have a duty of disclosure in relation to the said Shares held by Perfect Honour under the SFO.

4. On 3 May 2018, Solomon Glory Limited ("**Solomon Glory**"), which is a wholly owned subsidiary of Goldbond, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited ("**Yong Hua**") has charged its assets including the shares (the "**Charged Shares**") of the Company held by Yong Hua by way of floating charge, which has been crystalised into a fixed charge. On 2 July 2019, the Board was notified that an order was issued on 13 March 2019 by The High Court of The Hong Kong Special Administrative Region to the effect that, among others, the Charged Shares shall be sold by China Galaxy International Securities (Hong Kong) Co., Limited (as agent) provided that each of the Charged Shares shall not be sold at a price of more than 10% discount to the average closing prices of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited for the previous 10 consecutive trading days prior to the date of sale of the Charged Shares or any of them.

5. These interests represent the interests in underlying Shares in respect of the share options granted by the Company to these directors.

6. As at 31 March 2022, there was a total of 412,509,000 Shares in issue.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

So far as the Directors are aware as of 31 March 2022, the following persons (other than the Directors or chief executive of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity/nature of interest	Number of Shares/ underlying Shares (Note 1)	Total Interest	Approximate % of issued shares
Ms. Wong Jacqueline Yue Yee ("**Ms. Jacqueline Wong**")	(i) Beneficial owner	400,000 (L) (Note 2)		
	(ii) Interest in controlled corporations/founder of a discretionary trust	20,234,242 (L) (Note 3)		
	(iii) Beneficiary of a trust	168,555,903 (L) (Note 4)	189,190,145 (L)	45.86%
	(iv) Beneficiary of a trust	38,503,380 (S) (Note 5)		9.33%
Ms. Wong Michelle Yatyee ("**Ms. Michelle Wong**")	(i) Beneficial owner	400,000 (L) (Note 2)		
	(ii) Interest in controlled corporations	20,234,242 (L) (Note 3)		
	(iii) Beneficiary of a trust	168,555,903 (L) (Note 4)	189,190,145 (L)	45.86%
	(iv) Beneficiary of a trust	38,503,380 (S) (Note 5)		9.33%
Mr. Wong Charles Yu Lung ("**Mr. Wong**")	Trustee	168,555,903 (L) (Note 4)		40.86%
	Trustee	38,503,380 (S) (Note 5)		9.33%
Mrs. Wong Fang Pik Chun ("**Mrs. Wong**")	Trustee	168,555,903 (L) (Note 4)		40.86%
	Trustee	38,503,380 (S) (Note 5)		9.33%
Goldbond Group Holdings Limited ("**Goldbond**")	Interest in controlled corporation	143,805,903 (L) (Note 4)		34.86%
	Beneficial owner	24,750,000 (L) (Note 4)	168,555,903	40.86%
	Interest in controlled corporation	38,503,380 (S) (Note 5)		9.33%

Name of substantial shareholder	Capacity/nature of interest	Number of Shares/ underlying Shares (Note 1)	Total Interest	Approximate % of issued shares
Perfect Honour Limited (“**Perfect Honour**”)	Beneficial owner	143,805,903 (L) (Note 4)		34.86%
Solomon Glory Limited (“**Solomon Glory** ”)	Having a security interest in shares	38,503,380 (S) (Note 5)		9.33%
Mr. Zhao John Huan (“**Mr. Zhao**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Silver Creation Investments Limited (“**Silver Creation**”)	Beneficial owner	43,752,347 (L) (Note 6)		10.61%
Hony Capital Fund 2008, L.P. (“**Hony Capital**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Hony Capital Fund 2008 GP, L.P. (“**Hony GP, L.P.**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Hony Capital Fund 2008 GP Limited (“**Hony GP**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Hony Group Management Limited (“**Hony Management**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Hony Managing Partners Limited (“**Hony Partners**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Exponential Fortune Group Limited (“**Exponential Fortune**”)	Interest in controlled corporation	43,752,347 (L) (Note 6)		10.61%
Mr. Xie Xiaoqing (“**Mr. Xie**”)	Interest in controlled corporation	12,704,220 (L) (Note 7)		
	Interest in controlled corporation	38,503,380 (L) (Note 8)	51,207,600 (L)	12.41%
	Interest in controlled corporation	38,503,380 (S) (Note 8)		9.33%
Yong Hua International Limited (“**Yong Hua**”)	Beneficial Owner	38,503,380 (L) (Note 8)		9.33%
	Beneficial Owner	38,503,380 (S) (Note 8)		9.33%

Notes:

1. The letters "L" and "S" denote a person's/an entity's long position and short position in the Shares or underlying Shares of the Company respectively.

2. These interests represent the interests in underlying shares in respect of the share options granted by the Company to these Substantial Shareholders.

3. Reference to the 20,234,242 Shares relates to the same block of Shares held by Legend Crown and Plenty Boom. Please refer to Note 2 on page 37 of this report for further details. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have duty of disclosure in relation to these Shares held by Legend Crown and Plenty Boom.

4. The six references to the 168,555,903 Shares relate to the same block of Shares held by Perfect Honour and 24,750,000 Shares that Goldbond was directly interest in. Please refer to Note 3 on page 37 of this report for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Perfect Honour and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Perfect Honour.

5. The six references to the 38,503,380 Shares relate to the same block of Shares held by Solomon Glory. Please refer to Note 4 on page 37 of this report for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Solomon Glory and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Solomon Glory.

6. The eight references to the 43,752,347 Shares relate to the same block of Shares held by Silver Creation Investments Limited ("**Silver Creation**"). Silver Creation is wholly-owned by Hony Capital. Hony Capital is controlled by its sole general partner Hony GP, L.P., which in turn is controlled by its sole general partner, Hony GP. Hony GP is wholly-owned by Hony Management, which is owned as to approximately 80.00% by Hony Partners. Hony Partners is 100% owned by Exponential Fortune, which is a company owned as to approximately 49% by Mr. Zhao. By virtue of the above, Mr. Zhao, Silver Creation, Hony Capital, Hony GP, L.P., Hony GP, Hony Management, Hony Partners and Exponential Fortune are taken to have a duty of disclosure in relation to these Shares held by Silver Creation.

7. Such interests include 2,117,370 Shares held by Capital Grower Limited ("**Capital Grower**"), and 10,586,850 Shares held by Clifton Rise International Limited ("**Clifton Rise**"), which are all companies owned as to 100% by Mr. Xie. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Capital Grower and Clifton Rise under the SFO.

8. Such Shares are held by Yong Hua, a company owned as to 100% by Mr. Xie. Please refer to Note 4 on page 37 of this report for further details. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Yong Hua under the SFO.

9. As at 31 March 2022, there was a total of 412,509,000 Shares in issue.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any person who had an interest or short position in the Shares and the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year end 31 March 2022, the following Directors declared their interest in the following companies with business which may compete or may likely to compete, either directly or indirectly, with the business of the Group:

Name of Directors	Name of Companies	Nature of Business Considered to Compete or Likely to Compete with the Business of the Group	Nature of Interest of the Directors in the Companies
Wong Emilie Hoi Yan	Certain subsidiaries of Rongzhong Group Limited	Investment holding	A director of certain subsidiaries of Rongzhong Group Limited
	Legend Crown	Investment holding	A director
	Plenty Boom	Investment holding	A director
	Yancheng Goldbond	Provision of non-bank financial services to SMEs in the PRC	A director and legal representative
Chen Shuai	Hony Capital Fund 2008, L.P.	Private equity firm engaged in investment holding	Managing Director
	Rongzhong Group Limited and its subsidiaries (Note)	Investment holding	A director of Rongzhong Group Limited and its subsidiaries
	Rongzhong Capital Investments Group Limited and its subsidiaries	Provision of non-bank financial services to SMEs in the PRC	A director of Rongzhong Capital Investments Group Limited and its subsidiaries
Wong Jacqueline Yue Yee	Legend Crown	Investment holding	Having certain deemed interest and a director
	Plenty Boom	Investment holding	Having certain deemed interest and a director
	Certain subsidiaries and an associate of Goldbond	Provision of finance leasing and factoring services	A director of certain subsidiaries and an associate of Goldbond
Wong Michelle Yatyee	Legend Crown	Investment holding	Having certain deemed interest and a director
	Plenty Boom	Investment holding	Having certain deemed interest and a director
	Goldbond and its subsidiaries	Provision of finance leasing and factoring services	A director of Goldbond and directors of certain of its subsidiaries
Wong Ming Bun David	Goldbond and its subsidiaries	Provision of finance leasing and factoring services	A director of Goldbond and directors of certain of its subsidiaries

Note: As at 31 March 2022, Rongzhong Group Limited is owned as to 40% by Goldbond through Perfect Honour, 40% by Hony Capital through Silver Creation, approximately 12.42% by Yong Hua; approximately 3.79% by Legend Crown and approximately 3.79% by Plenty Boom.

As the Board is independent of the board of directors of the aforesaid companies, and none of the above Directors controls the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the aforesaid companies.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 29 to the consolidated financial statements, no significant contract to which the Company or any of its subsidiaries was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

Completion of the Major and Connected Transaction in Relation to the Acquisition of 51% Equity Interest in Alpha & Leader Risks and Assets Management Company Limited ("Alpha & Leader")

On 25 August 2021, the Group completed an acquisition of 51% equity interest in Alpha & Leader. Alpha & Leader and its subsidiaries are principally engaged in provision of debt collection services and credit investigation services in Hong Kong, the PRC and Singapore.

For details, please refer to the Company's announcement dated 25 August 2021.

Supplemental agreement and completion of the major and connected transaction in relation to the acquisition of 51% of the issued share capital of the UMH involving the issue of convertible bonds under general mandate and loan note

On 6 December 2021, the Company entered into a supplemental agreement with Goldbond Group Holdings Limited ("**Goldbond**") in relation to the agreement for sale and purchase dated 26 October 2021, pursuant to which, among other things, that the definition of the PRC subsidiaries shall be revised to include the establishment of four additional subsidiaries in the PRC in order to facilitate and further expand the automobile leasing business in order to cope with the additional market demand and also enhance the efficiency in management in different locations.

For details, please refer to the Company's announcement dated 6 December 2021.

On 4 March 2022, the Group completed an acquisition of 51% equity interest in UMH. UMH and its subsidiaries are principally engaged in provision of automobiles leasing services in the PRC.

For details, please refer to the Company's announcement dated 4 March 2022.

Major and connected transaction for disposal of the entire issued share capital of the Rongzhong Capital and the shareholder's loan

On 31 March 2022 (after trading hours), the Company and Mr. Xie entered into the Rongzhong Capital SPA, pursuant to which, Mr. Xie conditionally agreed to acquire, and the Company conditionally agreed to sell the Sale Shares and assign the benefit and advantage of the Debt, representing the entire issued share capital of the Rongzhong Capital and the entire shareholder's loan owed by the Rongzhong Capital to the Company, respectively, at the consideration of HK$100,000 or equivalent in RMB.

For details, please refer to the Company's announcement dated 31 March 2022.

Expressions used in the sections headed "Connected Persons", "Exempt Continuing Connected Transactions", "Non-Competition Deeds" and "Deed of Undertaking" shall have the same meanings given to them in the Company's Prospectus dated 18 January 2016.

CONTINUING CONNECTED TRANSACTIONS

CONNECTED PERSONS

Rongzhong Group Limited

Goldbond, as our Controlling Shareholder and Hony Capital, as one of our Substantial Shareholders, are indirectly interested in 40.00% and 40.00% respectively of the issued share capital in Rongzhong Group. Rongzhong Group is therefore a joint venture of Goldbond and Hony Capital. Pursuant to the Listing Rules, Rongzhong Group, together with Wuhan Jinhong Investment Guarantee Company Limited 武漢金弘投資擔保有限公司 ("**Wuhan Jinhong**"), an indirect wholly-owned subsidiary of Rongzhong Group, are connected persons of the Company.

Wuhan Rongzhong Internet Technology Company Limited, Rongzhong Capital Investments Group Limited

Mr. Xie, one of the Substantial Shareholders of the Company and a director of certain subsidiaries of the Company, is directly interested in 100.00% and 98.21% respectively of the issued share capital of Wuhan Rongzhong Internet Technology Company Limited 武漢融眾網絡技術有限公司 (“**Rongzhong Internet**”), and Rongzhong Capital Investments Group Limited 融眾資本投資集團有限公司 (“**Rongzhong Capital Investments**”). Rongzhong Capital Investments (also referred to as joint venture of a major shareholder in the consolidated financial statements) wholly-owns Wuhan Rongzhong Investment Guarantee Company Limited 武漢欣眾融企業管理有限公司 (formerly known as 武漢市融眾投資擔保有限公司) (“**Wuhan Rongzhong**”). Pursuant to the Listing Rules, Rongzhong Internet, Rongzhong Capital Investments and Wuhan Rongzhong are associates of Mr. Xie and therefore are connected persons of the Company.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trademarks Licence Agreements

On 15 June 2015, Rongzhong Capital, our wholly-owned subsidiary, entered into trademarks licence agreements (the “**Trademarks Licence Agreements**” and each, a “**Trademarks Licence Agreement**”) with each of Rongzhong Group and Rongzhong Internet pursuant to which Rongzhong Group and Rongzhong Internet agreed to grant a licence, on a perpetual and nonexclusive basis, to Rongzhong Capital and its affiliates at a consideration of HK$1.00 and RMB1.00, respectively to use certain trademarks registered in their names as set out in Appendix IV of the Company’s Prospectus dated 18 January 2016 subject to the terms and conditions therein. During the term of the Trademarks Licence Agreements, Rongzhong Capital and its affiliates are entitled to use the trademarks listed therein as their corporate logos and for conducting any of their publicity related activities. Further, Rongzhong Group and Rongzhong Internet will not transfer or license or grant any rights to use the trademarks listed in the Trademarks Licence Agreements to any third party whose business competes or is likely to compete with the business of Rongzhong Capital or dispose such trademarks unless prior written consent is obtained from Rongzhong Capital. Where Rongzhong Group and Rongzhong Internet obtain registration of any other trademarks containing the words “RONGZHONG”, “RONG ZHONG”, “融眾” or “融众” under their name, Rongzhong Group and Rongzhong Internet will license the use of such other registered trademarks to Rongzhong Capital and its affiliates by entering into a separate licence agreement with Rongzhong Capital on the same terms and conditions as the Trademarks Licence Agreements. The Trademarks Licence Agreements are terminable in the event that the trademarks listed therein have been legally transferred to Rongzhong Capital or upon the winding-up or liquidation of Rongzhong Capital or otherwise agreed by the parties in writing.

Finance Lease Guarantee Agreements

For finance lease arrangements, in addition to the leased assets, we normally require our customers to provide additional securities to further secure their lease payment obligations under the finance leases, which include, among others, certain assets that we may not be able to register as the pledgee or mortgagee under the current practice of the PRC to take up as security (the “**Additional Assets**”) as we are a wholly-foreign invested financial leasing entity. In this regard, Rongzhong PRC entered into (i) one finance lease guarantee supplemental agreement with Wuhan Rongzhong on 20 November 2020 and (ii) three finance lease guarantee agreements with Wuhan Jinhong on 13 January 2016, 30 March 2016 and 18 May 2016 respectively, (collectively as the “**Finance Lease Guarantee Agreements**” and each a “**Finance Lease Guarantee Agreement**”) pursuant to which Wuhan Rongzhong and Wuhan Jinhong acted as a guarantor in favor of Rongzhong PRC in respect of the lease payment obligations of certain customers of Rongzhong PRC under their respective finance lease agreement entered into with Rongzhong PRC. In return, these customers would pledge their Additional Assets to Wuhan Rongzhong and Wuhan Jinhong as securities to further secure their payment obligations to Wuhan Rongzhong and Wuhan Jinhong under separate agreements entered into with Wuhan Rongzhong and Wuhan Jinhong respectively. The guarantee obligations of Wuhan Rongzhong and Wuhan Jinghong under the Finance Lease Guarantee Agreements shall continue for a period of one year and two years respectively from the date on which the payment obligations of the customers under the relevant finance lease agreements entered into with Rongzhong PRC have been fulfilled. The guarantee fees (if any) payable to Wuhan Rongzhong and Wuhan Jinhong were borne entirely by the customers of Rongzhong PRC.

The Bank Guarantee Agreements

On 10 December 2019, 25 May 2020 and 21 December 2020, Mr. Xie and Rongzhong Capital Investments had each entered into bank guarantee agreements with certain banks (collectively as the "**Bank Guarantee Agreements**") pursuant to which Mr. Xie and Rongzhong Capital Investments agreed to provide certain guarantees in favor of the banks for their grant of loans to Rongzhong PRC. The Bank Guarantee Agreements expire two years upon the settlement of the loans and no guarantee fee is payable by Rongzhong PRC to Mr. Xie and Rongzhong Capital Investments for their provision of guarantee services under the Bank Guarantee Agreements.

On 31 March 2022, Mr. Xie and Rongzhong Capital Investments had confirmed that each of Mr. Xie and Rongzhong Capital Investments had agreed to provide certain guarantees in favor of the banks for their grant of loans to Rongzhong PRC, such guarantees expire two years upon the settlement of the loans and no guarantee fee is payable by Rongzhong PRC to Mr. Xie and Rongzhong Capital Investments for the provision of guarantee services. As at 31 March 2022, Mr. Xie and Rongzhong Capital Investments have provided the following guarantees to banks for their grant of loans to Rongzhong PRC.

Guarantor(s)	**As at 31 March 2022**	**As at 31 March 2021**
	(HK$' million approximately)	
Mr. Xie	706.0	659.8
Rongzhong Capital Investments	706.0	659.8

The Loan Agreements

On 21 October 2021, the Company and Goldbond entered into a loan agreement pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK$50,000,000 to fund the general working capital of the Company, at 6% per annum and maturity on the third anniversary of the first drawdown date (the "**Goldbond Loan Agreement**"). The availability period commenced on the date of the Goldbond Loan Agreement and will end on the earlier of three years after the date of the Goldbond Loan Agreement; or the date on which the facility is fully drawn, cancelled or terminated. As at 31 March 2022, the balance due to Goldbond, is approximately HK$10.9 million (2021: nil).

