THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Rongzhong Financial Holdings Company Limited, you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the licensed securities dealer, the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

RONGZHONG

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)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND LOAN NOTE AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Giraffe
智富

Giraffe Capital Limited

A notice convening the EGM of the Company to be held at 10:30 a.m. on Wednesday, 16 February 2022 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM (i.e not later than 10:30 a.m. on Monday, 14 February 2022) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page EGM-3 of this circular for measures being taken to try to prevent and control the spread of the novel coronavirus (COVID-19) epidemic at the EGM, including:

- compulsory body temperature checks and health declarations
- compulsory wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine will be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

24 January 2022

CONTENT

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the Agreement for Sale and Purchase, at the Consideration, which will be satisfied by (i) the issue of the Convertible Bonds; and (ii) the issue of the Loan Note
"AGM"	the annual general meeting of the Company held on 1 September 2021
"Agreement for Sale and Purchase"	the agreement for sale and purchase dated 26 October 2021 (as supplementaled by the Supplemental Agreement) entered into among the Company and the Vendor in relation to the Acquisition
"Articles"	the memorandum and articles of association of the Target Company as amended from time to time and then in force
"Board"	the board of Directors of the Company
"Bondholder(s)"	holder(s) of the Convertible Bonds
"Business Day"	a day (other than a Saturday or Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	China Rongzhong Financial Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability and registered as a non – Hong Kong Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whose issued Shares are listed on the Stock Exchange
"Completion"	completion of the Acquisition
"Completion Date"	the date falling within seven Business Days after the all of the conditions precedent have been fulfilled or waived either by the Company and the Vendor
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Sale Shares, being HK$17,000,000

"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Conversion Share(s)"	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights under the Convertible Bonds from time to time
"Convertible Bonds"	the convertible bonds in aggregate principal amount of HK$3,811,500 to be issued by the Company to the Vendor and/or its designated nominee(s) as part of the consideration for the purchase of the Sale Shares
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at 10:30 a.m. on Wednesday, 16 February 2022 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong for the Independent Shareholders to, among other things, consider and, if though fit, approve the Acquisition and the transactions contemplated thereunder
"Enlarged Group"	collectively, the Group and the Target Group upon Completion
"Fourth Tranche Transfer Shares"	the fourth tranche transfer Shares in the amount of 6,591,471 which are existing Shares to be procured to transfer by Solomon Glory, for the settlement of the acquisition of 51% of issued share of capital Alpha & Leader Risks and Assets Management Company Limited on 26 June 2020, details are set out in the circular of the Company dated 30 June 2021
"General Mandate"	the general mandate granted by the Shareholders of the Company at the AGM to the Directors to allot, issue and deal with a maximum of 82,501,800 Shares, being 20% of the issued capital of the Company as at the date of the AGM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Company"	Harvest Well Limited, a company incorporated in Hong Kong on 17 September 2021 with limited liability, which is directly wholly-owned by the Company and directly holds the PRC Holding
"Huzhou Jinyuhong"	湖州金寓宏汽車租賃服務有限公司 (Huzhou Jinyuhong Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 23 December 2019 with limited liability
"Huzhou Zhuoan"	湖州卓安汽車租賃服務有限公司 (Huzhou Zhuoan Car Rental Services Co., Ltd.*), a company established under the laws of PRC on 18 November 2021 with limited liability
"Huzhou Zhuofan"	湖州卓凡汽車租賃服務有限公司 (Huzhou Zhuofan Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 30 September 2020 with limited liability
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors to be formed for the purpose of giving recommendations to the Independent Shareholders in respect of the Acquisition
"Independent Financial Adviser"	Giraffe Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolutions approving the Acquisition and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) which is/are independent of the Company and its connected person(s)

"Jiaxing Jinyuhong"	嘉興金寓宏汽車租賃服務有限公司 (Jiaxing Jinyuhong Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 9 September 2020 with limited liability
"Jiaxing Zhuofan"	嘉興卓凡汽車租賃服務有限公司 (Jiaxing Zhuofan Car Rental Services Co., Ltd.*), a company established under the laws of PRC on 12 November 2021 with limited liability
"Latest Practicable Date"	19 January 2022, being the latest practicable date to ascertain certain information contained herein before the printing of this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreement"	the loan agreement dated 1 July 2020 entered into among Huzhou Jinyuhong and Shanghai Nanlang in relation to a loan facility
"Loan Note"	the loan note in aggregate principal amount of HK$13,188,500 to be issued by the Company to the Vendor and/or its designated nominee(s) as part of the Consideration
"Long Stop Date"	30 June 2022
"Mr. David Wong"	Mr. Wong Ming Bun David, a non-executive Director, and a director of the Vendor
"Ms. Jacqueline Wong"	Ms. Wong Jacqueline Yue Yee, a non-executive Director and a controlling shareholder of the Company
"Ms. Michelle Wong"	Ms. Wong Michelle Yatyee, a non-executive Director, and a controlling shareholder of the Company, and a director of the Vendor
"Ningbo Jinyuhong"	寧波金寓宏汽車租賃服務有限公司 (Ningbo Jinyuhong Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 27 May 2020 with limited liability

"Ningbo Zhuoling"	寧波卓領汽車租賃服務有限公司 (Ningbo Zhuoling Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 23 March 2021 with limited liability
"Parties"	collectively, the Vendor and the Company, and individually, a "Party"
"Perfect Honour"	Perfect Honour Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor and a controlling shareholder of the Company interested in 143,805,903 Shares, representing approximately 34.86% of the issued share capital of the Company as at the Latest Practicable Date
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Holding"	金寓匯宏管理諮詢(上海)有限公司 (Jinyuhuihong Management Consulting (Shanghai) Co., Ltd.), a wholly-owned foreign enterprise established in the PRC on 29 December 2021 with limited liability by the Vendor for the purpose of holding the equity interests in the PRC Subsidiaries
"PRC Subsidiaries"	Huzhou Jinyuhong, and its subsidiaries, comprising Huzhou Zhuoan, Huzhou Zhuofan, Jiaxing Jinyuhong, Jiaxing Zhuofan, Ningbo Jinyuhong, Ningbo Zhuoling, Shaoxing Jinyuhong, Shaoxing Zhuoling and Taizhou Jinyuhong, which are directly wholly-owned by the PRC Holding and such other wholly-owned subsidiaries of the PRC Holding to be established and/or approved by the Company from time to time
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	51 Shares, representing 51% of the total issued share capital of the Target Company

"Shanghai Nanlang"	上海南朗融資租賃有限公司 (Shanghai Nanlang Finance Lease Co., Ltd.*), a company established under the laws of PRC and an indirectly owned subsidiary of the Vendor
"Shaoxing Jinyuhong"	紹興金寓宏汽車租賃服務有限公司 (Shaoxing Jinyuhong Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC on 29 May 2020 with limited liability
"Shaoxing Zhuoling"	紹興卓領汽車服務有限公司 (Shaoxing Zhuoling Automobile Services Co., Ltd.*), a company established under the laws of PRC on 26 October 2020 with limited liability
"Share(s)"	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Silver Creation"	Silver Creation Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company interested in 43,752,347 Shares, representing approximately 10.61% of the issued share capital of the Company as at the Latest Practicable Date
"Solomon Glory"	Solomon Glory Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Vendor, being the chargee of 38,503,380 Shares (representing approximately 9.33% of the issued share capital of the Company as at the Latest Practicable Date) which pursuant to an order issued on 13 March 2019 by The High Court of The Hong Kong Special Administrative Region, such Shares shall be sold at a price not more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of sale of such Shares or any of them
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supplemental Agreement"	the supplemental agreement to the Agreement for Sale and Purchase dated 6 December 2021 entered into among the Company and the Vendor in relation to the four additional subsidiaries in the PRC which are or will be wholly owned by Huzhou Jinyuhong
"Supplemental Loan Agreement"	the supplemental loan agreement dated 15 November 2021 entered into among Huzhou Jinyuhong and Shanghai Nanlang in relation a loan facility
"Taizhou Jinyuhong"	台州金寓宏汽車租賃服務有限公司 (Taizhou Jinyuhong Car Rental Services Co., Ltd.*), a company established under the laws of PRC on 17 December 2021 with limited liability
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"Target Company"	Ultimate Harvest Global Limited, a company incorporated in the British Virgin Islands on 5 August 2021 with limited liability and a direct wholly-owned subsidiary of the Vendor, which indirectly wholly owns the PRC Subsidiaries being the subject of the Acquisition
"Target Group"	the Target Company and its subsidiaries from time to time
"Target Restructuring"	the restructuring of the Target Group for the purpose of rationalising the structure of the Target Group prior to Completion, comprising (i) incorporating the Target Company which shall be wholly-owned by the Vendor; (ii) incorporating the Hong Kong Company which shall be wholly-owned by the Target Company; (iii) establishing the PRC Holding which shall be wholly-owned by the Hong Kong Company; and (iv) the acquisition of all the PRC Subsidiaries by the PRC Holding
"Vendor"	Goldbond Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company as at the date of this circular

"Wenzhou Jinzhonghui"	溫州金眾匯汽車租賃服務有限公司 (Wenzhou Jinzhonghui Automobile Leasing Services Co., Ltd.*), a company established under the laws of PRC and a wholly-owned subsidiary of the Company
"%"	per cent.

* *For identification purpose only*

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)

Executive Director:
Ms. Wong Emilie Hoi Yan

Non-executive Directors:
Mr. Chen Shuai
Ms. Wong Jacqueline Yue Yee
Ms. Wong Michelle Yat yee
Mr. Wong Ming Bun David

Independent non-executive Directors:
Mr. Lie Chi Wing
Mr. Ng Wing Chung Vincent
Mr. Yu Yang

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

Headquarter and Principal Place of Business in China:
Floor 18, Tower B
Optics Valley International Plaza
No. 889 Luoyu Road
East Lake Development Zone
Wuhan, Hubei Province China

Principal Place of Business in Hong Kong registered under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong):
Unit 3901, 39/F,
Tower One, Lippo Centre,
89 Queensway, Hong Kong

24 January 2022

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND LOAN NOTE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the two announcements in relation to the Acquisition made by the Company on 26 October 2021 and 6 December 2021 respectively.

2. THE AGREEMENT FOR SALE AND PURCHASE

Date: 26 October 2021 (6 December 2021 for the Supplemental Agreement)

Parties: (i) the Company, as the purchaser; and

(ii) Goldbond Group Holdings Limited, as the Vendor.

As at the date of this circular, the Vendor owns the entire issued share capital of Perfect Honour, which is interested in approximately 34.86% of the issued Shares of the Company. Therefore, the Vendor is a controlling shareholder and a connected person of the Company.

For more details of the Parties, please refer to paragraphs headed "Information of the Group" and "Information of the Vendor", respectively.

Assets to be acquired

The Sale Shares, representing 51% of the issued share capital of the Target Company as at the date of the Agreement for Sale and Purchase and the Completion Date.

The remaining 49% of the issued share capital of the Target Company is held by the Vendor. Two discretionary trusts, namely Allied Luck Trust and Ace York Trust, hold 855,808,725 shares and 719,656,792 shares, representing 30.99% and 26.06% of the issued share capital of the Vendor, respectively. The trustees and settlors of these trusts were Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun and the beneficiaries of these trusts were Ms. Michelle Wong and Ms. Jacqueline Wong and their children.

Consideration and payment terms

The Consideration shall be HK$17,000,000, which shall be satisfied by the Company in the following manner:

(a) HK$3,811,500 shall be satisfied by the Company by issuing the Convertible Bonds to the Vendor and/or its designated nominee(s) upon the Completion; and

(b) HK$13,188,500 shall be satisfied by the Company by issuing the Loan Note to the Vendor and/or its designated nominee(s) upon the Completion.

Further details of the Convertible Bonds and the Loan Note are set out in the sections headed "The Convertible Bonds" and "The Loan Note", respectively below.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms with reference to, including without limitation, the net asset value of the Target Group as at 30 September 2021 of approximately RMB9,085,000 according to the accountants' report set out in Appendix II and the valuation of the Target Group as at 30 November 2021 of approximately HK$39,000,000 performed by an independent valuer according to the valuation report of the Target Group set out in Appendix V.

Below is a summary of the valuation methodology and key assumptions of the valuation report:

Valuation methodology

The market approach has been adopted and it reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. Also, there are several publicly listed companies of similar businesses that could provide a reasonable valuation benchmark. Thus, the market approach has been adopted in the valuation of the Target Company.

Key assumptions

- The principal businesses of PRC Subsidiaries will not change significantly in the foreseeable future;

- PRC Subsidiaries have obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which PRC Subsidiaries operate or intend to operate would be officially obtained and renewable upon expiry;

- PRC Subsidiaries will continue to operate as a going concern and the core operation of PRC Subsidiaries will not differ materially from those of present or expected; and

- Management has sufficient knowledge and experience in respect of the operation PRC Subsidiaries, and the turnover of any director, management or key person will not affect the operation of PRC Subsidiaries.

In assessing the fairness and reasonableness of the assumptions adopted as summarise above which may be affected by the short operating history of the Target Group, the Board has considered the followings:

(1) the Target Group's management team consists of (i) a general manager who has over 10 years of risk managerial experience in automobile industry; (ii) a head of customers service department who has over 5 years of experience in legal and debt collection service; and (iii) a head of operation who has extensive experience in operation management and retail business. The experienced management team of the Target Group is highly responsive to market conditions, able to closely monitor the market trends and hence the principal businesses of the Target Group will not change significantly in the foreseeable future in spite of the short operating history of the Target Group;

(2) pursuant to the reports of the due diligence work, the Target Group has obtained all necessary permits, business certificates and legal approvals for its operation and is expected to be renewal upon expiry; and

(3) pursuant to the reports of the financial due diligence work including but not limited to reviewing the accountant's report of the Target Group which is prepared on going concern basis, the Target Group is assumed to operate as a going concern and the core operation of the Target Group will not differ materially from those of present or expected even the operating history of the Target Group is short.

Hence, the Board considered the assumptions adopted in the valuation report (including but not limited to the key assumptions as summarised above) are fair and reasonable.

As the Target Group was established by the Vendor, and was not acquired from a third party, there is no original acquisition cost for the issued share capital of the Target Company.

Conditions precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

(a) the Company being satisfied with the results of the due diligence review;

(b) the passing of the ordinary resolutions by the Independent Shareholders at the EGM to be convened and held to approve (i) the Agreement of the Sales and Purchase and the transactions contemplated thereunder, including the issue of the Loan Note; and (ii) the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Convertible Bonds and the transactions contemplated thereunder;

(c) the obtaining of a valuation report (in form and substance satisfactory to the Company) from a valuer appointed by the Company and showing the value of the PRC Subsidiaries as a group to be not less than RMB28,000,000 (equivalent to approximately HK$33,300,000);

(d) the Vendor's warranties as set out in the Agreement for Sale and Purchase remaining true and not misleading in all respects;

(e) the Company's warranties as set out in the Agreement for Sale and Purchase remaining true and not misleading in all respects;

(f) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares; and

(g) the completion of the Target Restructuring to the satisfaction of the Company.

As of the Latest Practicable Date, conditions (c) and (g) have been fulfilled and none of remaining conditions above has been fulfilled or waived.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions precedent and may at any time waive in whole or in part and conditionally or unconditionally the conditions precedent set out in condition (e) above by notice in writing to the Company. Based on arms' length negotiation between the parties and with the aims of enhancing flexibility of the Acquisition and achieving long-term benefits from acquiring the Target Group in mind, the Company may at any time by notice in writing to the Vendor waive in whole or in part and conditionally or unconditionally any of the conditions precedent set out in conditions (c), (d) or (g) above and the Company has no intention to waive the remaining condition (d).

If the conditions precedent have not been satisfied, or where applicable, waived on or before on the Long Stop Date, or such later date as the Vendor and the Company may agree, the Agreement for Sale and Purchase shall cease and determine immediately on the Long Stop Date (save and except for some clauses which shall continue to have full force and effect), and thereafter neither Vendor nor the Company shall have any obligations and liabilities which have been accrued prior to termination towards each other under the Agreement for Sale and Purchase.

Completion

Completion shall take place within the seventh Business Day after all the conditions precedent have been satisfied or waived, or such later date as the Vendor and the Company may agree.

Non-Competition Undertakings

The Vendor undertakes to the Company that as long as the Vendor or the Company is beneficially interested in any shares in the Target Company, the Vendor shall not, without the prior written consent of the Company, either on its own account or in conjunction with or on behalf of any person directly or indirectly carry on or be engaged, concerned or interested in any business competing with any member of the Target Group.

THE CONVERTIBLE BONDS

The Convertible Bonds shall be issued by the Company upon Completion to settle part of the Consideration. The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal Amount:	HK$3,811,500
Maturity Date:	The date falling immediately before the third anniversary of the date of issue of the Convertible Bonds
Interest Rate:	Interest-free and shall not accrue any interest
Conversion Price:	The initial Conversion Price is HK$0.154 per Conversion Share subject to adjustments in accordance with the terms and conditions of the Convertible Bonds, which are summarised below:
Adjustments to the Conversion Price:	Subject to the terms and conditions of the Convertible Bonds and compliance with the Listing Rules and other applicable laws and regulations, the Conversion Price shall be adjusted from time to time upon the occurrence of certain events in relation to the Company including but not limited to the following:

(a) if and whenever the number of issued Shares changes by reason of any consolidation or subdivision or reclassification, the Conversion Price in effect immediately preceding that event shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the number of issued Shares immediately preceding such change; and

B = the number of issued Shares immediately following such change.

Each relevant adjustment will be effective from the day immediately following the effective date of the consolidation or subdivision or reclassification;

(b) if and whenever the Company shall issue (other than fully paid up shares issued from profits or reserves and substituting all or part of the specified declared cash dividend, and scrip dividend arrangement in respect of the annual dividend approved by the Company at the annual general meeting) any Shares credited as fully paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

In each case, where:

C = the number of issued Shares immediately preceding the relevant issue; and

D = the number of issued Shares immediately following the relevant issue.

Each relevant adjustment will be effective from the day immediately following the record date of the issue (if appropriate, retroactively).

(c) if and whenever the Company shall make any capital distribution (whether on a reduction of share capital or otherwise) to the Shareholders (in their capacity as such) or is required to grant to such Shareholders the rights to acquire the cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) on the date immediately preceding the date of the capital distribution or grant, as the case may be, the grant; and

F = the fair market value on the day of such announcement or, as the case may be, the immediately preceding day, as determined in good faith by a recognised investment bank the portion of the capital distribution or of such rights which is attributable to one Share,

Provided that:

(i) if in the opinion of the relevant recognised investment bank, the use of the aforesaid fair market value calculation produces a result which is significantly inequitable, it may instead determine, and in such event, the above formula should be constructed as if F meant the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and

(ii) the provisions of this subparagraph (c) shall not apply to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective from the day following the record date of the capital distribution or grant (if appropriate, retroactively).

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK$0.154 per Conversion Share, a maximum of 24,750,000 new Shares will be issued upon conversion of the Convertible Bonds (subject to adjustments), which represent (i) approximately 6.00% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 5.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the transfer of the Fourth Tranche Transfer Shares.

The Conversion Shares will be issued under the General Mandate. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Period: The Bondholders may convert such Convertible Bonds (in whole or in part) into Conversion Shares during the period commencing from the seventh day after the date of issue of the Convertible Bonds to the seventh day (inclusive) before the maturity date.

Conversion Rights: The Bondholder shall have the rights to convert the principal amount of the Convertible Bonds into Shares during the conversion period at the Conversion Price (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds).

Any conversion shall be made in whole or part of the principal amount of the Convertible Bonds in multiples of HK$635,250.

The Bondholder shall not exercise any conversion rights to such an extent that results or will result in:

(i) the number of Conversion Shares to be issued in excess of the maximum number of Shares which could be issued under the unutilised portion of the General Mandate after adjustment mechanism being triggered; or

(ii) the Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to fall below 25%, or the numbers of the issued Shares held by the public to fall below such other minimum percentage of the total issued share capital of the Company; or

(iii) the Bondholder and persons acting in concert with it (as defined in the Takeovers Code) being required to make a general offer to all Shareholders of the Company for all the Shares in accordance with the Takeovers Code.

Ranking: The Conversion Shares, when allotted and issued, shall rank *pari passu* with all other Shares in issue on the date of conversion of the Convertible Bonds and the Bondholders shall be entitled in respect of its Conversion Shares to all dividends, and other distributions, interests or rights as of the record date which falls after such date of conversion of the Convertible Bonds.

Transferability: Subject to the terms and conditions of the Convertible Bonds and compliance with the Listing Rules and other applicable laws and regulations, the Convertible Bonds may be transferred or assigned by the Bondholders in whole or in part in multiples of HK$635,250 to any person. There is no lock-up period of or restriction on the dealings in the Conversion Shares held by the Bondholders upon conversion.

Voting Rights: A Bondholder will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a Bondholder.

Listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The initial Conversion Price of HK$0.154 per Conversion Share represents:

(i) a premium of approximately 19.380% to the closing price of HK$0.129 per Share as quoted on the Stock Exchange on the date of the Agreement for Sale and Purchase;

(ii) a premium of approximately 10.791% to the average closing price of approximately HK$0.139 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement for Sale and Purchase; and

(iii) a premium of approximately 30.508% to the market closing price of HK$0.118 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined based on arm's length negotiations between the Parties with reference to the prevailing market prices of the Shares.

As disclosed above, according to the terms of the Convertible Bonds, the Bondholder shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in their name into Shares provided that any conversion of the Convertible Bonds does not result in a mandatory offer under rule 26 of the Takeovers Code on the part of the holder and/or any party(ies) acting in concert with it. As such, the issue of the Conversion Shares is not expected to result in a change of control of the Company.

THE LOAN NOTE

The Loan Note shall be issued by the Company upon Completion to settle part of the Consideration. The terms of the Loan Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
The Note Holder:	The Vendor
Principal Amount:	HK$13,188,500
Maturity Date:	The date immediately before the third anniversary of the date of issue of the Loan Note
Interest:	4.58% per annum and be payable annually from the date of issue of the Loan Note

Security and Collateral:	The Loan Note is unsecured and no collateral shall be provided by the Company
Early Redemption:	Subject to the terms and conditions of the Loan Note, the Company shall at its absolute discretion be entitled to redeem the Loan Note in whole or in part at any time before the maturity date.

THE SHAREHOLDERS AGREEMENT

The Company, Vendor and the Target Company will enter into a Shareholders Agreement upon Completion. The principal terms of the Shareholders Agreement are set out below:

Board of directors: the board of directors of the Target Company shall consist of not more than three directors, the Vendor or its successor shall have the right to appoint up to one director and to remove or substitute such director, and the Company or its successor shall have the right to appoint up to two directors and to remove or substitute any of them

Shareholders: Subject to the requirements under the Listing Rules (if any), none of the following activities or transactions shall be undertaken by the Target Company without a resolution approved at a duly convened and constituted meeting of the shareholders of the Target Company by the affirmative vote of all shareholders who were present in person or by proxy(ies) at the meeting and have voted or a resolution consented to in writing by all shareholders entitled to vote thereon:

(a) increasing or reducing the registered capital of the Target Company;

(b) amendment to the Articles;

(c) setting up subsidiaries, joint venture or any other external investments;

(d) creation of any mortgage, lien, security or other encumbrances over any assets of the Target Group otherwise than in the ordinary course of the business;

(e) disposal of any substantial assets of the Target Group of over HK$3,000,000;

(f) incurring any material expenditure or liability of a capital nature of over HK$3,000,000;

(g) issuance by the Target Company of any shares of capital stock, and other equity securities, any right, warrant, option, pre-emptive right or other right to acquire any of the foregoing, and any security convertible into, exchangeable or exercisable for any of the foregoing; and

(h) merger, amalgamation, demerger or any other similar reorganisation

Funding: Subject to the requirements under the Listing Rules (if any), if the Target Company requires funding and such funding is approved by the board, the Target Company shall use all reasonable endeavours to raise such funds by way of bank borrowings. If the Target Company is unable to obtain such bank borrowings, no shareholder is obligated to give support or to provide any funding to the Target Company.

Distribution of Profits: Save where any applicable laws, the requirements under the Listing Rules (if any), or any lender of any external loan may require otherwise, all or any revenue received by member(s) of the Target Group from the business or any part thereof shall, after setting aside and making provisions for such sums as may reasonably be determined by the board of the Target Company to be necessary towards payment of future costs, charges or expenses of any nature by member(s) of the Target Group, be applied as follows:

(a) firstly, in repayment of all the external loans and/or any liabilities due or owing or payable by any member of the Target Group to any lender of any external loan or any other third party and all interests accrued thereon;

(b) secondly, in payment and repayment of all interests (if any) accrued on the shareholder loans;

(c) thirdly, in repayment of all shareholder loans (if any); and

(d) finally, the remaining balance (if any) be distributed to the shareholders in proportion to their respective shareholdings in the Target Company for the time being and in accordance with the provisions of the Articles.

