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**CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED**  
**中國融眾金融控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 03963)**

**PRELIMINARY ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 AND  
CLOSURE OF REGISTER OF MEMBERS**

**AUDITED ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of China Rongzhong Financial Holdings Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) hereby announces the audited consolidated financial results of the Group for the year ended 31 March 2023 (the “**Reporting Period**”) with comparative audited figures for the year ended 31 March 2022. All amounts set out in this announcement are expressed in Hong Kong dollars (“**HK\$**”) unless otherwise indicated.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	84,833	35,120
Other income	5	645	115
Cost of services		(43,040)	(3,761)
Gain on disposal of financial assets		–	169
Other gains and losses		2,544	(249)
Staff costs		(26,727)	(20,914)
Impairment losses and provision of expected credit losses		(87,799)	(525,716)
Other operating expenses		(20,158)	(19,745)
Finance costs	6	(33,625)	(32,058)
Loss before tax		(123,327)	(567,039)
Income tax credit (expense)	7	11	(774)
Loss for the year	8	(123,316)	(567,813)
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		52,582	(24,173)
Total comprehensive expense for the year		<u>(70,734)</u>	<u>(591,986)</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(124,609)	(567,548)
Non-controlling interests		1,293	(265)
		<u>(123,316)</u>	<u>(567,813)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(71,481)	(591,918)
Non-controlling interests		747	(68)
		<u>(70,734)</u>	<u>(591,986)</u>
Loss per share	10		
Basic and diluted (HK cents)		<u>(30)</u>	<u>(138)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		59,206	70,701
Lease receivables and receivables arising from sale and leaseback arrangements	11	–	77,859
Deposits		544	426
Goodwill		9,273	19,372
		<u>69,023</u>	<u>168,358</u>
<b>Current assets</b>			
Lease receivables and receivables arising from sale and leaseback arrangements	11	4,545	231,512
Trade receivables	12	4,765	6,754
Prepayments and other receivables		727	7,382
Other assets		–	3,202
Security deposits		–	1,235
Cash and cash equivalents		14,575	15,479
		<u>24,612</u>	<u>265,564</u>
<b>Current liabilities</b>			
Trade payables	14	130	414
Deposits from customers		10,579	219,432
Other payables and accrued charges		5,804	31,019
Contract liabilities		4,551	4,949
Lease liabilities		2,357	2,620
Tax liabilities		1,446	67,989
Bank borrowings	13	1,242	707,219
Amount due to a related company		29,102	101
Amount due to a shareholder		334	168
Derivative financial liabilities		8,326	9,478
		<u>63,871</u>	<u>1,043,389</u>
<b>Net current liabilities</b>		<u>(39,259)</u>	<u>(777,825)</u>
<b>Total assets less current liabilities</b>		<u>29,764</u>	<u>(609,467)</u>
<b>Non-current liabilities</b>			
Deposits from customers		–	300
Lease liabilities		959	2,830
Convertible bonds		2,692	2,245
Derivative financial liabilities		1,285	833
Loan note		10,252	9,065
Bank borrowings	13	2,047	3,285
Amount due to a related company		14,061	51,273
Amount due to a shareholder		21,000	10,800
Contingent consideration payables		2,468	5,786
		<u>54,764</u>	<u>86,417</u>
<b>Net liabilities</b>		<u>(25,000)</u>	<u>(695,884)</u>
<b>Capital and reserves</b>			
Share capital		4,125	4,125
Deficit		(35,414)	(705,551)
		<u>(31,289)</u>	<u>(701,426)</u>
Non-controlling interests		6,289	5,542
<b>Capital deficiency</b>		<u>(25,000)</u>	<u>(695,884)</u>

# NOTES

For the year ended 31 March 2023

## 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**”).

Pursuant to the requirements of Rule 13.50 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), trading in the shares of the Company on the Stock Exchange had been suspended with effect from 27 September 2022.

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 leasing services in the People’s Republic of China (the “**PRC**”), due diligence, debt collection and credit investigation services in the PRC, Hong Kong and Singapore.

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

### Going concern basis

The Group recorded a net loss attributable to owners of the Company of approximately HK\$124,609,000 for the year ended 31 March 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$39,259,000 and HK\$25,000,000 respectively, whereas its cash and cash equivalents maintained was approximately HK\$14,575,000 only as at the same date. Besides, the Group also had bank borrowings of approximately HK\$1,242,000, amount due to a related company of approximately HK\$29,102,000 and amount due to a shareholder of approximately HK\$334,000, respectively, 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 15 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*

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, (the “**Goldbond Loan Agreement**”), and its maturity date is 20 October 2024. The Company also renewed loan facility from a related company, with an aggregate facilities amount of RMB40,000,000, and its maturity will be on 1 July 2024. As at 31 March 2023 and the date of issuance of this announcement, the total facilities amount of HK\$31,954,000 and HK\$37,994,000, respectively, as stand-by un-utilised and available 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 (Continued)