For details, please refer to the Company's announcement dated 21 October 2021.

On 1 July 2020 and 15 November 2021, a loan agreement and a supplementary loan agreement were entered between a non-wholly own subsidiary of the Company and Shanghai Nanlang Finance Lease Co., Ltd., an indirectly owned subsidiary of Goldbond, (the "**SHNL Loan Agreements**"), with carried interest at 4.5% per annum and repayable on the third anniversary from the first date of loan drawn. As at 31 March 2022, the balance due to related party is approximately HK$51.4 million (2021: nil), the corresponding interest expenses were recognized as "Finance costs" in the consolidated statement of profit or loss and other comprehensive income for the Reporting Period.

For details, please refer to the Company's circular dated 24 January 2022.

The Trademarks Licence Agreements, the Finance Lease Guarantee Agreements, the Bank Guarantee Agreements, the Goldbond Loan Agreement and the SHNL Loan Agreements are in favorable terms to the Group and all applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules are less than 0.10%. Accordingly, the Trademarks Licence Agreements, the Finance Lease Guarantee Agreements and the Bank Guarantee Agreements qualified as continuing connected transactions exempt from reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

NON-COMPETITION DEEDS

In order to protect the Group from potential competition from our Shareholders, on 18 December 2015, the Company had entered into a deed of non-competition with each of the following parties respectively (collectively as the "**Deeds of Non-Competition**"):

a. Rongzhong Group (other than through a member of the Group);

b. Mr. Wong, Mrs. Wong, Legend Crown and Plenty Boom (except for Rongzhong Group and its close associates); and

c. Mr. Xie, Yong Hua, Clifton Rise and Capital Grower (except Rongzhong Group and its close associates),

collectively referred to as the "Covenantors" and each a "Covenantor".

Each of the Covenantors has given an irrevocable non-competition undertaking in favour of the Company pursuant to which each of the Covenantors, among other matters has irrevocable and unconditionally undertaken to the Company on a several basis that at any time during the Relevant Period (as defined below), it shall, and shall procure that its subsidiaries and/or close associates:

(i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a director or shareholder, other than being a director or shareholder of the Group), partner, agent or otherwise and whether for profit, reward or otherwise) in any business which competes or is likely to compete directly or indirectly with the finance leasing business currently and from time to time engaged by the Group including but not limited to the provision of direct leasing, sale leaseback and financial leasing related advisory services to SMEs in the PRC (the "**Restricted Activity**") (other than the small loan business operated by Yancheng Goldbond and Rongzhong Credit (Hubei) Limited (the "**Rongzhong Small Loan**"), unless pursuant to the exception set out below;

(ii) not to solicit any existing employee of the Group for employment by it or its subsidiaries and/or close associates (as applicable) (excluding members of the Group);

(iii) not, without the consent from the Company, make use of any information pertaining to the business of the Group which may have come to its knowledge in its capacity as our Controlling Shareholder or Director for any purpose of engaging, investing or participating in any Restricted Activity;

(iv) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to the Group for consideration;

(v) not to invest or participate in any Restricted Activity unless pursuant to the exceptions set out below; and

(vi) to procure its subsidiaries and/or its close associates (as applicable) (excluding members of the Group) not to invest or participate in any project or business opportunity of the Restricted Activity, unless pursuant to the exceptions set out below.

New business opportunity

Save for the situations as set out in the paragraphs headed "Customer referral obligation" and "Conflict check obligation", each of the Covenantors has unconditionally and irrevocably undertaken to us that in the event that it or its subsidiaries and/or its close associates (as applicable) (other than members of the Group) (the "**Offeror**") is given or identified or offered any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it will and will procure its subsidiaries and/or its close associates to refer the New Opportunities to us as soon as practicable in the following manner:

(i) each of the Covenantors is required to, and shall procure its subsidiaries and/or its close associates (as applicable) (other than members of the Group) to refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of the Group and the Shareholders as a whole to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**"); and

(ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 10 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will seek opinions and decisions from the Independent Non-executive Directors who and will form an independent board committee (the "**Independent Board Committee**") as to whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of the Group and the Shareholders as a whole to pursue the New Opportunities.

On or about 12 June 2020, the Company received a notice (the "**Notice**") issued by certain covenantors with reference to a deed of non-competition dated 18 December 2015 (the "**Deed of Non-Competition**") containing particulars of two proposed acquisitions. Upon receipt of the Notice, the Company formed an independent board committee in accordance with the Deed of Non-competition. For details, please refer to the Company's announcement dated 2 July 2020.

Right of first refusal

Where any of the Covenantors (or any of its subsidiaries and/or its close associates) (as applicable) (other than members of the Group) has acquired a business investment or an interest in any entity relating to the Restricted Activity (the "**Acquired Entity**") pursuant to the paragraph headed "New business opportunity" above, the relevant Covenantor and/or its subsidiaries and/or its close associates (as applicable) (other than members of the Group) shall provide us with a right of first refusal (the "**Right of First Refusal**") for a duration of one month to acquire any such Restricted Activity if they intend to dispose any equity interest in the Acquired Entity. Where the Independent Board Committee of the Company decides to waive the Right of First Refusal by way of written notice, the relevant Covenantor and/or its subsidiaries and/or its close associates (as applicable) may offer to sell such Restricted Activity to other third parties on such terms which are no more favorable than those made available to the Group. In deciding whether to exercise the above options, the Directors will consider various factors including the purchase price, the nature of the products and services and their values and benefits, as well as the benefits that they will bring to the Group.

Customer referral obligation

If a significant amount of the collateral provided by any of the new customer of Rongzhong Small Loan are within the scope of the Permitted Leased Assets, Rongzhong Group shall procure Rongzhong Small Loan to use its best endeavors to conduct due diligence on the new customer before entering into any agreement with the new customer to check whether (i) the ownership of the collateral are capable of being transferred and (ii) the new customer is willing to transfer the ownership of the collateral as security for loan until repayment of loan, which are essential to the creation of a lessee-lessor relation under finance leasing, and if items (i) and (ii) are satisfied, Rongzhong Group shall procure Rongzhong Small Loan to refer the new customer to the Group by written notice (the "**Written Notice**") and that Rongzhong Small Loan will be entitled to enter into an agreement with the new customer only if (a) it has received a notice from us declining to provide services to the new customer; or (b) it has not received such notice from us within three (3) business days from our receipt of the Written Notice (the "**Customer Referral Obligation**").

Conflict check obligation

Rongzhong Group shall procure Rongzhong Small Loan to check the customers list provided by the Company to it on a monthly basis to ensure that the new customer is not one of Rongzhong PRC's existing customers before entering into any agreement with the new customer. In the event that the new customer is one of Rongzhong PRC's existing customers, Rongzhong Group shall procure Rongzhong Small Loan to inform us of the proposed transaction (including the particulars of the proposed transaction and the new customer) and that Rongzhong Small Loan shall refrain from entering into an agreement with the new customer until and unless the Risk Management Committee has completed an evaluation on the new customer and is satisfied that Rongzhong PRC is not qualified to provide finance leasing services to the new customer (the "**Conflict Check Obligation**").

The Deeds of Non-competition shall not prevent each of the Covenantors and/or its subsidiaries and/or close associates (as applicable) to hold or have interest in shares or other securities in any company which conducts or is engaged in any Restricted Activity (the "**Subject Company**") provided that:

(a) the aggregate interests or number of shares held by the Covenantor (including its subsidiaries and/or its close associates) (as applicable) does not exceed 5.00% of the issued share capital of the Subject Company; and

(b) neither the Covenantor nor its subsidiaries and/or close associates (as applicable) has board or management control of the Subject Company.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(i) in respect of:

  (a) Mr. Wong, Mrs. Wong, Plenty Boom and Legend Crown, the date on which Mr. Wong and Mrs. Wong, individually or taken as a whole, cease to be our Controlling Shareholders;

  (b) Mr. Xie, Yong Hua, Clifton Rise and Capital Grower, the date on which they and their respective subsidiaries, individually or taken as a whole, cease to be our Substantial Shareholders; and

  (c) Rongzhong Group, the date on which Goldbond and Perfect Honour cease to be our Controlling Shareholders; or

(ii) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

Each of the Covenantors confirms that he/she/it has each complied with the terms of his/her/its Deed of Non-competition respectively.

DEED OF UNDERTAKING

Although the geographic location, approval requirements, potential customers and under the qualification of the currently applicable PRC laws differentiate the Group from the small loan business operated by Yancheng Goldbond, however, in order to ensure that there are no conflicts and competition between the business of the Group and Yancheng Goldbond, the Company and Goldbond have entered into a Deed of Undertaking on 18 December 2015 pursuant to which Goldbond has irrevocably and unconditionally undertaken to the Company that it shall procure Yancheng Goldbond to check the customers list provided by the Company to it on a monthly basis to ensure that Yancheng Goldbond's new customer is not one of Rongzhong PRC's existing customers before entering into agreement with the new customer. Where the new customer is one of Rongzhong PRC's existing customers, Goldbond shall procure Yancheng Goldbond to inform us of the proposed transaction (including the particulars of the proposed transaction and the new customer) to enable the Risk Management Committee to evaluate whether Rongzhong PRC is qualified to take on the new customer and the benefits of such business opportunities will bring to us. In the event that the Group is qualified and is interested in taking on the new customer, both Yancheng Goldbond and the Group may pitch to the new customer and Yancheng Goldbond is only entitled to enter into an agreement with the new customer if the new customer selects its service over those of Rongzhong PRC and or other service providers (if applicable). In the event that Rongzhong PRC is not qualified or is not interested in taking on the new customer, Yancheng Goldbond may proceed to enter into an agreement with the new customer ("**Goldbond's Conflict Check Undertaking**").

In consideration of Goldbond's Conflict Check Undertaking, the Company has also irrevocably and unconditionally undertaken to Goldbond that the Company shall procure Rongzhong PRC to check the customers list provided by Goldbond to it on a monthly basis to ensure that Rongzhong PRC's new customer is not one of Yancheng Goldbond's existing customers before entering into any agreement with the new customer. Where the new customer is one of Yancheng Goldbond's existing customers, the Company shall procure Rongzhong PRC to inform Goldbond of the proposed transaction (including the particulars of the proposed transaction and the new customer) to enable Goldbond to evaluate whether Yancheng Goldbond is qualified to take on the new customer and the benefits of such business opportunities will bring to Goldbond. In the event that Yancheng Goldbond is qualified and is interested in taking on the new customer, both Yancheng Goldbond and Rongzhong PRC may pitch to the new customer and Rongzhong PRC is only entitled to enter into an agreement with the new customer if the new customer selects its service over those of Yancheng Goldbond and or other service providers (if applicable). In the event that Yancheng Goldbond is not qualified or is not interested in taking on the new customer, Rongzhong PRC may proceed to enter into an agreement with the new customer (the "**Company's Conflict Check Undertaking**", together with Goldbond's Conflict Check Undertakings, collectively referred to as the "**Conflict Check Undertakings**").

The Conflict Check Undertakings commence from the listing date and shall expire on the earlier of the dates below:

(a) the date on which Goldbond or its subsidiaries, individually or taken as a whole, ceases to be a Controlling Shareholder of the Company; and

(b) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

Save as disclosed in this report, there has been no other transaction, arrangement or contract of significance subsisting during or at the end of the Reporting Period in which a Director or an entity connected with a Director is or was either directly or indirectly materially interested in.

SHARE OPTION SCHEME

On 18 December 2015, the Company conditionally approved and adopted the share option scheme (the "**Share Option Scheme**") in accordance with the provisions of Chapter 17 of the Listing Rules.

Details of the movements of share options under the Share Option Scheme during the Reporting Period were as follows:

Grantee	Date of grant	Exercise price (HK$)	Closing price of the options shares immediately before the date of grant (HK$)	Exercise period (Note 2)	Granted	Outstanding at 31 March 2022
Director						
Ms. Emilie Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	400,000
Ms. Jacqueline Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	400,000
Ms. Michelle Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	400,000
Mr. David Wong	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	4,000,000
Mr. Lie	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	22,000
Mr. Ng	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	22,000
Mr. Yu	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	22,000
Eligible employees (in aggregate)	10/2/2020	0.400	0.350	10/2/2023-9/2/2030	–	500,000
					–	5,766,000

Notes:

1 During the Reporting Period, no share options were granted.

2 The minimum period for which a share option must be held before it can be exercised is the third anniversary of the date of grant.

Purpose

The purpose of the Share Option Scheme is to provide any director and full-time employees or any member of the Group (the "**Participant(s)**") with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Participants.

Eligible participants to the share option scheme

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participant as the Board may in its absolute discretion select.

Grant of options

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and Substantial Shareholders or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may determine. No offer shall be made and no option shall be granted to any Participant after inside information has come to the Company's knowledge until it has announced the information. In particular, the Company shall not grant any option during the period commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's results for any year, half year, quarter or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for the Company to publish an announcement of, its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. For the avoidance of doubt, the period during which no option shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

Payment on acceptance of option offer

An offer shall remain open for acceptance by the Participant concerned for a period of 14 days from the date of the offer. HK$1.0 is payable by the Participant to the Company on acceptance of the offer of the option.

Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine and notified to the Participant in the offer letter at the time of grant of the relevant option but the subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

Option period

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each Participant at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed ten years from the date of grant of the relevant option.

Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may in its absolution discretion determine which shall not be more than ten years from the date of grant of the option and the Board may at its discretion determine the minimum period for which the option has to be held for restrictions before the exercise of the subscription right attaching to an option.

Maximum entitlement

The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including exercised, cancelled and outstanding options) in any 12 months period shall not exceed 1.00% of the Shares in issue.

Remaining life of the Share Option Scheme

The remaining life of the Share Option Scheme is approximately 3 years.

Present status of the Share Option Scheme

As at the end of the Reporting Period, there were 5,766,000 share options outstanding and granted under the Share Option Scheme, No share options were agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme. The Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme shall not exceed 10% of the aggregate of the Shares in issue as at the date of the approval of the Share Option Scheme, being 40,000,000 Shares in total.

EQUITY-LINKED AGREEMENTS

On 4 March 2022, the convertible bonds in the aggregate principal amount of HK$3,811,500 and at a conversion price of HK$0.154 were issued by the Company to Goldbond to settle part of the consideration for acquisition of 51% of the total issued share capital of Ultimate Harvest Global Limited.

Further details are disclosed in the circular of the Company dated 24 January 2022 and note 33 to the consolidated financial statements.

PERMITTED INDEMNITY AND PROVISION

Pursuant to Article 191 of the Articles, the Directors, managing directors, alternate Directors, auditors, secretary and other officers of the Company acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, breach of duty, recklessness or breach of trust proven against them.

The Company has taken out and paid the premium and other moneys for the maintenance of insurance for the benefit either of the Company, the Directors and/or other officers to indemnify the Company, the Directors and/or other officers named therein for the purpose against any loss, damage, liability and claim which they may suffer or sustain in connection to any Directors and/or other officers carrying out their duties as Directors and/or officers of the Company. The Directors and/or officers shall not be indemnified where there is any fraud, dishonesty, breach of duty, recklessness or breach of trust proven against them.

CORPORATE GOVERNANCE

The Group is committed to promote good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has dedicated its effort to review and monitor the Group's ESG policy and practices to ensure compliance with the relevant legal and regulatory requirements as described in Appendix 27 to the Listing Rules. During the Reporting Period, there was no material non-compliance with laws and regulations related to the environmental and social aspects. Further information on the Group's ESG performance for the Reporting Period is set out in the ESG report, which can be accessed at the website of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he/she has, throughout the Reporting Period, complied with the required standards set out therein.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and within the knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

AUDITOR

The consolidated financial statements of the Company in respect of the previous two financial years ended 31 March 2020 and 31 March 2021 were audited by BDO Limited.

BDO Limited resigned as auditor of the Company with effect from 8 April 2022 and Moore Stephens CPA Limited was appointed as auditor of the Company with effect from 8 April 2022. Save as disclosed above, there were no other changes of auditor of the Company in the preceding three years.

Moore Stephens CPA Limited will retire and, be eligible, offer itself for re-appointment. A resolution will be submitted to the annual general meeting to re-appoint Moore Stephens CPA Limited as the auditor of the Company.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. Mr. Chen, a non-executive director of Hospital Corporation of China Limited ("**Hospital Corporation**") since 23 June 2020, has been re-designated as an executive director of Hospital Corporation with effect from 20 November 2020. He is currently an executive director, chairman of the board and acting chief executive officer of Hospital Corporation. At 7 September 2022, Mr. Chen resigned as a director of Shanghai Chengtou Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange; stock code: 600649).

2. Mr. David Wong has been appointed as an executive director of Goldbond with effect from 7 April 2021. He is currently an executive director and the chief executive officer of Goldbond. Mr. David Wong has been appointed as an independent non-executive director of Hingtex Holdings Limited with effect from 9 August 2022. He is currently an independent non-executive director of Hingtex Holdings Limited.