3. INFORMATION OF THE TARGET GROUP UPON COMPLETION OF THE TARGET RESTRUCTURING

The Target Company is an investment holding company and is directly wholly-owned by the Vendor as at the Latest Practicable Date.

The Target Restructuring

Pursuant to the terms and conditions of the Agreement for Sale and Purchase, the Target Group shall undergo the Target Restructuring which includes, among others, (i) incorporating the Target Company which shall be wholly-owned by the Vendor; (ii) incorporating the Hong Kong Company which shall be wholly-owned by the Target Company; (iii) establishing the PRC Holding which shall be wholly-owned by the Hong Kong Company; and (iv) the acquisition of all the PRC Subsidiaries by the PRC Holding. The Target Restructuring has been completed on 14 January 2022.

The Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands on 5 August 2021 with limited liability, which is directly wholly-owned by the Vendor and directly holds the Hong Kong Company.

The Hong Kong Company

The Hong Kong Company is an investment holding company incorporated in Hong Kong on 17 September 2021 with limited liability, which is directly wholly-owned by the Target Company and directly holds the PRC Holding.

The PRC Holding

The PRC Holding is an investment holding company established in the PRC on 29 December 2021 with limited liability, which is directly wholly-owned by the Hong Kong Company and wholly owns the PRC Subsidiaries.

The PRC Subsidiaries

Each of the members of the PRC Subsidiaries is a company established in the PRC by the Vendor with limited liability.

Principal businesses and business model of the Target Group

The principal business of the Target Group is automobile operating lease business where the PRC Subsidiaries (being the lessors) purchase automobiles and lease them to the end users (being the lessees) who will in return make periodic lease payments to the PRC Subsidiaries.

Operating History

The PRC Subsidiaries operating lease business is mainly conducted through Huzhou Jinyuhong. The PRC Subsidiaries established their first business of automobile operating lease in Huzhou, the PRC in March 2020, and in view of the strong momentum of such business, the PRC Subsidiaries have subsequently set up and expanded their operating lease business into new strategic locations in the PRC, including two locations in Ningbo in May 2020, two locations in Shaoxing in May 2020, one location in Jiaxing in September 2020, and an additional new location also in Huzhou in October 2020. The Company further consented to the establishment of four additional subsidiaries in the PRC in order to facilitate and further expand the automobile operating lease business, cope with the additional market demand and also enhance the efficiency in management of the automobile operating lease business of the Target Group in different locations. The establishment of the four additional subsidiaries was financed by the working capital of the Target Group. After obtaining the written consent from the Company to establish the four additional subsidiaries, two of them, namely Huzhou Zhuoan and Jiaxing Zhuofan were established by Huzhou Jinyuhong under the laws of PRC with limited liability in November 2021 and one of them, namely Taizhou Jinyuhong was established by Huzhou Jinyuhong under the laws of PRC with limited liability in December 2021 and the remaining subsidiary, is in the process of establishing. The establishment of the four additional subsidiaries is considered to be in line with the development of the principal business of the Target Group and that the Vendor offered to the Company that the Consideration shall remain unchanged after the establishment of the four additional subsidiaries.

Major customers and suppliers

The revenue generated by the Target Group mainly represented the income from automobile leasing services and sale and leaseback arrangement in the PRC.

The customers of the Target Group are all single individual end-users of the automobiles. They have the right to choose before the end of the lease period if they would i) extend the lease period; ii) purchase the automobiles or iii) return the automobiles to the Target Group.

Since the Target Group has only started the automobile operating lease business in Huzhou, the PRC in March 2020, no revenue was generated by the Target Group since the incorporation date to 31 March 2020. For the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021, the revenue mainly represented the income from automobile leasing and the sales of rental automobiles.

The top five customers represented approximately 14.9% and 9.6% of the total revenue for the year ended 31 March 2021 and for the six months ended 30 September 2021, respectively, all are single individual end-users who purchase the automobiles after the end of the lease term.

On the other hand, the suppliers of the Target Group are also all single individual owners of the automobiles.

Solicitation of customers and suppliers

The Target Group engages a second-hand car market operator (the "Operator") who has extensive experience in second-hand car market trading and leasing business and connection with second-hand car market dealers (the "Dealers") in order to facilitate the automobiles operating lease business of the Target Group. The Target Group pays service fee to the Operator and Dealers for their services.

Sales representatives of the Dealers solicit individual customers who are looking for leasing a second-hand car in second-hand car retail shops. Once a potential customer and the target second-hand car have been identified, the case will be passed to the Operator and the following steps will be carried out:

Step 1

The Operator will assist the potential customer to complete the following automobile operating lease application procedures:

- filling out application forms and collecting customer information, such as copies of identity card, address proof, demographic information, marital status, and source of income, etc.;
- sending data and information of such potential customer to Target Group's back office for due diligence, credit checking and approval;
- Target Group's credit control staff will assess the customer's creditability by looking into the payroll record, social security records, identity card and address proofs, etc.; and
- Target Group will estimate lease payment plan which is suitable for the potential customer in accordance with the creditability and repayment ability.

Step 2

The Operator will search for the history and the evaluation records of the targeted second-hand car from an independent well-known second-hand car rating website. Meanwhile, the Operator will agree the purchase price with the individual supplier who put the targeted second-hand car in the second-hand car retail shops.

Step 3

After the approval of the automobile operating lease application by the Target Group, the Target Group will prepare the automobile operating lease contract and the Operator will explain the terms of such contract to the potential customer.

Step 4

Once the potential customer confirms and signs the automobile operating lease contract, the Target Group will purchase the targeted second-hand automobile from the individual suppliers who put the targeted second-hand car in the second-hand car retail shops for sale at the same time.

Step 5

Before handing over the targeted second-hand automobiles to the customers, the Operator will install GPS and WiFi devices to the targeted second-hand automobiles for the Target Group to monitor the real-time location, which will be used for asset record checking and default payment chasing purposes.

Brief details of automobile

The price of more than 50% of the automobiles under operating leases of the Target Group are ranged from RMB50,000 to RMB100,000, followed by the automobiles with the price ranged from RMB100,000 to RMB150,000, which accounted for approximately 20% of total automobile under operating leases of the Target Group. The major brands of the automobiles under operating leases of the Target Group are Volkswagen, Audi, BMW and Mercedes-Benz, in aggregate accounted for nearly 50% of the total automobiles under operating leases of the Target Group.

Brief terms of normal operating lease contracts

- The term of the operation lease agreements entered into between the Target Group and customers ranges from 1 year to 2 years.
- The customers are usually required to make an initial deposit and make lease payments monthly.
- Customers are responsible for the automobile insurance.
- Customers have the right to choose before the end of the lease period if they would (i) extend the lease period; (ii) purchase the automobiles or (iii) return the automobiles to the Target Group.

Reasons for customers choosing to enter into operating lease contracts with the Target Group

As compared to other methods such as directly purchasing a new car or a second-hand automobile, the operating lease arrangement can provide an opportunity for the customers (i) to lease the target automobile without making full payment upfront; (ii) to lease and experience another automobile after the end of the lease term; (iii) to have hassle-free disposal as customers can simply return the car to the Target Group at the end of the lease term; and (iv) to avoid the risk of obsolescence of the automobile.

Roles and duties of the employees of the Target Group

The Target Group's employees include a (i) a general manager who has over 10 years of risk managerial experience in automobile industry and is responsible for the overall operation and business development; (ii) a head of customers service department who has over 5 years of experience in credit assessment, payment monitoring and also cooperating debt collection; and (iii) a head of operation who has extensive experience in car operating lease and retail business and also responsible to channel car operators, dealers and responding customer's requirement.

Also, the Target Group engaged second-hand car market operator and dealers who have extensive experience in second-hand car market trading and leasing business to facilitate the operation of the Target Group.

In view of the relevant experience and industry expertise of the employees and the second-hand car market operator and dealers to facilitate the operation of the Target Group, there are sufficient human resources to meet the business needs of the Target Group.

Capital commitment, capital expenditure and source of funding of the Target Group

As at 31 March 2020 and 2021 and 30 September 2021, the Target Group had no capital commitment.

As at 31 March 2020 and 2021 and 30 September 2021, the Target Group had capital expenditure contracted in respect of acquisition of rental vehicles and in-car equipment amounted to approximately RMB398,000, RMB37.1 million and RMB14.7 million, respectively.

The Target Group mainly financed its operation by (i) cash flow from operation and (ii) amounts due to related parties, which mainly include the loan facility up to RMB40,000,000 (equivalent to approximately HK$47,619,000) provided by Shanghai Nanlang (a subsidiary of the Vendor) to Huzhou Jinyuhong (one of the PRC Subsidiaries).

Market landscape and competition of the Target Group

The potential growth and the opportunities of automobile leasing market in the PRC are stated below:

- with the PRC government's policies, many foreign firms have set up numerous factories and employed a significant number of domestic workers in PRC. Currently, PRC is the largest recipient of foreign direct investment across the globe, receiving inflows of roughly USD149.37B in 2020;
- the size of the PRC automobile rental market has grown from RMB50.2B in 2015 to RMB91.7B in 2019, representing a CAGR of approximately 16.26 %;

- the automobile rental users are mainly centralized in the southeast coastal and southwest regions of the PRC and the users in Zhejiang province accounted 6.0% of total users in the PRC;

- the total number of rental automobiles in the automobile rental industry reached nearly 1.8M which is more than four times of 0.4M in 2010;

- the market size of automobile rental industry in the PRC is expected to reach USD24.2B in 2025; and

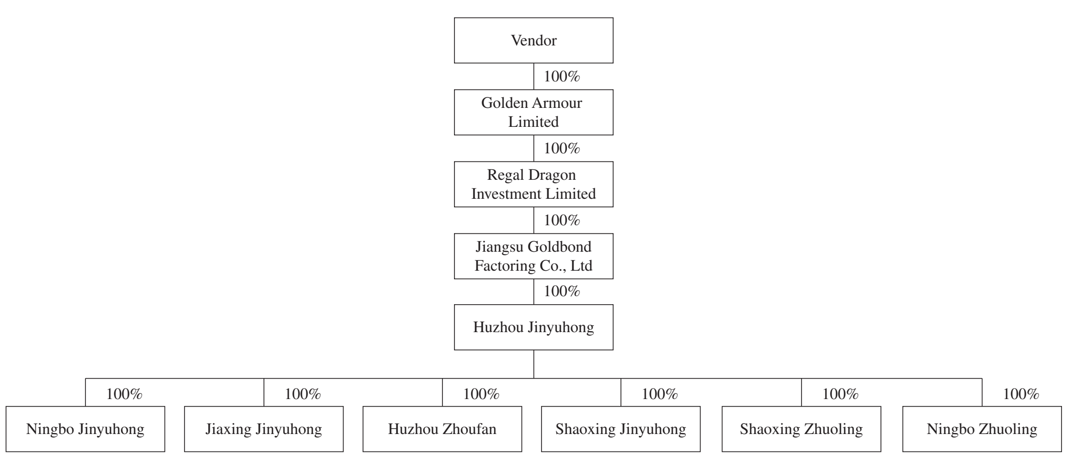
- at present, there are approximately 168M people in the PRC who have car licenses but do not own a car. With the continuous improvement of user experience, the demand for automobile rentals will be further released in the future.

The competitors of the Target Group are mainly other operating lease service providers around Zhejiang Province area. To maintain and develop its market share in the automobile operating leasing market, the Target Group provides its customers with a more competitive rental price and a longer leasing period.

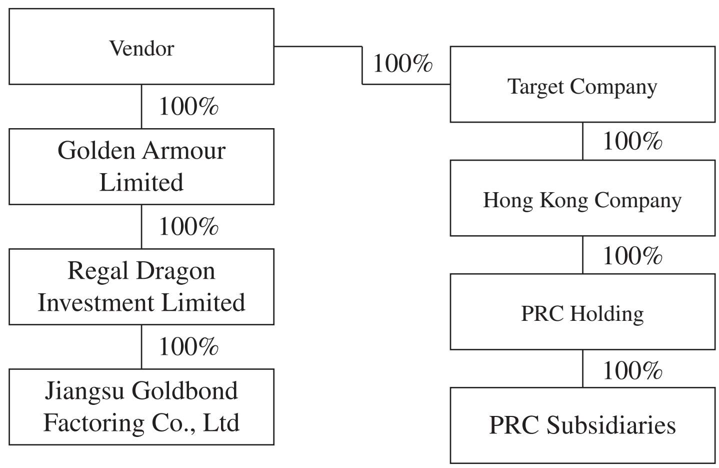
Target Restructuring

Set out below are the shareholding structures of (i) the PRC Subsidiaries as at the date of the announcement in relation to the Acquisition made by the Company on 26 October 2021; (ii) the Target Group upon completion of the Target Restructuring and immediately before Completion; and (iii) the Target Group immediately after Completion:

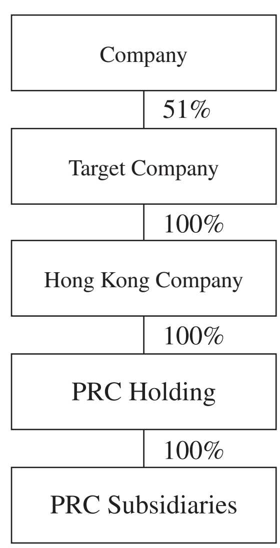
(i) the PRC Subsidiaries as at the date of execution of the the announcement in relation to the Acquisition made by the Company on 26 October 2021



(ii) the Target Group upon completion of the Target Restructuring and immediately before Completion



(iii) the Target Group immediately after Completion



Financial Information

Immediately upon completion of the Target Restructuring, the Target Company holds the PRC Subsidiaries, and the PRC Subsidiaries are accounted as subsidiaries of the Target Company and the financial results of the PRC Subsidiaries are consolidated into the accounts of the Target Company.

The Target Group is regarded as a continuing entity resulting from the Target Restructuring since the insertion of Target Company, Hong Kong Company and PRC Holding at the top of PRC Subsidiaries has not resulted in any change in economic substance and does not involve business combination. Set out below is the audited financial information of the Target Group prepared on a combined basis using the predecessor carrying amounts as if the steps of the Target Restructuring for the purposes of establishment of the Target Company and insertion of HK Company and PRC Holding had been completed at the beginning of the relevant periods.

	For the period since the incorporation date (23 December 2019) to 31 March 2020 *(Note)*	**For the year ended 31 March 2021**	**For the six months ended 30 September 2021**
	RMB	*RMB*	*RMB*
Net Profit/(Loss) before taxation and extraordinary items	(2,000)	2,777,000	1,938,000
Net Profit/(Loss) after taxation and extraordinary items	(2,000)	2,764,000	1,923,000

Note: The unaudited financial information of the PRC Subsidiaries for the period since the incorporation date (23 December 2019) to 31 March 2020 only includes Huzhou Jinyuhong.

According to the audited financial information of the PRC Subsidiaries, the net asset value of the Target Group as of 30 September 2021 was approximately RMB9,085,000.

4. FUTURE FULLY EXEMPT CONNECTED TRANSACTION

Pursuant to the Loan Agreement dated 1 July 2020 and entered into between Shanghai Nanlang (a subsidiary of the Vendor) and Huzhou Jinyuhong, Shanghai Nanlang agreed to provide an unsecured loan facility up to RMB40,000,000 (equivalent to approximately HK$47,619,000) to Huzhou Jinyuhong. The interest rate of the loan facility under the Loan Agreement is 4.5% per annum. As at Latest Practicable Date, the amount owed by Huzhou Jinyuhong to Shanghai Nanlang was approximately RMB31,770,000 (equivalent to approximately HKD37,821,000). On 15 November 2021, a Supplemental Loan Agreement was entered between the Huzhou Jinyuhong and Shanghai Nanlang to change the repayment term from repayable on demand to repayable on the third anniversary from the first date of loan drawdown. The unsecured loan facility can be used up to RMB40,000,000 at any time after voluntary early repayment by Huzhou Jinyuhong before the third anniversary date. Upon Completion, Huzhou Jinyuhong will become a subsidiary of the Company and Shanghai Nanlang will become a connected person of the Company. Thus, the transactions contemplated under the Loan Agreement will constitute a connected transaction of the Company under the Listing Rules.

As the financial assistance under the Loan Agreement is provided by a connected person of the Company on normal commercial terms or better without security over the assets of the Group, it is a fully exempt connected transaction under Rule 14A.90 of the Listing Rules and is not subject to shareholders' approval, annual review and all disclosure requirements.

5. GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with 82,501,800 Shares, being 20% of the number of issued Shares of the Company at the date of the AGM and up to and including the Latest Practicable Date. As at the Latest Practicable Date, no Shares have been allotted and issued under the General Mandate and the entire unutilised portion of 82,501,800 Shares is available for the issue of Conversion Shares.

As a maximum of 24,750,000 new Shares will be issued upon conversion of the Convertible Bonds (subject to adjustment), the General Mandate is sufficient for the allotment and issue of the Conversion Shares. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

6. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the transfer of the Fourth Tranche Transfer Shares; and (iii) immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full (assuming that the Conversion Price is HK$0.154 per Conversion Share and there is no issue or repurchase of Shares from the Latest Practicable Date other than the Conversion Shares):

	As at the Latest Practicable Date		**Immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment**		**Immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds in full**	
	Number of Shares	*Approximate % (Note 6)*	*Number of Shares*	*Approximate % (Note 6)*	*Number of Shares*	*Approximate % (Note 6)*
Silver Creation	43,752,347	10.61	43,752,347	10.61	43,752,347	10.01
Mr. Xie Xiaoqing						
– interested by Solomon Glory *(Note 1)*	38,503,380	9.33	–	–	–	–
– held by controlled corporation	12,704,220	3.08	12,704,220	3.08	12,704,220	2.91
Alpha Focus International Limited *(Note 4) (Note 5)*	–	–	48,326,011	11.72	48,326,011	11.05
Mr. Rozario Bobby Roberto *(Note 4)*	1,627,508	0.39	3,591,182	0.87	3,591,182	0.82
Perfect Honour Limited *(Note 2)*	143,805,903	34.86	143,805,903	34.86	143,805,903	32.89
Michelle Wong, Jacqueline Wong and their associates *(Note 3)*	20,234,242	4.91	20,234,242	4.91	20,234,242	4.63
Vendor	–	–	–	–	24,750,000	5.66
Subtotal of non-public shareholders	260,627,600	63.18	272,413,905	66.04	297,163,905	67.96
Alpha Focus International Limited *(Note 4)(Note 5)*	21,901,142	5.31	–	–	–	–
Ever Art Investment Limited *(Note 4)*	2,750,806	0.67	6,069,796	1.47	6,069,796	1.39
Forever Management Limited *(Note 4)*	5,632,452	1.37	12,428,299	3.01	12,428,299	2.84
Other Public Shareholders	121,597,000	29.48	121,597,000	29.48	121,597,000	27.81
Total	412,509,000	100.00%	412,509,000	100.00%	437,259,000	100.00%

Notes:

1. Solomon Glory, which is a wholly-owned subsidiary of the Vendor, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited has charged, *inter alia*, its assets including but not limited to the 38,503,380 Shares held by it by way of floating charge, which was crystalised into a fixed charge. An order was subsequently issued by the High Court of Hong Kong to the effect that, among others, these charged Shares shall not be sold at a price of more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of such sale. Although Solomon Glory has no voting right over the 38,503,380 Shares, as advised by the legal adviser of Vendor, Solomon Glory has the right to enforce the transfer of the 38,503,380 Shares in accordance with the terms and conditions under the aforesaid court order.

2. The 143,805,903 Shares are held by Perfect Honour, which is a wholly-owned subsidiary of Vendor, the Shares of which are held as to approximately 30.99% by Allied Luck Trading Limited, a company wholly-owned by Allied Luck Trust, and as to approximately 26.06% by Ace Solomon Investments Limited, a company wholly-owned by Aceyork Trust. Ms. Michelle Wong and Ms. Jacqueline Wong are the beneficiaries of Allied Luck Trust and Aceyork Trust.

3. Among the 20,234,242 Shares, 10,127,176 Shares are held by Legend Crown International Limited and 10,107,066 Shares are held by Plenty Boom Investments Limited, respectively, of which the entire issued share capital of each of Legend Crown International Limited and Plenty Boom Investments Limited are held by discretionary trust whose trustee is Ace York Investment Management Limited, a company owned as to 50% by Ms. Jacqueline Wong and 50% by Ms. Michelle Wong, respectively.

4. On 26 June 2020, the Company, Alpha Focus International Limited, Mr. Rozario Bobby Roberto, Ever Art Investment Limited and Forever Management Limited entered into the sale and purchase agreement (as supplemented by the first supplemental agreement dated 29 March 2021 and the second supplemental agreement dated 29 June 2021) in relation to the acquisition of 51% of issued share of Alpha & Leader Risks and Assets Management Company Limited. The completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited took place on 25 August 2021. The consideration of HK$32,640,000 shall be settled by (1) the transfer or procurement of transfer of existing Shares held by Shareholders namely (i) Silver Creation in the amount of 31,911,908 Shares; and (ii) Solomon Glory in the amount of 38,503,380 Shares; and (2) cash in the amount of HK$3,831,256, at the agreed proportion by four tranches, details are disclosed in the circular of the Company dated 30 June 2021.

5. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, Alpha Focus International Limited with shareholding of 5.31% is a public shareholder of the Company. Hence, the percentage of non-public shareholders excluding the shareholding of 5.31% held by Alpha Focus International Limited should be 63.18%. As at the date immediately after the transfer of the Fourth Tranche Transfer Shares and immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full, Alpha Focus International Limited will hold more than 10% of Shares and become a substantial shareholder of the Company. Hence, Alpha Focus International Limited will be counted as a non-public shareholder.

6. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

7. REASONS FOR AND BENEFITS OF THE ACQUISITION

Diversification of the Group's business with regular revenue

Since late 2019, the global political, economic tensions and the outbreak of the novel coronavirus ("COVID-19") had caused unprecedented disruptions and catastrophes on a global scale to the Group. Since establishment, the Group has been operating primarily in the Hubei Province of the PRC and due to the outbreak of COVID-19 in Wuhan and the Hubei Province where cities have been in months of lock down since late January 2020, the Group had been forced to suspend its operation in Wuhan.

The Group has experienced diminishing revenue and operations and the on-going pandemic in PRC and its impact on economies, the management of the Group considers that a diversified business strategy instead of organic growth is a key to enhance the operations of the Group, diversify the Group's business risks, turn around its financial performance and create value for the Shareholders. Hence, in April 2021, Wenzhou Jinzhonghui has been established in the PRC, which is principally engaged in the provision of automobile operating lease services in Wenzhou, the PRC. The formation of Wenzhou Jinzhonghui is a strategic step for the Group diversify its sources of income generated from leasing services and create synergy across multiple operations.

In addition, the Board has been actively looking for acquiring businesses which create synergy to the Group and provide sustainable sources of revenue to the Group, such as the PRC Subsidiaries. The revenue generated from the PRC Subsidiaries for the period since the incorporation date (23 December 2019) to 31 March 2020, the year ended 31 March 2021 and for the six months ended 30 September 2021 were approximately RMBnil, RMB8.4 million and RMB12.2 million respectively, showing a significant growth of the revenue and the business operation of the PRC Subsidiaries.

The Acquisition is considered as a direct and imminent way to enhance the Group's level of operations upon Completion, the results of the Target Group would be consolidated into the results of the Group. After Completion, the Target Group is expected to continue to bring readily available revenue to the Enlarged Group in the future.

The growth prospect of the Target Group

Short-term automobile rental demands primarily come from increasing leisure and business travel by individual and institutional customers and general car usage needs of licensed drivers who do not own cars while long-term rental needs primarily come from car usage of institutional customers who prefer not to incur large capital expenditures or administrative expenses of owning a vehicle.

According to National Bureau of Statistics of China, benefited from a continuous economic growth in the past five years, the per capita disposable income in urban households in the PRC has surged a CAGR of approximately 6.9% from approximately RMB33,616 in 2016 to approximately RMB43,834 in 2020. With increasing per capita disposable income, Chinese citizens have been and are expected to engage in an increasing amount of leisure travel. According to the statistic from China Tourism Automobile and Cruise Association*（中國旅遊車船協會）, the scale of self-driving tours in the PRC reached 2.2 billion, representing an increase of 14.0% from 2019, and the number of self-driving travellers accounted for 77.8% of the total number of domestic travellers in the PRC in 2020.

Desiring the benefits of car use, a large and growing number of Chinese consumers are becoming licensed drivers. However, due to car purchase restrictions in many Chinese cities, the considerable cost of car ownership, many licensed drivers are prevented from owning a car. As a result, the discrepancy between the number of licensed drivers and the number of owned cars is expected to continue to grow. This large and widening gap functions as another powerful driver for PRC's automobile rental industry.

Meanwhile, the pandemic of COVID-19 has risen public awareness of personal hygiene, Chinese citizens are having more concerns on social distancing. Since the public transportation system is usually more crowded which increases the risk of infection, the Group believes that it could be a push factor for the acceleration of the automobile operating lease market.