### Going concern basis (Continued)

#### (ii) 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.

#### (iii) Disposal of Rongzhong Capital Holdings Limited (“Rongzhong Capital”) and its subsidiaries (the “Disposal Group”)

On 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing (“**Mr. Xie**”) entered into the sale and purchase agreement, pursuant to which, Mr. Xie conditionally agreed to acquire, and the Company conditionally agreed to sell the entire equity interests of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company at a cash consideration of HK\$100,000 or equivalent in RMB and assignment of the shareholder’s loan due to the Company (the “**Disposal**”). Upon completion of the Disposal at 17 March 2023, Rongzhong Capital and its subsidiaries ceased to be the subsidiaries of the Company and their financial results, assets and liabilities of the Disposal Group are no longer consolidated into the Group’s financial statements. The directors of the Company opined that the completion of the Disposal greatly improves the financial position and liquidity of the Group.

The details are set out in the Company’s announcements dated 31 March 2022 and 2 June 2022, 17 March 2023, and the Company’s circular dated 24 February 2023.

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 announcement 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.

## 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 Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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. 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 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 and its subsidiaries (collectively referred to as the “**Alpha & Leader Group**”). 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 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.

#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

##### 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 2023

	Leasing services <i>HK\$'000</i>	Debt collection and credit investigation services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
Revenue from external customers	<u>48,017</u>	<u>36,816</u>	<u>84,833</u>
Segment results excluding provision for expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables and impairment losses recognised on goodwill	(22,782)	(4,582)	(27,364)
Provision for expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	(77,597)	(229)	(77,826)
Impairment losses recognised on goodwill	<u>–</u>	<u>(9,554)</u>	<u>(9,554)</u>
Segment results	<u>(100,379)</u>	<u>(14,365)</u>	(114,744)
Unallocated:			
Other income			72
Other gains and losses			2,429
Finance costs			(2,587)
Staff costs			(3,495)
Other operating expenses			<u>(5,002)</u>
Loss before tax			<u>(123,327)</u>

#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

##### Segment revenue and results (Continued)

For the year ended 31 March 2022

	Leasing services <i>HK\$'000</i>	Debt collection and credit investigation services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
Revenue from external customers	<u>10,498</u>	<u>24,622</u>	<u>35,120</u>
Segment results excluding provision for expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables and impairment losses recognised on goodwill	(43,059)	2,339	(40,720)
Provision for expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	(498,445)	(285)	(498,730)
Impairment losses recognised on goodwill	<u>-</u>	<u>(7,682)</u>	<u>(7,682)</u>
Segment results	<u>(541,504)</u>	<u>(5,628)</u>	<u>(547,132)</u>
Unallocated:			
Other income			2
Other gains and losses			322
Finance costs			(662)
Staff costs			(3,923)
Other operating expenses			<u>(15,646)</u>
Loss before tax			<u><u>(567,039)</u></u>



#### 4. REVENUE AND SEGMENT INFORMATION (Continued)

##### Segment assets and liabilities

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

	At 31 March 2023 <i>HK\$'000</i>	At 31 March 2022 <i>HK\$'000</i>
Segment assets		
Leasing services	77,222	390,149
Debt collection and credit investigation services	<u>16,199</u>	<u>32,633</u>
Total segment assets	93,421	422,782
Unallocated assets	<u>214</u>	<u>11,140</u>
Total assets	<u><u>93,635</u></u>	<u><u>433,922</u></u>
Segment liabilities		
Leasing services	54,509	1,070,630
Debt collection and credit investigation services	<u>16,135</u>	<u>17,931</u>
Total segment liabilities	70,644	1,088,561
Unallocated liabilities	<u>47,991</u>	<u>41,245</u>
Total liabilities	<u><u>118,635</u></u>	<u><u>1,129,806</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Income from debt collection services	17,642	16,835
Income from credit investigation services	19,174	7,787
Income from sales of motor vehicles	<u>19,573</u>	<u>1,524</u>
Revenue from contracts with customers	56,389	26,146
Rental income	27,872	2,854
Interest income arising from sale and leaseback arrangements	<u>572</u>	<u>6,120</u>
	<u><u>84,833</u></u>	<u><u>35,120</u></u>
Revenue from contracts with customers		
At a point in time	56,233	25,996
Transferred over time	<u>156</u>	<u>150</u>
	<u><u>56,389</u></u>	<u><u>26,146</u></u>

## 5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	34	28
Government subsidies ( <i>note</i> )	405	–
Others	206	87
	<u>645</u>	<u>115</u>

*Note:* The Group obtained government grants and recognised as income of HK\$111,000 (2022: nil) from Wage Credit Scheme and Progressive Wage Credit Scheme launched by the government of Singapore for the year ended 31 March 2023. The Group had also obtained government grants from Employment Support Scheme (“ESS”) under Anti-epidemic Fund launched by the Hong Kong Special Administrative Region Government supporting the payroll of the Group’s employees amounting to HK\$294,000 (2022: nil) for the year ended 31 March 2023. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants.