Save as disclosed above, during the period under review and up to the date of this report, there is no other change in information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PROSPECTS

Going forward, the Group is likely to face many challenges as a result of the continuously unfavourable economic and political conditions. While the uncertainties and the duration of the COVID-19 epidemic had seriously affected the global economy and the domestic economic recovery remains under pressure. Many companies and corporations are stuck in a cycle of disruption, this impacted the business development of the Group as well as many of our customers. Despite all the negative impacts, the Group remains committed to continue to expand its leasing network as well as mitigating business risks exposure and place strong emphasis on the recovery of past due receivables. The Board firmly believes that diversification of income sources and associated business risks is a key in enhancing the operations of the Group, and the Board will continue to actively explore and to acquire businesses beyond the horizon of leasing, so as to further enhance and nurture synergies within our ecosystem in order to provide sustainable sources of revenue to the Group. Besides the establishment of additional subsidiaries, in order to fully integrate with the reform of the Group's leasing operations the Board believe that the completion of the Disposal is of crucial importance to the future development of the Group, especially the Group's leasing business. It is expected that the completion of the Disposal will greatly improve the financial position and liquidity of the Group and significantly reduce its finance costs, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability. The Company believes that its operations will turn around as and when the general economic environment, political environment and the uncertainties of COVID-19 pandemic gradually improve domestically and internationally. Furthermore, the Company strongly believes that the completion of the Disposal will enable the Group to leverage on its resources to expand it leasing business.

On behalf of the Board

Wong Emilie Hoi Yan
Executive Director

Hong Kong, 26 September 2022

MOORE

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF
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)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Rongzhong Financial Holdings Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 50 to 136, which comprise the consolidated statement of financial position as at 31 March 2022 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Material uncertainties relating to going concern

The Group recorded a net loss attributable to owners of the Company of approximately HK$567,548,000 for the year ended 31 March 2022 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$777,825,000 and HK$695,884,000 respectively, whereas its cash and cash equivalents maintained was approximately HK$15,479,000 only as at the same date. Besides, included in net current liabilities of the Group, there were lease receivables and receivables arising from sale and leaseback arrangements with various enterprises of Hubei Province in the PRC amounted to a gross carrying amount of approximately HK$1,832,209,000. As further set out in note 18 to the consolidated financial statements, these lease receivables and receivables arising from sale and leaseback arrangements were all past due and credit-impaired, and an aggregate impairment loss of HK$1,522,838,000 was provided for these receivables, which the Group considered it was due to adverse impact of the outbreak of COVID-19 pandemic and the Group was implementing measures to expedite the collection process of these receivables. The Group also had bank borrowings of approximately HK$707,219,000 that were repayable within 12 months after the end of the reporting period.

These conditions together with other matters described in note 2.1 to the consolidated financial statements indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking certain measures as set out in note 2.1 to the consolidated financial statements to improve the Group's liquidity and financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties. As of the date of our report, we were unable to obtain sufficient appropriate evidence from management for their underlying assumptions on going concern, including (i) the successful obtaining of additional new sources of financing as and when needed; (ii) the successful implementation of measures to expedite the collection of lease receivables and receivables arising from sale and leaseback arrangements; (iii) the successful negotiation of the renewal of bank borrowings; (iv) the successful implementation of active cost-saving measuresand; and (v) the successful implementation of the proposed disposal of Rongzhong Capital Holdings Limited which engaged principally in lease receivables and receivables arising from sale and leaseback arrangements with various enterprises in Hubei Province of the People's Republic of China. Hence, we were unable to assess the appropriateness or reasonableness of the use of the going concern assumption in the preparation of the consolidated financial statements.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.1 to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. Scope limitation on the Group's lease receivables and receivables arising from sale and leaseback arrangements

There were indications of possible impairment in respect of the Group's lease receivables and receivables arising from sale and leaseback arrangements (details set out in note 18) of their net carrying amounts of approximately HK$309,371,000 and HK$817,669,000 associated with deposits received from customers (note 26) of approximately HK$207,963,000 and HK$214,813,000 as at 31 March 2022 and 2021, respectively. As set out in note 18 to the consolidated financial statements, there has been significant slow-down in the collection of the Group's lease receivables and receivables, which there were only settlements received of approximately HK$21,282,000 and HK$8,398,000 during the years ended 31 March 2022 and 2021 respectively. The Group has taken measures to collect lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit against to these borrowers and re-negotiation of repayment plans and other methods in order to recover the outstanding amounts from the lease receivables. The Group recognised accumulated impairment loss amounting to approximately HK$1,522,838,000 and HK$1,052,478,000 as at 31 March 2022 and 2021 and impairment loss recognised of approximately HK$498,064,000 in consolidated profit or loss for the year ended 31 March 2022 and impairment loss recognised of approximately HK$96,974,000 for the year ended 31 March 2021.

Besides, as detailed in notes 5, 18 and 43(b) to the consolidated financial statements, the Group performed the impairment assessment on the lease receivables and receivables arising from sale and leaseback arrangements by conducting an assessment of Expected Credit Loss (the "**ECL**") model according to forward-looking information and use appropriate models and assumptions in its measurement of expected credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g. the likelihood of default by customers, the corresponding losses, and the estimated realisable amount of the collaterals if any). Management of the Group has adopted judgment, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about those management judgment, assumptions and estimation techniques adopted in such impairment assessment on the lease receivables and receivables arising from sale and leaseback arrangements that the recoverable amounts, and hence the carrying amounts, of the lease receivables and receivables arising from sale and leaseback arrangements of the Group as at 31 March 2021 were free from material misstatements. There was no other practical alternative audit procedure that we could perform.

In addition, the closing balances as at 31 March 2021 of those assets of the Group are brought forward as the opening balances as at 1 April 2022 and hence entered into the determination of the financial performance and cash flows of the Group for the current year ended 31 March 2022. Hence, any adjustments found to be necessary to the closing balances of the lease receivables and receivables arising from sale and lease back arrangements of HK$817,669,000 as at 31 March 2021 in respect of the matter described above might have significant effect on the Group's impairment loss of HK$498,064,000 recognised in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows for the year ended 31 March 2022 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 March 2022 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

3. Scope limitation on the bank borrowings

In respect of note 30 to the consolidated financial statements, the bank borrowings amounted to approximately RMB575,508,000 (equivalent to approximately HK$710,504,000 as at 31 March 2022, of which audit confirmation in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK$547,990,000 from a bank have not been received by us, representing 77% of the bank borrowings. These bank borrowings were secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate net carrying amount of approximately HK$77,469,000 and guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary. Consequently, we were unable to carry out audit procedures necessary to obtain adequate assurance regarding the completeness of the bank borrowing and other elements associated with this outstanding bank confirmation (including but not limited to the bank balance of approximately RMB19,000 (equivalent to approximately HK$23,000), details of pledged assets, guaranteed and security) at the end of the reporting period. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the completeness of the bank borrowings, bank balances and cash and other assets and liabilities might associate with the outstanding bank confirmation. We were unable to quantify the adjustments that would be required, had the confirmations from the banks been received by us. Any adjustments to the matter would have a consequential effect on the Group's consolidated statement of financial position as at 31 March 2022, its financial performance and the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related disclosures in the consolidated financial statements for the year ended 31 March 2022.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion with material uncertainty related to going concern paragraph on those statements on 30 June 2021.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 26 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	6	**35,120**	15,821
Other income	7	**115**	1,082
Cost of services		**(3,761)**	–
Gain on disposal of financial assets	8	**169**	7,273
Other gains and losses	9	**(249)**	(878)
Staff costs	13	**(20,914)**	(5,978)
Impairment losses and provision of expected credit losses	10	**(525,716)**	(98,074)
Other operating expenses		**(19,745)**	(11,044)
Finance costs	11	**(32,058)**	(29,585)
Loss before tax		**(567,039)**	(121,383)
Income tax expense	12	**(774)**	–
Loss for the year	13	**(567,813)**	(121,383)
Other comprehensive expense			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(24,173)**	(4,372)
Total comprehensive expense for the year		**(591,986)**	(125,755)
Loss for the year attributable to:			
Owners of the Company		**(567,548)**	(121,383)
Non-controlling interests		**(265)**	–
		(567,813)	(121,383)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(591,918)**	(125,755)
Non-controlling interests		**(68)**	–
		(591,986)	(125,755)
Loss per share	16		
Basic and diluted (HK cents)		**(138)**	(29)

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	17	**70,701**	40
Lease receivables and receivables arising from sale and leaseback arrangements	18	**77,859**	94,117
Deposits		**426**	–
Security deposits	22	**–**	1,190
Goodwill	24	**19,372**	–
		168,358	95,347
Current assets			
Lease receivables and receivables arising from sale and leaseback arrangements	18	**231,512**	723,552
Loan receivable	19	**–**	5,563
Trade receivables	20	**6,754**	–
Prepayments and other receivables	21	**7,382**	8,501
Other assets	21A	**3,202**	–
Security deposits	22	**1,235**	1,697
Short term bank deposits with original maturity within three months	23	**–**	6,636
Bank balances and cash	23	**15,479**	5,671
		265,564	751,620
Current liabilities			
Trade payables	25	**414**	–
Deposits from customers	26	**219,432**	214,813
Other payables and accrued charges	27	**31,019**	17,707
Contract liabilities	28	**4,949**	–
Deferred income		**–**	9
Lease liabilities	29	**2,620**	482
Tax liabilities		**67,989**	64,133
Bank borrowings	30	**707,219**	443,688
Amount due to a related company	31	**101**	–
Amount due to a shareholder	31A	**168**	–
Derivative financial liabilities	34	**9,478**	–
		1,043,389	740,832
Net current (liabilities)/assets		**(777,825)**	10,788
Total assets less current liabilities		**(609,467)**	106,135

Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Deposits from customers	26	**300**	–
Lease liabilities	29	**2,830**	–
Convertible bonds	33	**2,245**	–
Derivative financial liabilities	34	**833**	–
Loan note	35	**9,065**	–
Bank borrowings	30	**3,285**	216,125
Amount due to a related company	31	**51,273**	–
Amount due to a shareholder	31A	**10,800**	–
Contingent consideration payables	36	**5,786**	–
		86,417	216,125
Net liabilities		**(695,884)**	(109,990)
Capital and reserves			
Share capital	37	**4,125**	4,125
Deficit		**(705,551)**	(114,115)
		(701,426)	(109,990)
Non-controlling interests		**5,542**	–
Capital deficiency		**(695,884)**	(109,990)

The consolidated financial statements on pages 50 to 136 were approved and authorised for issue by the board of directors on 26 September 2022 and are signed on its behalf by:

Ms. Wong Emilie Hoi Yan
Director

Ms. Wong Jacqueline Yue Yee
Director

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000 (note (a))	Share option reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	4,125	552,818	32,430	80	(53,213)	(520,958)	15,282	–	15,282
Loss for the year	–	–	–	–	–	(121,383)	(121,383)	–	(121,383)
Exchange difference arising on translation to presentation currency	–	–	–	–	(4,372)	–	(4,372)	–	(4,372)
Total comprehensive expense for the year	–	–	–	–	(4,372)	(121,383)	(125,755)	–	(125,755)
Recognition of equity-settled share-based payments	–	–	–	483	–	–	483	–	483
At 31 March 2021 and 1 April 2021	4,125	552,818	32,430	563	(57,585)	(642,341)	(109,990)	–	(109,990)
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(567,548)**	**(567,548)**	**(265)**	**(567,813)**
Exchange difference arising on translation to presentation currency	**–**	**–**	**–**	**–**	**(24,370)**	**–**	**(24,370)**	**197**	**(24,173)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(24,370)**	**(567,548)**	**(591,918)**	**(68)**	**(591,986)**
Acquisitions of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,610**	**5,610**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**482**	**–**	**–**	**482**	**–**	**482**
At 31 March 2022	**4,125**	**552,818**	**32,430**	**1,045**	**(81,955)**	**(1,209,889)**	**(701,426)**	**5,542**	**(695,884)**

Note:

(a) Pursuant to the articles of association of the subsidiary established in the People's Republic of China (the "**PRC**"), it is required to appropriate 10% or an amount to be determined by its directors of its profit for the year in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each year to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Loss before tax		**(567,039)**	(121,383)
Adjustments for:			
Impairment losses and provision of expected credit losses	10	**525,716**	98,074
Depreciation of property, plant and equipment		**2,781**	147
Equity-settled share-based payments		**482**	483
Finance costs		**32,058**	29,585
Interest income from bank deposits		**(28)**	(120)
Effect of foreign exchange rate changes		**(321)**	878
Fair value loss on derivative financial liabilities		**865**	–
Fair value gain on contingent consideration payables		**(295)**	–
Loss on disposal of property, plant and equipment		**328**	–
Operating cash flows before movements in working capital		**(5,453)**	7,664
Decrease in lease receivables and receivables arising from sale and leaseback arrangements		**21,282**	8,398
(Increase) decrease in prepayments and other receivables		**(5,770)**	384
Decrease in trade receivables		**1,738**	–
Increase in trade payables		**97**	–
Increase in contract liabilities		**236**	–
Decrease in deposits from customers		**(13,190)**	–
Increase (decrease) in other payables and accrued charges		**2,223**	(1,475)
Decrease in deferred income		**(9)**	–
Decrease in security deposits		**1,696**	4,764
Cash generated from operations		**2,850**	19,735
PRC Enterprise Income Tax paid		**(148)**	–
Net cash from operating activities		**2,702**	19,735
Investing activities			
Net cash inflow on acquisitions of subsidiaries	40	**9,649**	–
Proceeds on disposal of property, plant and equipment		**1,524**	–
Interest received from bank deposits		**28**	120
Purchases of property, plant and equipment		**(9,155)**	–
Net cash from investing activities		**2,046**	120

	2022 HK$'000	2021 HK$'000
Financing activities		
Advances from a related company	**8,243**	–
Repayments to a related company	**(2,143)**	–
Advances from a shareholder	**10,800**	–
New bank borrowings raised	**–**	23,777
Interest paid	**(10,148)**	(14,577)
Repayments of bank borrowings	**(843)**	(38,028)
Repayments of principal portion of lease liabilities	**(1,980)**	(1,257)
Repayments of interest element of lease liabilities	**(172)**	(63)
Repayment of a promissory note	**(6,319)**	–
Net cash used in financing activities	**(2,562)**	(30,148)
Net increase (decrease) in cash and cash equivalents	**2,186**	(10,293)
Cash and cash equivalents at beginning of the year	**12,307**	21,587
Effect of foreign exchange rate changes	**986**	1,013
Cash and cash equivalents at end of the year	**15,479**	12,307
Analysis of cash and cash equivalents:		
Bank balances and cash	**15,479**	5,671
Short term bank deposits with original maturity within three months	**–**	6,636
	15,479	12,307

1. GENERAL INFORMATION

China Rongzhong Financial Holdings Company Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of lease services in the PRC, due diligence, debt collection and credit investigation services in the PRC, Hong Kong and Singapore. Details of the Company's subsidiaries are set out in note 46.

The functional currency of the Company is Renminbi ("**RMB**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") as the shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Going concern basis

The Group recorded a net loss attributable to owners of the Company of approximately HK$567,548,000 for the year ended 31 March 2022 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$777,825,000 and HK$695,884,000 respectively, whereas its cash and cash equivalents maintained was approximately HK$15,479,000 only as at the same date. Besides, included in net current liabilities of the Group, there were lease receivables and receivables arising from sale and leaseback arrangements with various enterprises in Hubei Province of the PRC amounted to a gross carrying amount of approximately HK$1,832,209,000. As further set out in note 18 to the consolidated financial statements, these lease receivables and receivables arising from sale and leaseback arrangements were all credit-impaired and an aggregate impairment loss of HK$1,522,838,000 was provided for these receivables, which the Group considered it was due to adverse impact of the outbreak of COVID-19 pandemic and the Group was implementing measures to expedite the collection process of these receivables. The Group also had bank borrowings of approximately HK$707,219,000 that were repayable within 12 months after the end of the reporting period.

These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have prepared a cash flow forecast covering a period of 18 months from the end of the reporting period. In doing so, they have given careful consideration to the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern after taking account of the following plans and measures:

(i) Obtaining new source of finance to improve working capital requirements

On 21 October 2021, the Company and Goldbond Group Holdings Limited ("**Goldbond**"), a substantial shareholder with significant influence of the Company, entered into a loan agreement pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK$50,000,000 to fund the general working capital of the Company, at 6% per annum and maturity on the third anniversary of the first drawdown date (the "**Goldbond Loan Agreement**"). The availability period commenced on the date of the Goldbond Loan Agreement and will end on the earlier of three years after the date of the Goldbond Loan Agreement; or the date on which the facility is fully drawn, cancelled or terminated. As at 31 March 2022 and 26 September 2022, the amount of HK$33,100,000 and HK$20,348,000, respectively, as stand-by unutilised facilities. Besides, the directors of the Company are also negotiating and obtaining new loan facilities with other sources of finance when necessary.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Going concern basis (continued)

(ii) Implementation of measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements

The Group has been taking active measures to expedite the realisation of lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit against to these borrowers, renegotiation of repayment plans and other methods that are considered effective and can improve the liquidity position of the Group. The Group has taken legal actions against the relevant customers and respective guarantors for an approximate amount of RMB1,108,142,000. In addition, the Group has taken alternative measures and utilize the Group's expertise in debt collection service to speed up the recovery of lease receivables and receivables arising from sale and leaseback arrangements. The Group will continue to use appropriate means to further expedite the recovery of its past due receivables.

During the year ended 31 March 2022, the Group obtained a letter of undertaking from a company under the joint control of certain major shareholders of the Company (the "**Related Party**"), three independent parties and a director of a subsidiary of the Company. Pursuant to the undertaking, the Related Party agreed to take up: (i) certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) certain bank borrowings of the Group. As at 31 March 2022, the net carrying amount of the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately HK$47,531,000 while the relevant bank borrowings were approximately HK$547,990,000. The execution of the undertaking by the Related Party is depending on the approval from the relevant bank for transfer of bank borrowings. Pursuant to the Company's announcement on 28 June 2021, the Group is applying to the relevant bank for transfer of bank borrowings to the Related Party. Such application was still under review and pending approval from the relevant bank as at the date of issuance of this report. For illustrative purposes only, based on the figures as at 31 March 2022, should the Group be able to complete the transfer and could be derecognised of those receivables and bank borrowings according to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the Group's consolidated net liabilities would be reduced by HK$500,459,000.