The Target Group established its first business of automobile operating lease in Huzhou and subsequently set up and expanded its lease business into new strategic locations in the PRC, including three locations in Ningbo, two locations in Shaoxing, two locations in Jiaxing, and two locations in Huzhou where are located in first and second-tier cities in the Zhejiang Province. These service locations are strategically deployed to cover major transportation hubs, such as airports and train stations, key tourist destinations, major business districts and residential communities and the Target Group aims to provide quality car rental experience by offering its customers a wide range of vehicle selection, excellent vehicle condition and a "hassle-free" rental process. Also, the convenience of locations for picking up and returning the cars is one of the important criteria of the car rental users in the PRC for selecting the car rental service providers.

Having considered the potential growth prospect of the automobile operating lease business of the Target Group and the comparative advantage of Target Group's business locations, the Directors consider that it would be advantageous for the Group to capture this growing market opportunity.

* *For identification purpose only*

Leveraging the Target Group's experience in automobile operating lease business

The Group is principally engaged in financial leasing in Wuhan and Hubei Provinces of the PRC and the provision of automobile operating lease services in Wenzhou of the PRC in April 2021 which are in the same category of leasing businesses. The Group can use its existing resource like bank and other facilities, management team to further develop both leasing businesses. Compared with finance lease, the collaterals of automobile operating lease are more liquid and loan sizes are smaller, and therefore the business risk of the Group can be diversified.

The Target Group's management team includes (i) the general manager who has over 10 years of risk managerial experience in automobile industry; (ii) the head of customers service department who has over 5 years of experience in legal and debt collection service; and (iii) the head of operation who has extensive experience in operation management and retail business. The experienced management team of the Target Group are highly responsive to market conditions, closely monitoring the market conditions and sometimes having to adjust the pricing strategies in response to the change of market.

Leveraging on the existing resources of the Target Group in automobile operating lease business and overseeing the overall management, strategic planning, execution and development of the business, the Directors take the view that the expertise and experience of the management team of the Target Group would be beneficial to the Group's business development by expanding the scale in automobile operating lease business.

8. FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company of which 51% of its issued shares will be held indirectly by the Company and thus the assets, liabilities and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. For details of the unaudited pro forma financial information of the Enlarged Group, please refer to Appendix IV to this circular.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, assuming that Completion had taken place on 30 September 2021, the total assets of the Group would have increased from approximately HK$899.0 million to approximately HK$958.6 million on a pro forma basis, the total liabilities of the Group would have increased from approximately HK$1,011.4 million to approximately HK$1,067.4 million on a pro forma basis, and the net liabilities of the Group would have decreased from approximately HK$112.4 million to approximately HK$108.7 million on a pro forma basis.

Earnings

Based on the accountant's report of the Target Group set out in Appendix II to this circular, the Target Group recorded a profit of approximately RMB2.8 million and RMB1.9 million for the year ended 31 March 2021 and the six months ended 30 September 2021. In view of the diversification of the Group's business with regular revenue and the growth prospect of the automobile operating lease business, as detailed in the above section headed "Reasons for and benefits of the Acquisition", it is expected that earnings of the Group will be enhanced in the long run after Completion.

9. INFORMATION OF THE PURCHASER

As at the Latest Practicable Date, the Purchaser, being the Company, is an exempted company incorporated in the Cayman Islands with limited liability, and is principally engaged in investment holding.

The Group is principally engaged in the (i) provision of financial leasing services, including sales and leaseback leasing and direct financial leasing in Hubei Province, the PRC, (ii) provision of debt collection services and credit investigation services in the PRC, Hong Kong and Singapore and (iii) provision of automobile operating lease services in Wenzhou, the PRC.

10. INFORMATION OF THE VENDOR

The Vendor is an investment holding company and a company incorporated in Hong Kong with limited liability. The listing of the shares of the Vendor on the Stock Exchange has been withdrawn with effect from 2 August 2021.

The principal activities of Vendor and its subsidiaries are (i) provision of property technology services in the PRC; and (ii) provision of financial services business including financing and finance lease services, factoring services and automobile operating lease services in the PRC.

As at the Latest Practicable Date, two discretionary trusts namely Allied Luck Trust and Ace York Trust, which hold 855,808,725 shares and 719,656,792 shares, representing 30.99% and 26.06% of the issued share capital of the Vendor, respectively. The trustees and the settlors of these trusts were Mr. Wong Yu Lung and Mrs. Wong Fang Pik Chun and the beneficiaries of these trusts were Ms. Michelle Wong and Ms. Jacqueline Wong and their children.

11. LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the transactions are 25% or more but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Vendor owns the entire issued share capital of Perfect Honour which is interested in approximately 34.86% of the issued Shares of the Company. Therefore, the Vendor is a controlling shareholder and a connected person of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, Ms. Jacqueline Wong and Ms. Michelle Wong by virtue of being controlling shareholders of the Company and the Vendor and Mr. David Wong, being non-executive Director and a director and the chief executive officer of the Vendor, they are considered to have material interests in the Acquisition and therefore they have abstained from voting on the Board resolutions approving the Acquisition and the transactions contemplated thereunder.

12. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang, has been established to consider the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

13. EGM

The EGM will be held by the Company at 10:30 a.m. on Wednesday, 16 February 2022 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong for the Independent Shareholders to, among other things, consider and, if thought fit, (i) approve the Agreement for Sale and Purchase and the transactions contemplated thereunder; and (ii) the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Convertible Bonds and the transactions contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Acquisition and the transactions contemplated thereunder is required to abstain from voting in relation to the relevant resolution(s). In view of the interests of the Vendor, Ms. Michelle Wong and Ms. Jacqueline Wong in the Acquisition, each of the Vendor, Ms. Michelle Wong and Ms. Jacqueline Wong and their respective associates will abstain from voting on the resolution(s) approving the Acquisition and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder has any material interest in the Acquisition, and therefore no other Shareholder is required to abstain from voting on the relevant resolutions approving the Agreement for Sale and Purchase and transactions contemplated thereunder at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of it/he/she Shares to a third party, either generally or on a case-by-case basis.

All resolutions to be proposed at the EGM will be voted on by poll. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to read the notice and to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person and any adjourned meeting thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

14. RECOMMENDATIONS

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that terms of the Agreement for Sale and Purchase and the Acquisition are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolution for approving the Agreement for Sale and Purchase and the transactions contemplated thereunder to be proposed at the EGM.

15. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the additional information as set out in the appendices to this circular.

WARNING

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the conditions precedent. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
By order of the Board
China Rongzhong Financial Holdings Company Limited
Wong Emilie Hoi Yan
Executive Director

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)

24 January 2022

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND LOAN NOTE

We refer to the circular of the Company to the Shareholders dated 24 January 2022 (the "Circular"), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular, unless the context requires otherwise.

The Independent Board Committee, comprising all of the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice from the Independent Financial Adviser, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 42 to 90 of the Circular.

Having considered the terms of the Agreement for Sale and Purchase, the principal factors and reasons considered by the Independent Financial Adviser and the advice of the Independent Financial Adviser, we are of the opinion that, although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

On the basis above, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM.

Yours faithfully,
the Independent Board Committee

Mr. Lie Chi Wing **Mr. Ng Wing Chung Vincent** **Mr. Yu Yang**
Independent non-executive Directors

The following is the full text of the letter received from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

Giraffe
智富

Giraffe Capital Limited 24 January 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE AND LOAN NOTE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement for Sale and Purchase and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "Letter from the Board") of the circular issued by the Company dated 24 January 2022 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 26 October 2021 (after trading hours of the Stock Exchange), the Company (as purchaser) and the Vendor (as vendor) entered into the Agreement for Sale and Purchase, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company, at the consideration of HK$17,000,000, which will be satisfied by the issue of the Convertible Bonds and the Loan Note. On 6 December 2021 (after the trading hours of the Stock Exchange), the Company and the Vendor entered into the Supplemental Agreement to amend and supplement certain terms of the Agreement for Sale and Purchase, of which the definition of the PRC Subsidiaries shall be revised to include the four additional PRC subsidiaries which are wholly owned by Huzhou Jinyuhong.

Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is 25% or more but less than 100%, the Acquisition constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Vendor owns the entire issued share capital of Perfect Honour which is interested in approximately 34.86% of the issued Shares of the Company. Therefore, the Vendor is a controlling shareholder and a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ms. Jacqueline Wong and Ms. Michelle Wong, who are each (i) interested in approximately 39.86% of the issued share capital of the Company; and (ii) beneficially own approximately 57.05% equity interest of the Vendor, and Mr. David Wong, a non-executive Director and a director and the chief executive officer of the Vendor, they are considered to have material interests in the Acquisition and therefore they have abstained from voting on the Board resolutions approving the Acquisition and the transactions contemplated thereunder.

The Company will convene and hold an EGM for the Independent Shareholders to, among other things, consider and, if thought fit, approve the Agreement for Sale and Purchase and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Yu Yang, has been established to consider the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in respect of the major and connected transaction in relation to acquisition of 51% equity interests in Alpha & Leader Risks and Assets Management Company Limited. Notwithstanding the above engagement, as at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to act as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders considering that (i) our independent roles in the aforesaid engagement (the "Previous Engagement"); (ii) the aggregate professional fees paid/to be paid by the Company to us represent an insignificant portion of our revenue during the relevant period; and (iii) we have maintained our independence from the Company during the Previous Engagement, and our independence from the Company has not been compromised because of the Previous Engagement.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the announcement of the Company dated 26 October 2021 in relation to the Agreement for Sale and Purchase and the transactions contemplated thereunder; (ii) the announcement of the Company dated 6 December 2021 in relation to the Supplemental Agreement and the transactions contemplated thereunder; (iii) the Agreement for Sale and Purchase (as supplemented by the Supplemental Agreement); (iv) the annual report of the Company for the year ended 31 March 2021 (the "Annual Report 2021"); (v) the interim report of the Company for the six months ended 30 September 2021 (the "Interim Report 2022"); (vi) the information and facts supplied by the Group; (vii) certain relevant public information; (viii) the accountants' report on the Target Group issued by BDO Limited; (ix) the valuation report (the "Valuation Report") prepared by Moore Transaction Services Limited, an independent professional valuer (the "Valuer"); and (x) the legal due diligence report on the Target Group prepared by the legal advisers of the Company as to the PRC law. We have also (i) discussed with the management of the Company with respect to the terms of and reasons for the entering into of the Agreement for Sale and Purchase, and the business and future outlook of the Target Group; (ii) interviewed with the Valuer in respect of the market value of 100% equity interests of the Target Group; and (iii) interviewed with the legal advisers of the Company as to the PRC laws in respect of the legality of the Acquisition. Save and except for the review of the Valuation Report, we have not made any independent evaluation or appraisal of the assets and liabilities of the Target Group and we have not been furnished with any such evaluation or appraisal. Since we are not experts in the valuation of businesses or companies, we have relied solely on the Valuation Report for the market value.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management of the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management of the Company and/or the Directors were true and accurate at the time when they are made and continue to be true up to the Latest Practicable Date. We have no reason to believe that any statements, information, opinions and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent verification and in-depth investigation into the information provided by the Company as well as the business and affairs of the Group, the Vendor, the Target Group or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market, industry-specific and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information regarding the Group. The Directors, having made all reasonable enquiries and careful consideration, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Agreement for Sale and Purchase and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Agreement for Sale and Purchase (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

1.1 Background of the Group

As disclosed in the Letter from the Board, As at the Latest Practicable Date, the Purchaser, being the Company, is an exempted company incorporated in the Cayman Islands with limited liability, and is principally engaged in investment holding. The Group is principally engaged in the provision of (i) provision of financial leasing services, including sales and leaseback leasing and direct financial leasing in Hubei Province, the PRC, (ii) provision of debt collection services and credit investigation services in the PRC, Hong Kong and Singapore and (iii) provision of automobile operating lease services in Wenzhou, the PRC.

1.2 Financial information of the Group

Set out below is a summary of the Group's operating results as extracted from the Annual Report 2021 and Interim Report 2022:

	For the year ended 31 March		For the six months ended 30 September	
	2020	**2021**	**2020**	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
– Leasing services – financial leasing	27,484	15,821	10,364	4,093
– Leasing services – operating lease	–	–	–	3
– Debt collection and credit investigation services	–	–	–	3,486
	27,484	**15,821**	**10,364**	**7,582**
(Impairment losses)/Reversal of impairment losses on financial assets	(48,218)	(98,032)	29,997	18,259
(Loss)/profit for the year/period	**(65,726)**	**(121,383)**	**18,836**	**3**

For the years ended 31 March 2020 and 2021, the Group generated revenue from the provision of two categories of financial leasing services in the PRC, namely (i) sales and leaseback and (ii) direct financial leasing. Accordingly, the Group recorded interest income arising from sale and leaseback arrangements and finance lease income arising from direct financial leasing. 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. Following the completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited in August 2021, the Group started generating revenue from the provision of debt collection and credit investigation services in Hong Kong, the PRC and Singapore.

Comparison of financial performance between the six months ended 30 September 2020 and 2021

Based on the Interim Report 2022, the Group's revenue decreased from approximately HK$10.4 million for the six months ended 30 September 2020 ("1H2021") to approximately HK$7.6 million for the six months ended 30 September 2021 ("1H2022"), primarily attributable to the combined effect of (i) the decrease in revenue from financial leasing services, which was mainly due to the worsening of general economic environment caused by the outbreak of the COVID-19 pandemic; and (ii) the inclusion of income from debt collection services and credit investigation services resulting from the completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited in August 2021.

Reversal of impairment losses on financial assets represented the reversal of impairment losses recognised on (i) lease receivables and receivables arising from sale and leaseback arrangements and (ii) loan receivable. The amount decreased from approximately HK$30.0 million in 1H2021 to approximately HK$18.3 million in 1H2022, which was mainly due to the changes in recoverability of certain past due lease receivables and receivables arising from sale and leaseback arrangements.

The Group's profit for the period decreased from approximately HK$18.8 million in 1H2021 to approximately HK$3,000 in 1H2022, mainly due to the (i) the decrease in revenue and (ii) the decrease in reversal of impairment losses on financial assets recognised in 1H2022.

Comparison of financial performance between the year ended 31 March 2020 and 2021

Based on the Annual Report 2021, the Group's revenue decreased from approximately HK$27.5 million for the year ended 31 March 2020 ("FY2020") to approximately HK$15.8 million for the year ended 31 March 2021 ("FY2021"), primarily attributable to the decrease in revenue from financial leasing services, which was mainly due to the Group's more prudent and conservative strategy to focus more on the recovery of past due lease receivables and receivables arising from sale and leaseback arrangements.

The Group's recorded higher loss from approximately HK$65.7 million in FY2020 to approximately HK$121.4 million in FY2021, mainly due to the increase in impairment losses on financial assets recognised in FY2020, which was resulted from the increase in average expected loss rate on lease receivables and receivables arising from sale and leaseback arrangement.

2. Information on the Vendor and the Target Group

2.1 Background of the Vendor

According to the Letter from the Board, the Vendor is an investment holding company and a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, the principal activities of Vendor and its subsidiaries are (i) provision of property technology services in the PRC; and (ii) the provision of financial services business including financing and finance lease services, factoring services and automobile operating lease services in the PRC.

As at the Latest Practicable Date, two discretionary trusts in aggregate hold approximately 57.05% of the issued share capital of the Vendor. The trustees of these trusts were Mr. Wong Yu Lung and Mrs. Wong Fang Pik Chun and the beneficiaries of these trusts were Ms. Michelle Wong and Ms. Jacqueline Wong and their children.

2.2 Background of the Target Group

As stated in the Letter from the Board, the Target Company is an investment holding company incorporated in the British Virgin Islands on 5 August 2021 with limited liability, which is directly wholly-owned by the Vendor and directly holds the Hong Kong Company. The Hong Kong Company is an investment holding company incorporated in Hong Kong on 17 September 2021 with limited liability, which is directly wholly-owned by the Target Company and directly holds the PRC Holding.

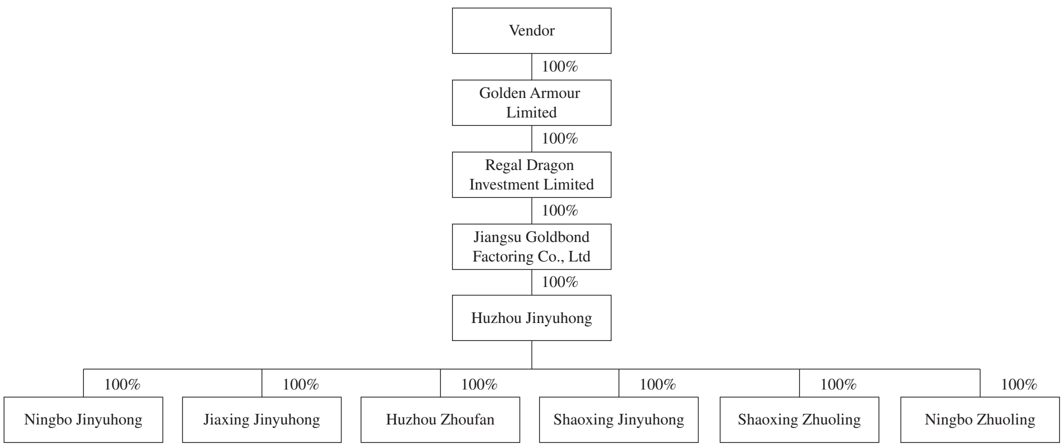
As stated in the Letter from the Board, the PRC Holding is an investment holding company established in the PRC on 27 December 2021 with limited liability, which is directly wholly-owned by the Hong Kong Company and wholly owns the PRC Subsidiaries.

Each of the members of the PRC Subsidiaries is a company established in the PRC by the Vendor with limited liability. The principal business of the Target Group is automobile operating lease business where the PRC Subsidiaries (being the lessors) purchase automobiles and lease them to the end users (being the lessees) who will in return make periodic lease payments to the PRC Subsidiaries. The PRC Subsidiaries operating lease business is mainly conducted through Huzhou Jinyuhong. The PRC Subsidiaries established their first business of automobile operating lease in Huzhou, the PRC in March 2020, and in view of the strong momentum of such business, the PRC Subsidiaries have subsequently set up and expanded their operating lease business into new strategic locations in the PRC, including two locations in Ningbo in May 2020, two locations in Shaoxing in May 2020, one location in Jiaxing in September 2020, and an additional new location also in Huzhou in October 2020. According to the Letter from the Board, the Company further consented to the establishment of four additional subsidiaries in the PRC in order to facilitate and further expand the automobile operating lease business, cope with the additional market demand and also enhance the efficiency in management of the automobile operating lease business of the Target Group in different locations. The establishment of the four additional subsidiaries was financed by the working capital of the Target Group. After obtaining the written consent from the Company to establish the four additional subsidiaries, two of them, namely Huzhou Zhuoan and Jiaxing Zhuofan were established by Huzhou Jinyuhong under the laws of PRC with limited liability in November 2021 and one of them, namely Taizhou Jinyuhong was established by Huzhou Jinyuhong under the laws of PRC with limited liability in December 2021 and the remaining subsidiary, is in the process of establishing. The establishment of the four additional subsidiaries is considered to be in line with the development of the principal business of the Target Group and that the Vendor offered to the Company that the Consideration shall remain unchanged after the establishment of the four additional subsidiaries.

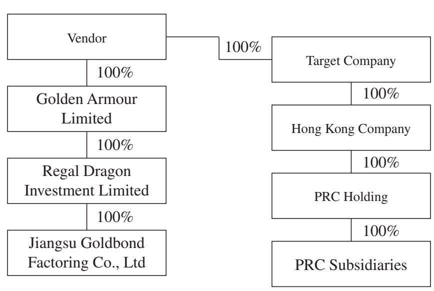
2.3 Target Restructuring

Set out below are the shareholding structures of (i) the PRC Subsidiaries as at the date of the announcement in relation to the Acquisition made by the Company on 26 October 2021; (ii) the Target Group upon completion of the Target Restructuring and immediately before Completion; and (iii) the Target Group immediately after Completion:

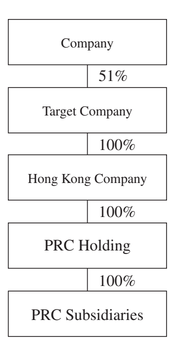
(i) the PRC Subsidiaries as at the date of execution of the announcement in relation to the Acquisition made by the Company on 26 October 2021:



(ii) the Target Group upon completion of the Target Restructuring and immediately before Completion:



(iii) the Target Group immediately after Completion:



2.4 Financial information of the Target Group

Set out below is a summary of the key financial information of the Target Group as extracted from the accountant's report on the Target Group set out in Appendix II to the Circular:

	For the period since the incorporation date (23 December 2019) to 31 March 2020	For the year ended 31 March 2021	For the six months ended 30 September	
			2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)	(audited)
Revenue				
– Operating lease income	–	5,098	905	6,719
– Interest income arising from sale and leaseback arrangement	–	34	18	9
– Sales of rental vehicles	–	2,561	–	5,176
– Other services income *(Note)*	–	753	261	315
	–	**8,446**	**1,184**	**12,219**
(Loss)/profit and total comprehensive (expenditure)/income for the period/ year	**(2)**	**2,764**	**732**	**1,923**

Note: Other services income represented the car assessment fee and other miscellaneous fees charged to lessees.

In FY2021 and 1H2022, the Target Group generated revenue mainly from the provision of automobile operating lease services in the PRC. Other than the automobile operating lease services, the Target Group also generated interest income from sale and leaseback arrangement for machinery and other services income. As advised by the management of the Target Group, only one sale and leaseback arrangement for machinery has been made by the Target Group since its incorporation and they have no intention to continue such business since then.

Comparison of financial performance between the six months ended 30 September 2020 and 2021

As disclosed in the section headed "Management Discussion and Analysis of the Target Group" as set out in Appendix III to the Circular, the Target Group's revenue increased from approximately RMB1.2 million in 1H2021 to approximately RMB12.2 million in 1H2022, which was mainly due to the expansion and growth of the operating lease business after the establishment of the first automobile operating lease business in Huzhou, the PRC in March 2020.

The Target Group's profit and total comprehensive income for the period increased from approximately RMB0.7 million in the 1H2021 to approximately RMB1.9 million in 1H2022, which was in line with the increase in revenue for the year.

Comparison of financial performance between the period since the incorporation date (i.e. 23 December 2019) to 31 March 2020 and the year ended 31 March 2021

Since the Target Group was incorporated in December 2019, no revenue has been generated for the period since the incorporation date to 31 March 2020. As disclosed in the section headed "Management Discussion and Analysis of the Target Group" as set out in Appendix III to the Circular, since the Target Group has only started the automobile operating lease business in Huzhou, the PRC in March 2020, no revenue was generated by the Target Group since the Incorporation Date to 31 March 2020. The Target Group has subsequently set up and expanded the operating lease business in Ningbo, Shaoxing, Jiaxing and Huzhou for the year ended 31 March 2021 and hence the revenue of approximately RMB 8.4 million was generated by the Target Group for the year ended 31 March 2021.

The Target Group recorded profit and total comprehensive income for the year of approximately RMB2.8 million in FY2021 as compared to the loss and total comprehensive expenditure of approximately RMB2,000 for the period since the incorporation date (i.e. 23 December 2019) to 31 March 2020, which was in line with the increase in revenue in FY2021.

3. Business outlook

3.1 Overview of car rental industry in the PRC

(i) Market size

The car rental industry in the PRC has experienced substantial growth in recent years. According to the China's Internet Car Rental Report 2020 published in 2020 by Fastdata, a professional mobile internet business intelligence service provider in the PRC, the market size of car rental industry in the PRC increased from approximately RMB26.9 billion in 2010 to approximately RMB90.3 billion in 2020, representing a CAGR of approximately 12.9%. The total fleet size in the PRC's car rental industry grew at a CAGR of approximately 8.5% from approximately 1.2 million vehicles in 2015 to approximately 1.8 million vehicles in 2020. According to the 2021-2027 China's self-driving tour industry research and future development trend report* (《2021-2027年中國自駕遊行業全景調查與未來發展趨勢報告》) prepared in 2021 by Intelligence Research Group, a professional consulting agency specializing in industry and market research, the market value of self-driving rental industry in the PRC grew from approximately RMB44.0 billion in 2015 to approximately RMB59.4 billion in 2020, representing a CAGR of approximately 6.2%.

(ii) Competition

Competition among car rental companies is primarily based on, among other things, fleet size, brand recognition, network coverage, price, variety and condition of the vehicles, variety of service offerings and quality of customer service. Although there are other car transportation service providers which also provide car transportation solutions, such as car sharing services, chauffeured service or taxi-related service, such car transportation services generally offer single ride services while car rental services focus more to satisfy car usage needs over a period of time.