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings of the Alpha & Leader Group	115	77
Interest on bank borrowings of the Disposal Group	28,409	30,896
Interest on amount due to a related company	2,299	257
Interest on amount due to a shareholder	953	139
Interest on lease liabilities	215	172
Imputed interest on loan note	1,187	130
Imputed interest on convertible bonds	447	31
Imputed interest on promissory note	–	347
Imputed interest expense on interest-free deposits from customers	–	9
	<u>33,625</u>	<u>32,058</u>

## 7. INCOME TAX (CREDIT) EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Enterprise Income Tax in the PRC	–	158
Hong Kong Profits Tax	–	616
	–	774
Over provision in prior years		
Enterprise Income Tax in the PRC	(11)	–
Income Tax (credit) expense	<u>(11)</u>	<u>774</u>

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, no (2022: one) 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% (2022: 25%) on their assessable profits.

## 8. LOSS FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration:		
– Fee	783	840
– Short-term employee benefits	1,026	1,032
– Retirement benefit scheme contributions	18	18
– Equity-settled share-based payments	440	440
Salaries, allowances and other staff benefits	23,379	17,917
Staff's retirement benefit scheme contributions	1,052	625
Staff's equity-settled share-based payments	29	42
	<u>26,727</u>	<u>20,914</u>
Total staff costs	<u>26,727</u>	<u>20,914</u>
Depreciation of motor vehicles for rent (included in cost of services)	9,638	1,010
Depreciation of other property, plant and equipment (included in other operating expenses)	2,883	1,771
	<u>12,521</u>	<u>2,781</u>
Depreciation of property, plant and equipment	<u>12,521</u>	<u>2,781</u>
Auditor's remuneration	1,635	1,360
Legal and professional fees	4,852	9,604
Cost of motor vehicles sold (included in cost of services)	23,123	1,852
Loss on disposal of property, plant and equipment	3,419	328
Short-term lease expenses	161	22

## 9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 10. LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(124,609)</u>	<u>(567,548)</u>
	<u>2023 '000</u>	<u>2022 '000</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>412,509</u>	<u>412,509</u>

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 2023 and 2022.

The calculation of diluted loss per share for the years ended 31 March 2023 and 2022 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.

## 11. LEASE RECEIVABLES AND RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The Group provides leasing services in the PRC.

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Lease receivables	–	20,741
Receivables arising from sale and leaseback arrangements	<u>4,545</u>	<u>288,630</u>
	<b><u>4,545</u></b>	<b><u>309,371</u></b>
	<b>Minimum lease payments</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Lease receivables and receivables arising from sale and leaseback arrangements comprise:		
Within one year	<b>456,659</b>	1,759,449
In more than one year but not more than two years	<b>21,084</b>	23,874
In more than two years but not more than three years	<b>19,057</b>	22,906
In more than three years but not more than four years	<b>17,788</b>	20,704
In more than four years but not more than five years	<u>–</u>	<u>19,324</u>
	<b>514,588</b>	1,846,257
Less: Unearned finance income	<u>(8,238)</u>	<u>(14,048)</u>
	<b>506,350</b>	1,832,209
Less: Impairment allowance	<u>(501,805)</u>	<u>(1,522,838)</u>
	<b><u>4,545</u></b>	<b><u>309,371</u></b>
Analysed for reporting purposes as:		
Current assets	<b>4,545</b>	231,512
Non-current assets	<u>–</u>	<u>77,859</u>
	<b><u>4,545</u></b>	<b><u>309,371</u></b>

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 12% to 15% (2022: 8% to 15%) per annum as at 31 March 2023.

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.

## 11. LEASE RECEIVABLES AND RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (Continued)

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 2023, the gross carrying amounts of lease receivables and receivables arising from sale and leaseback arrangements of HK\$501,350,000 (2022: HK\$1,522,838,000) were determined to be impaired under the lifetime expected credit losses (“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.

## 12. TRADE RECEIVABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	3,093	3,407
31 to 60 days	620	1,937
61 to 90 days	306	402
Over 90 days	746	1,008
	<u>4,765</u>	<u>6,754</u>

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.

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 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$1,682,000 (2022: HK\$2,747,000) which are past due as at the reporting date. Out of the past due balances, HK\$746,000 (2022: HK\$1,008,000) has been past due 90 days or more and is not considered as in default.

### 13. BANK BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Secured	–	706,006
Unsecured	<u>3,289</u>	<u>4,498</u>
	<u><b>3,289</b></u>	<u><b>710,504</b></u>
The carrying amounts of the above borrowings are repayable*:		
Within one year	1,242	707,219
Within a period of more than one year but not exceeding two years	1,284	1,246
Within a period of more than two years but not exceeding five years	<u>763</u>	<u>2,039</u>
	<b>3,289</b>	710,504
Less: amounts shown under current liabilities	<u>(1,242)</u>	<u>(707,219)</u>
	<u><b>2,047</b></u>	<u><b>3,285</b></u>

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

### 14. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	63	235
31 to 60 days	5	5
61 to 90 days	22	92
Over 90 days	<u>40</u>	<u>82</u>
	<u><b>130</b></u>	<u><b>414</b></u>