(iii) Negotiation of the renewal of bank borrowings

During the year ended 31 March 2022, the Group successfully renewed its bank borrowings with principal amounts of approximately HK$240,953,000 extended to July 2022. The Group is in the process of negotiation with relevant bank to obtain further extension.

(iv) Implementation of active cost-saving measures

The Group continues to take active measures to control administrative costs through various channels to improve operating cash flows and its financial position.

(v) Disposal of Rongzhong Capital Holdings Limited

On 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing entered into the sale and purchase agreement, pursuant to which, Mr. Xie Xiaoqing conditionally agreed to acquire, and the Company conditionally agreed to sell the 104,422 shares of Rongzhong Capital Holdings Limited ("**Rongzhong Capital**"), representing 100% of total issued share capital of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company as at the date of the sale and purchase agreement in the sum of HK$177,925,850.34, respectively, at the consideration of HK$100,000 or equivalent in RMB (the "**Disposal**"). Upon completion of the Disposal, Rongzhong Capital and its subsidiaries will cease to be subsidiaries of the Company and the financial results, assets and liabilities of Rongzhong Capital and its subsidiaries will no longer be consolidated into the Group's financial statements. The Board believes that the completion of the Disposal will greatly improve the financial position and liquidity of the Group, thus enabling the Group to leverage on its resources to expand its leasing business with higher profitability.

For details, please refer to the Company's announcement dated 31 March 2022 and 2 June 2022.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Going concern basis (continued)

Based on the above plans and measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this report and, accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to achieve the abovementioned plans and measures, it would be unable to meet its financial commitments based on the current level of its cash resources and unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts; to provide for further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4.2 Business combinations

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Business combinations (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Business combinations (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

4.4 Interests in subsidiaries

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4.6 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service. Revenue from provision of debt collection and credit investigation services is recognised at a point in time.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Revenue from contracts with customers (continued)

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Group's performance in transferring control of goods or services.

Revenue from annual subscription fees of credit investigation services is recognised over time.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4.7 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from COVID-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021/2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(ii) Finance leases

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of HKFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a buyer-lessor

For a transfer that satisfies the requirements as a sale

For a transfer of asset that satisfies the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in accordance with HKFRS 16.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance (the "**MPF Scheme**") for all of its eligible employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of their payroll costs to the central pension scheme.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4.12 Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.15 Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount of property, plant and equipment, and right-of-use assets individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Impairment on property, plant and equipment and right-of-use assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.17 Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4.18 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, loan receivable, deposit, security deposits, other receivables, short term bank deposits with original maturity within three months and bank balances), and other items (i.e. lease receivables and receivables arising from sale and leaseback arrangements) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables and receivables arising from sale and leaseback arrangements.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and lease receivables and receivables arising from sale and leaseback arrangements, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For lease receivables and receivables arising from sale and leaseback arrangements, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for certain trade receivables and lease receivables and receivables arising from sale and leaseback arrangements are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and lease receivables and receivables arising from sale and leaseback arrangements, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade payables, deposits from customers, other payables, bank borrowings, amount due to a related company, amount due to a shareholder and promissory note are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Financial instruments (continued)

Convertible bonds

Convertible bonds contain debt and derivative components

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern assumption

The assessment of the going concern assumption involves making a judgment by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the capability to continue as a going concern and the going concern assumption is set out in note 2.1 to the consolidated financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve.

As at 31 March 2022, the carrying amount of goodwill is HK$19,372,000 (2021: nil) (net of accumulated impairment loss of HK$7,682,000 (2021: nil)). Details of the recoverable amount calculation are disclosed in note 24.

Fair value measurement of financial instruments

As at 31 March 2022, certain of the Group's financial liabilities including convertible bonds, contingent consideration payables and derivative financial liabilities amounting to HK$2,245,000, HK$5,786,000 and HK$10,311,000 (2021: nil, nil and nil), respectively, are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the Group considers these valuations are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility and may affect the Group's businesses, which have led to higher degree of uncertainties in respect of the valuations in the current and prior year. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 43 for further disclosures.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of financial assets

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve.

As at 31 March 2022, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were HK$65,326,000 and HK$5,375,000 (2021: HK$40,000 and nil), respectively, after taking into account the impairment losses of HK$2,080,000 and nil (2021: nil and HK$42,000), in respect of property, plant and equipment and right-of-use assets that have been recognised respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 17.

6. REVENUE AND SEGMENT INFORMATION

The directors of the Company determined the reportable segments of the Group as follows:

(1) Leasing services providing leasing services including:

- direct leasing – sale and leaseback and operating leasing services in the PRC
- operating lease – providing operating lease of motor vehicles services in the PRC

(2) Debt collection and credit investigation services – providing debt collection services and credit investigation services in Hong Kong, the PRC and Singapore

During the year ended 31 March 2022, debt collection and credit investigation services became a reportable segment as a result of the completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited ("**Alpha & Leader**") and its subsidiaries (collectively referred to as the "**Alpha & Leader Group**")(see note 40A). Therefore, a new segment of debt collection and credit investigation services has been identified in the current period.

In addition, during the year ended 31 March 2022, the Group has commenced operating lease business, as a result of the completion of the acquisition of Ultimate Harvest Global Limited and its subsidiaries (collectively referred to as the "**UMH Group**")(see note 40B) which has been included in the leasing services reportable segment as the directors of the Company believe that information about the segment would be useful to users of the financial statements.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 March 2022

	Leasing services HK$'000	Debt collection and credit investigation services HK$'000	Total HK$'000
Segment revenue			
Revenue from external customers	**10,498**	**24,622**	**35,120**
Segment results	**(541,504)**	**(5,628)**	**(547,132)**
Unallocated:			
Other income			**2**
Other gains and losses			**322**
Staff costs			**(3,923)**
Other operating expenses			**(16,308)**
Loss before tax			**(567,039)**

6. REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

For the year ended 31 March 2021

	Leasing services HK$'000	Total HK$'000
Segment revenue		
Revenue from external customers	15,821	15,821
Segment results	(111,118)	(111,118)
Unallocated:		
Other income		1,035
Other gains and losses		(878)
Staff costs		(3,926)
Other operating expenses		(6,496)
Loss before tax		(121,383)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	At 31 March 2022 HK$'000	At 31 March 2021 HK$'000
Segment assets		
Leasing services	**390,149**	833,335
Debt collection and credit investigation services	**32,633**	–
Total segment assets	**422,782**	833,335
Unallocated assets	**11,140**	13,632
Total assets	**433,922**	846,967
Segment liabilities		
Leasing services	**1,070,630**	955,121
Debt collection and credit investigation services	**17,931**	–
Total segment liabilities	**1,088,561**	955,121
Unallocated liabilities	**41,245**	1,836
Total liabilities	**1,129,806**	956,957

6. REVENUE AND SEGMENT INFORMATION (continued)

(c) Other segment information

For the year ended 31 March 2022

	Leasing services HK$'000	Debt collection and credit investigation services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:				
Additions to property, plant and equipment	8,950	2,337	–	11,287
Depreciation of property, plant and equipment	1,032	1,749	–	2,781
Impairment losses on property, plant and equipment recognised in profit or loss	2,080	–	–	2,080
Impairment losses on financial assets recognised in profit or loss	498,445	285	5,563	504,293
Impairment losses on prepayments and other receivables	8,573	–	–	8,573
Impairment loss on other assets	3,088	–	–	3,088
Loss on disposal of property, plant and equipment	328	–	–	328
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Additions to goodwill	6,594	20,216	–	26,810
Impairment losses on goodwill	–	7,682	–	7,682
Finance costs	31,162	234	662	32,058

6. REVENUE AND SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

For the year ended 31 March 2021

	Leasing services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	56	–	56
Depreciation of property, plant and equipment	147	–	147
Impairment losses on property, plant and equipment recognised in profit or loss	42	–	42
Impairment losses on financial assets recognised in profit or loss	96,974	1,058	98,032
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:			
Finance costs	29,543	42	29,585

(d) Revenue from major services

The following is an analysis of the Group's revenue from its major services:

	2022 HK$'000	2021 HK$'000
Income from debt collection services	**16,835**	–
Income from credit investigation services	**7,787**	–
Revenue from contracts with customers	**24,622**	–
Rental income	**4,378**	–
Interest income arising from sale and leaseback arrangements	**6,120**	15,535
Direct leasing income	**–**	286
	35,120	15,821
Revenue from contracts with customers		
At a point in time	**24,472**	–
Transferred over time	**150**	–
	24,622	–

6. REVENUE AND SEGMENT INFORMATION (continued)

(e) Geographical information

The Group's operations are located in the PRC (country of domicile), Hong Kong and Singapore.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (note)	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC (country of domicile)	**25,778**	15,821	**68,853**	40
Hong Kong	**8,884**	–	**1,848**	–
Singapore	**458**	–	**–**	–
	35,120	15,821	**70,701**	40

Note: Non-current assets include property, plant and equipment only.

(f) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2022	2021
	HK$'000	HK$'000
Customer A (note 1)	**7,241**	N/A (note 3)
Customer B (note 2)	**6,112**	6,203
Customer C (note 2)	**N/A (note 3)**	2,188
Total	**13,353**	8,391

Notes:

1 Revenue from debt collection and credit investigation services segment.

2 Revenue from leasing services segment.

3 The corresponding revenue from the customer is less than 10% of the total revenue of the Group for the respective financial year.

7. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Bank interest income	**28**	120
Government subsidies (note)	**–**	216
Others	**87**	746
	115	1,082

Note:

The amount represented the government grants obtained from Employment Support Scheme ("**ESS**") under the Anti-epidemic Fund launched by the Hong Kong Special Administrative Region Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

8. GAIN ON DISPOSAL OF FINANCIAL ASSETS

During the year ended 31 March 2022, the Group had entered into an agreement to dispose of certain receivables arising from sale and leaseback arrangements to an independent third party with cash consideration of HK$5,952,000 (2021: HK$7,273,000). The disposal was made due to a deterioration in their credit risk. The gain arising from the disposal for the year ended 31 March 2022 was HK$169,000 (2021: HK$7,273,000).

9. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Foreign exchange gain/(loss), net	**321**	(878)
Fair value loss on derivative financial liabilities (note 34)	**(865)**	–
Fair value gain on contingent consideration payables (note 36)	**295**	–
	(249)	(878)

10. IMPAIRMENT LOSSES AND PROVISION OF EXPECTED CREDIT LOSSES

	2022 HK$'000	2021 HK$'000
Provision for expected credit losses recognised on:		
– lease receivables and receivables arising from sale and leaseback arrangements (note 18)	**498,064**	96,974
– loan receivable (note 19)	**5,563**	1,058
– trade receivables (note 20)	**666**	–
Impairment losses recognised on:		
– property, plant and equipment (note 17)	**2,080**	42
– prepayments and other receivables (note 21)	**8,573**	–
– other assets (note 21A)	**3,088**	–
– goodwill (note 24)	**7,682**	–
	525,716	98,074

11. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest on bank borrowings	**30,973**	29,473
Interest on amount due to a related company	**257**	–
Interest on lease liabilities (note 17)	**172**	63
Interest on amount due to a shareholder	**139**	–
Imputed interest on promissory note (note 32)	**347**	–
Imputed interest on loan note (note 35)	**130**	–
Imputed interest on convertible bonds (note 33)	**31**	–
Imputed interest expense on interest-free deposits from customers	**9**	49
	32,058	29,585

12. INCOME TAX EXPENSE

	2022 **HK$'000**	2021 HK$'000
Current tax		
Enterprise Income Tax in the PRC	**158**	–
Hong Kong Profits Tax	**616**	–
Income tax expense	**774**	–

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of PRC (the "**EIT Law**") and the Implementation Regulation of the EIT Law, one (2021: none) subsidiary is subject to the tax rate of 20% on 12.5% of assessable profit, which assessable profits under RMB1,000,000, for Small Low-Profit Enterprises. Other subsidiaries located in the PRC are subject to the PRC Enterprise Income Tax at a rate of 25% (2021: 25%) on their assessable profits.

12. INCOME TAX EXPENSE (continued)

The income tax credit for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Loss before tax	**(567,039)**	(121,383)
Tax calculated at the rates applicable to respective tax jurisdictions	**(141,760)**	(30,346)
Lower tax rate for specific province or enacted by local authority	**(261)**	–
Tax effect of income not taxable for tax purposes	**(4,490)**	(2,089)
Tax effect of expenses not deductible for tax purposes	**13,457**	7,942
Tax effect of tax losses and temporary differences not recognised	**133,828**	24,493
Income tax expense	**774**	–

No withholding tax has been provided for both years in the consolidated financial statements. Under the EIT Law, withholding tax of 5% is imposed on dividends declared in respect of profits earned by the subsidiary in the PRC from 1 January 2008 onwards. As at 31 March 2022 and 2021, there is no temporary differences associated with undistributed earnings of the subsidiary in the PRC has been recognised as it has recorded losses for the years and the directors of the Company considered that the subsidiary in the PRC would not distribute any further dividend in the foreseeable future.

As at 31 March 2022, the Group had unused tax losses of HK$126,704,000 (2021: HK$73,790,000) and had deductible temporary differences of HK$1,571,056,000 (2021: HK$1,066,763,000) available for offset against future profits. No deferred tax asset has been recognised in relation to such deductible temporary differences due to unpredictability of future profits stream. The tax liabilities provided mainly represented the tax provision on the un-invoiced revenue from leasing services in prior years.

13. LOSS FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Loss for the year has been arrived at after charging:		
Directors' remuneration:		
– Fee	**840**	840
– Short-term employee benefits	**1,032**	1,032
– Retirement benefit scheme contributions	**18**	18
– Equity-settled share-based payments	**440**	440
Salaries, allowances and other staff benefits	**17,917**	3,519
Staff's retirement benefit scheme contributions	**625**	86
Staff's equity-settled share-based payments	**42**	43
Total staff costs	**20,914**	5,978
Depreciation of property, plant and equipment	**2,781**	147
Auditor's remuneration	**1,360**	2,300
Legal and professional fees	**9,604**	3,834
Loss on disposal of property, plant and equipment	**328**	–
Short-term lease expenses	**22**	236

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors and the chief executive

Directors' and chief executive's remuneration for the year, is as follows:

Name of directors	Directors' fee HK$'000	Retirement benefit scheme contributions HK$'000	Other emoluments mainly salaries and other benefits HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
For the year ended 31 March 2022					
Executive director:					
Ms. Wong Emilie Hoi Yan	**–**	**18**	**1,032**	**33**	**1,083**
Non-executive directors:					
Mr. Chen Shuai	**120**	**–**	**–**	**–**	**120**
Ms. Wong Jacqueline Yue Yee	**120**	**–**	**–**	**33**	**153**
Ms. Wong Michelle Yatyee	**120**	**–**	**–**	**33**	**153**
Mr. Wong Ming Bun David	**120**	**–**	**–**	**335**	**455**
Independent non-executive directors:					
Mr. Lie Chi Wing	**120**	**–**	**–**	**2**	**122**
Mr. Ng Wing Chung Vincent	**120**	**–**	**–**	**2**	**122**
Mr. Yu Yang	**120**	**–**	**–**	**2**	**122**
	840	**18**	**1,032**	**440**	**2,330**

Name of directors	Directors' fee HK$'000	Retirement benefit scheme contributions HK$'000	Other emoluments mainly salaries and other benefits HK$'000	Equity-settled share-based payments HK$'000	Total HK$'000
For the year ended 31 March 2021					
Executive director:					
Ms. Wong Emilie Hoi Yan	–	18	1,032	33	1,083
Non-executive directors:					
Mr. Chen Shuai	120	–	–	–	120
Ms. Wong Jacqueline Yue Yee	120	–	–	33	153
Ms. Wong Michelle Yatyee	120	–	–	33	153
Mr. Wong Ming Bun David	120	–	–	335	455
Independent non-executive directors:					
Mr. Lie Chi Wing	120	–	–	2	122
Mr. Ng Wing Chung Vincent	120	–	–	2	122
Mr. Yu Yang	120	–	–	2	122
	840	18	1,032	440	2,330

* The amount stated is less than HK$1,000

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

The five highest paid employees of the Group during the year included one (2021: two) directors, details of whose remuneration are set out in note 14(a) above. Details of the remuneration for the year of the remaining four (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and other benefits	**3,829**	1,981
Equity-settled share-based payments	**17**	29
Staff's retirement benefit scheme contributions	**39**	36
	3,885	2,046

Their emoluments were within the following bands:

	2022 Number of individuals	2021 Number of individuals
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**2**	–

During both years, no emoluments were paid by the Group to any of the directors or the chief executive of the Company or the five highest paid employees (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or the chief executive of the Company waived or agreed to waive any emoluments during both years.

15. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

16. LOSS PER SHARE

	2022 HK$'000	2021 HK$'000
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(567,548)**	(121,383)

	2022 '000	2021 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**412,509**	412,509

The basic and diluted loss per share is calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares for the years ended 31 March 2022 and 2021.

The calculation of diluted loss per share for the years ended 31 March 2022 and 2021 does not assume the conversion of the Company's outstanding convertible bonds nor the exercise of the Company's outstanding share options as the assumed conversion would result in a decrease in loss per share and the exercise price of those options is higher than the average market price for shares.