3.2 Increasing demand for car rental services in the PRC

Short-term car rental needs primarily come from increasing leisure and business travel by individual and institutional customers and general car usage needs of licensed drivers who do not own cars while medium to long-term rental needs primarily come from car usage needs of customers who prefer not to incur large capital expenditures or administrative expenses of self-owned vehicles.

* *For identification purpose only*

With increasing per capita disposable income, Chinese citizens have been and are expected to engage in an increasing amount of leisure travel, which drives the demand for short-term car rental in the PRC. According to the statistic from China Tourism Automobile and Cruise Association* (中國旅遊車船協會), the scale of self-driving tours in the PRC reached 2.2 billion, representing an increase of 14.0% from 2019, and the number of self-driving travelers accounted for 77.8% of the total number of domestic travelers in 2020.

According to the statistics from Ministry of Public Security, in 2020, there are 418 million automobile drivers in the PRC, with 22.31 million new licensed drivers were registered in the year, while the number of automobiles nationwide is 281 million. Desiring the benefits of car use, a large and growing number of Chinese consumers are becoming licensed drivers. However, due to car purchase restrictions in many Chinese cities, a significant number of these licensed drivers are unable to purchase their own cars. In addition, the considerable cost of car ownership, including the purchase price of the car, license plate quota, parking, repairs and maintenance and insurance, also prevent many licensed drivers from owning a car. As a result, the gap between the number of licensed drivers and the number of owned cars is expected to continue to grow. This large and widening gap functions as another powerful driver for PRC's medium to long term car rental industry.

3.3 Favour policy

The Ministry of Transport of the People's Republic of China (the "MOT") promulgated the Circular on Promoting the Health Development of Car Rental Industry* (汽車租賃業管理暫行規定)(the "MOT Circular") in April 2011, which sets forth guidelines for the car rental industry, including, among others, encouraging large car rental enterprises to establish a national or regional car rental network.

According to the MOT Circular, local government authorities are required by the MOT to, among others, (i) promulgate local rules and regulations to improve and develop the regulatory environment of the car rental industry, (ii) promptly bring forth local development plans for the car rental industry, (iii) encourage large and reputable car rental companies with sound management to set up branches and establish national or regional networks, (iv) encourage car rental companies to develop various types of services through advanced technologies, and (v) enhance the administration of the car rental industry.

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4. The principal terms of the Agreement for Sale and Purchase and the Shareholders' Agreement

4.1. The Agreement for Sale and Purchase

Details of the Agreement for Sale and Purchase are set out in the Letter from the Board. The principal terms and conditions of the Agreement for Sale and Purchase are as follows:

4.1.1 Date

26 October 2021 (6 December 2021 for the Supplemental Agreement)

4.1.2 Parties

(i) The Company, as the purchaser; and

(ii) Goldbond Group Holdings Limited, as the Vendor.

As at the Latest Practicable Date, the Vendor owns the entire issued share capital of Perfect Honour which is interested in approximately 34.86% of the issued Shares of the Company. Therefore, the Vendor is a controlling shareholder and a connected person of the Company.

4.1.3 Assets to be acquired

The Sale Shares, representing 51% of the issued share capital of the Target Company as at the date of the Agreement for Sale and Purchase and the Completion Date.

4.1.4 Consideration and payment terms

According to the Letter from the Board, the Consideration shall be HK$17,000,000, which shall be satisfied by the Company in the following manner:

(a) HK$3,811,500 shall be satisfied by the Company by issuing the Convertible Bonds to the Vendor and/or its designated nominee(s) upon the Completion; and

(b) HK$13,188,500 shall be satisfied by the Company by issuing the Loan Note to the Vendor and/or its designated nominee(s) upon the Completion.

4.1.5 Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms with reference to, including without limitation, the net asset value of the Target Group as at 30 September 2021 of approximately RMB9,085,000 according to the accountants' report set out in Appendix II and the valuation of the Target Group as at 30 November 2021 of approximately HK$39,000,000 performed by an independent valuer according to the valuation report of the Target Group set out in Appendix V.

As the Target Group was established by the Vendor, and was not acquired from a third party, there is no original acquisition cost for the issued share capital of the Target Company.

4.1.6 Conditions precedent

According to the Letter form the Board, Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

(a) the Company being satisfied with the results of the due diligence review;

(b) the passing of the ordinary resolutions by the Independent Shareholders at the EGM to be convened and held to approve (i) the Agreement of the Sales and Purchase and the transactions contemplated thereunder, including the issue of the Loan Note; and (ii) the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares arising from the conversion of the Convertible Bonds and the transactions contemplated thereunder;

(c) the obtaining of a valuation report (in form and substance satisfactory to the Company) from a valuer appointed by the Company and showing the value of the PRC Subsidiaries as a group to be not less than RMB28,000,000 (equivalent to approximately HK$33,300,000);

(d) the Vendor's warranties as set out in the Agreement for Sale and Purchase remaining true and not misleading in all respects;

(e) the Company's warranties as set out in the Agreement for Sale and Purchase remaining true and not misleading in all respects;

(f) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares; and

(g) the completion of the Target Restructuring to the satisfaction of the Company.

As of the Latest Practicable Date, conditions (c) and (g) have been fulfilled and none of remaining conditions above has been fulfilled or waived.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions precedent and may at any time waive in whole or in part and conditionally or unconditionally the conditions precedent set out in conditions (e) above by notice in writing to the Company. Based on arms' length negotiation between the parties and with the aims of enhancing flexibility of the Acquisition and achieving long-term benefits from acquiring the Target Group in mind, the Company may at any time by notice in writing to the Vendor waive in whole or in part and conditionally or unconditionally any of the conditions precedent set out in conditions (c), (d) or (g) above and the Company has no intention to waive the remaining condition (d) above.

If the conditions precedent have not been satisfied, or where applicable, waived on or before on the Long Stop Date, or such later date as the Vendor and the Company may agree, the Agreement for Sale and Purchase shall cease and determine immediately on the Long Stop Date (save and except for some clauses which shall continue to have full force and effect), and thereafter neither Vendor nor the Company shall have any obligations and liabilities which have been accrued prior to termination towards each other under the Agreement for Sale and Purchase.

As discussed with the management of the Company, they have performed certain due diligence on the Target Group, including, among others, (i) engaged the PRC legal adviser to conduct legal due diligence; and (ii) reviewed the legal due diligence report on the Target Group prepared by the PRC legal adviser which covers due diligence work on, among others, legal structure, ownership, business license, material properties and assets, leases, potential liabilities, and taxes of the Target Group. We have obtained and reviewed the legal due diligence report on the Target Group prepared by the PRC legal adviser and noted that no material deficiencies or risks had been identified by the legal adviser. We interviewed the PRC legal adviser and understood that they have, among others, (i) reviewed corporate documents of the Target Group; (ii) enquired the management of the Target Group in relation to the shareholding, assets, management and operation of the Target Group; and (iii) conducted site visit on the head office of the Target Group.

4.1.7 Completion

Completion shall take place within the seventh Business Day after all the conditions precedent have been satisfied or waived, or such later date as the Vendor and the Company may agree.

4.1.8 Non-Competition Undertakings

The Vendor undertakes to the Company that as long as the Vendor or the Company is beneficially interested in any shares in the Target Company, the Vendor shall not, without the prior written consent of the Company, either on its own account or in conjunction with or on behalf of any person directly or indirectly carry on or be engaged, concerned or interested in any business competing with any member of the Target Group.

4.2 The principal terms of the Shareholders Agreement

The Company, Vendor and the Target Company will enter into a Shareholders Agreement upon Completion. The principal terms of the Shareholders Agreement are set out below:

Board of directors:	The board of directors of the Target Company shall consist of not more than three directors, the Vendor or its successor shall have the right to appoint up to one director and to remove or substitute such director, and the Company or its successor shall have the right to appoint up to two directors and to remove or substitute any of them
Shareholders:	Subject to the requirements under the Listing Rules (if any), none of the following activities or transactions shall be undertaken by the Target Company without a resolution approved at a duly convened and constituted meeting of the shareholders of the Target Company by the affirmative vote of all shareholders who were present in person or by proxy(ies) at the meeting and have voted or a resolution consented to in writing by all shareholders entitled to vote thereon: (i) increasing or reducing the registered capital of the Target Company; (ii) amendment to the Articles;

(iii) setting up subsidiaries, joint venture or any other external investments;

(iv) creation of any mortgage, lien, security or other encumbrances over any assets of the Target Group otherwise than in the ordinary course of the business;

(v) disposal of any substantial assets of the Target Group of over HK$3,000,000;

(vi) incurring any material expenditure or liability of a capital nature of over HK$3,000,000;

(vii) issuance by the Target Company of any shares of capital stock, and other equity securities, any right, warrant, option, pre-emptive right or other right to acquire any of the foregoing, and any security convertible into, exchangeable or exercisable for any of the foregoing; and

(viii) merger, amalgamation, demerger or any other similar reorganization.

Funding: Subject to the requirements under the Listing Rules (if any), if the Target Company requires funding and such funding is approved by the board, the Target Company shall use all reasonable endeavours to raise such funds by way of bank borrowings. If the Target Company is unable to obtain such bank borrowings, no shareholder is obligated to give support or to provide any funding to the Target Company.

Distribution of Profits:	Save where any applicable laws, the requirements under the Listing Rules (if any), or any lender of any external loan may require otherwise, all or any revenue received by member(s) of the Target Group from the business or any part thereof shall, after setting aside and making provisions for such sums as may reasonably be determined by the board of the Target Company to be necessary towards payment of future costs, charges or expenses of any nature by member(s) of the Target Group, be applied as follows: (a) firstly, in repayment of all the external loans and/or any liabilities due or owing or payable by any member of the Target Group to any lender of any external loan or any other third party and all interests accrued thereon; (b) secondly, in payment and repayment of all interests (if any) accrued on the shareholder loans; (c) thirdly, in repayment of all shareholder loans (if any); and (d) finally, the remaining balance (if any) be distributed to the shareholders in proportion to their respective shareholdings in the Target Company for the time being and in accordance with the provisions of the Articles.

5. Reasons for and benefits of the Acquisition

According to the Letter from the Board, since late 2019, the global political, economic tensions and the outbreak of the novel coronavirus ("COVID-19") had caused unprecedented disruptions and catastrophes on a global scale to the Group. Since establishment, the Group has been operating primarily in the Hubei Province of the PRC and due to the outbreak of COVID-19 in Wuhan and the Hubei Province where cities have been in months of lock down since late January 2020, the Group had been forced to suspend its operation in Wuhan. As such, the Group has experienced diminishing revenue and operations and the on-going pandemic in the PRC and its impact on economies, the management of the Group considers that a diversified business strategy instead of organic growth is a key to enhance the operations of the Group, diversify the Group's business risks, turn around its financial performance and create value for the Shareholders.

5.1 The growth prospect of the Target Group

As disclosed in the Letter from the Board and according to National Bureau of Statistics of China, benefited from a continuous economic growth in the past five years, the per capita disposable income in urban households in the PRC has surged a CAGR of approximately 6.9% from approximately RMB33,616 in 2016 to approximately RMB43,834 in 2020. With the rising living standards of Chinese residents and higher level of freedom and flexibility offered by self-driving tour, an increasing number of citizens choose to rent a car for travelling in the holidays. Moreover, given the high purchase cost and maintenance associated with car ownership, an increasing number of households and corporations are seeking alternative means to car ownership for car transportation, such as car rental services.

As disclosed in the Letter from the Board, the Target Group established its first business of automobile operating lease in Huzhou and subsequently set up and expanded its lease business into new strategic locations in the PRC, including three locations in Ningbo, two locations in Shaoxing, two locations in Jiaxing, and two locations in Huzhou where are located in first and second-tier cities in the Zhejiang Province. As advised by the management of the Company, those service locations are strategically deployed to cover major transportation hubs, such as airports and train stations, key tourist destinations, major business districts and residential communities and the Target Group aims to provide quality car rental experience by offering its customers a wide range of vehicle selection, excellent vehicle condition and a "hassle-free" rental process. According to the Qianzhan Industry Research Institute*（前瞻產業研究院）, Zhejiang Provinces was ranked 4th among the regional distribution of car rental users in 2019 and accounted of approximately 6.0% of total car rental users in the PRC. We also noted that the convenience of locations for picking up and returning the cars is one of the important criteria of the car rental users in the PRC for selecting the car rental service providers. According to iResearch Report, over 50%, 40%, 30% and 20% of the car rental users often pick up and return cars at car rental stores in the city, train/high-speed rail stations, airports and bus stations. As advised by the management of the Company, the total number of renting vehicles was 459 units as at the Latest Practicable Date. As such, we are of the view that the Target Group's business locations will have a comparative advantage.

Taking into account (i) the potential growth prospect of the automobile operating lease business; and (ii) the comparative advantage of Target Group's business locations, we concur with the Directors' view that the Acquisition would be advantageous for the Group to capture this growing market opportunity.

* *For identification purpose only*

5.2 Enhance the profitability of the Group

As disclosed in the Letter from the Board, the Acquisition is considered as a direct and imminent way to enhance the Group's level of operations upon Completion. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the results of the Target Group would be consolidated into the results of the Group. Therefore, after Completion, the Target Group is expected to contribute to the revenue of the Group in the future.

According to the accountant's report of the Target Group as set out in Appendix II of the Circular, the Target Group recorded revenue of approximately nil, RMB8.4 million and RMB12.2 million, respectively, for the period since the incorporation date (i.e. 23 December 2019) to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2021. Further, as advised by the management of the Target Group, the number of cars on hand for rental increased from 285 as at 31 March 2021 to 356 as at 30 September 2021, showing a significant growth of the revenue and the business operation of the Target Group.

As advised by the management of the Company, the business operation of the Target Group has been expanding since its incorporation and has secured a number of operating lease agreements with its customers generally with terms of one year, which enabled the Target Group to generate stable rental income of approximately RMB1.5 million per month with these existing agreements. We have obtained samples of rental agreements, on a random basis, (i) of which the rental terms cover period commenced from April 2020 up to the Latest Practicable Date and (ii) cover each of the four geographical locations where the Target Group operates.

Based on the above, we concur with the Directors' view that the Target Group is expected to contribute to the Group's revenue and profitability upon Completion considering that (i) there was significant growth in the Target Group's revenue and business operation since its incorporation; and (ii) the existing operating lease agreements secured the Target Group a stable income stream in the foreseeable future.

5.3 Broaden the income stream of the Group and leverage the Target Group's experiences in automobile operating lease business

As disclosed in the Letter from the Board, the Board has been actively looking for acquiring businesses which create synergy to the Group and provide sustainable sources of revenue to the Group, such as the PRC Subsidiaries and as advised by the management of the Company, while the Group is principally engaged in financial leasing in Wuhan and Hubei Province of the PRC and the provision of automobile operating lease services in Wenzhou of the PRC fall in the same category of leasing businesses. The Group can use its existing resource like bank and other facilities, management team to further develop both leasing businesses. Compared with finance lease, the collaterals of automobile operating lease are more liquid and loan sizes are smaller, and therefore the business risk of the Group can be diversified.

We noted that the Target Company (i) will be directly owned by the Company, representing 51% of its total issued share capital and (ii) indirectly holds the PRC Subsidiaries, which reveals that the PRC Subsidiaries will be accounted as subsidiaries of the Target Company and the financial results of the PRC Subsidiaries shall be consolidated into the accounts of the Target Group immediately after Completion as discussed in the sub-section headed "5.2 Enhance the profitability of the Group" above and we also understood from the management of the Company that (i) Target Company is considered as a suitable acquisition target taking into account the Target Restructuring; and (ii) the Acquisition is in line with the business direction and goal of the Group to diversify it source of income generated from leasing services and create synergy across multiple operations.

In addition, we have also reviewed the biographical profiles and experience of the management of the Target Group, and noted that (i) the general manager has over 10 years of risk managerial experience in automobile industry; (ii) the head of customer service department has over 5 years of experience in legal and debt collection service; and (iii) the head of operation has extensive experience in operation management and retail business. As advised by the management of the Company, they are confident that the experienced management team enables the Target Group to be highly responsive to market conditions, closely monitoring the market conditions and sometimes having to adjust the pricing strategies in response to the change of market.

In light of the above, we concur with the Directors' view that (i) Acquisition would diversify the customer base and broaden the income stream of the Group thereby enabling the Group to remain competitive in the market; and (ii) the existing resources of the Target Group in automobile operating lease business, the expertise and experience of the management team would be beneficial to the Group's business development by expanding the scale in automobile operating lease business.

5.4 Alternative settlement methods

We have discussed with the management of the Group and was advised that the Company has considered various possible alternative settlement methods including bank borrowings and equity financing such as placing, subscription of new Shares by independent third parties and right issue to finance the Acquisition.

(i) Bank borrowings

With respect to the bank borrowings, the Company has attempted to obtain loan financing from the commercial banks, but it was unable for them to grant sizeable loans due to, among others, the unsatisfactory financial results of the Group as stated in the section headed "1.2 Financial information of the Group" as well as the prevailing market condition, and the Group does not have any other significant assets which is satisfactory to the banks and can serve as collaterals for the bank borrowings was also one of the reasons for the Group not being able to obtain from these commercial banks.

According to the Annual Report 2021 and the Interim Report 2022, the Group recorded net loss of approximately HK$65.7 million, HK$121.4 million and net profit of approximately HK$3,000 for the years ended 31 March 2020, 31 March 2021 and for the nine months ended 30 September 2021, respectively and according to the Annual Report 2021, the Group's variable-rate borrowings carry interest at the rate of 4.75% per annum and fixed-rate borrowings carry interest at the rate of 8.05% per annum, while the finance cost of the Convertible Bonds will be interest-free and the finance cost of the Loan Note will be at 4.58% per annum, which is much lower than using bank borrowings. We concur with the Directors' view that the settlement of the Consideration by way of the Convertible Bonds would be a more viable option to the Group to avoid the substantial administrative works as compared to that in obtaining bank borrowings. On the other hand, if the Consideration is settled by the Convertible Bonds, the debt component of the Convertible Bonds will be eventually transferred to equity upon conversion, which implies that the gearing ratio of the Group will be eventually improved.

In light of the above, we concur with the Company that (i) it will be unlikely for the Company to obtain sizeable bank loans from the commercial banks in Hong Kong and (ii) even if the Group can obtain bank borrowings from commercial banks, the Convertible Bonds and the Loan Note still represent significant advantage over other means of financing where the relevant finance cost is much higher.

(ii) Other forms of equity financing

With respect to equity financing such as placing, subscription of new Shares by independent third parties and rights issue, we are of the view that these methods are considered to be relatively costly as the Group will have to engage more professional parties which would incur additional professional fees such as underwriting fee and/or placing commissions, etc. Without underwriter taking up its full entitlement for the right issues, the substantial shareholder cannot apply to take up its full entitlement for the rights issue if it is not fully underwritten due to the Takeovers Code issue. Raising the requisite funds through placing or subscription of new Shares will involve specific mandate requiring Shareholders' approval, given the number of Shares exceeds the limit under the General Mandate granted to the Directors on 1 September 2021 (assuming that the placing or subscription price is equal to the Conversion Price of the Convertible Bonds under the Acquisition).

Furthermore, in view of historical trading volume of the Group as discussed in sub-section headed "6.2.2 Liquidity analysis", the Shares were generally illiquid in the open market, we are of the view that the daily trading volume was relatively thin during the Review Period (as defined below) and the Directors consider that it may be difficult for the Group to obtain favorable terms on rights issue for the Acquisition and it is difficult to find the independent third parties who are willing to be underwriter without any favourable terms, which is not beneficial to the Shareholders as a whole. Also, we are of the view that it would be difficult for the Company to pursue an equity financing in the equity capital market without providing considerable discount to the prevailing market price of the Share and/or placing and/or underwriting fees, whereas having more dilution impact to the Shareholders as compared to that of the Convertible Bonds which has no immediate dilution effect upon issuance.

Based on all of the above, we concur with Directors' view that placing, subscription of new Share by independent third parties and rights issue is not in the interest of the Shareholders.

6. The Convertible Bonds

6.1 The principal terms of Convertible Bonds

The Convertible Bonds shall be issued by the Company upon Completion to settle part of the Consideration. The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal Amount:	HK$3,811,500
Maturity Date:	The date falling immediately before the third anniversary of the date of issue of the Convertible Bonds
Interest Rate:	Interest-free and shall not accrue any interest

Conversion Price: The initial Conversion Price is HK$0.154 per Conversion Share subject to adjustments in accordance with the terms and conditions of the Convertible Bonds, which are summarised below:

Adjustments to the Conversion Price: Subject to the terms and conditions of the Convertible Bonds and compliance with the Listing Rules and other applicable laws and regulations, the Conversion Price shall be adjusted from time to time upon the occurrence of certain events in relation to the Company including but not limited to the following:

(a) if and whenever the number of issued Shares changes by reason of any consolidation or subdivision or reclassification, the Conversion Price in effect immediately preceding that event shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the number of issued Shares immediately preceding such change; and

B = the number of issued Shares immediately following such change.

Each relevant adjustment will be effective from the day immediately following the effective date of the consolidation or subdivision or reclassification;

(b) if and whenever the Company shall issue (other than fully paid up shares issued from profits or reserves and substituting all or part of the specified declared cash dividend, and scrip dividend arrangement in respect of the annual dividend approved by the Company at the annual general meeting) any Shares credited as fully paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

In each case, where:

C = the number of issued Shares immediately preceding the relevant issue; and

D = the number of issued Shares immediately following the relevant issue.

Each relevant adjustment will be effective from the day immediately following the record date of the issue (if appropriate, retroactively);

(c) if and whenever the Company shall make any capital distribution (whether on a reduction of share capital or otherwise) to the Shareholders (in their capacity as such) or is required to grant to such Shareholders the rights to acquire the cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) on the date immediately preceding the date of the capital distribution or grant, as the case may be, the grant; and

F = the fair market value on the day of such announcement or, as the case may be, the immediately preceding day, as determined in good faith by a recognised investment bank the portion of the capital distribution or of such rights which is attributable to one Share,

Provided that:

(i) if in the opinion of the relevant recognised investment bank, the use of the aforesaid fair market value calculation produces a result which is significantly inequitable, it may instead determine, and in such event, the above formula should be constructed as if F meant the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and

(ii) the provisions of this subparagraph (c) shall not apply to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective from the day following the record date of the capital distribution or grant (if appropriate, retroactively).

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK$0.154 per Conversion Share, a maximum of 24,750,000 new Shares will be issued upon conversion of the Convertible Bonds (subject to adjustments), which represent (i) approximately 6.00% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 5.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the transfer of the Fourth Tranche Transfer Shares.

The Conversion Shares will be issued under the General Mandate. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conversion Period: The Bondholders may convert such Convertible Bonds (in whole or in part) into Conversion Shares during the period commencing from the seventh day after the date of issue of the Convertible Bonds to the seventh day (inclusive) before the maturity date.

Conversion Rights: The Bondholder shall have the rights to convert the principal amount of the Convertible Bonds into Shares during the conversion period at the Conversion Price (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds).

Any conversion shall be made in whole or part of the principal amount of the Convertible Bonds in multiples of HK$635,250.

	The Bondholder shall not exercise any conversion rights to such an extent that results or will result in: (i) the number of Conversion Shares to be issued in excess of the maximum number of Shares which could be issued under the unutilised portion of the General Mandate after adjustment mechanism being triggered; or (ii) the Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to fall below 25%, or the numbers of the issued Shares held by the public to fall below such other minimum percentage of the total issued share capital of the Company; or (iii) the Bondholder and persons acting in concert with it (as defined in the Takeovers Code) being required to make a general offer to all Shareholders of the Company for all the Shares in accordance with the Takeovers Code.
Ranking:	The Conversion Shares, when allotted and issued, shall rank *pari passu* with all other Shares in issue on the date of conversion of the Convertible Bonds and the Bondholders shall be entitled in respect of its Conversion Shares to all dividends, and other distributions, interests or rights as of the record date which falls after such date of conversion of the Convertible Bonds.
Transferability:	Subject to the terms and conditions of the Convertible Bonds and compliance with the Listing Rules and other applicable laws and regulations, the Convertible Bonds may be transferred or assigned by the Bondholders in whole or in part in multiples of HK$635,250 to any person. There is no lock-up period of or restriction on the dealings in the Conversion Shares held by the Bondholders upon conversion.
Voting Rights:	A Bondholder will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a Bondholder.
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

The initial Conversion Price of HK$0.154 per Conversion Share represents:

(i) a premium of approximately 19.380% to the closing price of HK$0.129 per Share as quoted on the Stock Exchange on the date of the Agreement for Sale and Purchase;

(ii) a premium of approximately 10.791% to the average closing price of approximately HK$0.139 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement for Sale and Purchase; and

(iii) a premium of approximately 30.508% to the market closing price of HK$0.118 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

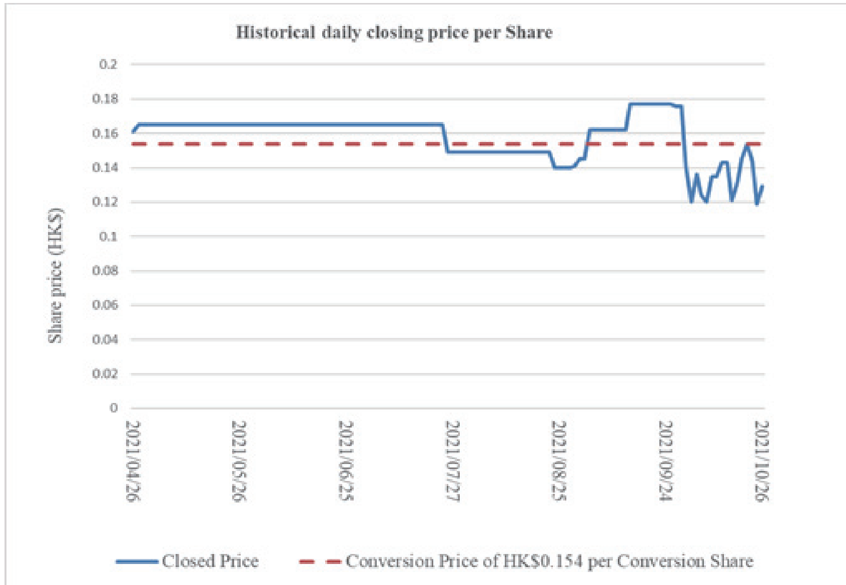
The Conversion Price was determined based on arm's length negotiations between the Parties with reference to the prevailing market prices of the Shares.