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

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report issued by the Group’s independent auditor:

### **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”), which comprise the consolidated statement of financial position as at 31 March 2023 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\$124,609,000 for the year ended 31 March 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$39,259,000 and HK\$25,000,000 respectively, whereas its cash and cash equivalents maintained was approximately HK\$14,575,000 only as at the same date. 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, and (ii) the successful implementation of active cost-saving measures. 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. Limitation of scope on opening balances and comparative information, and financial information of Rongzhong Capital Holdings Limited (“Rongzhong Capital”)**

As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2022, dated 26 September 2022, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about 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. The closing balances entered into the determination of the financial performance and cash flows of the Group for the 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 leaseback arrangements of HK\$817,669,000 of Rongzhong Capital 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 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. Our opinion on the current period's consolidated financial statements is also disclaimed because of the possible effects of these matters on the comparability of the current period's figures and corresponding figures.

Furthermore, in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK\$547,990,000) owed by Rongzhong Capital Holdings Limited as at 31 March 2022, audit bank confirmation of such bank borrowing had not been received by us as of 26 September 2022. 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 at 31 March 2022.

As disclosed in note 42 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Rongzhong Capital (the “Disposal”) and the Group ceased its control of Rongzhong Capital and its subsidiaries (the “Disposal Group”) upon completion of the Disposal on 17 March 2023 (the “Disposal Date”). A gain on disposal of the Disposal Group of approximately HK\$715,120,000 is arising from the transaction with an owner in their capacity as owner of the Company and hence the Disposal is treated as an equity transaction. Hence, the gain on Disposal is treated as deemed capital contribution from a shareholder and recognised in accumulated losses of the consolidated statement of changes in equity.



Despite the continuous effort and repeated requests made by the management of the Group to the purchaser, we were unable to fully access to the accounting books and records of the Disposal Group after the completion of the Disposal. As a result, we were unable to carry out audit procedures that we considered necessary to satisfy ourselves as to the nature, completeness, accuracy, existence and valuation of the results, cash flows and other transactions undertaken by the Disposal Group during the period from 1 April 2022 to the Disposal Date as well as the assets and liabilities of the Disposal Group as at the Disposal Date as set out in the note 42 and the subject matter of the scope limitation on bank borrowing referred to our auditor's report dated 26 September 2022. Consequently, we were unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Disposal Group for the period from 1 April 2022 to the Disposal Date which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2023; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date as disclosed in note 42 to the consolidated financial statements; and (iii) the gain on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date.

Any adjustments that might have been found to be necessary in respect of the above may have consequential significant effects on the loss and cash flows of the Group and the related disclosures in the consolidated financial statements for the year ended 31 March 2023. The matters which were the subject matters of the scope limitation referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023, and it shall not have carried forward effect to consolidated financial statements of the year ending 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

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.

### Leasing services

The Group conducts its leasing services in various cities across the PRC. The Group as the lessor generates lease income by delivery of leased assets to its lessees who make periodic lease payments to the Group.

The Group acquired Ultimate Harvest Global Limited in March 2022 with twelve PRC subsidiaries (the “UMH”) engaged in the provision of automobile leasing services covering cities of Huzhou, Ningbo, Shaoxing, Jiaxing and Taizhou. Since the acquisition of UMH and the continued market demand, it is mandated that the Group will establish additional subsidiaries in the PRC in order to facilitate and further expand the lucrative and stable lease business.

### Credit investigation and debt collection services

Since 2021, the Group commenced and completed various acquisitions and establishment in new locations as part of the Group’s strategic plan to reform its leasing operations by expanding its operating locations outside of the Hubei Province, as well as mitigating business risks exposure. To further strengthen our leasing operations across the PRC, we have complemented our leasing operations by acquiring Alpha & Leader Risks and Asset Management Company Limited, which provides integral value-added services including due diligence, credit investigation and debt recovery services.

Due diligence and credit investigation services are performed through established networks, databases and credit assessment system using big data analytics which in-turn generate and provide credit reports, scoring results and recommendations to clients as well as the Group prior to entering into any potential business transactions. Debt collection services are provided for past due commercial accounts receivables ranging from 3 to 12 months, this is a non-litigation service that enables creditors to recover past due accounts receivables through mediation and dispute resolution, rather than going through the lengthy process of litigation resulting in further commitments on legal costs and risk of additional non-recoverable debts.

## **FINANCIAL REVIEW**

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

### **Revenue**

For the year ended 31 March 2023, the Group recorded revenue of approximately HK\$84.8 million (2022: approximately HK\$35.1 million), representing an increase of approximately 141.6% from the previous corresponding period ended 31 March 2022. 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\$36.8 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\$26.7 million for the Reporting Period, representing an increase of approximately 27.8% from approximately HK\$20.9 million recorded in the previous corresponding period ended 31 March 2022. 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\$20.2 million, representing an increase of approximately 2.1% from approximately HK\$19.7 million recorded in the previous corresponding period ended 31 March 2022.