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and other fixed assets HK$'000	Motor vehicles for own use HK$'000	Motor vehicles for rent HK$'000	Other properties leased for own use HK$'000	Total HK$'000
COST					
At 1 April 2020	4,008	–	–	2,891	6,899
Exchange adjustments	287	–	–	39	326
Additions	–	–	–	56	56
Reduction upon completion of leases	–	–	–	(1,646)	(1,646)
At 31 March 2021 and 1 April 2021	4,295	–	–	1,340	5,635
Exchange adjustments	**178**	**39**	**2,531**	**204**	**2,952**
Additions	**205**	**–**	**8,950**	**2,132**	**11,287**
Acquired on acquisition of the Alpha & Leader Group	**50**	**496**	**–**	**4,713**	**5,259**
Acquired on acquisition of the UMH Group	**–**	**–**	**58,370**	**–**	**58,370**
Disposals	**–**	**–**	**(2,147)**	**–**	**(2,147)**
Reduction upon completion of leases	**–**	**–**	**–**	**(2,138)**	**(2,138)**
At 31 March 2022	**4,728**	**535**	**67,704**	**6,251**	**79,218**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2020	3,840	–	–	2,891	6,731
Exchange adjustments	282	–	–	39	321
Provided for the year	133	–	–	14	147
Impairment losses recognised in profit or loss (note)	–	–	–	42	42
Eliminated on reduction upon completion of leases	–	–	–	(1,646)	(1,646)
At 31 March 2021 and 1 April 2021	4,255	–	–	1,340	5,595
Exchange adjustments	**176**	**25**	**222**	**71**	**494**
Provided for the year	**49**	**119**	**1,010**	**1,603**	**2,781**
Impairment losses recognised in profit or loss (note)	**–**	**–**	**2,080**	**–**	**2,080**
Eliminated on disposals	**–**	**–**	**(295)**	**–**	**(295)**
Eliminated on reduction upon completion of leases	**–**	**–**	**–**	**(2,138)**	**(2,138)**
At 31 March 2022	**4,480**	**144**	**3,017**	**876**	**8,517**
CARRYING VALUES					
At 31 March 2022	**248**	**391**	**64,687**	**5,375**	**70,701**
At 31 March 2021	40	–	–	–	40

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and other fixed assets	3 to 6 years
Motor vehicles for own use	3 to 5 years
Motor vehicles for rent	4 years
Other properties leased for own use	Over the shorter of the term of the lease and the expected useful lives

Note:

As at 31 March 2022, management identified impairment indicator of motor vehicles for rent included in property, plant and equipment due to deteriorated physical conditions of the rental vehicles. After the impairment assessment by management, impairment loss of approximately HK$2,080,000 (2021: nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2021, management identified impairment indicator of other properties leased for own use included in property, plant and equipment due to the worsened general economic environment and the outbreak of the COVID-19 pandemic which the Group's performance was adversely affected. After the impairment assessment by management, impairment loss of approximately HK$42,000 (2022: nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Right-of-use assets

The followings are the expenses in relation to leases recognised in profit or loss:

	2022	2021
	HK$'000	HK$'000
Depreciation charge of other properties leased for own use	**1,603**	14
Interest on lease liabilities (note 11)	**172**	63
Short-term lease expenses	**22**	236
Impairment losses on other properties leased for own use (note 10)	**–**	42

During the year ended 31 March 2022, additions to right-of-use assets were HK$2,132,000 (2021: HK$56,000). The additions are non-cash transactions.

The total cash outflow for leases for the year ended 31 March 2022 was HK$2,174,000 (2021: HK$1,556,000).

Details of the maturity analysis of lease liabilities are set out on note 29.

18. LEASE RECEIVABLES AND RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The Group provides financial leasing services in the PRC.

	2022 HK$'000	2021 HK$'000
Lease receivables	**20,741**	18,269
Receivables arising from sale and leaseback arrangements	**288,630**	799,400
	309,371	817,669

	Minimum lease payments	
	2022 HK$'000	2021 HK$'000
Lease receivables and receivables arising from sale and leaseback arrangements comprise:		
Within one year	**1,759,449**	1,783,211
In more than one year but not more than two years	**23,874**	23,955
In more than two years but not more than three years	**22,906**	23,022
In more than three years but not more than four years	**20,704**	22,088
In more than four years but not more than five years	**19,324**	19,964
More than five years	**–**	18,635
	1,846,257	1,890,875
Less: Unearned finance income	**(14,048)**	(20,728)
	1,832,209	1,870,147
Less: Impairment allowance	**(1,522,838)**	(1,052,478)
	309,371	817,669
Analysed for reporting purposes as:		
Current assets	**231,512**	723,552
Non-current assets	**77,859**	94,117
	309,371	817,669

The Group's lease receivables and receivables arising from sale and leaseback arrangements are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the above lease receivables and receivables arising from sale and leaseback arrangements range mainly from 8.3% to 15.4% (2021: 8.3% to 15.4%) per annum as at 31 March 2022.

18. LEASE RECEIVABLES AND RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (continued)

Lease receivables and receivables arising from sale and leaseback arrangements are mainly secured by leased assets which are used in laser processing, plastics, industrial processing, textile and garment, hotel and leisure and other industries, customers' deposits and leased assets repurchase arrangement where applicable. Customers' deposits are collected and calculated based on a certain percentage of the entire value of the lease contract. The deposits are returned to the customers in portion over the lease contract or in full by end of lease period according to the terms of the lease contract. When the lease contract expires and all liabilities and obligations under the lease contract had been fulfilled, the lessor must return the full lease deposits to the lessee. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract. Additional collateral may be obtained from customers to secure their repayment obligations under leases and sale and leaseback arrangements and such collaterals include vessels, commercial and residential properties, equipment and machineries. There was no unguaranteed residual value of leased assets and no contingent rent arrangement that needed to be recognised in both periods.

Lease receivables and receivables arising from sale and leaseback arrangements were considered credit-impaired when the customers fail to settle according to the settlement terms for more than 90 days after taking into consideration the recoverability of collateral and deposits. As at 31 March 2022 and 2021, the entire carrying amounts of lease receivables and receivables arising from sale and leaseback arrangements were determined to be impaired under the lifetime ECL. The lifetime ECL impaired receivables related to those credit exposures where there has been a significant increase in credit risk since initial recognition, which the loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

Movement of the provision for impairment losses on lease receivables and receivables arising from sale and leaseback arrangements is as follows:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**1,052,478**	910,551
Impairment losses recognised, net (note 10)	**498,064**	96,974
Unwinding discount on loss allowance	**1,341**	997
Disposals	**(83,432)**	(23,974)
Exchange realignment	**54,387**	67,930
At 31 March	**1,522,838**	1,052,478

The Group has taken measures to collect lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit against to these borrowers and renegotiation of repayment plans and other methods in order to recover the outstanding amounts from the lease receivables.

19. LOAN RECEIVABLE

As at 31 March 2022 and 2021, the unsecured loan receivable to a third party of HK$10,000,000 with effective interest rate of 10% per annum was past due.

Movement of the provision for impairment losses on loan receivable is as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	**5,324**	4,266
Impairment losses recognised (note 10)	**5,563**	1,058
At 31 March	**10,887**	5,324

20. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables arising from debt collection and credit investigation services	**5,426**	–
Less: allowance for credit losses	**(293)**	–
Net trade receivables arising from debt collection and credit investigation services	**5,133**	–
Trade receivables arising from leasing services	**2,016**	–
Less: allowance for credit losses	**(395)**	–
Net trade receivables arising from leasing services	**1,621**	–
Total trade receivables, net of allowance for expected credit losses	**6,754**	–

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	2022 HK$'000	2021 HK$'000
0 to 30 days	**3,407**	–
31 to 60 days	**1,937**	–
61 to 90 days	**402**	–
Over 90 days	**1,008**	–
	6,754	–

The credit terms of the trade receivables for debt collection and credit investigation services are ranged from 0 to 60 days from the date of billing.

The Group normally grants credit terms to its customers according to industry practice together with consideration of their creditability and repayment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

20. TRADE RECEIVABLES (continued)

For leasing services, the customers are obliged to settle the amounts according to the terms set out in relevant contracts and, normally, no credit period was granted to customers.

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$2,747,000 (2021: nil) which are past due as at the reporting date. Out of the past due balances, HK$1,008,000 (2021: nil) has been past due 90 days or more and is not considered as in default.

Movement of the provision for impairment losses on trade receivables is as follows:

	2022 **HK$'000**	2021 HK$'000
At 1 April	**–**	–
Impairment losses recognised (note 10)	**666**	–
Exchange realignment	**22**	–
At 31 March	**688**	–

Details of impairment assessment of trade and other receivables are set out in note 43.

21. PREPAYMENTS AND OTHER RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Prepayments	**4**	50
Amounts due from the non-controlling substantial shareholders of the Alpha & Leader Group	**329**	–
Amounts due from related companies of the non-controlling substantial shareholders of the Alpha & Leader Group	**1,510**	–
Other receivables in relation to other assets (see note 21A)	**1,993**	–
Prepaid costs to courts in the PRC (note)	**–**	8,011
Other receivables	**3,546**	440
	7,382	8,501

Note:

During the year ended 31 March 2022, the directors of the Company reassessed the status of legal proceedings against the debtors of lease receivables and receivables arising from sale and leaseback arrangements and considered that probability to recover the prepaid costs to courts in the PRC is remote. An impairment loss of HK$8,454,000 was recognised in profit loss during the current year. In addition, the Group also recognised an impairment loss of HK$119,000 in profit or loss in relation to an other receivable during the current year. The aggregate impairment losses recognised on prepayments and other receivables in current year are HK$8,573,000 (note 10).

21A. OTHER ASSETS

	2022 HK$'000	2021 HK$'000
At 1 April	–	–
Additions during the year	8,025	–
Transferred to other receivables (note 21)	(1,993)	–
Impairment losses recognised (note 10)	(3,088)	–
Exchange realignment	258	–
At 31 March	3,202	–

During the year ended 31 March 2022, the Group has been awarded by the court in the PRC that the Group was entitled to obtain 24 residential units in Hubei Province, the PRC as a compensation to recover the receivables arising from sale and leaseback arrangements of a debtor with a gross carrying amount of HK$14,800,000.

During the year ended 31 March 2022, the Group completed the transfer of the legal title of the 13 out of 24 residential units. In addition, the Group recognised other receivables amounted to HK$1,993,000 (note 21) for the transfer of certain residential units to independent third parties.

At 31 March 2022, the directors of the Company reassessed the fair value of these residential units and determined that an impairment loss of HK$3,088,000 was recognised in profit or loss due to the lack of marketability of these residential units (note 10).

22. SECURITY DEPOSITS

Security deposits are placed by the Group with banks to secure (i) the Group's due performance in relation to the lease and sale and leaseback services in the PRC and (ii) the Group's bank borrowings (note 30).

	2022 HK$'000	2021 HK$'000
Analysed for reporting purposes as:		
Current assets	1,235	1,697
Non-current assets	–	1,190
	1,235	2,887

23. SHORT TERM BANK DEPOSITS AND BANK BALANCES AND CASH

As at 31 March 2022, short term bank deposits and bank balances carry interest at market rates ranged from 0.01% to 0.15% (2021: 0.01% to 0.15%) per annum.

The short term bank deposits are denominated in Hong Kong dollars with original maturity within three months.

The short term bank deposits and bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2022 HK$'000	2021 HK$'000
HK$	937	7,720
United States dollars ("**US$**")	2,401	147
	3,338	7,867

24. GOODWILL

	Acquisition of the Alpha & Leader Group HK$'000	Acquisition of the UMH Group HK$'000	Total HK$'000
COST			
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–	–
Arising on acquisition of the Alpha & Leader Group (note 40A)	**20,216**	**–**	**20,216**
Arising on acquisition of the UMH Group (note 40B)	**–**	**6,594**	**6,594**
Exchange realignment	**–**	**244**	**244**
At 31 March 2022	**20,216**	**6,838**	**27,054**
IMPAIRMENT			
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–	–
Impairment loss recognised during the year (note 10)	**7,682**	**–**	**7,682**
At 31 March 2022	**7,682**	**–**	**7,682**
CARRYING VALUES			
At 31 March 2022	**12,534**	**6,838**	**19,372**
At 31 March 2021	–	–	–

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to two individual cash-generating units, comprising one sub-group of subsidiaries in the debt collection and credit investigation services segment and one sub-group of subsidiaries in the operating lease service segment. The carrying amounts of goodwill (net of accumulated impairment losses) allocated to these units are as shown in the movement above.

Impairment testing on goodwill arising from the Alpha & Leader Group

The recoverable amount of the Alpha & Leader Group has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15.8%. The Alpha & Leader Group's cash flows beyond the 5-year period are extrapolated using a steady 3.1% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The cash flow projections, growth rates and discount rate as at 31 March 2022 have been reassessed taking into consideration higher degree of estimation uncertainties due to how the COVID-19 pandemic may progress and evolve.

During the year ended 31 March 2022, The directors of the Company have consequently determined impairment of goodwill directly related to the Alpha & Leader Group amounting to HK$7,682,000. The impairment loss has been included in profit or loss in the "impairment losses and provision of expected credit losses" line item (note 10). No other write-down of the assets of the Alpha & Leader Group is considered necessary. The recoverable amount of the Alpha & Leader Group amounted to HK$29,386,000 as at 31 March 2022.

24. GOODWILL (continued)

Impairment testing on goodwill arising from the Alpha & Leader Group (continued)

If the discount rate was changed to 17.8%, while other parameters remain constant, the recoverable amount of the Alpha & Leader Group would be reduced to HK$26,616,000 and a further impairment of goodwil of HK$1,413,000 would be recognised.

If the budgeted sales covering 5-year period were reduced by 2.0%, while other parameters remain constant, the recoverable amount of the Alpha & Leader Group would be reduced to HK$25,756,000 and a further impairment of goodwill of HK$1,851,000 would be recognised.

Impairment testing on goodwill arising from the UMH Group

The recoverable amount of the UMH Group has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15.3%. The UMH Group's cash flows beyond the 5-year period are extrapolated using a steady 3.0% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. The cash flow projections, growth rates and discount rate as at 31 March 2022 have been reassessed taking into consideration higher degree of estimation uncertainties due to how the COVID-19 pandemic may progress and evolve.

During the year ended 31 March 2022, management of the Group determines that there is no impairment on the UMH Group.

The recoverable amount is significantly above the carrying amount of the UMH Group. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

25. TRADE PAYABLES

The following is an aged analysis of trade payable presented based on the invoice date.

	2022 **HK$'000**	2021 HK$'000
0 to 30 days	**235**	–
31 to 60 days	**5**	–
61 to 90 days	**92**	–
Over 90 days	**82**	–
	414	–

The average credit period on purchases of services is 90 days.

26. DEPOSITS FROM CUSTOMERS

	2022 **HK$'000**	2021 HK$'000
Deposits received from customers of leasing services business:		
Current	**219,432**	214,813
Non-current	**300**	–
	219,732	214,813

27. OTHER PAYABLES AND ACCRUED CHARGES

	2022 HK$'000	2021 HK$'000
Other tax payables	**16,150**	15,563
Advance receipt from customers	**841**	614
Accrued charges	**4,282**	1,000
Payables to equipment suppliers	**464**	155
Other payables	**9,282**	375
	31,019	17,707

28. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Contract liabilities arising from:		
Debt collection and credit investigation services	**4,794**	–
Leasing services	**155**	–
	4,949	–

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Cash vouchers arising from debt collection and credit investigation services

The Group issues cash vouchers, ranged from 85% to 95% of the face value and these cash vouchers are non-refundable and have no expiration. The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

Movement in contract liabilities

	2022 HK$'000	2021 HK$'000
At 1 April	**–**	–
Contract liabilities arising from the acquisition of the Alpha & Leader Group during the year	**4,571**	–
Revenue recognised from performance obligations satisfied during the year	**(3,910)**	–
Cash receipts in advance during the year	**4,145**	–
Exchange adjustments	**143**	–
At 31 March	**4,949**	–

29. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the year:

	2022		2021	
	Present value of minimum lease payments HK$'000	**Minimum lease payments HK$'000**	Present value of minimum lease payments HK$'000	Minimum lease payments HK$'000
Within one year	**2,620**	**2,828**	482	497
After one year but within two years	**2,183**	**2,271**	–	–
Later than two years but within three years	**647**	**655**	–	–
	5,450	**5,754**	482	497
Less: total future interest expenses		**(304)**		(15)
Present value of lease liabilities		**5,450**		482
Analysed for reporting purposes as:				
Current liabilities		**2,620**		482
Non-current liabilities		**2,830**		–
		5,450		482

30. BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
Secured	**706,006**	659,813
Unsecured	**4,498**	–
	710,504	659,813
The carrying amounts of the above borrowings are repayable*:		
Within one year	**707,219**	443,688
Within a period of more than one year but not exceeding two years	**1,246**	216,125
Within a period of more than two years but not exceeding five years	**2,039**	–
	710,504	659,813
Less: amounts shown under current liabilities	**(707,219)**	(443,688)
Amounts shown under non-current liabilities	**3,285**	216,125

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

30. BANK BORROWINGS (continued)

The exposure of the Group's variable-rate borrowings and fixed-rate borrowings is as follows:

	2022 **HK$'000**	2021 HK$'000
Variable-rate borrowings	**685,079**	634,877
Fixed-rate borrowings	**25,425**	24,936
	710,504	659,813

As at 31 March 2022, the Group's variable-rate borrowings carry interest at the rate ranging from 2.75% to 4.75% (2021: 4.75%) per annum and fixed-rate borrowings carry interest at the rate of 8.05% (2021: 8.05%) per annum.

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$132,591,000 (2021: HK$127,897,000) were granted by a bank in the PRC and secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of HK$93,383,000 (2021: HK$116,299,000) and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary.

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$25,425,000 (2021: HK$24,936,000) were secured by bank deposits of HK$1,235,000 (2021: HK$1,190,000) and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary.

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$547,990,000 (2021: HK$506,980,000) were secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate carrying value of HK$77,469,000 (2021: HK$251,943,000) and guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary (2021: were guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary).

As at 31 March 2022, the Group's bank borrowings with carrying amount of approximately HK$4,498,000 (2021: nil) were guaranteed by the non-controlling substantial shareholders of Alpha & Leader.

The Group's bank borrowings are denominated in RMB and HK$ which are the functional currencies of the relevant group entities.