As disclosed in the Letter from Board, according to the terms of the Convertible Bonds, the Bondholder shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in their name into Shares provided that any conversion of the Convertible Bonds does not result in a mandatory offer under rule 26 of the Takeovers Code on the part of the holder and/or any party(ies) acting in concert with it. As such, the issue of the Conversion Shares is not expected to result in a change of control of the Company.

6.2 Assessment on the Convertible Bonds

6.2.1 Historical price performance of the Shares

To assess the fairness and reasonableness of the Conversion Price, we have performed a review on the daily closing prices of the Shares from 26 April 2021 up to and including the date of the Agreement for Sale and Purchase (the "Review Period") (being a period of approximately six months prior to the date of the Agreement for Sale and Purchase, which is commonly used for analysis purpose to illustrate the general trend of the daily closing prices and the level of movement of the Shares) and compared with the Conversion Price. We consider that a period of six months is representative and adequate to illustrate the price movements of the Shares to conduct a reasonable comparison between the daily closing prices of the Shares (the "Closing Price") and the Conversion Price.



During the Review Period, the average closing price was approximately HK$0.16 per Share. The Closing Price ranged from HK$0.119 per Share (the "Lowest Closing Price") recorded on 25 October 2021 to HK$0.177 per Share (the "Highest Closing Price") recorded from 14 September 2021 to 27 September 2021 during the Review Period.

Since the beginning of the Review Period, the Closing Price remained relatively stable and went up to the Highest Closing Price from 14 September 2021 to 27 September 2021. We have enquired the management regarding the rise of Closing Price and were advised that they are not aware of any particular reason that led to the rise of the Closing Price. After staying around the Highest Closing Price till 30 September 2021, the Closing Price then exhibited a downward trend and hit the low point of HK$0.119 per Share on 25 October 2021. We have enquired the management of the Company regarding the downward trend of the Closing Price and were advised that, the recent Closing Prices have been affected by the recent downturn of stock prices of stock market globally and locally and low investors sentiment due to the recent volatility and market downturn of the global economy, in particular in Hong Kong and the PRC, as well as the unprecedented deteriorating market sentiment. Save for the above and the unsatisfactory financial performance of the Group as stated in Annual Report 2021 and discussed in sub-section headed "1.2 Financial information of the Group" above, they are not aware of any particular reasons that led to the downward trend of the Closing Price. Thereafter, the Closing Price closed at HK$0.129 on the date of Agreement for Sale and Purchase.

The Conversion Price of HK$0.154 per Convertible Share represents (i) a discount of approximately 12.99% to the Highest Closing Price; (ii) a premium of approximately 29.41% to the Lowest Closing Price; (iii) a premium of approximately 19.38% over the Closing Price of HK$0.129 per Share as quoted on the Stock Exchange on the date of Agreement for Sale and Purchase; (iv) a premium of approximately 10.79% over the average Closing Prices of approximately HK$0.139 per Share for the five consecutive trading days immediately prior to the date of Agreement for Sale and Purchase; (v) a premium of approximately 30.5% to the market closing price of HK$0.125 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (vi) a premium of approximately 0.65% to the average Closing Prices of approximately HK$0.153 per Share for the 30 consecutive trading days immediately prior to the date of Agreement for Sale and Purchase.

6.2.2 Liquidity analysis

In addition to the historical Share price movement, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period:

Month/period	**Total trading volume of the Shares in each month/period**	**No. of trading days in each month/period**	**Average daily trading volume of the Shares**	**Percentage of the average daily trading volume of the Shares to the total number of Shares in issue** *(Note)*
2021				
April (from 26 April 2021)	318,000	5	63,600	0.02%
May	0	20	0	0%
June	0	21	0	0%
July	20,000	21	952	0%
August	43,000	22	1,955	0%
September	2,029,000	21	96,619	0.02%
October (up to the date of Agreement for Sale and Purchase)	8,185,000	15	545,667	0.13%
Average			84,760	0.03%

Source: the website of the Stock Exchange

Note: Calculated based on the total number of Shares in issue as at the end of the relevant month/period.

As illustrated in the table above, save for in April 2021 where only 5 trading days with 318,000 trading volume were included in the Review Period, the average daily trading volume of the Shares during the Review Period recorded the lowest of nil Shares in May and June 2021 and highest of 545,667 Shares in October 2021, representing approximately nil and 0.13% respectively of the total number of issued Shares as at the end of the relevant month/period. The average daily trading volume of the Shares during the Review Period was 84,760 Shares, representing approximately 0.03% of the issued Shares as at the end of the relevant month/period. Based on the above results, we consider that the liquidity of the Shares during the Review Period was relatively thin.

6.2.3 Comparable transaction analysis

In order to assess fairness and reasonableness of the principal terms of the Convertible Bonds, we have identified and reviewed an exhaustive list of 10 comparable transactions announced by companies listed on the Stock Exchange during Review Period in connection to the issuance of convertible bonds (excluding those are perpetual in term and have no fixed maturity date) as consideration for acquisitions in concern and conducted by respective listed issuers (the "Comparable Transactions"). We consider the Review Period of approximately 12 months to be sufficient and appropriate for our analysis as the Review Period has covered the prevailing market conditions and sentiments in the Hong Kong equity capital market at the time which the terms of the Convertible Bonds were determined, such that the Comparable Transactions could reflect the recent market trends of the terms involved in issuing the convertible bonds as consideration for acquisitions under similar market conditions and sentiments. Although the listed issuers in the Comparable Transactions may have different principal businesses, market capitalisation, profitability, financial position and identities of counterparties as compared to that of the Company, and there were different reasons for their acquisitions and for issuing the convertible bonds, we consider that the Comparable Transactions can provide us a general reference on the recent market trend of similar transactions in Hong Kong equity capital market. Based on the aforesaid, we consider the Comparable Transactions are appropriate as one of the factors we considered for the purpose of assessing the fairness and reasonableness of the principal terms of the Convertible Bonds.

The table below sets forth the summary of the Comparable Transactions during the Review Period:

	Date of announcement	Name of company	Stock code	Principal business	Maximum aggregate principal amount	Maturity *(years)*	Interest rate per annum	Premium/(Discount) of conversion price over/(to): The closing share price on the date of respective agreement	The average closing share price for the last five consecutive trading days immediately prior to the date of respective agreement	The average closing share price for the last ten consecutive trading days immediately prior to the date of respective agreement	Conversion price subject to adjustment events *(Yes/No)*
1.	4 September 2020	Hao Tian International Construction Investment Group Limited	1341.HK	Principally engaged in the construction machinery related businesses	HK$150,000,000	3	5%	(6.25%)	(7.12%)	(5.36%)	Yes
2.	30 October 2020	Summit Ascent Holdings Limited	102.HK	Principally engaged in the operation of gaming and hotels	US$3,000,000	5	nil	293.30%	275.54%	294.14%	Yes
3.	27 November 2020	Elife Holdings Limited	223.HK	Principally engaged in gas businesses and commodity trading	RMB17,000,000	3	nil	29.87%	36.99%	38.89%	Not disclosed
4.	21 December 2020	Kinetix Systems Holdings Limited	8606.HK	Principally engaged in the provision of information technology infrastructure solutions	HK$48,000,000	5	nil	(23.08%)	1.35%	9.09%	Yes
5.	13 January 2021	Jiayuan International Group Limited	2768.HK	Principally engaged in the property development, property investment and provision of property management services	HK$3,420,640,000	5	nil	5.10%	6.45%	6.90%	Yes
6.	17 March 2021	Qingdao Holdings International Limited	499.HK	Principally engaged in property businesses	HK$2,224,200,000	9	nil	317.41%	385.71%	396.02%	Yes
7.	11 June 2021	VBG International Holdings Limited	8365.HK	Principally engaged in the provision of corporate finance advisory services, placing and underwriting services, business consultancy services, asset management services and securities brokerage and margin financing	HK$30,000,000	2	5%	11.11%	11.11%	12.99%	Yes
8.	9 July 2021	Expert Systems Holdings Limited	8319.HK	Principally engaged in the provision of information technology infrastructure solutions	HK$75,600,000	5	2.50%	5.66%	7.01%	9.80%	Yes
9.	9 August 2021	DeTai New Energy Group Limited	559.HK	Principally engaged in electric cycles, wine and financial businesses	HK$185,201,000	2	nil	0%	6.88%	29.67%	Yes
10.	23 September 2021	Frontier Service Group Limited	500.HK	Principally engaged in aviation, logistics and information businesses	HK$210,000,000	2	2.50%	16.28%	15.74%	25.00%	Yes
					Maximum (note)	5	5.00%	29.87%	36.99%	38.89%	
					Minimum (note)	2	nil	(23.08%)	(7.12%)	(5.36%)	
					Median (note)	3	1.25%	5.38%	6.95%	11.40%	
					Average (note)	3.38	1.88%	4.84%	9.80%	15.87%	
				The Convertible Bonds	HK$3,811,500	3	nil	19.38%	10.79%	12.41%	Yes

Note: The proposed issue of convertible bonds by Summit Ascent Holdings Limited (stock code: 102.HK) and Qingdao Holdings International Limited (stock code: 499.HK) are considered as outliers due to the fact that the premiums represented by the relevant conversion prices are exceptionally high as compared to other comparable issues, which may in turn provide an abnormal maximum value and average value for comparison and thus excluded from the above analysis.

We noted from the above Comparable Transactions have maturity terms ranged from 2 years to 5 years with interest rates ranged from nil to 5% per annum, whereas the Convertible Bonds has a maturity term of three years with an interest-free and shall not accrue any interest. Both of the maturity term and interest rate of the Convertible Bonds fall within the respective range of the Comparable Transactions. Thus, we consider the maturity term and interest rate of the Convertible Bonds to be generally in line with the recent market practice.

As shown in the table above, the conversion prices of the Comparable Transactions ranged from (i) a discount of approximately 23.08% to a premium of approximately 29.87% over the closing prices of the respective shares on the date of the respective agreement; and (ii) a discount of approximately 7.12% to a premium of approximately 36.99% over the average closing prices of respective shares for the last five consecutive trading days immediately prior to the date of the respective agreement; and (iii) a discount of approximately 5.36% to a premium of approximately 38.89% over the average closing prices of respective shares of the last ten consecutive trading days immediately prior to the date of the respective agreement.

We have taken into account:

(i) the Conversion Price falls within the range of the Closing Prices of the Shares during the Review Period;

(ii) the Conversion Price represented the premium of the Closing Price on the date of the Agreement for Sales and Purchase, for the 5 consecutive trading days, the 10 consecutive trading days immediately prior to the date of the Agreement for Sales and Purchase and the Latest Practicable Date;

(iii) the Conversion Price is a commercial decision arrived at considering, among other things, the recent market price of the Shares, the prevailing market conditions and the amount of Convertible Bonds to be issued; and

(iv) the premiums as represented by the Conversion Price over the closing price of the Shares on the date of the Agreement for Sale and Purchase; the average closing price of the Shares for the last five consecutive trading days immediately prior to the date of the Agreement for Sales and Purchase; and the average closing price of the Shares for the last ten consecutive trading days immediately prior to the date of the Agreement for Sales and Purchase, amounted to approximately 19.38%, 10.79% and 12.41%, respectively, which are considered to be within respective ranges of the Comparable Transactions, based on the totality of the foregoing factors, we are of the opinion that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

7 The Loan Note

The Loan Note shall be issued by the Company upon Completion to settle part of the Consideration. The terms of the Loan Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer:	The Company
The Note Holder:	The Vendor
Principal Amount:	HK$13,188,500
Maturity Date:	The date immediately before the third anniversary of the date of issue of the Loan Note
Interest:	4.58% per annum and be payable annually from the date of issue of the Loan Note
Security and Collateral:	The Loan Note is unsecured and no collateral shall be provided by the Company
Early Redemption:	Subject to the terms and conditions of the Loan Note, the Company shall at its absolute discretion be entitled to redeem the Loan Note in whole or in part at any time before the maturity date.

In respect of the issuance of Loan Note, we have firstly compared the Loan Note against other possible means. Taking into account the facts that (i) settling the Consideration by cash would incur an immediate impact on the working capital of the Group as the cash and cash equivalents of the Group was approximately HK$9.9 million as at 30 September 2021; (ii) as advised by the management of the Company, as at 30 September 2021, the Group's bank borrowings carry interest at the rate ranging from 2.75% to 8.05% per annum; (iii) issue of new shares and placing of new shares will create an immediate significant dilution effect on the shareholding interests of existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company; and (iv) issue of the Loan Note would, on the contrary, not incur an immediate impact on the working capital of the Group nor dilute the shareholding of the existing Shareholders, as such we are of the view that the issuance of the Loan Note is in the interests of the Company and the Shareholders as a whole.

Taking into account (i) the Loan Note bears interest rate of 4.58% per annum, which falls within the range of interest rate of the Group's bank borrowings as at 30 September 2021; (ii) other equity financing alternatives would either result in an immediate significant dilution in the shareholding interests of existing Shareholders or be more costly and time consuming than the issuance of the Loan Note; and (iii) the issuance of Loan Note can reduce the amount of initial cash outflow of the Company and enable the Group to retain more cash for working capital purposes, we consider that the issuance of the Loan Note to settle the Consideration is in the interests of the Company and the Independent Shareholders as a whole and that the terms of Loan Note are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

8 Assessment of the Consideration

8.1 Valuation Report

In assessing the fairness and reasonableness of the Consideration, we consider it is a common practice to determine a consideration for an acquisition by taking into account, among other factors, the appraised value of the subject of an acquisition estimated by a valuation report prepared by an independent professional valuer. We have obtained and reviewed the Valuation Report and the underlying calculation spreadsheet and enquired with the Valuer, among other things: (i) the terms of engagement and the scope of work of the Valuer; (ii) the qualification and independence of the Valuer; (iii) the procedures and major assumptions adopted by the Valuer; and (iv) the selection of valuation methodology taken by the Valuer for the valuation.

Scope of work

We have reviewed the terms of engagement of the Valuer and consider that the scope of work is appropriate to the valuation and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report. We also understand from the Valuer that it conducted the valuation in accordance with the International Valuation Standards issued by International Valuation Standards Council.

The Valuer's qualification and independence

We have enquired the qualification, experience and independence of the Valuer in relation to the performance of the valuation. We were given to understand that the Valuer is certified with the relevant professional qualifications and experience. The Valuer has also confirmed that they are independent to the Group, the Target Group and their respective associates and all relevant material information provided by the Group had been incorporated in the valuation report. Based on the above, we are of the view that the Valuer is qualified to perform the valuation.

Procedures and major assumptions adopted by the Valuer

We have enquired with and were advised by the Valuer that they had performed necessary due diligence works for the preparation of the Valuation Report, which includes, among others, enquiries in relation to the future development, operations and other relevant information of the Target Group and examination of further information where necessary. We noted that the Valuer has made major assumptions, including but not limited to that (i) the principal businesses of the Target Group will not change significantly in the foreseeable future; (ii) there will be no material change in the existing political, legal, fiscal, technological, economic and market conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; (iii) there will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with; (iv) there will be no material change in the relevant market return, market risk, interest rates and exchange rates that would impact the Target Group's business operation; (v) the market data, industrial information and statistical figures obtained from publicly available sources are true and accurate; (vi) PRC Subsidiaries have obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which PRC Subsidiaries operate or intend to operate would be officially obtained and renewable upon expiry; (vii) PRC Subsidiaries will continue to operate as a going concern and the core operation of PRC Subsidiaries will not differ materially from those of present or expected; and (viii) management has sufficient knowledge and experience in respect of the operation PRC Subsidiaries, and the turnover of any director, management or key person will not affect the operation of PRC Subsidiaries.

In view of the above, we have considered that (i) according to the legal due diligence report on the Target Group prepared by the PRC legal advisers of the Company, the Target Group has obtained all necessary permits, business certificates and legal approvals for its operation which are expected to be renewed upon expiry; (ii) the Target Group recorded profits of approximately RMB2.8 million and RMB1.9 million in FY2021 and 1H2022, respectively; (iii) the Target Group has secured a number of operating lease agreements with its customers which enabled it to generate stable rental income with these existing agreements; (iv) the Target Group has already expanded their operating lease business into strategic locations in the PRC including Ningbo, Shaoxing, Jiaxing and Huzhou; (v) the experienced management team of the Target Group, as discussed in subsection headed "5.3 Broaden the income stream of the Group and leverage the Target Group's experiences in automobile operating lease business", is highly responsive to market conditions, which would assist the Target Group in adapting to different market changes and maintaining the principal business operation in spite of the short operating history of the Target Group; and (vi) we are not aware of any matter that would affect the going concern of the Target Group. Therefore, we concur with the Board that the assumptions on the going concern, obtaining necessary permits and sufficient knowledge and experience possessed by the management of the Target Group, considering the short operating history of the Target Group, are fair and reasonable.

Selection of valuation methodology

We have further reviewed and enquired with the Valuer on the methodology and the key assumptions adopted in the Valuation Report. In performing the valuation of the Target Group, the Valuer considered three valuation approaches, namely the income approach, market approach and cost approach.

We understand from the Valuer that the income approach measures the value of an asset by the present value of its future economic benefits. The income approach was not adopted in valuing the Target Group as it heavily relies on subjective assumptions adopting in the long-tern financial projections of the Target Group and thus the market value is highly sensitive to the inputs in the financial projections which could result in a significant impact on the market value. We further understand that the cost approach was not adopted as it does not consider the future economic benefits generated from the operation of the Target Group and therefore is inadequate in reflecting the value of its equity interests deriving from its ongoing business and any potential growing prospect. We also understand from the Valuer that the market approach reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. We concur with the Valuer that the market approach is the most appropriate approach for the valuation of the Target Group.

Under the market approach, there are two commonly used methods of valuation, namely (i) guideline public company method (which utilizes information on publicly-traded comparables that are the same or similar to the subject asset to arrive at an indication of value), and (ii) the comparable transaction method (which utilizes information on transaction involving assets that are the same or similar to the subject asset to arrive at an indication of value). The Valuer has determined that guideline public company method is to be applied as there are sufficient comparable companies that engaged in the same or similar principal business as the Target Group. The Valuer attempted to identify companies which (i) are listed on the top 15 stock exchanges in terms of market capitalisation as at 30 June 2021 as included in the publication issued by the Securities and Futures Commission of Hong Kong or recognised stock exchange being recognised by the Stock Exchange of which the latest financial information is publicly available; (ii) recorded positive earnings and earnings before interest, tax, depreciation and amortisation ("EBITDA") for the last twelve months; (iii) derive a considerable amount (over 50% of total revenue), if not all, of their revenues from car rental business; and (iv) latest public available financial information of which is sufficient for analysis. Based on the aforesaid selection criteria, an exhaustive list of 9 comparable companies (the "Comparable Companies") were identified by the Valuer. In assessing whether the Comparable Companies are fair and reasonable and relevant to the Target Group, we have considered (i) the difference in scale and market capitalization between the Target Group and Comparable Companies; (ii) the short operating history of the Target Group; and (iii) the business model of the Target Group and the Comparable Companies:

- In respect of scale and market capitalization of the Target Group and the Comparable Companies, we have discussed with the Valuer and understood that (i) since the Comparable Companies are publicly listed companies over the world, it is not uncommon that the scale of operation and market capitalization would be larger than those of the Target Group, which is a private company; (ii) the enterprise value to EBITDA ratios (the "EV/EBITDA ratio(s)") of the Comparable Companies, despite their market capitalizations are larger than the Target Group, are the only publicly available source to determine the valuation of the Target Group under market approach; and (iii) in deriving the valuation of the Target Group, the Valuer adopted the median of the EV/EBITDA ratios for Comparable Companies, which has minimized the dominating effect of outliers.

- In respect of the short operating history of the Target Group, we considered that (i) the Target Group has been operating for around two years and recorded profits of approximately RMB2.8 million and RMB1.9 million in FY2021 and 1H2022, respectively; (ii) the Target Group has secured a number of operating lease agreements with its customers which enabled it to generate stable rental income with these existing agreements; and (iii) given the experienced management team of the Target Group, a number of operating lease agreements have already been secured by the Target Group, which have been reflected in its EBITDA for the year ended 30 September 2021 and enabled the Target Group to generate stable rental income in the foreseeable future, in spite of its short operating history.

- In respect of the business model of the Target Group and the Comparable Companies, as explained in the table set out in subsection headed "8.2 Alternative analyses for the Acquisition", we considered that the business model of the Target Group is comparable to those of the Comparable Companies.

We have also performed our own search for the comparable companies based on the selection criteria adopted by the Valuer and obtained the same results of comparable companies as chosen by the Valuer. As such, we are of the view that (i) the selection criteria are fair and reasonable; (ii) the list of the comparable companies is exhaustive; and (iii) it is fair and reasonable to derive the financial multiple from these comparable companies.

Normalized EBITDA of the Target Group

As advised by the Valuer, in determining the valuation of the Target Group, a normalized EBITDA of approximately RMB9.3 million was adopted, which has excluded income which was not generated from the provision of automobile operating lease services such as (i) interest income arising from sale and leaseback arrangement and (ii) other services income. We have discussed with the management of the Company and understood that (i) the interest income arising from sale and leaseback arrangement was related to one sale and leaseback arrangement for machinery in 2020, which was irrelevant to the automobile operating lease business of the Target Group and was not intended to continue; and (ii) other services income represented the car assessment fee and other miscellaneous fees charged to lessees, which is immaterial and not directly attributable to the automobile operating lease business of the Target Group. Considering that the exclusion of income from businesses other than the provision of automobile operating lease services provides a more meaningful comparison with the EBITDA of Comparable Companies, we concur with the Valuer that the adoption of normalized EBITDA in the valuation is reasonable.

Based on our review on the Valuation Report and having considered (i) our assessment of the scope of work of the Valuer; (ii) qualification and independence of the Valuer; (iii) the procedures and major assumptions adopted by the Valuer; (iv) the methodology being applied in the valuation; and (v) the Comparable Companies used by the Valuer in the valuation, we are of the view that the appraised market value of the Target Group was arrived at after due and careful consideration. In addition, having considered that (i) the Consideration of the Acquisition is lower than the appraised market value of 51% equity interest of the Target Group in the Valuation Report, we concur with the view of the management of the Company that the Consideration of the Acquisition is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

8.2 Alternative analyses for the Acquisition

We attempted to identify comparable transactions involving acquisition or disposal of equity interest in companies which are principally engaged in the provision of automobile operating lease services in the PRC in the past three years, where such transactions are publicly announced by way of publishing announcement on the website of the Stock Exchange. No relevant transaction could be identified and hence, we have extended our selection criteria to cover companies which are principally engaged in the provision of automobile operating lease services over the world in the past three years, where such transactions are publicly announced by way of publishing announcement on the website of the Stock Exchange. However, no relevant transaction could be identified. As an alternative analysis, we have also compared the price-to-earnings (the "P/E") ratio, and the price-to-book (the "P/B") ratio of the Comparable Companies as at 30 September 2021 with the implied P/E and P/B ratios of the Target Group. Considering the EV/EBITDA, P/E and P/B ratios are commonly accepted benchmarks in the comparison of valuation of companies against their industry peers and we are not aware of any specific circumstances that would make such analyses inappropriate, we have adopted them for the purpose of our analyses.