### **Impairment losses on financial assets**

Impairment losses on financial assets is approximately HK\$77.8 million for the Reporting Period, representing a decrease in impairment losses of approximately HK\$426.5 million from approximately HK\$504.3 million impairment losses recorded in the previous corresponding period ended 31 March 2022.

The complex and volatile domestic and external environment has continued to cause significant 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) The subsides of the pandemic and the recovery of economy upon the full-lifting of travel restrictions during the first quarter of 2023 has not been as optimistic as expected. The effects of the pandemic have continued to cause significant material adverse effects on the businesses and cash flows 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 continued to cause 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.

### **Other income**

Other income of the Group mainly comprised of bank interest income and government subsidies. During the Reporting Period, the other income of the Group amounted to approximately HK\$0.6 million, representing an increase of approximately 460.9% from approximately HK\$0.1 million recorded in the previous corresponding period ended 31 March 2022. Such increase was mainly due to the increase in government subsidies accounted for as financial support in current year.

## **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 amount due to a related company and interest on amount due to a shareholder. During the Reporting Period, finance costs of the Group amounted to approximately HK\$33.6 million, representing an increase of approximately 4.9% from approximately HK\$32.1 million in the previous corresponding period ended 31 March 2022. This was mainly due to increase in the Group's borrowings and financing activities.

As at 31 March 2023, the outstanding bank borrowings guaranteed by related parties amount to nil (2022: approximately HK\$706.0 million) and the guarantee fee paid to the related parties during the Reporting Period amount to nil (2022: nil).

## **Loss for the year**

Loss for the year ended 31 March 2023 of the Company amounted to approximately HK\$123.3 million, representing a decrease of approximately 78.3% from approximately HK\$567.8 million loss recorded in the previous corresponding period ended 31 March 2022. This was mainly due to the decrease in the recognition of provisions for impairment losses on financial assets of the Group.

## **Dividend**

The Board does not recommend the payment of any final dividend for the year ended 31 March 2023.

## **Liquidity, financial resources and capital resources**

As at 31 March 2023, the aggregate sum of the Group's bank balances and cash and short-term bank deposits amounted to approximately HK\$14.6 million (2022: approximately HK\$15.5 million), representing a decrease of approximately HK\$0.9 million compared to 31 March 2022. 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\$39.3 million (2022: approximately HK\$777.8 million) and the capital deficiency of the Group were approximately HK\$25.0 million (2022: approximately HK\$695.9 million).

As at 31 March 2023, the Group's bank borrowings with maturity within one year amounted to approximately HK\$1.2 million (2022: approximately HK\$707.2 million) and the Group's bank borrowings with maturity exceeded one year amounted to approximately HK\$2.0 million (2022: approximately HK\$3.3 million).

Our gearing ratio (total bank borrowings/total equity) as at 31 March 2023 was not applicable (2022: not applicable).

## **Charges on group assets**

As at 31 March 2023, the Group's bank borrowings with carrying amount of nil (2022: approximately HK\$680.6 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 nil (2022: approximately HK\$170.9 million).

As at 31 March 2023, the Group's bank borrowings with carrying amount of nil (2022: approximately HK\$25.4 million) were secured by bank deposits of nil (2022: approximately HK\$1.2 million).

## **Employees and remuneration policy**

As at 31 March 2023, the Group had 124 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 Central 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 the sustainability of our business and future growth depend on our ability to manage our credit risk effectively. As such, any deterioration in our asset quality or collectability of our lease receivables and receivables arising from sale and leaseback arrangements could adversely affect our business, prospects and financial conditions. Due to the continuation of downturn economic pressure, business disruption due to the effects of the novel coronavirus (“COVID-19”) the recovery of economic environment being less than ideal upon full lifting of travel restrictions, 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 loans. We have incurred, and expect to continue to incur, a significant amount of interest expenses relating to our borrowings from various banks. 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.

## **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 2023.

## **CONTINGENT LIABILITIES**

As at 31 March 2023, the Group did not have any material contingent liabilities (2022: nil).

## **EVENTS AFTER THE PERIOD UNDER REVIEW**

### **Supplemental lock-up agreement in relation to the major and connected transaction in relation to the acquisition of 51% equity interest in Alpha & Leader Risks and Assets Management Company Limited**

On 4 April 2023, the Company, the vendors, Goldbond, Solomon Glory Limited and Silver Creation Investments Limited entered into a supplemental lock-up agreement (the "**Supplemental Lock-up Agreement**") in respect of the extension of the period during which the compensation arrangement as mentioned in the lock-up agreement dated 25 August 2021.

Pursuant to the Supplemental Lock-up Agreement, in respect of the first tranche transfer shares only, during the period from the date of resumption of trading in the shares of the Company on the Stock Exchange (the "**Resumption Date**") to the 151st day immediately following the Resumption Date (both days inclusive), in the event that the relevant first tranche transfer shares were disposed of to independent third party(ies) in the open market through the Stock Exchange at a price of less than HK\$0.4 per share by the vendor(s), 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 as the purchaser to the relevant vendor(s) in cash on the 10th business day immediately following the date of the relevant disposal.