31. AMOUNT DUE TO A RELATED COMPANY

	2022 HK$'000	2021 HK$'000
Shanghai Nanlang Finance Lease Co., Ltd.* (上海南朗融資租賃有限公司) ("**Shanghai Nanlang**") (note)	**51,374**	–
The carrying amount of the above borrowing is repayable*:		
Within a period of more than one year but not exceeding two years	**44,947**	–
	44,947	–
The carrying amount of the above borrowing that contains a repayment on demand clause but repayable:		
Within one year	**101**	–
Within a period of more than two years but not exceeding five years	**6,326**	–
	51,374	–
Less: amounts due within one year shown under current liabilities	**(101)**	–
Amounts shown under non-current liabilities	**51,273**	–

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* For identification purpose only

Note: Shanghai Nanlang is an indirect non-wholly-owned subsidiary of Goldbond, the substantial shareholder of the Company and the UMH Group. During the years ended 31 March 2022 and 2021, Goldbond has significant influence over the Company. During the period from 4 March 2022 to 31 March 2022, Goldbond has significant influence over the UMH Group. Therefore, Shanghai Nanlang is considered as a related company of the Company.

As at 31 March 2022, balances due to Shanghai Nanlang of approximately RMB41,613,000 (equivalent to approximately HK$51,374,000), carried interest ranging from 4.5% to 6.0% per annum and repayable on the third anniversary from the first date of loan drawdown. The corresponding interest expenses were recognised as "finance costs" in profit or loss for the year ended 31 March 2022 (note 11). The amount due to a related company is denominated in RMB which is the function currency of the relevant group entities.

The amounts due to Shanghai Nanlang are unsecured and repayable on demand. The subsidiaries of the Group have obtained a letter from Shanghai Nanlang that Shanghai Nanlang will not demand the subsidiaries of the Group to repay the any outstanding amounts with the next twelve months from 31 March 2022 and from date of issuance of the consolidated financial statements.

31A. AMOUNT DUE TO A SHAREHOLDER

	2022 HK$'000	2021 HK$'000
Goldbond	**10,968**	–
The carrying amount of the above borrowing that contains a repayment on demand clause but repayable:		
Within one year	**168**	–
Within a period of more than two years but not exceeding five years	**10,800**	–
	10,968	–
Less: amounts due within one year shown under current liabilities	**(168)**	–
Amounts shown under non-current liabilities	**10,800**	–

As at 31 March 2022, balances due to Goldbond, a substantial shareholder with significant influence of the Company, of HK$10,939,000 carried interest at 6.0% per annum and repayable on the third anniversary from the first date of loan drawdown. The corresponding expenses were recognised as "finance costs" in profit or loss for the year ended 31 March 2022 (note 11). The remaining balance due to Goldbond is interest-free.

The entire amounts due to Goldbond are unsecured and repayable on demand. The Company has obtained a letter from Goldbond that Goldbond will not demand the Company to repay any outstanding amount within the next twelve months from 31 March 2022 and from date of issuance of the consolidated financial statements.

32. PROMISSORY NOTE

	HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	–
Fair value of promissory note issued at the inception date	**5,972**
Imputed interest (note 11)	**347**
Repayment	**(6,319)**
At 31 March 2022	**–**

On 25 August 2021, the Company issued a promissory note with a principal amount of HK$6,318,558 to Silver Creation Investments Limited ("**Silver Creation**"), a shareholder of the Company, as compensation for Silver Creation to settle part of the consideration on behalf of the Company for the acquisition of the Alpha & Leader Group (note 40A). The promissory note was discounted by applying the Group's effective interest rate of 17.47% per annum into its fair value at inception date amounting to approximately HK$5,972,000. The promissory note was unsecured, interest-free on its principal sum and it was fully paid on 31 December 2021.

33. CONVERTIBLE BONDS

The Company issued three-year, interest-free, redeemable convertible bonds (the "**Convertible Bonds**") at an aggregate principal amount of HK$3,811,500 on 4 March 2022. The Convertible Bonds are denominated in HK$ and are unsecured. The maturity date (the "**Maturity Date I**") is the date falling immediately before the third anniversary of the date of issue of the Convertible Bonds, i.e. 3 March 2025. The Convertible Bonds entitle the holders to convert them into ordinary shares of the Company at any time commencing from the seventh day after the date of issue of the convertible bonds to the seventh day (inclusive) before the Maturity Date I at a conversion price of HK$0.154 per convertible bond, subject to restrictions and adjustments in accordance with the terms and conditions of the Convertible Bonds. Unless already converted or redeemed in accordance with the conditions and terms of the convertible bonds, the Company shall redeem the outstanding principal amount at the redemption price (being 100% of the then outstanding principal amount) at Maturity Date I.

The conversion options are not settled by exchange of a fixed amount of cash or another asset for a fixed number of the Company's own shares. Hence, the Convertible Bonds contain two components, debt component and derivative (including conversion options) component. The effective interest rate of the debt component is 19.8% per annum. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The movement of the debt and derivative components of the Convertible Bonds for the year is set out as below:

	Debt component HK$'000	**Derivative component** HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–
Fair value of the Convertible Bonds issued on 4 March 2022	**2,214**	**874**
Imputed interest charged (note 11)	**31**	**–**
Loss arising on changes of fair value	**–**	**(41)**
At 31 March 2022	**2,245**	**833**

The binomial option pricing model is used for valuation of the derivative component. The key inputs used in the model are disclosed in note 43.

The Convertible Bonds were issued to Goldbond, a substantial shareholder with significant influence of the Company, to settle part of the consideration for the acquisition of the UMH Group (note 40B).

34. DERIVATIVE FINANCIAL LIABILITIES

	2022 HK$'000	2021 HK$'000
Derivative financial liabilities:		
Potential additional compensations arising from the acquisition of the Alpha & Leader Group (note i and note 40A)	**9,478**	–
Conversion options of the Convertible Bonds (note 33) arising from the acquisition of the UMH Group (note ii and note 40B)	**833**	–
	10,311	–
Analysed for reporting purposes as:		
Current liabilities	**9,478**	–
Non-current liabilities	**833**	–
	10,311	–

Notes:

(i) On 25 August 2021, the Company entered into a lock-up agreement with the Vendors (the "**Vendors**", as defined in the Company's circular dated 30 June 2021), Goldbond, Silver Creation and Solomon Glory in respect of the acquisition of 51% equity interest in the Alpha & Leader Group (note 40A). Pursuant to the lock-up agreement, the restricted period with respect to disposal of the First Tranche Transfer Shares (as defined in note 40A) by the Vendors shall be 18 months immediately following the date of shares transfer from Silver Creation. In respect of the First Tranche Transfer Shares only, after 6 months following the date of transfer of the First Tranche Transfer Shares, the Vendors could, by notice in writing sent to the Company, notify the Company of their intention to dispose of all or part of the First Tranche Transfer Shares in the open market through the Stock Exchange during the aforesaid 18-month restricted period but the Vendors shall sell the First Tranche Transfer Shares to independent third parties in the open market through the Stock Exchange at the prevailing market price. In the event that the relevant First Tranche Transfer Shares were disposed of in the open market through the Stock Exchange at a price of less than HK$0.4 per share, the shortfall amount (being the difference between HK$0.4 and the average trading price of the relevant First Tranche Transfer Shares being sold in the open market) shall be compensated by the Company to the Vendors in cash.

The derivative financial liability was stated at fair value based on the valuation performed by an independent firm of professional valuer. At the inception date, the fair value of the derivative financial liability was assessed as HK$8,572,000. As at 31 March 2022, the fair value of the derivative financial liability was increased by HK$906,000 and the loss was recognised in profit or loss for the year ended 31 March 2022 (note 9). Subsequent to 31 March 2022, the Company paid approximately HK$646,000 to a vendor in May 2022.

(ii) The conversion options of the Convertible Bonds were issued to Goldbond, a substantial shareholder with significant influence of the Company. The derivative financial liability was stated at fair value based on the valuation performed by an independent firm of professional valuer. At the inception date, the fair value of the derivative financial liability was assessed as HK$874,000 (note 33). As at 31 March 2022, the fair value of the derivative financial liability was decreased by HK$41,000 and the gain was recognised in profit or loss for the year ended 31 March 2022 (note 9).

35. LOAN NOTE

	2022 HK$'000	2021 HK$'000
At 1 April	**–**	–
Fair value of the Loan Note issued on 4 March 2022	**8,935**	–
Imputed interest charged (note 11)	**130**	–
At 31 March	**9,065**	–

35. LOAN NOTE (continued)

The Company issued three-year, redeemable loan note (the "**Loan Note**") at an aggregate principal amount of HK$13,188,500 at 4.58% per annum on 4 March 2022. The Loan Note is denominated in HK$ and are unsecured. No collateral shall be provided by the Company. The maturity date (the "**Maturity Date II**") is the date falling immediately before the third anniversary of the date of issue of the Loan Note, i.e. 3 March 2025. Subject to the terms and conditions of the Loan Note, the Company shall at its absolute discretion be entitled to redeem the Loan Note in whole or in part at any time before the Maturity Date II. The effective interest rate of the Loan Note is 19.8% per annum.

The Loan Note was issued to Goldbond, a substantial shareholder with significant influence of the Company, to settle part of the consideration for the acquisition of the UMH Group (note 40B).

36. CONTINGENT CONSIDERATION PAYABLES

	2022 **HK$'000**	2021 HK$'000
Promissory notes to be issued (note (a))	**3,607**	–
Cash consideration payable (note (b))	**2,179**	–
	5,786	–

Notes:

(a) The amount represented the fair value of three tranches of promissory notes to be issued to Solomon Glory Limited ("**Solomon Glory**"), a wholly owned subsidiary of Goldbond, a substantial shareholder with significant influence of the Company, as compensation for Solomon Glory to transfer certain existing shares of the Company held by it in the maximum number of 38,503,380 shares to the Vendors for the acquisition of 51% equity interest in the Alpha & Leader Group (note 40A).

The promissory notes to be issued will be unsecured and non-interest bearing. The promissory notes to be issued are expected to be settled in April 2023, April 2024 and April 2025, being 13 months from the respective issue dates in settlement of the relevant transfer of existing shares of the Company by tranches by Solomon Glory to the Vendors.

(b) Cash consideration in the maximum amount of HK$3,831,256 will be settled by the Company in March 2024 in respect of the acquisition of 51% equity interest in the Alpha & Leader Group (note 40A).

The promissory notes to be issued and cash consideration payable are subject to the consideration adjustment with reference to the financial performance of the Alpha & Leader Group for the year ending 31 December 2021, 2022 and 2023 and hence constitute a contingent consideration arrangement. Details are set out in the Company's circular dated 30 June 2021.

The transfer shares held by Solomon Glory and deferred cash consideration to be transferred to the Vendors are subject to the profit guarantee given by the vendors as specified and under the heading of "Adjustment to Consideration subject to the profit guarantee" in the Company's circular dated 30 June 2021.

The contingent consideration payables were stated at fair value based on the valuation performed by an independent firm of professional valuer. At the inception date, the fair value of the contingent consideration payables was assessed as HK$6,081,000. As of 31 March 2022, the fair value of the contingent consideration payables was decreased by HK$295,000 and the gain was recognised in profit or loss for the year ended 31 March 2022 (note 9).

37. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000
Issued:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	412,509,000	4,125

All the shares issued during both years ranked pari passu in all respects with the then existing shares in issue.

38. SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "**Scheme**") on 18 December 2015. The purpose of the Scheme is to provide any director and full-time employees or any member of the Group (the "**Participant(s)**") with opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and the shares of the Company for the benefit of the Company and the shareholders of the Company as a whole. The Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Participants.

On and subject to the terms of the Scheme and the requirement of the Listing Rules, the Board may offer to grant an option to any Participant as the Board may in its absolute discretion select. The Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted and will end on 17 December 2025.

An offer shall remain open for acceptance by the Participant concerned for a period of 14 days from the date of the offer. HK$1.0 is payable by the Participant to the Company on acceptance of the offer of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may in it absolution discretion determine which shall not be more than ten years from the date of grant of the option and the Board may at its discretion determine the minimum period for which the option has to be held for restrictions before the exercise of the subscription right attaching to an option.

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each Participant (including exercised, cancelled and outstanding options) in any 12 months period shall not exceed 1.00% of the shares of the Company in issue.

38. SHARE OPTION SCHEME (continued)

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine and notified to the Participant in the offer letter at the time of grant of the relevant option but the subscription price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant.

Share options were granted to directors, certain members of the senior management and employees of the Company on 10 February 2020 (the "**Date of Grant**"). The exercise price of the granted options is HK$0.40. The share options are granted conditionally upon completing three years' service.

The fair value of options, determined using Binomial-Model, was HK$0.251 per option. The significant inputs into the model was share price of HK$0.35 at the Date of Grant, exercise price shown above, volatility of 86.12%, dividend yield of 0%, an expected option life of ten years and an annual risk-free interest rate of 1.35%. The volatility was assumed based on the daily share price volatility of the Company and comparable companies for a historical observation period equal to the life of the options. Since the Company had a trading history shorter than the life of the options at the time of the grant, volatility was calculated with reference to comparable companies listed in Hong Kong, Shenzhen and Shanghai and engaged in similar business as the Company.

The following tables disclose details of movements of share options granted under the Scheme:

Year ended 31 March 2022

	Number of share options				
	At 1 April 2021	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2022
Executive director:					
Ms. Wong Emilie Hoi Yan	400,000	–	–	–	400,000
Non-executive directors:					
Ms. Wong Jacqueline Yue Yee	400,000	–	–	–	400,000
Ms. Wong Michelle Yatyee	400,000	–	–	–	400,000
Mr. Wong Ming Bun David	4,000,000	–	–	–	4,000,000
Independent non-executive directors:					
Mr. Lie Chi Wing	22,000	–	–	–	22,000
Mr. Ng Wing Chung Vincent	22,000	–	–	–	22,000
Mr. Yu Yang	22,000	–	–	–	22,000
Employees					
In aggregate	500,000	–	–	–	500,000
Total	5,766,000	–	–	–	5,766,000

38. SHARE OPTION SCHEME (continued)

Year ended 31 March 2021

	Number of share options				
	At 1 April 2020	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2021
Executive director:					
Ms. Wong Emilie Hoi Yan	400,000	–	–	–	400,000
Non-executive directors:					
Ms. Wong Jacqueline Yue Yee	400,000	–	–	–	400,000
Ms. Wong Michelle Yatyee	400,000	–	–	–	400,000
Mr. Wong Ming Bun David	4,000,000	–	–	–	4,000,000
Independent non-executive directors:					
Mr. Lie Chi Wing	22,000	–	–	–	22,000
Mr. Ng Wing Chung Vincent	22,000	–	–	–	22,000
Mr. Yu Yang	22,000	–	–	–	22,000
Employees					
In aggregate	500,000	–	–	–	500,000
Total	5,766,000	–	–	–	5,766,000

Details of the outstanding share options granted under the Scheme are as follows:

Date of grant	**Number of share option granted**	**Exercisable period**	**Vesting period**	**Exercise price**
10 February 2020	5,766,000	10 February 2023 to 9 February 2030	10 February 2020 to 9 February 2023	HK$0.40

During the year ended 31 March 2022, no share option (2021: nil) was granted under the Scheme and share-based payment expenses of HK$482,000 (2021: HK$483,000) has been charged to profit or loss.

The share options outstanding at 31 March 2022 had weighted average exercise price of HK$0.40 (2021: HK$0.40) and a weighted average remaining contractual life of 7.87 years (2021: 8.87 years).

39. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income as specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

39. RETIREMENT BENEFIT SCHEMES (continued)

The Group participates in a state-managed defined contribution retirement scheme organised by the relevant local government authority in the PRC. PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at 16% (2021: 16%) of the payroll and the local government authority is responsible for the pension liabilities to these employees upon their retirement.

Total cost recognised in profit or loss in respect of contributions paid or payable to the schemes by the Group for the year ended 31 March 2022 is HK$643,000 (2021: HK$104,000).

40. ACQUISITIONS OF SUBSIDIARIES

A. Acquisition of the Alpha & Leader Group

On 25 August 2021, the Group completed an acquisition of 51% equity interest in the Alpha & Leader Group. The Alpha & Leader Group is principally engaged in provision of debt collection services and credit investigation services in Hong Kong, the PRC and Singapore.

The acquisition consideration are:

(i) Shares considerations to the Vendors comprising:

– promissory note issued by the Group to Silver Creation with principal amount of HK$6,318,558 on 25 August 2021 (note 32) as compensation for Silver Creation to transfer certain existing shares of the Company held by Silver Creation in the maximum number of 31,911,908 transfer shares (the "**First Tranche Transfer Shares**") to the Vendors;

– deferred promissory notes with principal amount of HK$7,623,669 to be issued by the Group to Solomon Glory by three tranches in April 2023, April 2024 and April 2025 (note 36) as compensation for Solomon Glory to transfer certain existing shares of the Company held by Solomon Glory in the maximum number of 38,503,380 transfer shares to the Vendors; and

(ii) derivative financial liabilities arising from potential additional compensations to be compensated by the Group to the Vendors in respect of the First Tranche Transfer Shares (note 34);

(iii) deferred cash consideration in the maximum amount of HK$3,831,256 (note 36) will be settled by the Company in March 2024 to the Vendors.

The transfer shares held by Solomon Glory and deferred cash consideration to be transferred to the vendors are subject to the profit guarantee given by the vendors as specified and under the heading of "Adjustment to Consideration subject to the profit guarantee" in the Company's circular dated 30 June 2021.

The directors of the Company believe that the acquisition would enable the Group to augment the development of the Group's leasing business.