Set out below is our analysis on the Comparable Companies:

Name of company (Stock code)	Listing location	Principal business	Analysis on the selection of Comparable Companies	Market capitalization (Note 1) HK$ 'billion	Multiple adopted by the Valuer to determine the market value of the Target Group EV/EBITDA times	Our alternative analysis EV/EBITDA (Note 2) times	P/E ratio (Note 2) times	P/B ratio (Note 2) times
Lotte Rental Co Ltd (089860:KS)	Korea	Principally engaged in worldwide car rental business	This company receives rental income through renting out its owned cars to both short- and long-term, corporate and individual customers. Majority of its revenue was contributed by its car rental business worldwide. Thus, we consider the business model is comparable to that of the Target Group.	9.2	4.4	4.8	31.6	2.1
Avis Budget Group Inc. (CAR:US)	United States	Principally engaged in worldwide car rental business	This company receives rental income though renting out its cars and trucks to commercial and leisure customers. Majority of its revenue was contributed by its car rental business worldwide. Thus, we consider the business model,is comparable to that of the Target Group.	52.8	9.5	10.0	N/A*(Note 3)*	N/A*(Note 3)*
Trust Co. Ltd. (3347:JP)	Japan	Principally engaged in car rental and export business mainly in Japan	This company receives rental income though renting out its cars to individual and corporate customers. Over 60% of its revenue was contributed by its car rental business. Thus, we consider the business model, is comparable to that of the Target Group.	0.4	4.8	5.3	131.4	1.0
Movida Participacoes S/A (MOVI3:BZ)	Brazil	Principally engaged in car rental and export business in Brazil	This company receives rental income through renting out its light vehicles to short- and long-term, individual and corporate customers. Over 70% of its revenue was contributed by its car rental business in Brazil. Thus, we consider the business model is comparable to that of the Target Group.	8.9	9.0	7.3	57.0	2.6
SK Rent a Car Co. Ltd. (068400:KS)	Korea	Principally engaged in car rental business mainly in Korea	This company receives rental income through renting out its cars to both short- and long-term, corporate and individual customers. Over 60% of its revenue was contributed by its car rental business in Korea. Thus, we consider the business model is comparable to that of the Target Group.	3.4	4.6	4.9	29.2	1.1
United International Transportation Co (BUDGET:AB)	Saudi Arabia	Principally engaged in worldwide car rental business	Receive rental income through renting out its cars to both short- and long-term, corporate and individual customers. Over 60% of its revenue was contributed by its car rental business worldwide. Thus, we consider the business model is comparable to that of the Target Group.	7.3	4.9	5.4	18.8	2.7
Localiza Rent A Car S/A Ord (RENT3: BZ)	Brazil	Principally engaged in car rental business mainly in Brazil	This company receives rental income through renting out its cars directly to short-term and long-term end-users or to car dealers. Substantially all its revenue was contributed by its car rental business. Thus, we consider the business model is comparable to that of the Target Group.	52.3	9.1	19.3	39.4	6.8
Sixt SE (SIX2:GR)	Germany	Principally engaged in car rental business mainly in Europe and the United States	This company receives rental income through renting out its wide-range of cars such as holiday vehicles to trucks to short-term and long-term individual and corporate customers. Substantially all its revenue was contributed by its car rental business. Thus, we consider the business model is comparable to that of the Target Group.	35.9	10.8	12.2	N/A*(Note 3)*	2.9
Solution Financial Inc. (SFI:CN)	Toronto	Principally engaged in car rental business in Canada	This company receive rental income through renting out its luxury vehicles to short-term and long-term individual and corporate customers. Substantially all its revenue was contributed by its car rental business. Thus, we consider the business model is comparable to that of the Target Group.	0.2	6.3	6.5	96.2	3.7
				Minimum:	4.4	4.8	18.8	1.0
				Maximum:	10.8	19.3	131.4	6.8
				Median:	6.3	6.5	39.4	2.7
				Average:	7.1	8.4	57.7	2.9
The Target Group		**Principally engaged in the provision of car rental services**	Receive rental income though renting out its owned automobiles to individual customers.			**5.5** *(Note 4)*	**8.4** *(Note 4)*	**3.7** *(Note 4)*

Notes:

1. The market capitalization is calculated by multiplying the total number of outstanding shares by the closing share price of the Comparable Companies as at 30 September 2021.

2. The EV/EBITDA ratio is calculated by dividing the net of the sum of market capitalisation as at 30 September 2021, debt and minority interest of the Comparable Companies and cash and cash equivalent as at the latest financial year/period end by their earnings before interest, tax, depreciation and amortisation for the latest financial year. The P/E ratio is calculated by dividing the market capitalization as at 30 September 2021 of the Comparable Companies with their profit attributable to owners of the companies for the latest financial year. The P/B ratio is calculated by dividing the market capitalization as at 30 September 2021 of the Comparable Companies with their net assets attributable to owners of the companies as at the latest financial year/period end.

3. The P/E ratio and/or P/B ratio of these Comparable Companies are not applicable as they recorded net loss attributable to owners for the latest financial year and/or net liabilities as at the latest financial year/period end, respectively.

4. The implied EV/EBITDA ratio of the Target Group is calculated by dividing the sum of (i) the Consideration of HK$17 million divided by 51%, being the percentage of the equity interest to be acquired (the "Implied Consideration"); and (ii) net debt as at 30 September 2021 by its EBITDA for the year ended 30 September 2021. The implied P/E ratio of the Target Group is calculated by dividing the Implied Consideration with its profit after taxation for the year ended 30 September 2021. The implied P/B ratio of the Target Group is calculated by dividing the Implied Consideration with its net assets as at 30 September 2021.

5. The EV/EBITDA ratios recomputed by us were different from those computed by the Valuer because (i) the benchmark date adopted by us was 30 September 2021 while that adopted by the Valuer was 30 November 2021. We adopted 30 September 2021 as the benchmark date because it is the date of valuation of the Target Group relied on when the Agreement for Sale and Purchase were entered into on 26 October 2021 according to the announcement dated 26 October 2021; and (ii) we used financial results of latest published annual result of the Comparable Companies to calculate respective EBITDAs while the Valuer used financial figures extracted from the Bloomberg Terminal which based on estimated annual results of the Comparable Companies on trailing 12-month basis. As the financial figures extracted from the Bloomberg Terminal on trailing 12-month basis consist of historical and recent actual figures which are not necessarily audited, we recomputed the EV/EBITDA ratios based on latest published audited financial figures as a prudent and alternative assessment. Nevertheless, the multiple of approximately 6.3 times adopted by the Valuer, which represents the median of EV/EBITDA ratios of the Comparable Companies computed by the Valuer, falls within the range of the EV/EBITDA ratios and is close to the median of EV/EBITDA ratios of the Comparable Companies of approximately 6.5 times recomputed by us.

As illustrated in the table above, the EV/EBITDA ratio of the Comparable Companies range from a minimum of approximately 4.8 times to a maximum of approximately 19.3 times, with a median and average of approximately 6.5 times and 8.4 times, respectively. The P/E ratio of the Comparable Companies range from a minimum of approximately 18.8 times to a maximum of approximately 131.4 times with a median and average of approximately 39.4 times and 57.7 times, respectively. The P/B ratio of the Comparable Companies range from a minimum of approximately 1.0 times to a maximum of approximately 6.8 times with a median and average of approximately 2.7 times and 2.9 times, respectively. The implied EV/EBITDA and P/B ratios of the Target Group fall within the range of those of the Comparable Companies, while the implied P/E ratio falls below the range of that of the Comparable Companies. Although the implied P/B ratio of the Target Group is higher than the median and average of the P/B ratio of those of the Comparable Companies, considering that the Group would obtain the controlling stakes in the Target Group upon Completion, it is common to apply a control premium on valuing the controlling interest, we concur with the management of the Company that the higher implied P/B ratio as compared to median and average of those of the Comparable Companies is justifiable. Based on the above, we are of the view that the Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

9 Change in the shareholding structure of the Company

Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the transfer of the Fourth Tranche Transfer Shares; and (iii) immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full (assuming that the Conversion Price is HK$0.154 per Conversion Share and there is no issue or repurchase of Shares from the Latest Practicable Date other than the Conversion Shares):

	As at the Latest Practicable Date		**Immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment**		**Immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the Convertible Bonds in full**	
	Number of Shares	*Approximate % (Note 6)*	*Number of Shares*	*Approximate % (Note 6)*	*Number of Shares*	*Approximate % (Note 6)*
Silver Creation	43,752,347	10.61	43,752,347	10.61	43,752,347	10.01
Mr. Xie Xiaoqing						
– interested by Solomon Glory *(Note 1)*	38,503,380	9.33	–	–	–	–
– held by controlled corporation	12,704,220	3.08	12,704,220	3.08	12,704,220	2.91
Alpha Focus International Limited *(Note 4) (Note 5)*	–	–	48,326,011	11.72	48,326,011	11.05
Mr. Rozario Bobby Roberto *(Note 4)*	1,627,508	0.39	3,591,182	0.87	3,591,182	0.82
Perfect Honour Limited *(Note 2)*	143,805,903	34.86	143,805,903	34.86	143,805,903	32.89
Michelle Wong, Jacqueline Wong and their associates *(Note 3)*	20,234,242	4.91	20,234,242	4.91	20,234,242	4.63
Vendor	–	–	–	–	24,750,000	5.66
Subtotal of non-public shareholders	260,627,600	63.18	272,413,905	66.04	297,163,905	67.96
Alpha Focus International Limited *(Note 4)(Note 5)*	21,901,142	5.31	–	–	–	–
Ever Art Investment Limited *(Note 4)*	2,750,806	0.67	6,069,796	1.47	6,069,796	1.39
Forever Management Limited *(Note 4)*	5,632,452	1.37	12,428,299	3.01	12,428,299	2.84
Other Public Shareholders	121,597,000	29.48	121,597,000	29.48	121,597,000	27.81
Total	412,509,000	100.00%	412,509,000	100.00%	437,259,000	100.00%

Notes:

1. Solomon Glory, which is a wholly-owned subsidiary of the Vendor, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited has charged, *inter alia*, its assets including but not limited to the 38,503,380 Shares held by it by way of floating charge, which was crystalised into a fixed charge. An order was subsequently issued by the High Court of Hong Kong to the effect that, among others, these charged Shares shall not be sold at a price of more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of such sale. Although Solomon Glory has no voting right over the 38,503,380 Shares, as advised by the legal adviser of Vendor, Solomon Glory has the right to enforce the transfer of the 38,503,380 Shares in accordance with the terms and conditions under the aforesaid court order.

2. The 143,805,903 Shares are held by Perfect Honour, which is a wholly-owned subsidiary of Vendor, the Shares of which are held as to approximately 30.99% by Allied Luck Trading Limited, a company wholly-owned by Allied Luck Trust, and as to approximately 26.06% by Ace Solomon Investments Limited, a company wholly-owned by Aceyork Trust. Ms. Michelle Wong and Ms. Jacqueline Wong are the beneficiaries of Allied Luck Trust and Aceyork Trust.

3. Among the 20,234,242 Shares, 10,127,176 Shares are held by Legend Crown International Limited and 10,107,066 Shares are held by Plenty Boom Investments Limited, respectively, of which the entire issued share capital of each of Legend Crown International Limited and Plenty Boom Investments Limited are held by discretionary trust whose trustee is Ace York Investment Management Limited, a company owned as to 50% by Ms. Jacqueline Wong and 50% by Ms. Michelle Wong, respectively.

4. On 26 June 2020, the Company, Alpha Focus International Limited, Mr. Rozario Bobby Roberto, Ever Art Investment Limited and Forever Management Limited entered into the sale and purchase agreement (as supplemented by the first supplemental agreement dated 29 March 2021 and the second supplemental agreement dated 29 June 2021) in relation to the acquisition of 51% of issued share of Alpha & Leader Risks and Assets Management Company Limited. The completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited took place on 25 August 2021. The consideration of HK$32,640,000 shall be settled by (1) the transfer or procurement of transfer of existing Shares held by Shareholders namely (i) Silver Creation in the amount of 31,911,908 Shares; and (ii) Solomon Glory in the amount of 38,503,380 Shares; and (2) cash in the amount of HK$3,831,256, at the agreed proportion by four tranches, details are disclosed in the circular of the Company dated 30 June 2021.

5. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, Alpha Focus International Limited with shareholding of 5.31% is a public shareholder of the Company. Hence, the percentage of non-public shareholders excluding the shareholding of 5.31% held by Alpha Focus International Limited should be 63.18%. As at the date immediately after the transfer of the Fourth Tranche Transfer Shares and immediately after the transfer of the Fourth Tranche Transfer Shares and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full, Alpha Focus International Limited will hold more than 10% of Shares and become a substantial shareholder of the Company. Hence, Alpha Focus International Limited will be counted as a non-public shareholder.

6. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

10 Possible financial effects of the Acquisition

According to the Letter from the Board, upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company of which 51% of its issued shares will be held indirectly by the Company and thus the financial results, assets and liabilities of the Target Group will be consolidated into those of the Group. For details of the unaudited pro forma financial information on the Enlarged Group, please refer to Appendix IV to the Circular.

10.1 Net liabilities

Upon Completion, as stated in the "Unaudited pro forma financial information on the Enlarged Group" set out in Appendix IV to the Circular, assuming that Completion had taken place on 30 September 2021, the net liabilities of the Enlarged Group as at is expected to decrease to approximately HK$108.7 million.

10.2 Earnings

Based on the accountant's report of the Target Group set out in Appendix II to the Circular, the Target Group recorded a profit of approximately RMB2.8 million and RMB1.9 million in FY2021 and 1H2022. In view of the improved financial results and the future prospect of the Target Group, the Directors expect that the earnings of the Enlarged Group will be enhanced by the Acquisition.

Based on the aforementioned potential financial impacts of the Acquisition on the Group, in particular, the positive impact to the Group future earnings, we concur with the management of the Company's view that the Acquisition is in the interests of the Company and its Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that although the Acquisition is not in the ordinary and usual course of business of the Group (i) the Agreement for Sale and Purchase (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions for approving the Agreement for Sale and Purchase and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Giraffe Capital Limited
Johnson Chen
Managing Director

Mr. Johnson Chen is a licensed person registered with the Securities and Futures Commission and a responsible officer of Giraffe Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and to undertake work as a sponsor. He has over 13 years of experience in the field of corporate finance advisory.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2019, 2020, 2021 and for the six months ended 30 September 2021 are disclosed in the documents, which have been published and are available on the website of the Stock Exchange (https://www.hkexnews.hk) and the website of the Company (https://www.chinarzfh.com):

- the annual report of the Company for the year ended 31 March 2019 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0718/ltn20190718549.pdf), please refer to pages 50 to 104 in particular;

- the annual report of the Company for the year ended 31 March 2020 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0930/2020093000296.pdf), please refer to pages 53 to 108 in particular;

- the annual report of the Company for the year ended 31 March 2021 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800906.pdf), please refer to pages 54 to 108 in particular; and

- the interim results announcement of the Company for the six months ended 30 September 2021 (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1126/2021112601322.pdf), please refer to pages 2 to 16 in particular.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding indebtedness as follows:

Borrowings

As at the close of business on 30 November 2021, the Enlarged Group had outstanding borrowings comprising (i) bank borrowings of approximately HK$131,962,000 which are secured by charges over receivables arising from sale and leaseback arrangements of the Enlarged Group and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary; (ii) bank borrowings of approximately HK$24,691,000 which are secured by charges over bank deposits of the Enlarged Group and guaranteed by a joint venture of a major shareholder of the Company and a director of the Company's subsidiary; (iii) bank borrowings of approximately HK$520,671,000 which are secured by charges over receivables arising from sale and leaseback arrangements of the Enlarged Group and guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary; (iv) bank borrowings of approximately HK$4,848,000 are unsecured and guaranteed by two directors of the Company's subsidiary; (v) amounts due to directors of the Company's subsidiary of approximately HK$1,585,000 which are unsecured; (vi) promissory note of approximately HK$6,287,000 which are unsecured and interest-free on its principal sum; (vii) amount due to a shareholder of the Company of HK$4,000,000 which is unsecured and carried interest at 6% per annum; and (viii) amount due to a related party of the Target Group of approximately HK$32,996,000 which is unsecured and carried interest at 4.5% per annum.

Lease liabilities

As at the close of business on 30 November 2021, the Enlarged Group had outstanding lease liabilities of approximately HK$5,961,000 measured at the present value of the remaining lease payments using a discount rate ranged from 4.75% to 6.00%.

Contingent consideration payables

As at the close of business on 30 November 2021, the Enlarged Group had contingent consideration payables of (i) promissory notes in aggregate amount of approximately HK$6,407,000 to be issued by the Company to the shareholder of the Company; (ii) cash consideration payable of approximately HK$3,165,000; and (iii) derivative financial liability of HK$8,194,000.

Contingent liabilities or guarantees

As at the close of business on 30 November 2021, the Enlarged Group did not have any contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Enlarged Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, which were either guaranteed, unguaranteed, secured and unsecured, any mortgages and charges or any contingent liabilities or guarantees at the close of business on 30 November 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular.

3. WORKING CAPITAL STATEMENT

As at 30 November 2021, the Group had total bank borrowings amounted to approximately HK$682,172,000, which bank borrowings of approximately HK$192,681,000 were already due and should be repayable on demand and bank borrowings of approximately HK$359,607,000 would be due for repayment within twelve months. Should the banks consider the bank borrowings that were already due as an event of default, together with such default would trigger the cross default provisions in other loan agreements entered into by the Group, bank borrowings amounted to approximately HK$198,452,000 and approximately HK$126,190,000 which were repayable within twelve months and after twelve months respectively from 30 November 2021 based on the agreed scheduled repayments set out in the respective loan agreements would become due for immediate repayment. Based on the recent discussion with the banks, the management considered that the bank borrowings that were already due were not an event of default.

In addition, there are significant slow-down in the collection of the Group's lease receivables and receivables arising from sale and leaseback arrangements in recent years; and the Target Group has net current liabilities of approximately HK$4,435,000 as at 30 November 2021.

In June 2021, the Group obtained a letter of undertaking from a company under the joint control of certain major shareholders of the Company (the "Related Party"), three independent parties and a director of a subsidiary of the Company. Pursuant to the undertaking, the Related Party agreed to take up: (i) certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) certain bank borrowings of the Group. As at 30 November 2021, the relevant lease receivables and receivables arising from sale and leaseback arrangements were approximately HK$301,680,000 while the relevant bank borrowings were approximately HK$520,671,000. Pursuant to the Company's announcement on 28 June 2021, the Group is applying to the relevant bank for transfer of bank borrowings to the Related Party.

Should the Group fail to extend the relevant bank borrowings and/or unable to collect the receivables, or the relevant bank refuse to approve the transfer of bank borrowings to the Related Party, the liquidity position of the Group may be adversely affected and the sufficiency of working capital for the Enlarged Group to continue its operation may become uncertain.

In view of these circumstances, the Directors have the following plans to improve the Enlarged Group's liquidity and financial position:

(i) taking active measures to collect lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit, debt restructuring, and any effective methods to improve operating cash flows and its financial position;

(ii) taking active measures to control administrative costs to improve operating cash flows and its financial position continuously;

(iii) negotiating with the banks on the renewal of and extension for repayments of certain bank borrowings and arranging new banking facilities when necessary. Based on the previous experience in dealing with the banks and recent discussion with the banks, the Directors considered that the Group is making positive progress in its negotiations in connection with the extension of the repayment of the relevant bank borrowings to at least twelve months from the date of the Circular. Although the discussions with the relevant banks are positive, there are no binding agreements with the relevant banks;

(iv) negotiating with the bank for the approval for the transfer of bank borrowings to the Related Party so that the execution of the undertaking by the Related Party can be proceeded. Although the discussions with the bank are positive, there are no binding approval issued by the bank;

(v) utilising the unused loan facilities provided by Goldbond Group Holdings Limited to the Company; and

(vi) negotiating new loan facilities with other related parties when necessary.

The Directors have reviewed the Enlarged Group's cash flow projections which cover a period of not less than twelve months from the date of this Circular. The Directors, after making due and careful enquiry, based on the assumptions that the Group will be able to renew the bank borrowings as forecasted and after taking into account the abovementioned measures, are of the opinion that the Enlarged Group will have sufficient working capital for its normal business operation for at least the next twelve months from the date of this Circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the annual report of the Company for the year ended 31 March 2021 and the profit warning announcement dated 23 November 2021 in relation to a decrease in profit of from approximately HK$18,836,000 as recorded in the six months ended 30 September 2020 to approximately HK$3,000 for the six months ended 30 September 2021, which was due to the decrease in the reversal of provisions for impairment losses on finance lease receivables of the Group, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, the date to which the latest published audited financial statements of the Group were made up.

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Since 31 March 2021, being the date to which the latest published audited accounts of the Group were made up, the Group has completed the following acquisition whose profits or assets make or will make a material contribution to the figures in the next published financial statements of the Group for the year ending 31 March 2022:

On 26 June 2020, the Company, Alpha Focus International Limited, Mr. Rozario Bobby Roberto, Ever Art Investment Limited and Forever Management Limited entered into the sale and purchase agreement (as supplemented by the first supplemental agreement dated 29 March 2021 and the second supplemental agreement dated 29 June 2021) in relation to the acquisition of 51% of issued share of Alpha & Leader Risks and Assets Management Company Limited, which has been serving clients in the name of "Alpha & Leader" with one-stop solution focusing on resolving clients' receivables and nonperforming loan issues through the provision of legal and debt collection services. The completion of the acquisition of Alpha & Leader Risks and Assets Management Company Limited took place on 25 August 2021. The consideration of HK$32,640,000 shall be settled by (1) the transfer or procurement of transfer of existing Shares held by Shareholders namely (i) Silver Creation in the amount of 31,911,908 Shares; and (ii) Solomon Glory in the amount of 38,503,380 Shares; and (2) cash in the amount of HK$3,831,256, at the agreed proportion by four tranches, details are disclosed in the circular of the Company dated 30 June 2021.

The aggregate of the remuneration payable to and benefits in kind received by the Directors will not be varied in consequence of the aforementioned acquisition.

The accountants's report of Alpha & Leader Risks and Assets Management Company Limited and its subsidiaries for the years ended 31 March 2018, 2019 and 2020 have been published (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0630/2021063000365.pdf), please refer to pages 119 to 124 in particular.

Save as disclosed above, since 31 March 2021 (the date to which the latest published audited accounts of the Group have been made up), no member of the Group has acquired or agreed to be acquired or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditor's report or next published accounts of the Group.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

With the pandemic of COVID-19 in 2020, notices have been issued for operation suspension by various PRC local provincial governments. As the Group is headquartered in Wuhan, Hubei Province, the operation has been significantly impacted which staffs are restricted to work due to the provinces and municipalities notice in January 2020. Until the second half of April 2020, the operation in Wuhan has gradually resumed normal followed by the lifting of the restrictions but the Group is still subject to material challenges and uncertainties. To date, the impact of the COVID-19 has continued affecting the first half of the financial year 2021/2022 and it is extremely difficult and challenging for the Group.

Following the Completion, the Group intends to continue the operation of its existing principal business in (i) the provision of leasing services including financial leasing services and operating lease services in the PRC and (ii) provision of debt collection services and due diligence and credit investigation services in Hong Kong, the PRC and Singapore. The management is most eager to further increase the recurring income of the Group by the Acquisition of the Target Group.

Based on the unaudited pro forma financial information of the Enlarged Group in Appendix IV to this circular, assuming that Completion had taken place on 30 September 2021, the total assets of the Group would have increased from approximately HK$899.0 million to approximately HK$958.6 million on a pro forma basis, the total liabilities of the Group would have increased from approximately HK$1,011.4 million to approximately HK$1,067.4 million on a pro forma basis, and the net liabilities of the Group would have decreased from approximately HK$112.4 million to approximately HK$108.7 million on a pro forma basis. Accordingly, the Group believes that its long-term business strategy can be substantiated and realised through the Acquisition, and that the potential business growth prospect of the Target Group would allow the Group to stand in good position as disclosed in the section headed "Reasons for and benefits of the Acquisition" under the "Letter from the Board" to this circular. The Board is optimistic about the future development in automobile operating lease business as well as the profitability of the Enlarged Group.

Looking forward, although the duration of the COVID-19 pandemic remains uncertain and the global political tensions had seriously affected global economy causing domestic economy to remain under pressure, the Group is still committed to adhere to place strong emphasis on the recovery of past due lease receivables and receivables arising from sale and leaseback arrangements. Apart from the Acquisition, the Group would continue to explore all business opportunities to diversify its business outside of Hubei Province, as well as to develop new business in the PRC and Asia Pacific region as a new source of income to diversify its business risk, turn around its financial performance and create value for the Shareholders.