For details, please refer to the Company's announcement dated 4 April 2023.

### **Sub-tenancy agreement of the Company's principal place of business in Hong Kong**

On 1 May 2023, the Company entered into a sub-tenancy agreement (the "**Sub-Tenancy Agreement**") with Goldbond whereby the Company agreed to lease certain areas located at Unit 3901, 39/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong, the Company's principal place of business in Hong Kong, for a term of twelve months commencing from 1 May 2023 at a monthly rental of HK\$102,725 (exclusive of management fees, rate, government rent and operating expenses). Goldbond is the controlling shareholder of the Company, and therefore a connected person of the Group pursuant to the Listing Rules.

The transactions (the "**Transactions**") contemplated under the Sub-Tenancy Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given the annual rental payable under the Sub-Tenancy Agreement are less than HK\$3,000,000 and represents less than 5% of the applicable percentage ratios of the Company (as defined in the Listing Rules); and the Transactions contemplated thereunder are conducted on normal commercial terms or better, the Transactions fully exempted from independent shareholders' approval, annual review and all disclosure requirements.



## **Acquisition of entire equity interest of Genuine Glory Investments Limited**

On 31 May 2023, the Company entered into a sale and purchase agreement with Goldbond, the controlling shareholder of the Company and therefore a connected person of the Company and Goldbond Investment Group Holdings Limited, an associate of Goldbond and therefore a connected person of the Company, pursuant to which the Company would acquire the entire issued share capital of Genuine Glory Investments Limited at an aggregate consideration of HK\$2. The acquisition was completed on 2 June 2023.

The acquisition contemplated under the sale and purchase agreement constituted connected transaction of the Company under Chapter 14A of the Listing Rules. Given the consideration paid under the sale and purchase agreement represents less than 0.1% of all the applicable percentage ratios of the Company (as defined in the Listing Rules); and the acquisition contemplated thereunder are conducted on normal commercial terms or better, the acquisition is fully exempted from independent shareholders' approval, annual review and all disclosure requirements.

## **Latest development of the Group**

The Group is actively reviewing and processing loan applications, as at 31 May 2023, the Group has entered into various automobile leasing arrangements involving an aggregate of 587 automobiles at the value of approximately RMB55.3 million (equivalent to approximately HK\$62.8 million). Furthermore, the Group is working closely to further expand its financing business in regions across the Greater Bay Area. With the full support from our shareholders, the Group will proactively integrate into the multiple platforms across our ecosystem, thereby expanding our scope of development and generating new impetus for growth to bring new development opportunities to different sectors of the Group.

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 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 "EXTRACT OF 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**").

### **1. In respect of "Material uncertainties relating to going concern"**

As explained in the section headed note 2, notwithstanding that the Group's consolidated financial statements for the year ended 31 March 2023 have been prepared on a going concern basis, there are conditions together with other matters 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 ("**Auditor**") with all available information and has give 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 to rectify the matters in relation to the disclaimer of opinion. Based on the plans and measures, the directors of the Company are satisfied that it is appropriate to prepare the consolidate 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 and listed below:

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

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, (the "**Goldbond Loan Agreement**"), and its maturity date is 20 October 2024. The Company also renewed loan facility from a related company, with an aggregate facility amount of RMB40,000,000, and its maturity will be on 1 July 2024. As at 31 March 2023 and the date of issuance of this announcement, the total facilities amount of HK\$31,954,000 and HK\$37,994,000, respectively, as stand-by un-utilised and available 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 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.

(iii) *Disposal of Rongzhong Capital Holdings Limited (“**Rongzhong Capital**”) and its subsidiaries (the “**Disposal Group**”)*

On 31 March 2022 (as supplemented on 2 June 2022), the Company and Mr. Xie Xiaoqing (“**Mr. Xie**”) entered into the sale and purchase agreement, pursuant to which, Mr. Xie conditionally agreed to acquire, and the Company conditionally agreed to sell the entire equity interests of Rongzhong Capital and assign the benefit and advantage of the amount of indebtedness from Rongzhong Capital to the Company at a cash consideration of HK\$100,000 or equivalent in RMB (the “**Disposal**”). Upon completion of the Disposal at 17 March 2023, Rongzhong Capital and its subsidiaries ceased to be the subsidiaries of the Company and their financial results, assets and liabilities of the Disposal Group are no longer consolidated into the Group’s financial statements. The directors of the Company opined that the completion of the Disposal greatly improves the financial position and liquidity of the Group.

The details are set out in the Company’s announcements dated 31 March 2022, 2 June 2022 and 17 March 2023, and the Company’s circular dated 24 February 2023.

The Company and the Board is of the view that the above-mentioned action plans are the most commercially practicable plans and measures in addressing the multiples uncertainties which may cast significant doubt about the Group’s ability to continue as going concern.

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.