40. ACQUISITIONS OF SUBSIDIARIES (continued)

A. Acquisition of the Alpha & Leader Group (continued)

The fair values of identifiable assets and liabilities assumed of the Alpha & Leader Group as at the acquisition date were as follows:

	HK$'000
Property, plant and equipment	5,259
Trade receivables	7,261
Prepayments, deposits and other receivables	1,321
Bank balances and cash	5,243
Trade payables	(62)
Accruals and other payables	(1,748)
Contract liabilities	(4,571)
Lease liabilities	(4,682)
Tax liabilities	(853)
Bank borrowings	(5,000)
Amounts due to the non-controlling substantial shareholders of the Alpha & Leader Group	(1,366)
Total identifiable net assets acquired	802
Less: Non-controlling interests	(393)
	409
Goodwill	20,216
Total consideration	20,625

	HK$'000
Satisfied by:	
Shares consideration to the Vendors	9,693
Derivative financial liabilities (note 34)	8,572
Deferred cash consideration (note 36)	2,360
Total consideration at fair values	20,625

	HK$'000
Net cash inflow arising from the acquisition:	
Bank balances and cash acquired	5,243

The Group has elected to measure the non-controlling interests in the Alpha & Leader Group by reference to the proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables is approximately HK$7,284,000 and is considered as fully recoverable.

The acquisition-related costs of approximately HK$3,215,000 have been charged to other operating expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

40. ACQUISITIONS OF SUBSIDIARIES (continued)

A. Acquisition of the Alpha & Leader Group (continued)

The goodwill recognised is not deductible for income tax purposes.

The revenue and profit in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 contributed by the Alpha & Leader Group was HK$24,622,000 and HK$1,290,000 respectively.

B. Acquisition of the UMH Group

On 4 March 2022, the Group completed an acquisition of 51% equity interest in the UMH Group from Goldbond, a substantial shareholder with significant influence of the Company. The UMH Group is principally engaged in provision of operating lease of automobiles services in the PRC. The acquisition consideration was/will be satisfied in the following order by: (1) the issuance of the Convertible Bonds of the Company (note 33); and (2) the issuance of the Loan Note of the Company (note 35). The directors of the Company believe that the acquisition would enable the Group to augment the development of the Group's leasing business.

The fair values of identifiable assets and liabilities assumed of the UMH Group as at the acquisition date were as follows:

	HK$'000
Property, plant and equipment	58,370
Trade receivables	1,699
Prepayments, deposits and other receivables	51
Bank balances and cash	4,406
Trade payables	(268)
Accruals and other payables	(147)
Deposit from customers	(10,253)
Amount due to Shanghai Nanlang	(43,183)
Amounts due to Goldbond	(29)
Total identifiable net assets acquired	10,646
Less: non-controlling interests	(5,217)
	5,429
Goodwill	6,594
Total consideration	12,023

	HK$'000
Satisfied by:	
Convertible bonds (note 33)	3,088
Loan note (note 35)	8,935
Total consideration at fair values	12,023

	HK$'000
Net cash inflow arising from the acquisition:	
Bank balances and cash acquired	4,406

40. ACQUISITIONS OF SUBSIDIARIES (continued)

B. Acquisition of the UMH Group (continued)

The Group has elected to measure the non-controlling interests in the UMH Group by reference to the proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables is approximately HK$1,750,000 and is considered as fully recoverable.

The acquisition-related costs of approximately HK$1,757,000 have been charged to other operating expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

The goodwill recognised is not deductible for income tax purposes.

The revenue and loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 contributed by the UMH Group was HK$3,327,000 and HK$1,831,000 respectively.

41. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

All of the motor vehicles held by the Group for rental purposes have committed lessees for the next one and two years respectively. Certain of the Group's motor vehicles held for rental purposes, with a carrying amount of HK$1,852,000, have been disposed of since the end of the reporting period.

Undiscounted lease payments receivable on leases are as follows:

	2022 **HK$'000**	2021 HK$'000
Within one year	**18,943**	–
In the second year	**213**	–
Total	**19,156**	–

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank borrowings, convertible bonds, loan note, amount due to a related company and amount due to a shareholder as set out in notes 30, 33, 35, 31 and 31A respectively and equity attributable to owners of the Company, in which comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the share capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and raise of new borrowings.

The total debt to equity ratio at the end of the reporting period was as follows:

	Notes	**2022** **HK$'000**	2021 HK$'000
Current liabilities			
Bank borrowings	30	**707,219**	443,688
Amount due to a related company	31	**101**	–
Amount due to a shareholder	31A	**168**	–
		707,488	443,688
Non-current liabilities			
Convertible bonds	33	**2,245**	–
Loan note	35	**9,065**	–
Bank borrowings	30	**3,285**	216,125
Amount due to a related company	31	**51,273**	–
Amount due to a shareholder	31A	**10,800**	–
		76,668	216,125
Total debt		**784,156**	659,813
Capital deficiency		**(695,884)**	(109,990)
Total debt to equity ratio		**N/A**	N/A

43. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
At amortised cost:		
– Lease receivables and receivables arising from sale and leaseback arrangements	**309,371**	817,669
– Other financial assets	**30,846**	29,208
	340,217	846,877
Financial liabilities		
Financial liabilities measured at amortised cost:		
– Trade payables	**414**	–
– Deposits from customers	**219,732**	214,813
– Other payables	**9,746**	530
– Bank borrowings	**710,504**	659,813
– Amount due to a related company	**51,374**	–
– Amount due to a shareholder	**10,968**	–
– Convertible bonds	**2,245**	–
– Loan note	**9,065**	–
Financial liabilities measured at FVTPL:		
– Contingent consideration payables	**5,786**	–
Derivative financial liabilities	**10,311**	–
Lease liabilities	**5,450**	482
	1,035,595	875,638

(b) Financial risk management objectives and policies

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency denominated monetary assets, and thus exposing the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets, including loan receivable, other receivables, short term bank deposits and bank balances at the reporting date are as follows:

	2022 HK$'000	2021 HK$'000
Assets		
HK$	**1,366**	13,440
US$	**2,401**	147

The Group currently does not have a foreign exchange hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in US$ and HK$ against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB, the functional currency of respective group entities, against US$ and HK$. 5% is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of US$ and HK$ against RMB and a negative number below indicates an increase in loss before tax for the year. For a 5% strengthening of US$ and HK$ against RMB, there would be an equal and opposite impact on the loss before tax for the year.

	US$ impact		**HK$ impact**	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Increase in loss	**(68)**	(7)	**(120)**	(672)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in relation to variable-rate lease receivables and receivables arising from sale and leaseback arrangements, security deposits, short term bank deposits, bank balances and bank borrowings (see notes 18, 22, 23 and 30 for details of these financial instruments respectively). The Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risks.

Management monitors the related interest exposure closely to ensure the interest rate risk is maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Group's RMB denominated variable interest rate financial instruments.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable-rate lease receivables and receivables arising from sale and leaseback arrangements and bank borrowings. The analysis is prepared assuming the amount of asset and liability of variable-rate outstanding at the end of the reporting period are outstanding for the whole year, a 50 basis points increase or decrease each year represents management's assessment of the reasonably possible changes in interest rates. Security deposits, short term bank deposits and bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate security deposits, short term bank deposits and bank balances is insignificant.

If interest rates had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2022 would increase/decrease by HK$2,958,000 (2021: HK$2,456,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate lease receivables and receivables arising from sale and leaseback arrangements and bank borrowings. Management considers that the interest rate risk exposure to change in interest rate of short term bank deposits, bank balances and security deposits is not significant.

Credit risk

The Group's credit risk is primarily attributable to lease receivables and receivables arising from sale and leaseback arrangements, loan receivable, trade receivables, other receivables, deposits, short term bank deposits, security deposits and bank balances.

As at 31 March 2022 and 2021, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Lease receivables and receivables arising form sale and leaseback arrangements and loan receivables

The Group's concentration of credit risk on lease receivables and receivables arising from sale and leaseback arrangements as at 31 March 2022 includes five (2021: five) major counterparties accounting for 49.5% (2021: 44.2%) of the lease receivables and receivables arising from sale and leaseback arrangements. The Group has concentration of risk on the loan receivable as the loan is made to one borrower, which is an individual in the PRC.

The Group is exposed to the concentration of geographical risk on revenue which is generated mostly from customers located in Hubei province, PRC. The Group has closely monitored the business performance of these customers in the PRC and will consider diversifying its customer base as appropriate.

For lease receivables and receivables arising from sale and leaseback arrangements and loan receivable, in order to minimise the credit risk, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivable at the end of the reporting period, ensured adequate collateral is received from these counterparties and taken effective measures to ensure timely collection of outstanding balances.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Trade receivables

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 96.5% (2021: nil) of the total trade receivables as at 31 March 2022. The Group has concentration of credit risk as 16.4% (2021: nil) and 35.3% (2021: nil) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the debt collection and credit investigation business segment. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. Impairment of HK$666,000 (2021: nil) is recognised during the year ended 31 March 2022. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits, management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables and deposits as disclosed in note 21 and the amount of impairment made is sufficient.

Short-term bank deposits, security deposits and bank balances

The credit risk on liquid funds (i.e. short term bank deposits, security deposits and bank balances) is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has conducted an assessment of ECL according to forward-looking information and use appropriate models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g. the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit impaired financial asset, parameters for measuring ECL and forward-looking information.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

Short-term bank deposits, security deposits and bank balances (continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

Financial assets at amortised cost	Notes	**Internal credit rating**	**12m or lifetime ECL**	**2022 Gross carrying amount HK$'000**	2021 Gross carrying amount HK$'000
Trade receivables	20	Note (ii)	Lifetime ECL (simplified approach) – not credit-impaired	**7,442**	–
Loan receivable	19	Loss	Lifetime ECL – credit-impaired	**10,887**	10,887
Other receivables and deposits	21	Low risk	12m ECL	**7,804**	8,451
Security deposits	22	Low risk	12m ECL	**1,235**	2,887
Short term bank deposits with original maturity within three months	23	Low risk	12m ECL	**–**	6,636
Bank balances	23	Low risk	12m ECL	**15,428**	5,666
				42,796	34,527

Notes:

(i) For the purpose of internal credit assessment, the Group based on the financial background, financial condition and the historical settlement records of the debtors, and also quantitative and qualitative information that is reasonable and supportive forward-looking information without undue cost or effort to assess whether credit risk has increased significantly since initial recognition.

(ii) The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance for trade receivables and lease receivables and receivables arising from sale and leaseback arrangements on lifetime ECL basis.

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables, lease receivables and receivables arising from sale and leaseback arrangements and loan receivable as at 31 March 2022 and 2021. The average expected loss rate is derived from the gross carrying amount and loss allowance as at 31 March 2022 and 2021 after taken into accounting of the deposits received from customers, historical default rate and forward-looking information when determined the loss allowance. The assessment is performed debtors by debtors.

In the event that an instalment repayment of a lease receivable and receivable arising from sale and leaseback arrangement is past due, the entire outstanding balance of the lease receivable and receivable arising from sale and leaseback arrangement is classified as past due. As at 31 March 2022 and 2021, all the lease receivables and receivables arising from sale and leaseback arrangements and loan receivable are credit-impaired.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

For the year ended 31 March 2022

	Average expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Trade receivables	**9.2%**	**7,442**	**688**
Lease receivables and receivables arising from sale and leaseback arrangements	**83.1%**	**1,832,209**	**1,522,838**
Loan receivable	**100.0%**	**10,887**	**10,887**

For the year ended 31 March 2021

	Average expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Lease receivables and receivables arising from sale and leaseback arrangements	56.3%	1,870,147	1,052,478
Loan receivable	48.9%	10,887	5,324

Expected loss rates are based on historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of lease receivables and receivables arising from sale and leaseback arrangements, loan receivable and trade receivables is as follows:

	2022 HK$'000	2021 HK$'000
At 1 April	**1,057,802**	914,817
Impairment losses recognised, net		
– lease receivables and receivables arising from sale and leaseback arrangements	**498,064**	96,974
– loan receivable	**5,563**	1,058
– trade receivables	**666**	–
Unwinding discount on loss allowance	**1,341**	997
Disposals	**(83,432)**	(23,974)
Exchange realignment	**54,409**	67,930
At 31 March	**1,534,413**	1,057,802

The increase in loss allowance during the years ended 31 March 2022 and 2021 was mainly due to the increase of the days of past due of lease receivables and receivables arising from sale and leaseback arrangements, loan receivable and trade receivables.

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

Movements in the loss allowance account in respect of trade receivables, lease receivables and receivables arising from sale and leaseback arrangements and loan receivable are as follows:

Trade receivables – loss allowance	12-month ECL HK$'000	Lifetime ECL – not credit-impaired HK$'000	Lifetime ECL – credit-impaired HK$'000	Total HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–	–	–
Acquisition of subsidiaries				
Net remeasurement of loss allowance	**–**	**666**	**–**	**666**
Exchange realignment	**–**	**22**	**–**	**22**
At 31 March 2022	**–**	**688**	**–**	**688**

Lease receivables and receivables arising from sale and leaseback arrangements – loss allowance	12-month ECL HK$'000	Lifetime ECL – not credit-impaired HK$'000	Lifetime ECL – credit-impaired HK$'000	Total HK$'000
At 1 April 2020	–	–	910,551	910,551
Net remeasurement of loss allowance	–	–	97,971	97,971
Disposals	–	–	(23,974)	(23,974)
Exchange realignment	–	–	67,930	67,930
At 31 March 2021 and 1 April 2021	–	–	1,052,478	1,052,478
Net remeasurement of loss allowance	**–**	**–**	**499,405**	**499,405**
Disposals	**–**	**–**	**(83,432)**	**(83,432)**
Exchange realignment	**–**	**–**	**54,387**	**54,387**
At 31 March 2022	**–**	**–**	**1,522,838**	**1,522,838**

Loan receivable – loss allowance	12-month ECL HK$'000	Lifetime ECL – not credit-impaired HK$'000	Lifetime ECL – credit-impaired HK$'000	Total HK$'000
At 1 April 2020	–	–	4,266	4,266
Net remeasurement of loss allowance	–	–	1,058	1,058
At 31 March 2021 and 1 April 2021	–	–	5,324	5,324
Net remeasurement of loss allowance	**–**	**–**	**5,563**	**5,563**
At 31 March 2022	**–**	**–**	**10,887**	**10,887**

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk (continued)

Movement in the gross carrying amount in respect of trade receivables, lease receivables and receivables arising from sale and leaseback arrangements and loan receivable is as follows:

Trade receivables – gross carrying amount	**12-month ECL** HK$'000	**Lifetime ECL – not credit-impaired** HK$'000	**Lifetime ECL – credit-impaired** HK$'000	**Total** HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–	–	–
Acquisitions of subsidiaries	**–**	**8,960**	**–**	**8,960**
Other changes	**–**	**(1,738)**	**–**	**(1,738)**
Exchange realignment	**–**	**220**	**–**	**220**
At 31 March 2022	**–**	**7,442**	**–**	**7,442**

Lease receivables and receivables arising from sale and leaseback arrangements – gross carrying amount	**12-month ECL** HK$'000	**Lifetime ECL – not credit-impaired** HK$'000	**Lifetime ECL – credit-impaired** HK$'000	**Total** HK$'000
At 1 April 2020	–	–	1,781,593	1,781,593
Other changes	–	–	(37,057)	(37,057)
Exchange realignment	–	–	125,611	125,611
At 31 March 2021 and 1 April 2021	–	–	1,870,147	1,870,147
Other changes	**–**	**–**	**(103,374)**	**(103,374)**
Exchange realignment	**–**	**–**	**65,436**	**65,436**
At 31 March 2022	**–**	**–**	**1,832,209**	**1,832,209**

Loan receivable – gross carrying amount	**12-month ECL** HK$'000	**Lifetime ECL – not credit-impaired** HK$'000	**Lifetime ECL – credit-impaired** HK$'000	**Total** HK$'000
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	–	–	10,887	10,887

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity tables

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	2 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2022 HK$'000
As at 31 March 2022									
Assets									
Lease receivables and receivables arising from sale and leaseback arrangements	17.04	1,734,607	–	–	24,842	23,874	62,934	1,846,257	309,371
Loan receivable	10.00	10,887	–	–	–	–	–	10,887	–
Trade receivables	–	3,141	1,254	3,047	–	–	–	7,442	6,754
Security deposits	–	–	–	1,235	–	–	–	1,235	1,235
Bank balances and cash	–	15,479	–	–	–	–	–	15,479	15,479
Other receivables	–	7,378	–	–	–	–	–	7,378	7,378
Total assets		1,771,492	1,254	4,282	24,842	23,874	62,934	1,888,678	340,217

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	2 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2022 HK$'000
Liabilities									
Trade payables	–	–	414	–	–	–	–	414	414
Other payables	–	9,746	–	–	–	–	–	9,746	9,746
Amount due to a related company	4.69	–	–	–	101	48,060	6,581	54,742	51,374
Amount due to a shareholder	6.00	29	–	–	139	383	11,948	12,499	10,800
Bank borrowings	4.86	–	231,940	29,082	454,693	2,253	2,126	720,094	710,504
Deposits from customers	–	–	208,204	923	10,305	300	–	219,732	219,732
Convertible bonds	19.81	–	–	–	–	–	3,812	3,812	2,245
Loan note	19.81	–	–	–	–	–	14,729	14,729	9,065
Contingent consideration payables	13.12	–	–	–	–	3,159	4,940	8,099	5,786
Lease liabilities	4.87	–	243	450	2,135	2,271	655	5,754	5,450
Total non-derivative financial liabilities		9,775	440,801	30,455	467,373	56,426	44,791	1,049,621	1,025,116
Derivative financial liabilities – gross settlement	–	–	–	–	9,478	–	–	9,478	10,311
Total liabilities	–	9,775	440,801	30,455	476,851	56,426	44,791	1,059,099	1,035,427

43. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	2 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2021 HK$'000
As at 31 March 2021									
Assets									
Lease receivables and receivables arising from sale and leaseback arrangements	17.27	1,692,565	12,757	50,275	27,614	23,955	83,709	1,890,875	817,669
Loan receivable	10.00	10,887	–	–	–	–	–	10,887	5,563
Security deposits	–	–	1,697	–	–	1,190	–	2,887	2,887
Short term bank deposits	–	–	6,636	–	–	–	–	6,636	6,636
Bank balances and cash	–	5,671	–	–	–	–	–	5,671	5,671
Other receivables	–	8,451	–	–	–	–	–	8,451	8,451
Total assets		1,717,574	21,090	50,275	27,614	25,145	83,709	1,925,407	846,877

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	2 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2021 HK$'000
Liabilities									
Other payables	–	–	530	–	–	–	–	530	530
Bank borrowings	4.88	–	32,301	239,521	189,912	221,766	–	683,500	659,813
Deposits from customers	5.88	–	213,632	1,190	–	–	–	214,822	214,813
Lease liabilities	6.00	–	45	91	361	–	–	497	482
Total liabilities		–	246,508	240,802	190,273	221,766	–	899,349	875,638

The amounts included above for variable interest rate financial instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of the financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy

	At 31 March 2022 Level 3 HK$'000	At 31 March 2021 Level 3 HK$'000
Derivative financial liabilities (note 34)	**10,311**	–
Contingent consideration payables (note 36)	**5,786**	–

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Fair value hierarchy (continued)

Financial liabilities	Fair value as at 31 March 2022 HK$'000	2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Derivative component in relation to the convertible bonds	**833**	N/A	Level 3	Binomial option pricing model. The fair value is estimated based on the risk free rate, discount rate, share price, volatility of the share price of the Company, dividend yield and exercise price.	Expected volatility of the share price of 62.9% determined by taking reference to historical share prices of the Company. (note a)
Derivative financial liabilities arising from the acquisition of the Alpha & Leader Group	**9,478**	N/A	Level 3	Binomial option pricing model. The fair value is estimated based on the risk free rate, discount rate, share price, volatility of the share price of the Company, dividend yield and exercise price.	Expected volatility of the share price of 65.2% determined by taking reference to historical share prices of the Company (note b)
Contingent consideration payables	**5,786**	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Probability adjusted revenues and profits, with a range from HK$42,549,000 to HK$63,354,000 and a range from HK$334,000 to HK$11,114,000, respectively.

