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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 2024 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 2024 (the “**Reporting Period**”) with comparative audited figures for the year ended 31 March 2023. 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 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	89,004	84,833
Other income	5	327	645
Cost of services		(44,998)	(43,040)
Other gains and losses		545	2,544
Staff costs		(28,488)	(26,727)
Reversal of (provision of) impairment losses and expected credit losses		314	(87,799)
Other operating expenses		(18,971)	(20,158)
Finance costs	6	(5,237)	(33,625)
Loss before tax		(7,504)	(123,327)
Income tax (expense) credit	7	(75)	11
Loss for the year	8	(7,579)	(123,316)
<b>Other comprehensive (expense) income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(427)	52,582
Total comprehensive expense for the year		<u>(8,006)</u>	<u>(70,734)</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(9,615)	(124,609)
Non-controlling interests		2,036	1,293
		<u>(7,579)</u>	<u>(123,316)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(9,634)	(71,481)
Non-controlling interests		1,628	747
		<u>(8,006)</u>	<u>(70,734)</u>
Loss per share			
Basic and diluted (HK cents)	10	<u>(2)</u>	<u>(30)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		60,790	59,206
Deposits		202	544
Goodwill		9,000	9,273
		<u>69,992</u>	<u>69,023</u>
<b>Current assets</b>			
Lease receivables and receivables arising from sale and leaseback arrangements	11	–	4,545
Trade receivables	12	6,546	4,765
Prepayments and other receivables		1,182	727
Cash and cash equivalents		6,972	14,575
		<u>14,700</u>	<u>24,612</u>
<b>Current liabilities</b>			
Trade payables	14	369	130
Deposits from customers		7,934	10,579
Other payables and accrued charges		6,553	5,804
Contract liabilities		5,319	4,551
Lease liabilities		1,603	2,357
Tax liabilities		830	1,446
Bank borrowings	13	1,285	1,242
Amount due to a related company		32,817	29,102
Amount due to a shareholder		381	334
Derivative financial liabilities		3,378	8,326
Convertible bonds		2,160	–
		<u>62,629</u>	<u>63,871</u>
<b>Net current liabilities</b>		<u>(47,929)</u>	<u>(39,259)</u>
<b>Total assets less current liabilities</b>		<u>22,063</u>	<u>29,764</u>
<b>Non-current liabilities</b>			
Lease liabilities		1,020	959
Convertible bonds		–	2,692
Derivative financial liabilities		–	1,285
Loan note		–	10,252
Bank borrowings	13	765	2,047
Amount due to a related company		–	14,061
Amount due to a shareholder		–	21,000
Contingent consideration payables		2,540	2,468
		<u>4,325</u>	<u>54,764</u>
<b>Net assets (liabilities)</b>		<u>17,738</u>	<u>(25,000)</u>
<b>Capital and reserves</b>			
Share capital		5,903	4,125
Reserves (deficit)		12,554	(35,414)
		<u>18,457</u>	<u>(31,289)</u>
Non-controlling interests		(719)	6,289
<b>Total equity (capital deficiency)</b>		<u>17,738</u>	<u>(25,000)</u>

# NOTES

For the year ended 31 March 2024

## 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**”). Its parent and ultimate parent are Goldbond Group Holdings Limited (“**Goldbond**”), a public company incorporated in Hong Kong with limited liability. Its ultimate controlling parties are Ms. Wong Jacqueline Yue Yee, Ms. Wong Michelle Yatyee, Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun.

The trading in the shares of the Company on the Stock Exchange has been suspended with effect from 27 September 2022 and resumed on 13 July 2023.

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

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

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

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

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

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

## 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 2.2 Basis of measurement (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

#### Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgments” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 4 to the consolidated financial statements.

#### Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the 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) 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

##### 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 2024

	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>43,922</u>	<u>45,082</u>	<u>89,004</u>
Segment results excluding provision for expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	4,465	1,655	6,120
Reversal of (provision of) expected credit losses recognised on lease receivables and receivables arising from sale and leaseback arrangements and trade receivables	<u>409</u>	<u>(95)</u>	<u>314</u>
Segment results	<u>4,874</u>	<u>1,560</u>	6,434
Unallocated:			
Other income			10
Other gains and losses			567
Finance costs			(3,233)
Staff costs			(3,458)
Other operating expenses			<u>(7,824)</u>
Loss before tax			<u>(7,504)</u>

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

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

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><u>(123,327)</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 2024 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
Segment assets		
Leasing services	67,830	77,222
Debt collection and credit investigation services	16,168	16,199
Total segment assets	83,998	93,421
Unallocated assets	694	214
Total assets	<u>84,692</u>	<u>93,635</u>
Segment liabilities		
Leasing services	41,824	54,509
Debt collection and credit investigation services	14,657	16,135
Total segment liabilities	56,481	70,644
Unallocated liabilities	10,473	47,991
Total liabilities	<u>66,954</u>	<u>118,635</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Income from debt collection services	28,896	17,642
Income from credit investigation services	16,186	19,174
Income from sales of motor vehicles	15,880	19,573
Revenue from contracts with customers	60,962	56,389
Rental income	27,816	27,872
Interest income arising from sale and leaseback arrangements	226	572
	<u>89,004</u>	<u>84,833</u>
Revenue from contracts with customers		
At a point in time	60,722	56,233
Transferred over time	240	156
	<u>60,962</u>	<u>56,389</u>

## 5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	28	34
Government subsidies ( <i>note</i> )	129	405
Others	170	206
	<u>327</u>	<u>645</u>

*Note:* The Group obtained government grants and recognised as income of HK\$129,000 (2023: 111,000) from Wage Credit Scheme and Progressive Wage Credit Scheme launched by the government of Singapore for the year ended 31 March 2024. The Group had also obtained government grants from Employment Support Scheme 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 (2024: 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

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings of the Alpha & Leader Risks and Assets Management Company Limited and its subsidiaries (collectively referred to as the "Alpha & Leader Group")	97	115
Interest on bank borrowings of the Disposal Group	–	28,409
Interest on amount due to a related company	1,767	2,299
Interest on amount due to a shareholder	1,186	953
Interest on lease liabilities	133	215
Interest on amount due to the non-controlling substantial shareholder of the Alpha & Leader Group	7	–
Imputed interest on loan note	1,587	1,187
Imputed interest on convertible bonds	460	447
	<u>5,237</u>	<u>33,625</u>

## 7. INCOME TAX EXPENSE (CREDIT)

	2024 HK\$'000	2023 HK\$'000
Current tax		
Enterprise Income Tax in the PRC	20	–
Under (over) provision in prior years		
Enterprise Income Tax in the PRC	55	(11)
Income tax expense (credit)	<u>75</u>	<u>(11)</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, one (2023: none) subsidiary is subject to the tax rate of 20% on 25% 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% (2023: 25%) on their assessable profits.

## 8. LOSS FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' remuneration:		
– Fee	822	783
– Short-term employee benefits	1,032	1,026
– Retirement benefit scheme contributions	18	18
– Equity-settled share-based payments	304	440
Salaries, allowances and other staff benefits	25,054	23,379
Staff's retirement benefit scheme contributions	1,110	1,052
Staff's equity-settled share-based payments	148	29
	<u>28,488</u>	<u>26,727</u>
Total staff costs	<u>28,488</u>	<u>26,727</u>
Depreciation of motor vehicles for rent (included in cost of services)	9,152	9,638
Depreciation of other property, plant and equipment (included in other operating expenses)	2,722	2,883
	<u>11,874</u>	<u>12,521</u>
Depreciation of property, plant and equipment	<u>11,874</u>	<u>12,521</u>
Auditor's remuneration	1,288	1,635
Legal and professional fees	5,021	4,852
Cost of motor vehicles sold (included in cost of services)	24,047	23,123
Loss on disposal of property, plant and equipment	8,167	3,419
Short-term lease expenses	1,603	161

## 9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 10. LOSS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(9,615)</u>	<u>(124,609)</u>
	<u>2024 '000</u>	<u>2023 '000</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>451,928</u>	<u>412,509</u>

The basic 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 2024 and 2023.