The following is the text of a report received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED

INTRODUCTION

We report on the historical financial information of Ultimate Harvest Global Limited (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-4 to II-48, which comprises the combined statements of financial position as at 31 March 2020 and 2021 and 30 September 2021 and the statement of the financial position of the Target Company as at 30 September 2021, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the period from 23 December 2019 (date of incorporation) to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-48 forms an integral part of this report, which has been prepared for inclusion in the circular of China Rongzhong Financial Holdings Company Limited (the "Company") dated 24 January 2022 (the "Circular") in connection with the proposed acquisition of the 51% equity interest in the Target Company by the Company.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 30 September 2021 and Target Group as at 31 March 2020 and 2021 and 30 September 2021 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Target Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

BDO Limited
Certified Public Accountants
Wong Kwok Wai
Practising Certificate no. P06047

Hong Kong, 24 January 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The underlying financial statements of the Target Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Period from 23 December 2019 (date of incorporation) to 31 March 2020	**Year ended 31 March 2021**	**Six months ended 30 September 2020**	**2021**
	Notes	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	7	–	8,446	1,184	12,219
Other income	7	–	20	4	15
Cost of sales of rental vehicles		–	(2,799)	–	(5,929)
Cost of services rendered		–	(2,321)	(358)	(3,429)
Staff costs		–	(100)	(8)	(201)
Short-term lease expenses		–	(15)	(8)	(30)
Other operating expenses		(2)	(130)	(42)	(171)
Finance costs	*8*	–	(324)	(38)	(536)
(Loss)/profit before income tax	*9*	(2)	2,777	734	1,938
Income tax expense	*11*	–	(13)	(2)	(15)
(Loss)/profit and total comprehensive income for the period/year		(2)	2,764	732	1,923

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		As at 30 September
		2020	2021	2021
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*13*	398	32,412	37,773
Current assets				
Receivables arising from sale and leaseback arrangement	*15*	–	221	108
Accounts receivable	*16*	–	377	876
Prepayments, deposits and other receivables	*17*	–	357	532
Bank balances and cash	*18*	667	2,453	2,489
		667	3,408	4,005
Current liabilities				
Accounts payable	*19*	–	5	16
Deposits from customers		60	4,894	6,164
Other payables and accrued charges	*20*	7	760	1,000
Deferred income		–	70	80
Amounts due to related parties	*21*	–	22,924	25,430
Tax liabilities		–	5	3
		67	28,658	32,693
Net current assets/(liabilities)		600	(25,250)	(28,688)
Net assets		998	7,162	9,085
EQUITY				
Share capital	*22*	–	–	–*
Reserves	*23*	998	7,162	9,085
Total equity		998	7,162	9,085

* *The balance stated is less than RMB1,000*

STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	As at 30 September 2021 RMB'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	14	–*
Current asset		
Amount due from shareholder		–*
Current liability		
Amount due to a subsidiary		–*
Net assets		–*
EQUITY		
Share capital	22	–*
Total equity		–*

* *The balance stated is less than RMB1,000*

COMBINED STATEMENTS OF CHANGES IN EQUITY

		Reserves			
	Share capital	Statutory reserve	Other reserve	(Accumulated loss)/retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 22)	*(Note 23)*	*(Note 23)*		
At 23 December 2019 (date of incorporation)	–	–	–	–	–
Loss and total comprehensive income for the period	–	–	–	(2)	(2)
Capital contribution	–	–	1,000	–	1,000
At 31 March 2020 and 1 April 2020	–	–	1,000	(2)	998
Profit and total comprehensive income for the year	–	–	–	2,764	2,764
Capital contribution	–	–	3,400	–	3,400
Transfer to statutory reserve	–	41	–	(41)	–
At 31 March 2021 and 1 April 2021	–	41	4,400	2,721	7,162
Profit and total comprehensive income for the period	–	–	–	1,923	1,923
Issue of shares of the Target Company	–*	–	–	–	–*
At 30 September 2021	–*	41	4,400	4,644	9,085
At 31 March 2020 and 1 April 2020	–	–	1,000	(2)	998
Profit and total comprehensive income for the period (Unaudited)	–	–	–	732	732
Capital contribution	–	–	3,400	–	3,400
At 30 September 2020 (Unaudited)	–	–	4,400	730	5,130

* *The balance stated is less than RMB1,000*

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	Six months ended 30 September 2021
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities					
(Loss)/profit before income tax		(2)	2,777	734	1,938
Adjustments for:					
Depreciation of property, plant and equipment (included under cost of services rendered)	*9*	–	2,277	345	3,417
Bank interest income	*7*	–	(5)	(2)	(5)
Finance costs	*8*	–	324	38	536
Operating (loss)/profit before working capital changes		(2)	5,373	1,115	5,886
Increase in property, plant and equipment		(398)	(34,291)	(12,022)	(8,778)
Including:					
Purchase of property, plant and equipment		*(398)*	*(37,090)*	*(12,022)*	*(14,707)*
Proceeds from disposal of rental vehicles		–	*2,561*	–	*5,176*
(Increase)/decrease in receivables arising from sale and leaseback arrangement		–	(221)	(327)	113
Increase in accounts receivable		–	(377)	(66)	(499)
Increase in prepayments, deposits and other receivables		–	(357)	(8)	(175)
Increase in accounts payable		–	5	173	11
Increase in other payables and accrued charges		7	753	172	240
Increase in deferred income		–	70	–	10
Increase in deposits received from customers		60	4,834	1,620	1,270

	Notes	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	2021
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash used in operations		(333)	(24,211)	(9,343)	(1,922)
Income tax paid		–	(8)	–	(17)
Net cash used in operating activities		(333)	(24,219)	(9,343)	(1,939)
Cash flows from investing activity					
Interest received		–	5	2	5
Net cash generated from investing activity		–	5	2	5
Cash flows from financing activities					
Capital contribution		1,000	3,400	3,400	–
Advance from related parties		–	25,100	7,000	10,920
Payment to related parties		–	(2,500)	–	(8,950)
Net cash generated from financing activities		1,000	26,000	10,400	1,970
Net increase in cash and cash equivalents		667	1,786	1,059	36
Cash and cash equivalents at the beginning of the period/year	*18*	–	667	667	2,453
Cash and cash equivalents at the end of the period/year	*18*	667	2,453	1,726	2,489

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General Information

(a) Corporation information

The Target Company was incorporated in the British Virgin Islands with limited liability on 5 August 2021. The Target Company's registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The principal place of business of the Target Company is located at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Target Company is an investment holding company and has not carried on any material business since the date of its incorporation save for the group reorganisation mentioned in (b) below. The Target Group are principally engaged in the provision of car operating lease services (the "Business") in the People's Republic of China (the "PRC").

(b) Target Restructuring

During the Track Record Period, the Business was carried out by Huzhou Jinyuhong Automobile Leasing Services Co., Ltd. ("Huzhou Jinyuhong") and certain subsidiaries controlled by Huzhou Jinyuhong.

To rationalise the corporate structures in preparation of the acquisition by the Company, Huzhou Jinyuhong underwent the reorganisation as detailed in the subsection headed "Information of the Target Group upon Completion of the Target Restructuring" in the section headed "Letter from the Board" in the Circular (the "Target Restructuring"). Both the Target Company and Huzhou Jinyuhong are controlled and managed by Goldbond Group Holdings Limited. Huzhou Jinyuhong was merged by the Jinyhuihong Management Consulting (Shanghai) Co., Ltd. on 14 January 2022 and became a wholly-owned subsidiary of Target Company.

Upon completion of the Target Restructuring and as of the date of this report, the Target Company became the holding company of the companies now comprising the Target Group. As at the date of this report, particulars of the Target Company's subsidiaries are as follows:

Name	Place and date of incorporation	Principal activity	Issued and fully paid up/registered share capital	Percentage of attributable equity interest		
				As at 31 March 2020	2021	As at 30 September 2021
Directly owned						
Harvest Well Limited (*Note 1*)	Hong Kong 17 September 2021	Investment holding	Hong Kong Dollars 1	N/A	N/A	100%
Indirectly owned						
Huzhou Jinyuhong 湖州金寓宏汽車租賃服務有限公司 (*Note 2*)	PRC 23 December 2019	Automobile leasing services	Registered capital of RMB30,000,000, paid up RMB4,400,000	100%	100%	100%
Huzhou Zhuofan Automobile Leasing Services Co., Ltd.* 湖州卓凡汽車租賃服務有限公司 (*Note 2*)	PRC 30 September 2020	Automobile leasing services	Registered capital of RMB30,000,000	N/A	100%	100%
Jiaxing Jinyuhong Automobile Leasing Services Co., Ltd.* 嘉興金寓宏汽車租賃服務有限公司(*Note 2*)	PRC 9 September 2020	Automobile leasing services	Registered capital of RMB30,000,000	N/A	100%	100%
Ningbo Jinyuhong Automobile Leasing Services Co., Ltd.* 寧波金寓宏汽車租賃服務有限公司(*Note 2*)	PRC 27 May 2020	Automobile leasing services	Registered capital of RMB30,000,000	N/A	100%	100%
Ningbo Zhuoling Automobile Leasing Services Co., Ltd.* 寧波卓領汽車租賃服務有限公司 (*Note 2*)	PRC 23 March 2021	Automobile leasing services	Registered capital of RMB4,000,000	N/A	100%	100%
Shaoxing Jinyuhong Automobile Leasing Services Co., Ltd.* 紹興金寓宏汽車租賃服務有限公司 (*Note 2*)	PRC 29 May 2020	Automobile leasing services	Registered capital of RMB30,000,000	N/A	100%	100%
Shaoxing Zhuoling Automobile Leasing Co., Ltd.* 紹興卓領汽車服務有限公司(*Note 2*)	PRC 26 October 2020	Trading of automobile	Registered capital of RMB30,000,000	N/A	100%	100%
Huzhou Zhuoan Automobile Leasing Services Co., Ltd.* ("Huzhou Zhuoan") 湖州卓安汽車租賃服務有限公司 (*Note 2*)	PRC 18 November 2021	Automobile leasing services	Registered capital of RMB4,000,000	N/A	N/A	N/A
Jiaxing Zhuofan Automobile Leasing Services Co., Ltd.* ("Jiaxing Zhuofan") 嘉興卓凡汽車租賃服務有限公司 (*Note 2*)	PRC 12 November 2021	Automobile leasing services	Registered capital of RMB4,000,000	N/A	N/A	N/A
Taizhou Jinyuhong Car Rental Services Co., Ltd.* 台州金寓宏汽車租賃服務有限公司(*Note 2*)	PRC 17 December 2021	Automobile leasing services	Registered capital of RMB4,000,000	N/A	N/A	N/A
Jinyhuihong Management Consulting (Shanghai) Co., Ltd. * 金寓匯宏管理諮詢(上海)有限公司 (*Note 2*)	PRC 29 December 2021	Investment holding	Registered capital of RMB30,000,000	N/A	N/A	N/A

* *For identification purpose only*

Note 1: The audited financial statements for this entity was yet to be issued as of the date of this report.

Note 2: The entities are registered under the laws of the PRC as domestic enterprise. No statutory audited financial statements have been prepared for these companies for the period from their respective dates of incorporation to the date of this report as they were newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

Note 3: No statutory audited financial statement has been prepared for the Target Company since it was incorporated in jurisdictions where there is no statutory audit requirement.

2. Basis of Preparation and Presentation

(a) Basis of presentation and statement of compliance

Pursuant to the Target Restructuring, the Target Company became the holding companies of the subsidiaries comprising the Target Group.

The Target Group is regarded as a continuing entity resulting from the Target Restructuring since the insertion of holding company has not resulted in any change in economic substance and does not involve business combination. For the purpose of this report, the Historical Financial Information and Stub Period Comparative Financial Information have been prepared on a combined basis using the predecessor carrying amounts as if the steps of the Target Restructuring for the purposes of establishment of the Target Company and insertion of holding company had been completed at the beginning of the Track Record Period.

Upon the completion of the Target Restructuring, the Target Company holds the equity interests directly or indirectly of companies comprising the Target Group. The Historical Financial Information and Stub Period Comparative Financial Information of the Target Group for the Track Record Period have been prepared using the carrying amounts of the financial statements of the companies now comprising the Target Group.

All significant intra-group transactions and balances have been eliminated on combination.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Target Group for the Track Record Period have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since the respective dates of incorporation of the relevant entities now comprising the Target Group where this is a shorter period. The combined statements of financial position of the Target Group as at 31 March 2020 and 2021 and 30 September 2021 have been prepared to present the assets and liabilities of the entities now comprising the Target Group which were in existence at those dates.

The Historical Financial Information and Stub Period Comparative Financial Information have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. The Historical Financial Information and Stub Period Comparative Financial Information also complies with the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new and revised HKFRSs during the Track Record Period. For the purpose of preparing and presenting these Historical Financial Information and Stub Period Comparative Financial Information, the Target Group has consistently applied all those new and revised HKFRSs throughout the Track Record Period.

The Target Group has not adopted any other new standards or interpretations that are yet to be effective in the Historical Financial Information and Stub Period Comparative Financial Information. The new and revised accounting standards and interpretations issued but neither effective until the accounting period beginning on 1 April 2022 nor adopted by the Target Group are set out in note 3.

(b) Basis of measurement and going concern assumption

The Historical Financial Information and Stub Period Comparative Financial Information have been prepared under the historical cost basis.

As at 30 September 2021, the Target Group had recorded net current liabilities of approximately RMB28,688,000. Notwithstanding these, the Historical Financial Information and Stub Period Comparative Financial Information have been prepared on a going concern basis and are taking into account the following measures: (a) the ultimate holding company of the Target Company has confirmed to provide continuing financial support to the Target Group so as to enable the Target Group to meet their obligation and liabilities as and when they fall due and to continue their day-to-day business operations as a going concern; and (b) an undertaking from Shanghai Nanlang Finance Lease Co., Ltd.* ("Shanghai Nanlang") 上海南朗融資租賃有限公司, the related party of the Target Group, for not to demand repayment of debts due from the Target Group until such time when the repayment will not affect the Target Group's ability to repay other creditors in the normal course of business. Subsequent to the reporting period on 15 November 2021, a supplementary loan agreement was entered between the Target Group and Shanghai Nanlang to change the repayment term from repayable on demand to repayable on the third anniversary from the first date of loan drawdown. Accordingly, the Historical Financial Information and Stub Period Comparative Financial Information have been prepared on a going concern basis.

Should the ultimate holding company and the related party not able to fulfil the above undertakings, the Target Group may be unable to continue in business as a going concern, and adjustments would have to be made to write down the carrying amount of the Target Group's assets to their realisable amounts; and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the Historical Financial Information and Stub Period Comparative Financial Information.

* *For identification purpose only*

(c) Functional and presentation currency

The functional currency of the Target Company is Hong Kong Dollar ("HK$"). The Historical Financial Information and Stub Period Comparative Financial Information are presented in RMB, since most of the companies comprising the Target Group are operating in RMB environment and the functional currency of most of the companies comprising the Target Group is RMB.

3 Adoption of Hong Kong Financial Reporting Standards

New/revised HKFRSs that have been issued but are not yet effective

The Target Group has not applied the following relevant new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information and Stub Period Comparative Financial Information.

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

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for early adoption

The Target Group is in the process of making an assessment of what the impact of these amendments are expected to be in the period of initial application. So far it has concluded that the adoption of these amendments are unlikely to have a significant impact on the financial information of the Target Group.

4. Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Historical Financial Information and Stub Period Comparative Financial Information of the Target Group are set out below, which have been consistently applied to the Track Record Period, unless otherwise stated.

(a) Basis of combination

The combined financial statements comprise the financial statements of the Target Company and its subsidiaries comprising the Target Group for the Track Record Period on a combined basis as further detailed in note 2(a).

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination. All differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve.

The Historical Financial Information and Stub Period Comparative Financial Information include the results and financial positions of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the combined financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

When the Target Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Target Company is able to exercise control. The Target Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investment in a subsidiary is stated at cost less impairment losses, if any. The results of subsidiaries are accounted for on the basis of dividends received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Rental vehicles

Rental vehicles are depreciated over the estimated holding year on a straight-line basis. A rental vehicle is considered ready for its intended use generally when the license plate for the vehicle is obtained, the vehicle is insured, and when a GPS tracking device is installed. The initial estimated number of holding years of such rental vehicles is generally about 4 years. The Target Group also estimates the residual value of the rental vehicles at the expected time of disposal. The Target Group makes use of currently available market information and the estimated residual values are based on factors including model, usage, age, mileage and location. Adjustments are made to the depreciation rates of such rental vehicles in response to the latest market conditions and their effect on residual values as well as the estimated time of disposal. Such adjustments are accounted for as changes in accounting estimates.

Other property, plant and equipment

Other property, plant and equipment primarily include in-car equipment that can be separated from rental vehicles.

Depreciation is calculated on the straight-line method to write off the cost of each item to its estimated residual value over its estimated useful life, as follows:

In-car equipment	3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Sales of property, plant and equipment that are held for rental to others should be transferred to inventories at their carrying amount when they cease to be rented and are then held for sale. The proceeds from the sale of such assets shall be recognised as revenue.

(d) Leasing

Accounting as a lessee

All leases are required to be capitalised in the combined statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Target Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Accounting as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on straight-line basis over the lease term.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Target Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on a either a straight-line basis or another systematic basis over the remaining lease term. The Target Group applies the derecognition requirements of HKFRS 9 to recognise modification or derecognition gain or loss on the net investment in the finance lease.

(e) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. The following are the measurement category into which the Target Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Target Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECL are measured on either of the following bases: (1) 12 months ECL: these are the ECL that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Target Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Target Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Target Group has established a provision matrix that is based on the Target Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECL are based on lifetime ECL except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12 months ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Group's historical experience and informed credit assessment and including forward-looking information.

The Target Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Target Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Target Group on terms that the Target Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Target Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including accounts payable, deposits from customers, other payables and accrued charges and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(f) Cash and cash equivalents

Cash and cash equivalents include cash at banks.

(g) Income taxes

Income taxes for the year comprise current tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(h) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Target Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Target Group performs; or
- does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Target Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Operating lease income

Revenue derived from automobile leasing services is classified as operating lease income based on the business natures. The minimum lease payment is recognised as revenue over the lease period on a straight-line basis.

(ii) Sales of rental vehicles

Revenue from the sales of rental vehicles is recognised at point in time when control of the asset is transferred to the customer, generally on delivery of the rental vehicles.

(iii) Other service income

Other service income is recognised upon the provision of services.

(iv) Interest income

Interest income from receivables arising from sale and leaseback arrangement and other financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

(i) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(j) Impairment of assets (other than financial assets)

At the end of each reporting period, the Target Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- investment in a subsidiary.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(k) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Related parties

(i) A person or a close member of that person's family is related to the Target Group if that person:

(a) has control or joint control over the Target Company;

(b) has significant influence over the Target Company; or

(c) is a member of the key management personnel of the Target Company or the parent of the Target Company.

(ii) An entity is related to the Target Group if any of the following conditions apply:

(a) the entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of the employees of the Target Group or an entity related to the Target Group;

(f) the entity is controlled or jointly controlled by a person identified in (i);

(g) a person identified in (i) (a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to Target Company or to the parent of the Target Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(m) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical financial Information and Stub Period Comparative Financial Information, are identified from the financial information provided regularly to the Target Group's chief operating decisions maker for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristic and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. Critical Accounting Judgements and Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

(i) Going concern assumption

The assessment of the going concern assumption involves making a judgement by the directors of the Target Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Target Group has the capability to continue as a going concern and the going concern assumption is set out in note 2(b) to the Historical Financial Information.

Key sources of estimation uncertainty

(i) Useful lives, residual values and impairment of rental vehicles

The Target Group determines the estimated useful lives of rental vehicles based on the estimated holding period of such rental vehicles that the Target Group intends to derive future economic benefits from the use of these assets. The Target Group depreciates the property, plant and equipment in accordance with the accounting policies stated in note 4(c). Management will increase the depreciation charge where useful lives are less than previously estimated, or will write off or write down technically obsolete or damaged rental vehicles that have been abandoned or sold. Actual holding period may differ from estimated useful lives. Periodic review could result in a change in useful lives which impact depreciation charges in the future periods.

The Target Group determines the estimated residual values at the expected time of disposal. The Target Group makes use of currently available market information and the estimated residual values for rental vehicles are based on factors including model, age, mileage and location. Management will increase the depreciation charge where residual values are less than previously estimated values, or will write off or write down technically obsolete or damaged rental vehicles that have been abandoned or sold. Actual value at the time of disposal may differ from estimated residual values. Periodic review could result in a change in residual values and therefore depreciation charge in the future periods.

The carrying amounts of the rental vehicles, as disclosed in note 13, are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in note 4(j). Estimating the value in use requires estimate future cash flows from cash generating unit ("CGU") and to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Impairment of financial assets

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

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

(iii) Income taxes

The Target Group is mainly subject to income taxes in jurisdictions in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Target Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax provisions in the period in which such determination is made.

6. Segment Information

The Target Group operates only one business segment, being that is engaged in provision of automobile leasing services in the PRC during the Track Record Period. Accordingly, no operating segment results is presented.

(a) Geographical information

The Target Group's operations and non-current assets are all located in the PRC. Geographical information of revenue from customers is based on the location of the customers and the geographical location of the non-current assets is based on the physical location of the assets.

(b) Information about major customers

No individual customer contributed over 10% of the total revenue of the Target Group during the Track Record Period.

7. Revenue and Other Income

Revenue represents the income from automobile leasing services and sale and leaseback arrangement in the PRC. The amounts of revenue recognised during the Track Record Period are as follows:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	Six months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15				
Recognised at point in time				
Sales of rental vehicles	–	2,561	–	5,176
Other services income	–	753	261	315
	–	3,314	261	5,491
Revenue from other sources				
Operating lease income	–	5,098	905	6,719
Interest income arising from sale and leaseback arrangement	–	34	18	9
	–	5,132	923	6,728
	–	8,446	1,184	12,219

An analysis of the Target Group's other income is as follows:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	Six months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	–	5	2	5
Others	–	15	2	10
	–	20	4	15

8. Finance Costs

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest to a related party	–	324	38	536

9. (Loss)/Profit before Income Tax

The Target Group's (loss)/profit before income tax is arrived at after charging:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation of property, plant and equipment (included under cost of services rendered)	–	2,277	345	3,417
Employee costs (including directors' emoluments) *(note 10)*:				
Salaries, allowances and other benefits	–	59	6	130
Pension scheme contributions	–	41	2	71
	–	100	8	201

10. Directors' Remuneration and Five Highest Paid Individuals

(a) Directors' remuneration

The emolument of each of the directors for the Track Record Period is as follows:

Period from 23 December 2019 (date of incorporation) to 31 March 2020

	Fees	Salaries, allowances and other benefits	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wong Ming Bun, David	–	–	–	–
Ms. Wong, Michelle Yatyee	–	–	–	–
	–	–	–	–

For the year ended 31 March 2021

	Fees	Salaries, allowances and other benefits	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wong Ming Bun, David	–	–	–	–
Ms. Wong, Michelle Yatyee	–	–	–	–
	–	–	–	–

For the six months ended 30 September 2021

	Fees	Salaries, allowances and other benefits	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wong Ming Bun, David	–	–	–	–
Ms. Wong, Michelle Yatyee	–	–	–	–
	–	–	–	–

For the six months ended 30 September 2020 (Unaudited)

	Fees	Salaries, allowances and other benefits	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wong Ming Bun, David	–	–	–	–
Ms. Wong, Michelle Yatyee	–	–	–	–
	–	–	–	–

(b) Five highest paid individuals

The five highest paid individuals of the Target Group included all directors for the Track Record Period whose emoluments are reflected in note 10(a). The emoluments of the five highest paid individuals were as follows:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances and other benefits	–	59	6	130
Pension scheme contributions	–	41	2	71
	–	100	8	201

The emoluments of the five highest paid non-director individuals were within the following bands:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	2021
	Number of individuals	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Nil to HK$1,000,000	N/A	2	1	3

During the Track Record Period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Target Group to the directors or any of the highest paid individuals of the Target Group as an inducement to join or upon joining the Target Group or as compensation for loss of office.

11. Income Tax Expense

	Period from 23 December 2019 (date of incorporation) to 31 March	Year ended 31 March	Six months ended 30 September	
	2020	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Enterprise income tax ("EIT")	–	13	2	15

The Target Group is subject to EIT, which is provided on the estimated assessable profits of the subsidiaries operating in the PRC at 25%. For PRC subsidiaries which are qualified small low-profit enterprises are entitled to a preferential income tax rate 5% for period from 2019 to 2020 and 2.5% from 2021 to 2022.

No provision for Hong Kong Profits Tax had been provided as the Target Group had no estimated assessable profits in Hong Kong during the Track Record Period.

The income tax expense can be reconciled to the (loss)/profit before income tax per the combined statements of profit or loss and other comprehensive income during the Track Record Period as follows:

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	Six months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(Loss)/profit before income tax	(2)	2,777	734	1,938
Tax calculated at the rates applicable to (loss)/ profit in the tax jurisdictions concerned	(1)	694	184	485
Tax effect of non-deductible expenses	1	–	–	–
Tax effect of preferential tax rates for certain subsidiaries	–	(615)	(146)	(436)
Tax effect of temporary difference not recognised	–	(75)	(41)	(36)
Tax effect of tax losses not recognised	–	17	5	8
Utilisation of tax losses previously not recognised	–	–	–	(6)
Others	–	(8)	–	–
	–	13	2	15

12. Dividend

No dividend has been paid or declared by the Target Company during the Track Record Period.