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Fair value hierarchy (continued)

Notes:

(a) A slight increase in the expected volatility used in isolation would result in a slight increase in the fair value measurement of the derivative component in relation to the convertible bonds, and vice versa. As a result of the volatile financial market in 2022, management adjusted the sensitivity rate from -5% to 5% for the purpose of performing the sensitivity analysis. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the derivative component in relation to the convertible bonds by HK$39,000 (2021: N/A).

(b) A slight increase in the expected volatility used in isolation would result in a slight increase in the fair value measurement of the derivative financial liabilities, and vice versa. As a result of the volatile financial market in 2022, management adjusted the sensitivity rate from -5% to 5% for the purpose of performing the sensitivity analysis. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the derivative financial liabilities by HK$3,000 (2021: N/A).

(c) A slight increase in the probability-adjusted revenues and profits used in isolation would result in a slight increase in the fair value measurement of the contingent consideration payables, and vice versa. As a result of the volatile financial market in 2022, management adjusted the sensitivity rate from -5% to 5% for the purpose of performing the sensitivity analysis. A 5% increase in the probability-adjusted profits holding all other variables constant would increase the carrying amount of the contingent consideration payables by HK$307,000 (2021: N/A).

There were no transfers between the different levels of the fair value hierarchy during the year.

(ii) Reconciliation of Level 3 fair value measurements

	Derivative component in relation to the convertible bonds HK$'000	**Derivative financial liabilities arising from the acquisition of the Alpha & Leader Group** HK$'000	**Contingent consideration payables** HK$'000	**Total** HK$'000
At 1 April 2020, 31 March 2021 and 1 April 2021	–	–	–	–
Issued	**874**	**8,572**	**6,081**	**15,527**
Total (gain) loss:				
– in profit or loss	**(41)**	**906**	**(295)**	**570**
At 31 March 2022	**833**	**9,478**	**5,786**	**16,097**

43. FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value measurements of financial instruments (continued)

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of lease receivables and receivables arising from sale and leaseback arrangements is estimated to be HK$309,371,000 (2021: HK$817,669,000) using a discount rate mainly ranged from 8.3% to 15.4% (2021: 8.3% to 15.4%).

The fair value of the debt component of convertible bonds is determined assuming redemption on maturity and using a 19.8% interest rate based on the prevailing market risk free rate, credit spread and liquidity risk premium.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values due to short maturity.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000	**Bank borrowings** HK$'000	**Promissory note** HK$'000	**Amount due to a related company** HK$'000	**Amount due to a shareholder** HK$'000	**Total** HK$'000
At 1 April 2020	1,676	614,256	–	–	–	615,932
Financing cash flows	(1,320)	(28,828)	–	–	–	(30,148)
Exchange adjustments	7	44,912	–	–	–	44,919
Interest expenses	63	29,473	–	–	–	29,536
New leases entered	56	–	–	–	–	56
At 31 March 2021 and 1 April 2021	482	659,813	–	–	–	660,295
Financing cash flows	**(2,152)**	**(10,991)**	**(6,319)**	**6,100**	**10,800**	**(2,562)**
Arising from acquisition of the Alpha & Leader Group (note 40A)	**4,682**	**5,000**	**5,972**	**–**	**–**	**15,654**
Arising from acquisition of the UMH Group (note 40B)	**–**	**–**	**–**	**43,183**	**29**	**43,212**
Exchange adjustments	**134**	**25,709**	**–**	**1,834**	**–**	**27,677**
Interest expenses	**172**	**30,973**	**347**	**257**	**139**	**31,888**
New leases entered	**2,132**	**–**	**–**	**–**	**–**	**2,132**
At 31 March 2022	**5,450**	**710,504**	**–**	**51,374**	**10,968**	**778,296**

45. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, there was no significant related party transactions for the years ended 31 March 2022 and 2021.

(b) Compensation of key management personnel

During the reporting period, the remuneration of key management personnel which represent the executive directors of the Company and senior management is as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and other allowances	**5,051**	2,784
Retirement benefit scheme contributions	**80**	36
Equity-settled share-based payments	**50**	50
	5,181	2,870

The remuneration of directors of the Company is determined having regard to the performance of individuals and market trends.

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered capital 2022	Paid up issued/ registered capital 2021	Proportion ownership interest held by the Company 2022 %	Proportion ownership interest held by the Company 2021 %	Proportion of voting power held by the Company 2022 %	Proportion of voting power held by the Company 2021 %	Principal activities/ place of operations	Notes
Directly owned									
Rongzhong Capital Holdings Limited	The BVI	**Ordinary shares US$104,422**	Ordinary shares US$104,422	**100**	100	**100**	100	Investment holding/ Hong Kong	
Alpha & Leader	Hong Kong	**Ordinary shares HK$800,000**	N/A	**51**	–	**51**	–	Investment holding and provision of debt collection and credit investigation services/ Hong Kong	
Fuxing Packing Stationery Products Company Limited	Hong Kong	**Ordinary shares HK$10,000**	N/A	**100**	–	**100**	–	Investment holding/ Hong Kong	
Wealth Pioneer Investments Limited	The BVI	**Ordinary shares US$1**	N/A	**100**	–	**100**	–	Investment holding/ Hong Kong	(iii)
Ultimate Harvest Global Limited	The BVI	**Ordinary shares US$100**	N/A	**51**	–	**51**	–	Investment holding/ Hong Kong	
Indirectly owned									
Rongzhong International Finance Lease Holdings Limited	Hong Kong	**Ordinary share HK$1**	Ordinary share HK$1	**100**	100	**100**	100	Investment holding/ Hong Kong	
Rongzhong International Financial Leasing Co. Ltd (融眾國際融資租賃有限公司)	The PRC	**Registered capital US$63,000,000**	Registered capital US$63,000,000	**100**	100	**100**	100	Provision of financial leasing services/The PRC	(i), (ii)
亞洲華中融資租賃(深圳)有限公司	The PRC	**Registered capital HK$30,000,000**	N/A	**100**	–	**100**	–	Inactive/The PRC	(i), (iii)
Wealth United Investments Limited	Hong Kong	**Ordinary shares HK$1**	N/A	**100**	–	**100**	–	Investment holding/ Hong Kong	(iii)

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered capital 2022	2021	Proportion ownership interest held by the Company 2022 %	2021 %	Proportion of voting power held by the Company 2022 %	2021 %	Principal activities/ place of operations	Notes
深圳金眾滙諮詢控股有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**100**	–	**100**	–	Investment holding/ Hong Kong	(i)
溫州金眾匯汽車租賃服務有限公司	The PRC	**Registered capital RMB4,000,000**	N/A	**100**	–	**100**	–	Inactive/The PRC	(i), (iii)
Alpha & Leader Risk and Asset (Singapore) Pte Ltd	Singapore	**Ordinary shares SGD50,000**	N/A	**51**	–	**51**	–	Provision of debt collection and credit investigation services/ Singapore	(iv)
Wave Leader Limited	Hong Kong	**Ordinary shares HK$10,000**	N/A	**51**	–	**51**	–	Inactive/Hong Kong	(iv)
安華理達企業管理諮詢（廣州）有限公司	The PRC	**Registered capital US$300,000**	N/A	**51**	–	**51**	–	Provision of debt collection and credit investigation services/ The PRC	(i), (iv)
Harvest Well Limited	Hong Kong	**Ordinary shares HK$1**	N/A	**51**	–	**51**	–	Investment holding/ Hong Kong	(v)
金寓滙宏管理諮詢（上海）有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Investment holding/ The PRC	(i), (v)
湖州金寓宏汽車租賃服務有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
寧波宏悦汽車租賃服務有限公司	The PRC	**Registered capital RMB4,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
湖州卓凡汽車租賃服務有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
湖州卓安汽車租賃服務有限公司	The PRC	**Registered capital RMB4,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
台州金寓宏汽車租賃服務有限公司	The PRC	**Registered capital RMB4,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
寧波金寓宏汽車租賃服務有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
嘉興金寓宏汽車租賃服務有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
嘉興卓凡汽車租賃服務有限公司	The PRC	**Registered capital RMB4,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)
紹興金寓宏汽車租賃服務有限公司	The PRC	**Registered capital RMB30,000,000**	N/A	**51**	–	**51**	–	Provision of operating lease of motor vehicles services/ The PRC	(i), (v)

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration	Paid up issued/ registered capital 2022	2021	Proportion ownership interest held by the Company 2022 %	2021 %	Proportion of voting power held by the Company 2022 %	2021 %	Principal activities/ place of operations	Notes
紹興卓領汽車服務有限公司	The PRC	Registered capital RMB30,000,000	N/A	51	–	51	–	Provision of operating lease of motor vehicles services/The PRC	(i), (v)
寧波卓領汽車租賃服務有限公司	The PRC	Registered capital RMB4,000,000	N/A	51	–	51	–	Provision of operating lease of motor vehicles services/The PRC	(i), (v)

Notes:

(i) It is a wholly foreign owned enterprise established in the PRC.

(ii) English translated names are for identification only.

(iii) Incorporated/established during the year ended 31 March 2022.

(iv) Subsidiaries in the Alpha & Leader Group.

(v) Subsidiaries in the UMH Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2022 %	2021 %	Loss allocated to non-controlling interests 2022 HK$'000	2021 HK$'000	Accumulated non-controlling interests 2022 HK$'000	2021 HK$'000
Alpha & Leader Group	Hong Kong	Hong Kong, the PRC and Singapore	49	N/A	632	N/A	1,062	N/A
UMH Group	The BVI	The PRC	49	N/A	(897)	N/A	4,480	N/A
Total					(265)	N/A	5,542	N/A

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

The Alpha & Leader Group

	At 31 March 2022 HK$'000	At 31 March 2021 HK$'000
Current assets	**13,677**	N/A
Non-current assets	**6,423**	N/A
Current liabilities	**(11,816)**	N/A
Non-current liabilities	**(6,115)**	N/A
Equity attributable to owners of the Company	**1,107**	N/A
Non-controlling interests of Alpha & Leader	**1,062**	N/A

	For the year ended 31 March 2022 HK$'000	For the year ended 31 March 2021 HK$'000
Revenue	**24,622**	N/A
Profit for the year	**1,290**	N/A
Profit attributable to owners of the Company	**658**	N/A
Profit attributable to the non-controlling interests of Alpha & Leader	**632**	N/A
Other comprehensive income for the year	**76**	N/A
Other comprehensive income attributable to owners of the Company	**39**	N/A
Other comprehensive income attributable to the non-controlling interests of Alpha & Leader	**37**	N/A
Total comprehensive income for the year	**1,366**	N/A
Total comprehensive income attributable to owners of the Company	**697**	N/A
Total comprehensive income attributable to the non-controlling interests of Alpha & Leader	**669**	N/A
Net cash inflow from operating activities	**805**	N/A
Net cash outflow from investing activities	**(202)**	N/A
Net cash outflow from financing activities	**(2,234)**	N/A
Net cash outflow	**(1,631)**	N/A

The UMH Group

	At 31 March 2022 HK$'000	At 31 March 2021 HK$'000
Current assets	**7,146**	N/A
Non-current assets	**58,543**	N/A
Current liabilities	**(11,451)**	N/A
Non-current liabilities	**(45,097)**	N/A
Equity attributable to owners of the Company	**4,661**	N/A
Non-controlling interests of Ultimate Harvest Global Limited	**4,480**	N/A

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

The UMH Group (continued)

	For the year ended 31 March 2022 HK$'000	For the year ended 31 March 2021 HK$'000
Revenue	**3,327**	N/A
Loss for the year	**(1,831)**	N/A
Loss attributable to owners of the Company	**(934)**	N/A
Loss attributable to the non-controlling interests of Ultimate Harvest Global Limited	**(897)**	N/A
Other comprehensive income for the year	**327**	N/A
Other comprehensive income attributable to owners of the Company	**167**	N/A
Other comprehensive income attributable to the non-controlling interests of Ultimate Harvest Global Limited	**160**	N/A
Total comprehensive expense for the year	**(1,504)**	N/A
Total comprehensive expense attributable to owners of the Company	**(767)**	N/A
Total comprehensive expense attributable to the non-controlling interests of Ultimate Harvest Global Limited	**(737)**	N/A
Net cash inflow from operating activities	**3,300**	N/A
Net cash outflow from investing activities	**(2,434)**	N/A
Net cash inflow from financing activities	**133**	N/A
Net cash inflow	**999**	N/A

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK$'000	2021 HK$'000
Non-current asset			
Interests in subsidiaries		**24,966**	–
Current assets			
Loan receivable		**–**	5,563
Prepayments and other receivables		**154**	204
Amounts due from a subsidiary		**–**	1,770
Short term bank deposits with original maturity within three months		**–**	2,032
Bank balances and cash		**606**	504
		760	10,073
Current liabilities			
Other payables and accrued charges		**2,945**	1,309
Amounts due to subsidiaries		**11,343**	7,264
Lease liabilities		**–**	467
Amount due to a shareholder	31A	**139**	–
Derivative financial liabilities	34	**9,478**	–
		23,905	9,040
Net current (liabilities)/assets		**(23,145)**	1,033
Total assets less current liabilities		**1,821**	1,033
Non-current liabilities			
Convertible bonds	33	**2,245**	–
Derivative financial liabilities	34	**833**	–
Loan note	35	**9,065**	–
Amount due to a shareholder	31A	**10,800**	–
Contingent consideration payables	36	**5,786**	–
		28,729	–
Net (liabilities)/assets		**(26,908)**	1,033
Capital and reserves			
Share capital	37	**4,125**	4,125
Deficit	(a)	**(31,033)**	(3,092)
(Capital deficiency)/total equity		**(26,908)**	1,033

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

(a) Movement in reserves of the Company

	Share premium HK$'000	Share option reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	552,818	80	(12,130)	(534,130)	6,638
Loss for the year	–	–	–	(18,951)	(18,951)
Exchange difference arising on translation	–	–	8,738	–	8,738
Recognition of equity-settled share-based payments	–	483	–	–	483
At 31 March 2021 and 1 April 2021	552,818	563	(3,392)	(553,081)	(3,092)
Loss for the year	**–**	**–**	**–**	**(27,477)**	**(27,477)**
Exchange difference arising on translation	**–**	**–**	**(946)**	**–**	**(946)**
Recognition of equity-settled share-based payments	**–**	**482**	**–**	**–**	**482**
At 31 March 2022	**552,818**	**1,045**	**(4,338)**	**(580,558)**	**(31,033)**

48. EVENTS AFTER THE REPORTING PERIOD

New bank guarantee agreements

On 24 May 2022, Mr. Xie Xiaoqing ("**Mr. Xie**") and Rongzhong Capital Investments Group Limited ("**Rongzhong Capital Investments**") had each entered into bank guarantee agreements pursuant to which Mr. Xie and Rongzhong Capital Investments agreed to provide certain guarantee in favor of a bank for the grant of loan to Rongzhong International Financial Leasing Co., Ltd.. The bank guarantee agreements expire three years upon the settlement of the loan and no guarantee fee is payable by Rongzhong International Financial Leasing Co., Ltd. to Mr. Xie and Rongzhong Capital Investments for their provision of guarantee services under the bank guarantee agreements.

Supplemental agreement in related to the major and connected transaction disposal of the entire issued share capital of the target company

On 2 June 2022, the Company and Mr. Xie entered into a supplemental agreement to amend and modify certain terms of the Rongzhong Capital SPA, pursuant to which, among others, the unaudited financial information of Rongzhong Capital has been updated to 31 March 2022.

For details, please refer to the Company's announcement dated 2 June 2022.