The calculation of loss per share for the years ended 31 March 2024 and 2023 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease receivables	–	–
Receivables arising from sale and leaseback arrangements	–	4,545
	<u>–</u>	<u>4,545</u>
	<b>Minimum lease payments</b>	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease receivables and receivables arising from sale and leaseback arrangements comprise:		
Within one year	452,189	456,659
In more than one year but not more than two years	18,228	21,084
In more than two years but not more than three years	17,015	19,057
In more than three years but not more than four years	–	17,788
	<u>487,432</u>	<u>514,588</u>
Less: Unearned finance income	(7,880)	(8,238)
	<u>479,552</u>	<u>506,350</u>
Less: Impairment allowance	(479,552)	(501,805)
	<u>–</u>	<u>4,545</u>
Analysed for reporting purposes as:		
Current assets	–	4,545
	<u>–</u>	<u>4,545</u>

The Group's lease receivables and receivables arising from sale and leaseback arrangements are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the above lease receivables and receivables arising from sale and leaseback arrangements range mainly from 8% to 15% (2023: 12% to 15%) per annum as at 31 March 2024.

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 2024, the gross carrying amounts of lease receivables and receivables arising from sale and leaseback arrangements of HK\$479,552,000 (2023: HK\$501,350,000) 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	3,572	3,093
31 to 60 days	395	620
61 to 90 days	2,028	306
Over 90 days	551	746
	<u>6,546</u>	<u>4,765</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 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$3,176,000 (2023: HK\$1,682,000) which are past due as at the reporting date. Out of the past due balances, HK\$551,000 (2023: HK\$746,000) has been past due 90 days or more and is not considered as in default.

### 13. BANK BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unsecured	<u>2,050</u>	<u>3,289</u>
The carrying amounts of the above borrowings are repayable*:		
Within one year	1,285	1,242
Within a period of more than one year but not exceeding two years	765	1,284
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>763</u>
	2,050	3,289
Less: amounts shown under current liabilities	<u>(1,285)</u>	<u>(1,242)</u>
Amounts shown under non-current liabilities	<u><u>765</u></u>	<u><u>2,047</u></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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	107	63
31 to 60 days	24	5
61 to 90 days	108	22
Over 90 days	<u>130</u>	<u>40</u>
	<u><u>369</u></u>	<u><u>130</u></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:

### QUALIFIED OPINION

We have audited the consolidated financial statements of China Rongzhong Financial Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages [•] to [•], which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information,

In our opinion, except for the possible effects on the matters described in the section of “Basis for Qualified Opinion” of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance,

### BASIS FOR QUALIFIED OPINION

As disclosed in note 43 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 was treated as deemed capital contribution from a shareholder and recognised in the consolidated statement of changes in equity during the year ended 31 March 2023.

As explained in our auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2023, 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 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 43 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.

Our opinion on the current year’s consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year’s figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.



# 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 engaged in the provision of automobile leasing services covering cities of Huzhou, Ningbo, Shaoxing, Jiaxing, Taizhou, Hanzhou, Wenzhou and Jinhua. Since the continued market demand, it is mandated that the Group may establish additional subsidiaries in the PRC as and when appropriate, 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 pertain to the financial information of the Group.

### **Revenue**

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$89.0 million (2023: approximately HK\$84.8 million), representing an increase of approximately 4.9% from the previous corresponding period ended 31 March 2023. The increase in revenue was due to the Group's effective implementation of its strategic move to expand into new operating locations 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\$45.1 million to the Group's revenue during the Reporting Period. Service 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\$28.5 million for the Reporting Period, representing an increase of approximately 6.6% from approximately HK\$26.7 million recorded in the previous corresponding period ended 31 March 2023. This was mainly due to increase in the number of staffs in the Group.

### **Other operating expenses**

During the Reporting Period, other operating expenses of the Group amounted to approximately HK\$19.0 million, representing a decrease of approximately 5.9% from approximately HK\$20.2 million recorded in the previous corresponding period ended 31 March 2023. This was mainly due to the Group's cost-saving measures.