## 2. **Limitation of scope on opening balances and comparative information, and financial information of Rongzhong Capital Holdings Limited (“Rongzhong Capital”)**

As detailed in the auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2022, dated 26 September 2022, Auditor was unable to obtain sufficient appropriate audit evidence to be satisfy about 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. The closing balances entered into the determination of the financial performance and cash flows of the Group for the 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 of Rongzhong Capital 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, Auditor was 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. The Disclaimer of Audit Opinion on the current period’s consolidated financial statements was due to the possible effects of these matters on the comparability of the current period’s figures and corresponding figures.

Furthermore, in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK\$547,990,000) owed by Rongzhong Capital as at 31 March 2022, audit bank confirmation of such bank borrowing had not been received by Auditor as of 26 September 2022. Auditor was 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 at 31 March 2022.

The Group had disposed of the entire issued share capital of Rongzhong Capital (the “**Disposal**”) and the Group ceased its control of Rongzhong Capital and its subsidiaries (the “**Disposal Group**”) upon completion of the Disposal on 17 March 2023 (the “**Disposal Date**”). A gain on disposal of the Disposal Group of approximately HK\$715,120,000 is arising from the transaction with an owner in its capacity as owner of the Company and hence the Disposal is treated as an equity transaction. Hence, the gain on Disposal is treated as deemed capital contribution from a shareholder and recognised in accumulated losses of the consolidated statement of changes in equity.

Despite the continuous effort and repeated requests made by the management of the Group to the purchaser, Auditor was unable to fully access to the accounting books and records of the Disposal Group after the completion of the Disposal. As a result, Auditor was unable to carry out audit procedures that were considered necessary to be satisfy as to the nature, completeness, accuracy, existence and valuation of the results, cash flows and other transactions undertaken by the Disposal Group during the period from 1 April 2022 to the Disposal Date as well as the assets and liabilities of the Disposal Group as at the Disposal Date and the subject matter of the scope limitation on bank borrowing referred to our auditor's report dated 26 September 2022. Consequently, Auditor was unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Disposal Group for the period from 1 April 2022 to the Disposal Date which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2023; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date and (iii) the gain on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date.

Any adjustments that might have been found to be necessary in respect of the above may have consequential significant effects on the loss and cash flows of the Group and the related disclosures in the consolidated financial statements for the year ended 31 March 2023. The matters which were the subject matters of the scope limitation referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023, and it shall not have carried forward effect to consolidated financial statements of the year ending 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

As the Disposal was completed during the year ended 31 March 2023 and its effect on the Group's financial position has been fully reflected in the Group's consolidated financial statements for the year ended 31 March 2023. On the basis of the above, the Board considered that the Group's obligations on the related bank borrowings associated with the Disposal Group has been discharged and the Disposal was completed on 17 March 2023. Hence it would not have any carried forward impact to the consolidated financial statements for year ending 31 March 2024. The Board has further obtained understanding with the Auditor that this disclaimer related to the opening balances and comparative information of the related bank borrowings as of 31 March 2022 is expected to be removed in the independent auditor's report for the financial year ending 31 March 2024.

In addition, the Management and the Board is of the view that there is no possibility of any further adverse adjustment to have effects on the financial position of the Group as at 31 March 2023. Hence it would not have carried forward impact to the consolidated financial statements for year ending 31 March 2024, except for the effect on the comparative figures for the year ended 31 March 2023. In addition, the Management has obtained understanding with the Auditor that the disclaimer and the matters which were the subject matters of the scope of limitation on opening balances, comparative information and financial information of the Disposal Group referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023 and it shall not have carried forward effect to consolidated financial statements of the year ending 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

### **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 consolidated financial statements for the year ended 31 March 2023 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 Audit Opinion in the consolidated financial statement for the year ended 31 March 2023 and the matters which were the subject matters of the scope of limitation on opening balances, comparative information and financial information of the Disposal Group referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023 and it shall not have carried forward effect to consolidated financial statements of the year ending 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

## **PROSPECTS**

Over the past few years, the Group remains committed to continue the expansion of its leasing network in PRC as well as mitigating business risks exposures. With the expansion of leasing services, the integration of unique value-added services and the organization of resources, the Group has evolved from a single financial service company into an integrated financial services provider in the PRC with value-added services in Hong Kong and Southeast Asia so as to facilitate the Group's development and to maintain competitiveness within the industry.

At the same time, after the completion of the Disposal, the Group has successfully reduced the related liabilities and associated business risks. Thereby, made adequate preparations for the future development of the Group.

Going forward, the Group is likely to face many challenges due to the continuous unfavourable economic and political conditions. Despite these uncertainties, the Group strive to overcome these difficulties with unified efforts to achieve steady growth and to continue business development through the diversification of income sources and associated business risks. The Group will make further efforts to expand its leasing services in other locations in order to enhance synergies across multiple platforms within our ecosystem, strengthen cooperation, further enrich various financial services, while mitigate and diversify business risk in order to achieve sustainable source of revenue. The Group firmly believes that leasing and other financial services has significant potential in serving the economy, thus contributing sustainable revenue to the Group.