### **Reversal of impairment losses on financial assets**

Reversal of impairment losses on financial assets is approximately HK\$0.3 million for the Reporting Period, as compared to provision of impairment losses recorded in the previous corresponding period ended 31 March 2023 of approximately HK\$77.8 million.

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 2023 has not been as optimistic as expected. The effects 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 and Hong Kong 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\$0.3 million, representing a decrease of approximately 49.3% from approximately HK\$0.6 million recorded in the previous corresponding period ended 31 March 2023. Such decrease was mainly due to the decrease 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 convertible bonds, imputed interest on loan note, interest on lease liabilities, interest on amount due to the non-controlling substantial shareholder of the Alpha & Leader Group, 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\$5.2 million, representing a decrease of approximately 84.4% from approximately HK\$33.6 million in the previous corresponding period ended 31 March 2023. This was mainly due to decrease in the Group's borrowings as a result of disposal of certain subsidiaries during the year ended 31 March 2023 and capitalisation of certain loans advanced by Goldbond to the Company during the Reporting Period.

As at 31 March 2024, the outstanding bank borrowings guaranteed by related parties amount to nil (2023: nil) and the guarantee fee paid to the related parties during the Reporting Period amount to nil (2023: nil).

## **Loss for the year**

Loss for the year ended 31 March 2024 of the Company amounted to approximately HK\$7.6 million, representing a decrease of approximately 93.9% from approximately HK\$123.3 million loss recorded in the previous corresponding period ended 31 March 2023. This was mainly due to (i) the decrease in the recognition of provision for expected credit losses on financial assets of the Group of approximately HK\$78.1 million; (ii) the decrease in the recognition of impairment losses on goodwill of the Group of approximately HK\$9.6 million and (iii) the decrease in finance costs of approximately HK\$28.4 million as a result of disposal of certain subsidiaries of the Group during the year ended 31 March 2023.

## **Dividend**

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024.

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

As at 31 March 2024, the aggregate sum of the Group's bank balances and cash and short-term bank deposits amounted to approximately HK\$7.0 million (2023: approximately HK\$14.6 million), representing a decrease of approximately HK\$7.6 million compared to 31 March 2023. 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\$47.9 million (2023: approximately HK\$39.3 million) and the total equity of the Group were approximately HK\$17.7 million (2023: capital deficiency approximately HK\$25.0 million).

As at 31 March 2024, the Group's bank borrowings with maturity within one year amounted to approximately HK\$1.3 million (2023: approximately HK\$1.2 million) and the Group's bank borrowings with maturity exceeded one year amounted to approximately HK\$0.8 million (2023: approximately HK\$2.0 million).

Our gearing ratio (total debt/total equity) as at 31 March 2024 was approximately 211% (2023: not applicable).

## **Charges on group assets**

As at 31 March 2024, the Group's bank borrowings with carrying amount of nil (2023: nil) 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 (2023: nil).

As at 31 March 2024, the Group's bank borrowings with carrying amount of nil (2023: nil) were secured by bank deposits of nil (2023: nil).

## **Employees and remuneration policy**

As at 31 March 2024, the Group had 127 staff located in Hong Kong, the PRC and Singapore, and their remuneration is determined based on the employees' performance, experience and prevailing industry practices. The Group also offers other benefits such as medical insurance, retirement schemes and training subsidies to its employees. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

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

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

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

## **RISK FACTORS AND MANAGEMENT**

### **Credit risk of small medium enterprises (“SMEs”) in the PRC**

Our business is positioned to fulfill the financing needs of SMEs and individual customers, 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, 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. 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 2024.

## **CONTINGENT LIABILITIES**

As at 31 March 2024, the Group did not have any material contingent liabilities (2023: nil).

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

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

On 1 May 2024, the Company entered into a sub-tenancy agreement (the “**2024 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 2024 at a monthly rental of HK\$98,616 (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 “**2024 Sub-Tenancy Transactions**”) contemplated under the 2024 Sub-Tenancy Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given the annual rental payable under the 2024 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 2024 Sub-Tenancy Transactions contemplated thereunder are conducted on normal commercial terms or better, the 2024 Sub-Tenancy Transactions are fully exempted from independent shareholders’ approval, annual review and all disclosure requirements.

## **The 2024 Goldbond Loan Agreement**

On 1 May 2024, 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\$18,000,000 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 “**2024 Goldbond Loan Agreement**”). The availability period commenced on the date of the 2024 Goldbond Loan Agreement and will end on the earlier of three years after the date of the 2024 Goldbond Loan Agreement or the date on which the facility is fully drawn, cancelled or terminated.

The 2024 Goldbond Loan Agreement is on normal commercial terms or better without security over the assets of the Group. Accordingly, it shall be a connected transaction fully exempted under Rule 14A.90 of the Listing Rules from 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 2024, the Group has entered into various automobile leasing arrangements involving an aggregate of 598 automobiles at the value of approximately RMB57.4 million (equivalent to approximately HK\$62.4 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 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 QUALIFIED OPINION OF THE AUDITOR**

As disclosed in the paragraph headed “Qualified Opinion” in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2024 (the “**Independent Auditor’s Report**”), the auditor of the Company, Moore CPA Limited (formerly known as Moore Stephens CPA Limited) (“**Moore Hong Kong**”), expressed a qualified opinion on the consolidated financial statements of the Group for the year ended 31 March 2024. The management of the Company obtained the understanding with Moore Hong Kong that the audit opinion (“**Audit Modification**”) for the year ended 31 March 2024 is qualified only to the extent of the comparative information of the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2023 as stated in the section of “Basis for Qualified Opinion” of the Independent Auditor’s Report.

Other than the comparability of the related financial information mentioned above, in the opinion of Moore Hong Kong, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

As disclosed in 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 was treated as deemed capital contribution from a shareholder and recognised in the consolidated statement of changes in equity during the year ended 31 March 2023.

As explained in the auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2023, Moore Hong Kong 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 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.

Moore Hong Kong opinion on the current year’s consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year’s figures and the corresponding figures.

### **Audit committee’s view on the qualified audit opinion and the responses from the management**

The Audit Committee had critically reviewed the major basis of the qualified audit opinion on the Group’s audited consolidated financial statements for the year ended 31 March 2024.

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 qualified audit opinion, in particular the matters which were the subject matters of the scope limitation referred to the Audit Modification 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 had no carried forward effect to consolidated financial statements of the year ended 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

The Board has obtained an understanding with Moore Hong Kong that the Company considers itself to have addressed the issues giving rise to the qualified audit opinion in the consolidated financial statement for the year ended 31 March 2024 since the current year's consolidated financial statements is modified mainly due to the possible effects of these matters on the comparability of the current year's figures and the corresponding figures. Hence, it had no carried forward effect to consolidated financial statements of the year ended 31 March 2024.

## **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**

### **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.

**Completion of the major and connected transaction in relation to the acquisition of the remaining 49% of the issued share capital of Ultimate Harvest Global Limited (“UMH”) involving the issue of Shares**

On 30 October 2023, Goldbond (as vendor) and the Company (as purchaser) entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire, and Goldbond conditionally agreed to sell 49% of the issued share of UMH, at the consideration of HK\$17,500,000, which will be satisfied by the issue and allotment of new shares of the Company to Goldbond.

For details, please refer to the Company's circular dated 15 December 2023.

On 18 January 2024, the Group completed an acquisition of the remaining 49% equity interest in UMH and Goldbond was allotted and issued 46,052,632 new shares of the Company. Upon completion, UMH and its subsidiaries have become wholly-owned subsidiaries of the Company.

For details, please refer to the Company's announcement dated 18 January 2024.

**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 2023, 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.

## **Completion of the connected transaction in relation to the subscription for new shares under specific mandate**

On 30 October 2023, Goldbond (as subscriber) and the Company (as issuer) entered into the subscription agreement, pursuant to which Goldbond conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot the new shares of the Company at the subscription price of HK\$0.38 in which the aggregate consideration payable by Goldbond will be satisfied by way of setting off against certain loans advanced by Goldbond to the Company (the “**Subscription**”).

For details, please refer to the Company’s circular dated 15 December 2023.

On 18 January 2024, the Group completed the Subscription and Goldbond was allotted and issued 123,490,939 new shares of the Company.