## **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.

### **Supplemental agreement and completion of the major and connected transaction in relation to the disposal of the entire issued share capital of Rongzhong Capital and the shareholder’s loan**

On 2 June 2022, the Company and Mr. Xie Xiaoqing, as the purchaser, entered into a supplemental agreement to amend and modify certain terms of the sale and purchase agreement dated 31 March 2022, pursuant to which, among others, the unaudited financial information of the Rongzhong Capital has been updated to 31 March 2022. Save for the above, the other major terms and conditions of the Sale and Purchase Agreement shall remain effective.

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

On 17 March 2022, the Group completed a disposal of the entire issued share capital of Rongzhong Capital and the shareholder's loan. The Company ceased to hold any interest in Rongzhong Capital and Rongzhong Capital and its subsidiaries ceased to be subsidiaries of the Company.

For details, please refer to the announcement of the Company dated 17 March 2023.

## **CONTINUING CONNECTED TRANSACTIONS**

*Expressions used in the sections headed “Connected Persons” and “Exempt Continuing Connected Transactions” shall have the same meanings given to them in the Company’s prospectus dated 18 January 2016 (“Prospectus”).*

## **CONNECTED PERSONS**

### **Rongzhong Group Limited (“Rongzhong Group”)**

As at 31 March 2023, Goldbond, as our controlling shareholder is indirectly interested in 40.00% of the issued share capital in Rongzhong Group. Rongzhong Group is therefore a joint venture of Goldbond. 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 our 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 disposed on 17 March 2023, 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 Prospectus 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, our wholly-owned subsidiary disposed on 17 March 2023, 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 Jinhong 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 7 March 2023, 24 May 2022 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, our wholly-owned subsidiary disposed on 17 March 2023. 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.

<b>Guarantor(s)</b>	<b>As at 31 March 2022</b> <i>(HK\$’ million approximately)</i>
Mr. Xie	706.0
Rongzhong Capital Investments	706.0

## 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 2023, the balance due to Goldbond, is approximately HK\$21.3 million (2022: HK\$10.9 million).

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 2023, the balance due to related party is approximately HK\$43.2 million (2022: HK\$51.4 million), 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 License 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 License Agreements, the Finance Lease Guarantee Agreements, the Bank Guarantee Agreements, the Goldbond Loan Agreement and the SHNL Loan Agreements qualified as continuing connected transactions exempt from reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **REVIEW OF 2022/23 CONSOLIDATED FINANCIAL STATEMENTS**

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the Reporting Period.

## **SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this preliminary results announcement have been agreed by the Group’s auditor, Moore Stephens CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this preliminary results announcement.

## **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 (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 announcement, 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 the following:

1. With effect from the conclusion of the annual general meeting of the Company held on 31 October 2022 and following the retirement of Mr. Yu Yang (“**Mr. Yu**”), the Board has only two independent non-executive Directors (“**INED(s)**”) which fell short of the minimum number (namely three INEDs) and proportion (namely one-third of the Board) as required under Rule 3.10(1) and Rule 3.10A of the Listing Rules. The required composition of the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) of the Company did not, as a result of the retirement of Mr. Yu, meet the requirements under Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules respectively.
2. Mr. Ng Yuk Yeung Paul (“**Mr. Paul Ng**”) was appointed as an INED, a member of the Audit Committee, a member of the Nomination Committee and a member of Remuneration Committee, each with effect on 28 April 2023. Following the aforesaid appointments of Mr. Paul Ng, the Company is now in compliance with Rule 3.10(1), 3.10A, 3.21, 3.25 and 3.27A of the Listing Rules.
3. 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 has, throughout the Reporting Period, complied with the required standards set out therein.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining shareholders’ eligibility to attend and vote at the forthcoming 2023 annual general meeting of the Company (the “**2023 AGM**”), the register of members of the Company will be closed from 14 September 2023 to 19 September 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 pm on Wednesday, 13 September 2023.

## **ANNUAL GENERAL MEETING**

The 2023 AGM of the Company will be held on Tuesday, 19 September 2023 at 2/F, J Plus, 35-45B, Bonham Strand, Sheung Wan, Hong Kong. The notice of the 2023 AGM will be published on the websites of the Stock Exchanges ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinarzfh.com](http://www.chinarzfh.com)) and sent to the shareholders of the Company, together with the Company's 2023 annual report, in due course.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 September 2022 and will remain suspended until further notice.

The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status and development of the Company as and when appropriate, as well as announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

**Shareholders of the Company and potential investors should exercise extreme caution when dealing in the shares of the Company.**

By Order of the Board  
**China Rongzhong Financial Holdings Company Limited**  
**Wong Emilie Hoi Yan**  
*Executive Director*

Hong Kong, 30 June 2023

*As at the date of this announcement, the executive Director of the Company is Ms. Wong Emilie Hoi Yan; the non-executive Directors of the Company are Mr. Lau Hiu Fung, Ms. Wong Jacqueline Yue Yee, Ms. Wong Michelle Yatyee and Mr. Wong Ming Bun David and the independent non-executive Directors of the Company are Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Ng Yuk Yeung Paul.*