For details, please refer to the Company’s announcement dated 18 January 2024.

## **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 2024, 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 12 November 2020 and (ii) one finance lease guarantee agreement with Wuhan Jinhong on 18 May 2016, (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.

## **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 “**Sub-Tenancy 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 Sub-Tenancy Transactions contemplated thereunder are conducted on normal commercial terms or better, the Sub-Tenancy Transactions are fully exempted from independent shareholders' approval, annual review and all disclosure requirements.

## **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 2024, the balance due to Goldbond, is nil (2023: HK\$21.3 million).

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

Upon completion of the Subscription on 18 January 2024, it shall be deemed as an absolute discharge and full and final satisfaction and settlement of the loans owed by the Company to Goldbond under the Goldbond Loan Agreement; and Goldbond shall no longer have any rights, title, interests or benefits in or in relation to the loans under the Goldbond Loan Agreement.

For details, please refer to the circular of the Company dated 15 December 2023.

On 1 May 2024, the Company and Goldbond entered into the 2024 Goldbond Loan Agreement.

For details, please refer to the section headed “EVENTS AFTER THE PERIOD UNDER REVIEW” of this announcement.

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 Automobile Technology Co., Ltd. (formerly known as Shanghai Nanlang Finance Lease Co., Ltd., “**Shanghai Nanlang**”) 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 2024, the balance due to related party is approximately HK\$32.8 million (2023: HK\$43.2 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. On 28 June 2023, the Group entered into a supplementary agreement with Shanghai Nanlang and extended the maturity date of the loan facilities to 1 July 2024 at 5.0% interest rate per annum.

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

On 15 March 2024, Genuine Glory Investments Limited (“**Genuine Glory**”), a wholly-owned subsidiary of the Company and BBMSL Limited (“**BBMSL**”), a substantial shareholder of a non-wholly owned subsidiary of the Company, entered into a loan agreement pursuant to which BBMSL agreed to make available to Genuine Glory an unsecured term loan facility in an aggregate amount of HK\$10,000,000 to fund the grants of loans and/or provision of finance lease to customers of Genuine Glory, at 6% per annum and maturity on 18 months after the end of the available period (the “**BBMSL Loan Agreement**”). The availability period commenced on the date of the BBMSL Loan Agreement and will end on the earlier of three years after the date of the BBMSL Loan Agreement; or the date on which the facility is fully drawn, cancelled or terminated. As at 31 March 2024, the balance due to BBMSL, is nil.

Each of the Trademarks License Agreements, the Finance Lease Guarantee Agreements and the Sub-Tenancy Agreement are conducted on favorable terms to the Group and all applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules are either less than 0.10% or less than 5% and the total consideration is less than HK\$3,000,000. Accordingly, each of the Trademarks License Agreements, the Finance Lease Guarantee Agreements and the Sub-Tenancy Agreement qualified as a continuing connected transaction exempt from reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As the financial assistances received by the Group under the Goldbond Loan Agreement, the SHNL Loan Agreements and the BBMSL Loan Agreement are conducted on normal commercial terms or better without security over the assets of the Group, each of these transactions qualified as a connected transaction fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

## **REVIEW OF 2023/24 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 CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been audited by the Group's auditor, Moore CPA Limited. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement.

## 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 Part 2 of Appendix C1 to the 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 announcement, 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 as set out in Appendix C3 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 2024 annual general meeting of the Company (the "2024 AGM"), the register of members of the Company will be closed from Friday, 23 August 2024 to Wednesday, 28 August 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2024 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 Thursday, 22 August 2024.

## **ANNUAL GENERAL MEETING**

The 2024 AGM of the Company will be held at 10:30 a.m. on Wednesday, 28 August 2024 at 2/F, J Plus, 35-45B, Bonham Strand, Sheung Wan, Hong Kong. The notice of the 2024 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 2024 annual report, in due course.

## **RESUMPTION 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. Based on the reason as disclosed in the Company's announcement dated 12 July 2023, the Board is of the view that all the Resumption Guidance has been fulfilled. Accordingly, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 13 July 2023.

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

Hong Kong, 27 June 2024

*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.*