13. Property, Plant and Equipment

Target Group	Rental vehicles	In-car equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 23 December 2019 (date of incorporation)	–	–	–
Additions	398	–	398
At 31 March 2020 and 1 April 2020	398	–	398
Additions	36,926	164	37,090
Transfer to inventories	(2,944)	(9)	(2,953)
At 31 March 2021 and 1 April 2021	34,380	155	34,535
Additions	14,608	99	14,707
Transfer to inventories	(6,646)	(25)	(6,671)
At 30 September 2021	42,342	229	42,571
Accumulated depreciation:			
At 23 December 2019 (date of incorporation), 31 March 2020 and 1 April 2020	–	–	–
Charge for the year	(2,257)	(20)	(2,277)
Transfer to inventories	153	1	154
At 31 March 2021 and 1 April 2021	(2,104)	(19)	(2,123)
Charge for the period	(3,383)	(34)	(3,417)
Transfer to inventories	737	5	742
At 30 September 2021	(4,750)	(48)	(4,798)
Net carrying amount:			
At 31 March 2020	398	–	398
At 31 March 2021	32,276	136	32,412
At 30 September 2021	37,592	181	37,773

14. Investment in a Subsidiary

Target Company

	As at 30 September 2021
	RMB'000
Unlisted shares, at cost	–*

* *The balance stated is less than RMB1,000*

Particulars of the subsidiaries of the Target Company are set out in note 1 to the Historical Financial Information.

15. Receivables Arising from Sale and Leaseback Arrangement

Target Group

	As at 31 March		As at 30 September
	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*
Receivables arising from sale and leaseback arrangement	–	221	108

The receivables arising from sale and leaseback arrangement as of each Track Record Period are further analysed as follows:

	Minimum lease payments		
	As at 31 March		As at 30 September
	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	231	109
Less: Unearned finance income	–	(10)	(1)
	–	221	108

The Target Group entered into sale and leaseback arrangement for machinery. The term of finance lease entered into is 1.5 years. The lease is on a fixed repayment basis and no arrangements have been entered into for variable lease payments. The effective interest rates of the above lease receivables is 13% per annum as at 31 March 2021 and 30 September 2021. The customers are obliged to settle the amounts according to the terms set out in the relevant contracts and acquire the leased assets at the end of the lease period at nil consideration.

16. Accounts Receivable

Target Group

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivable	–	377	876

The ageing analysis of accounts receivable based on the invoice date as at the end of the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	–	197	377
31 to 60 days	–	96	212
61 to 90 days	–	26	124
Over 90 days	–	58	163
	–	377	876

Further details on the Target Group's credit policy and credit risk arising from trade receivables are set out in note 25(b).

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.

17. Prepayments, Deposits and Other Receivables

Target Group

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	–	34	37
Deposits	–	16	16
Other receivables	–	307	479
	–	357	532

18. Bank Balances and Cash

Target Group

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks	667	2,453	2,489

19. Accounts Payable

Target Group

The ageing analysis of trade payables based on the invoice date as at the end of the Track Record Period is as follows:

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	–	1	10
31 to 60 days	–	3	1
Over 60 days	–	1	5
	–	5	16

20. Other Payables and Accrued Charges

Target Group

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Accruals	–	18	33
Other payables	7	710	884
Other tax payables	–	32	83
	7	760	1,000

21. Amounts Due to Related Parties

Target Group

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Nanlang**(Note)*	–	21,924	24,430
Nanjing Excellent Link Consultancy Company Limited*（南京卓領資訊諮詢有限公司）*(Note)*	–	500	500
金榜(深圳)房產科技有限公司 *(Note)*	–	500	500
	–	22,924	25,430

* *For identification purpose only*

Note: These companies are indirectly owned subsidiaries of Goldbond Group Holdings Limited, the ultimate holding company of the Target Company.

As at 31 March 2021 and 30 September 2021, balances due to Shanghai Nanlang of approximately RMB21,924,000 and RMB24,430,000 respectively, were carried interest at 4.5% per annum and repayable on demand. The corresponding interest expenses was recognised as "Finance costs" in the combined statements of profit or loss and other comprehensive income for the year ended 31 March 2021 and six months ended 30 September 2021 (note 8).

Except as mentioned above, the amounts were unsecured, interest-free and repayable on demand.

Subsequent to the reporting period on 15 November 2021, a supplementary loan agreement was entered between the Target Group and Shanghai Nanlang to change the repayment term from repayable on demand to repayable on the third anniversary from the first date of loan drawdown.

22. Share Capital

The Target Company was incorporated in the British Virgin Islands as an exempted company on 5 August 2021. For the purpose of this report, there was no issued share capital shown in the combined statements of financial position during the Track Record Period. Upon the Target Company's incorporation, the authorised share capital of United States Dollars ("US$") 50,000 divided into 50,000 ordinary shares of US$ 1 each. One share was allotted and issued during the Track Record Period.

23. Reserves

Target Group

The amounts of the Target Group's reserves and the movements therein for the Track Record Period are presented in the combined statements of changes in equity on page II-7 of this report.

Other reserve

Other reserve represents the aggregate amount of the paid-in capital of Huzhou Jinyuhong at the respective dates.

Statutory reserve

Statutory reserve represents appropriation of profits of the PRC subsidiaries to non-distributable reserve fund account as required by the relevant PRC statue.

24. Financial Instruments By Category

Target Group

Categories of financial instruments as at the reporting date are as follows:

	As at 31 March		As at 30 September
	2020	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
At amortised costs			
Receivables arising from sale and leaseback arrangement	–	221	108
Accounts receivable	–	377	876
Deposits and other receivables	–	323	495
Bank balances and cash	667	2,453	2,489
	667	3,374	3,968
Financial liabilities			
At amortised costs			
Accounts payable	–	5	16
Deposits from customers	60	4,894	6,164
Other payables and accrued charges	7	760	1,000
Amounts due to related parties	–	22,924	25,430
	67	28,583	32,610

25. Financial Risk Management Objectives and Policies

The Target Group's financial instruments comprise receivables arising from sale and leaseback arrangement, accounts receivable, deposits and other receivables, bank balances and cash, accounts payable, deposits from customers, other payables and accrued charges and amounts due to related parties. These financial instruments mainly arise from its operations and financing activities. The Target Group has not used any derivatives and other instruments for hedging purposes.

The main risks arising from the Target Group's financial instruments are interest rate risk, credit risk, liquidity risk and fair value risk. The board of the directors of the Target Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Target Group facing the risk of changes in market interest rate.

The Target Group's interest rate risk primarily relates to the interest bearing bank balances. The Target Group currently have not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The directors of the Target Company are of the opinion that the impact of the Target Group's sensitivity to the change in interest rate is insignificant.

(b) Credit risk

The Target Group's credit risk is primarily attributed to its receivables arising from sale and leaseback arrangement, accounts receivables, deposits and other receivables and bank balances. The Target Company's credit risk is primarily attributed to amount due from shareholder.

For accounts receivable, the Target Group reassesses the lifetime ECL at the end of the reporting period to ensure the adequate impairment losses are made for significant increases in the likelihood or risk of default occurring since initial recognition.

The Target Group applies provision matrix to measure the ECL for trade receivables. As at 31 March 2020 and 2021 and 30 September 2021, the Target Group has established a provision matrix that reference to the debtors' characteristics, including historical actual loss on the trade receivables and adjusted forward-looking information. The Target Group assessed that no allowance for accounts receivable is required as the customers have a good track repayment record and considered as financially healthy at the end of each reporting period.

For receivables arising from sale and leaseback arrangement, deposits and other receivables and amount due from shareholder, the Target Group and the Target Company have assessed and concluded that the ECL for these receivables is insignificant based on the risk of default of those counterparties under 12 months ECL approach. Thus, no loss allowance was recognised as at 31 March 2020 and 2021 and 30 September 2021.

The credit risk for bank balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Liquidity risk

The Target Group is exposed to liquidity risk in respect of settlement of payables and amounts due to related parties, and also in respect of its cash flow management. The Target Group's policy is to regularly monitor its liquidity requirements to ensure the Target Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Target Group had net current liabilities of approximately RMB 25,250,000 and RMB 28,688,000 as at 31 March 2021 and 30 September 2021 respectively. The going concern basis for preparation of Historical Financial Information and Stub Period Comparative Financial Information have been adopted on the basis of (a) the ultimate holding company of the Target Company has confirmed to provide continuing financial support to the Target Group so as to enable the Target Group to meet their obligation and liabilities as and when they fall due and to continue their day-to-day business operations as a going concern; and (b) an undertaking from Shanghai Nanlang, for not to demand repayment of debts due from the Target Group until such time when the repayment will not affect the Target Group's ability to repay other creditors in the normal course of business. Subsequent to the reporting period on 15 November 2021, a supplementary loan agreement was entered between the Target Group and Shanghai Nanlang to change the repayment term from repayable on demand to repayable on the third anniversary from the first date of loan drawdown.

The Target Group's policy is to regularly monitor its liquidity requirements to ensure the Target Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at each reporting period of the Target Group's and Target Company's financial liabilities, based on undiscounted cash flows and the earliest date the Target Group and Target Company can be required to pay.

Target Group

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand
	RMB'000	*RMB'000*	*RMB'000*
At 31 March 2020			
Deposits from customers	60	60	60
Other payables and accrued charges	7	7	7
	67	67	67

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand
	RMB'000	*RMB'000*	*RMB'000*
At 31 March 2021			
Accounts payable	5	5	5
Deposits from customers	4,894	4,894	4,894
Other payables and accrued charges	760	760	760
Amounts due to related parties	22,924	22,924	22,924
	28,583	28,583	28,583

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand
	RMB'000	*RMB'000*	*RMB'000*
At 30 September 2021			
Accounts payable	16	16	16
Deposits from customers	6,164	6,164	6,164
Other payables and accrued charges	1,000	1,000	1,000
Amounts due to related parties	25,430	25,430	25,430
	32,610	32,610	32,610

Included in the amounts due to related parties, the interest-bearing revolving loan agreement contains repayment on demand clause giving the lender unconditional right to call for repayment of the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Target Company

	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand
	RMB'000	*RMB'000*	*RMB'000*
At 30 September 2021			
Amount due to a subsidiary	–*	–*	–*

* *The balance stated is less than RMB1,000*

(d) Fair value risk

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Target Group's Historical Financial Information approximate to their fair values.

26. Capital Management

The Target Group's capital management objectives include:

(i) to safeguard the Target Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;

(ii) to support the Target Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Target Group's risk management capability.

The Target Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Target Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The capital structure of the Target Group consists of equity attributable to owners of the Target Company, comprising issued share capital.

27. Related Party Transactions

Target Group

Save as disclosed elsewhere in this report, the Target Group entered into the following material related party transactions with a related party during the Track Record Period:

(i) Related party transactions

	Period from 23 December 2019 (date of incorporation) to 31 March 2020	Year ended 31 March 2021	Six months ended 30 September 2020	Six months ended 30 September 2021
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance costs *(Note)*	–	324	38	536

Note: Finance costs are payable to an indirectly owned subsidiary of the ultimate holding company of the Target Company.

(ii) Compensation of key management personnel

The emoluments of the directors who are also identified as the key management of the Target Company during the Track Record Period are set out in note 10.

28. Notes Supporting Combined Statements of Cash Flows

Reconciliation of liabilities arising from financing activities

	Amounts due to related parties
	RMB'000
At 23 December 2019 (date of incorporation), 31 March 2020 and 1 April 2020	–
Changes from financing cash flows:	
Advance from related parties	25,100
Payment to related parties	(2,500)
Total changes from financing cash flows	22,600
Other changes:	
Interest expenses	324
At 31 March 2021 and 1 April 2021	22,924
Changes from financing cash flows:	
Advance from related parties	10,920
Payment to related parties	(8,950)
Total changes from financing cash flows	1,970
Other changes:	
Interest expenses	536
At 30 September 2021	25,430
At 1 April 2020	–
Changes from financing cash flows:	
Advance from related parties	7,000
Other changes:	
Interest expenses	38
At 30 September 2020 (Unaudited)	7,038

29. Events After the Reporting Period

Save as disclosed elsewhere in the Historical Financial Information, subsequent to 30 September 2021 and up to the date of this report, the following significant events have taken place:

(i) On 12 November 2021, Jiaxing Zhuofan was established in the PRC and is wholly owned by Huzhou Jinyuhong.

(ii) On 18 November 2021, Huzhou Zhuoan was established in the PRC and is wholly owned by Huzhou Jinyuhong.

(iii) On 17 December 2021, Taizhou Jinyuhong Car Rental Services Co., Ltd. was established in the PRC and is wholly owned by Huzhou Jinyuhong.

(iv) On 29 December 2021, Jinyhuihong Management Consulting (Shanghai) Co., Ltd. was established in the PRC and is wholly owned by Harvest Well Limited.

(v) On 14 January 2022, the Target Restructuring is completed.

Except as disclosed above, there is no other significant event after the Track Record Period.

III SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2021 and up to the date of this report.

Set out below is the management discussion and analysis of the Target Group for the period since the incorporation date (i.e. 23 December 2019) of the first member of the Target Group (the "Incorporation Date") to 31 March 2020, the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021 (collectively, the "Reporting Period"), as if the insertion of Target Company, Hong Kong Company and PRC Holding has been completed at the beginning of the Reporting Period. The following financial information is based on the Accountants' Report on the Target Group as set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is an investment holding company incorporated in the British Virgin Islands on 5 August 2021 with limited liability. Upon completion of the Acquisition, the Company will hold 51% of the issued share capital of the Target Company.

As at the Latest Practicable Date, the Target Company was wholly-owned by the Vendor and the Target Restructuring has been completed on 14 January 2022. The Target Company is an investment holding company and the PRC Subsidiaries are engaged in the operating lease business, which is mainly conducted through Huzhou Jinyuhong. The PRC Subsidiaries established their first business of automobile operating lease in Huzhou, the PRC in March 2020, and in view of the strong momentum of such business, the PRC Subsidiaries have subsequently set up and expanded their operating lease business into new strategic locations in the PRC, including two locations in Ningbo in May 2020, two locations in Shaoxing in May 2020, one location in Jiaxing in September 2020, and an additional new location also in Huzhou in October 2020. In November 2021, to facilitate and further expand the automobile operating lease business, cope with the additional market demand and also enhance the efficiency in management of the automobile operating lease business of the Target Group in different locations, the Target Group further expanded their operating lease business to two new locations in Huzhou and Jiaxing.

According to different statistics and research, the Group believes that the demand of automobile operating lease market is expected to grow.

In respect of the automobile operating lease business, the PRC Subsidiaries (being the lessors) deliver vehicles to the end users (being the lessees) who will in return make periodic lease payments to the PRC Subsidiaries.

The Target Group is regarded as a continuing entity resulting from the Target Restructuring since the insertion of Target Company, Hong Kong Company and PRC Holding at the top of PRC Subsidiaries has not resulted in any change in economic substance and does not involve business combination.

FINANCIAL REVIEW

Revenue

The revenue generated by the Target Group mainly represented the income from automobile leasing services and sale and leaseback arrangement in the PRC.

The Target Group recorded revenue of approximately RMBnil, RMB8.4 million, RMB1.2 million and RMB12.2 million, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021. Since the Target Group has only started the automobile operating lease business in Huzhou, the PRC in March 2020, no revenue was generated by the Target Group since the Incorporation Date to 31 March 2020. The Target Group has subsequently set up and expanded the operating lease business in Ningbo, Shaoxing, Jiaxing and Huzhou for the year ended 31 March 2021 and hence the revenue of approximately RMB8.4 million was generated by the Target Group for the year ended 31 March 2021. The revenue increased from RMB1.2 million for the six months ended 30 September 2020 to RMB12.2 million for the six months ended 30 September 2021 was mainly due to the expansion and growth of the operating lease business after the establishment of the first automobile operating lease business in Huzhou, the PRC in March 2020.

Cost of sales of property, plant and equipment

The cost of sales of property, plant and equipment incurred by the Target Group mainly represented cost of sales of vehicles and in-car equipment.

The Target Group recorded cost of sales of property, plant and equipment of approximately RMBnil, RMB2.8 million, RMBnil and RMB5.9 million, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Cost of services rendered

The cost of services rendered incurred by the Target Group mainly represented depreciation of rental vehicles.

The Target Group recorded cost of services rendered of approximately RMBnil, RMB2.3 million, RMB358,000 and RMB3.4 million, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Other income

The other revenue generated by the Target Group mainly represented bank interest income and others.

The Target Group recorded other revenue of approximately RMBnil, RMB20,000, RMB4,000 and RMB15,000, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Staff cost

The staff cost generated by the Target Group mainly represented salaries paid to employee.

The Target Group recorded staff cost of approximately RMBnil, RMB100,000, RMB8,000 and RMB201,000, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Short-term lease expenses

The short-term lease expenses incurred by the Target Group mainly represented rent & rates and utilities.

The Target Group recorded short-term lease expenses of approximately RMBnil, RMB15,000, RMB8,000 and RMB30,000, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Other operating expenses

The other operating expenses incurred by the Target Group mainly represented travelling and accommodation, legal and professional fee and sundry expenses.

The Target Group recorded other operating expenses of approximately RMB2,000, RMB130,000, RMB42,000 and RMB171,000, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Finance cost

The finance cost incurred by the Target Group mainly represented the interest of loan from a related party.

The Target Group recorded finance cost of approximately RMBnil, RMB324,000, RMB38,000 and RMB536,000, respectively for the period since the Incorporation Date to 31 March 2020, for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

(Loss)/Profit for the year/period

The Target Group recorded a loss for the period since the Incorporation Date to 31 March 2020 of approximately RMB2,000, a profit for the year/period of approximately RMB2.8 million, RMB732,000 and RMB1.9 million, respectively for the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021.

Capital structure, liquidity and financial resources

During the Reporting Period, the Target Group mainly financed its operation by (i) cash flow from operation, the Target Group had cash and cash equivalents of approximately RMB667,000, RMB2.5 million and RMB2.5 million as at 31 March 2020 and 2021 and 30 September 2021, respectively and (ii) amounts due to related parties of approximately RMBnil, RMB22.9 million and RMB25.4 million as at 31 March 2020 and 2021 and 30 September 2021, respectively. The amounts due to the related parties were unsecured and repayable on demand.

During the Reporting Period, the Target Group did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 March 2020, the Target Group recorded net current assets of approximately RMB600,000. As at 31 March 2021 and 30 September 2021, the Target Group recorded net current liabilities of approximately RMB25.3 million and RMB28.7 million, respectively and the net current liabilities were mainly due to the nature of the operating lease business of the Target Group. The Target Group acquired the rental vehicles, which are classified as non-current assets, for its operating lease business of approximately RMB36.8 million and approximately RMB14.6 million for the year ended 31 March 2021 and for the six months ended 30 September 2021 respectively. The acquisition of non-current assets was mainly financed by the capital contribution, deposit from customers and the advance from Shanghai Nanlang. The balances advance from Shanghai Nanlang of approximately RMB21.9 million and RMB24.4 million as at 31 March 2021 and 30 September 2021, respectively, were with interest at 4.5% per annum and repayable on demand. As the advance from Shanghai Nanlang was classified as current liabilities in the consolidated financial position of the Target Group, net current liabilities of approximately RMB25.3 million and RMB28.7 million were recorded as at 31 March 2021 and 30 September 2021 respectively. On 15 November 2021, a Supplemental Loan Agreement was entered between the Huzhou Jinyuhong and Shanghai Nanlang to change the repayment term from repayable on demand to repayable on the third anniversary from the first date of loan drawdown. The loan facility can be used up to RMB40,000,000 at any time after voluntary early repayment by Huzhou Jinyuhong before the third anniversary date. Since the Target Group did not have interest-bearing borrowings as at 31 March 2020, the gearing ratio (total interest-bearing borrowings as a percentage of total equity) as at 31 March 2020 was not applicable. As at 31 March 2021 and 30 September 2021, the Target Group's gearing ratio were approximately 306.1% and 268.9%, respectively.

Employee and Remuneration Policies

As at 31 March 2020 and 2021 and 30 September 2021, the Target Group had, in aggregate, 3, 3 and 3 employees, respectively in the PRC. The Target Group recruited, employed, promoted and remunerated its employees based on their qualifications, experience, skills, performances and contributions. Remuneration was also determined with reference to, among others, the market trend. The Target Group had implemented various programs for staff training and development as well.

For the period since the Incorporation Date to 31 March 2020, the year ended 31 March 2021 and for the six months ended 30 September 2020 and 2021, the total staff costs including director's remuneration amounted to approximately RMBnil, RMB100,000, RMB8,000 and RMB201,000, respectively.

Future plans for material investments or capital assets

As at 30 September 2021, the Target Group did not have any future plans for material investments or capital assets.

Acquisition or disposal of subsidiaries and associated companies

During the Reporting Period, the Target Company did not acquire and dispose any material subsidiaries and associated companies.

Significant investments held

During the Reporting Period, save for the PRC Subsidiaries acquired pursuant to the Target Restructuring, the Target Group did not have any material acquisition, disposals or significant investment.

Capital Commitment

As at 31 March 2020 and 2021 and 30 September 2021, the Target Group had capital expenditure contracted in respect of acquisition of rental vehicles and in-car equipment amounted to approximately RMB398,000, RMB37.1 million and RMB14.7 million, respectively.

Charges on assets

The Target Group had no charges on assets as at 31 March 2020 and 2021 and 30 September 2021.

Contingent liabilities

The Target Group had no material contingent liabilities as at 31 March 2020 and 2021 and 30 September 2021.

Foreign exchange exposure

For the Reporting Period, the Target Group was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in HK$.

The Target Group principally conducts business operation in the PRC which exposes the Target Group to foreign exchange risk, primarily with respect to RMB and HK$ denominated transactions. Foreign currency risk arises from future commercial transactions and financial instruments.

The management is aware of the possible foreign currency risk exposure of the Target Group due to the fluctuation of RMB and will closely monitor its impact on the performance of the Target Group and hedge its currency risk when appropriate. As of 30 September 2021, the Target Group had not entered into any financial instrument for foreign currency hedging purpose.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information on the Enlarged Group.

1. UNAUDITED PRO FORMA FINANCIAL STATEMENT OF THE ENLARGED GROUP

(A) BASIS OF PREPARATION OF UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group which has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules, with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA"), and on the basis of the notes set out below for the purpose of illustrating the effect on the assets and liabilities of the Group if the Acquisition had been taken place on 30 September 2021.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared, in accordance with the accounting policies of the Group under Hong Kong Financial Reporting Standards, based on the unaudited interim condensed consolidated statement of financial position of the Group as at 30 September 2021 as extracted from the published interim report of the Group for the six months ended 30 September 2021, and the audited combined statement of financial position of the Target Group as at 30 September 2021 as extracted from the accountants' report as set out in Appendix II to this circular, as if the Acquisition had been completed on 30 September 2021.

The accompanying unaudited pro forma consolidated statement of assets and liabilities has been prepared for illustrative purpose only and is based on certain assumptions, estimates, uncertainties and other currently available information. Accordingly, and because of its hypothetical nature, the unaudited pro forma consolidated statement of assets and liabilities may not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 September 2021 for the financial position or any future date.

(B) THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 September 2021	The Target Group as at 30 September 2021	The Target Group as at 30 September 2021	Unaudited Pro Forma Adjustments			The Enlarged Group as at 30 September 2021
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets							
Property, plant and equipment	5,323	37,773	44,968				50,291
Lease receivables and receivables arising from sale and leaseback arrangements	96,703	–	–				96,703
Deposits	411	–	–				411
Goodwill	21,193	–	–		11,503		32,696
	123,630	37,773	44,968				180,101
Current assets							
Lease receivables and receivables arising from sale and leaseback arrangements	742,580	108	129				742,709
Loan receivable	5,563	–	–				5,563
Trade receivables	6,618	876	1,043				7,661
Prepayments and other receivables	9,502	532	633				10,135
Security deposits	1,190	–	–				1,190
Short term bank deposits with original maturity within three months	1,005	–	–				1,005
Bank balances and cash	8,907	2,489	2,963			(1,589)	10,281
	775,365	4,005	4,768				778,544
Current liabilities							
Trade payables	37	16	19				56
Deposits from customers	214,822	6,164	7,338				222,160
Other payables and accrued charges	21,147	1,000	1,190				22,337
Contract liabilities	4,178	–	–				4,178
Deferred income	–	80	95				95
Lease liabilities	2,156	–	–				2,156
Tax liabilities	64,966	3	4				64,970
Bank borrowings	547,435	–	–				547,435
Amounts due to related companies	–	25,430	30,274				30,274
Promissory note	6,223	–	–				6,223
Derivative financial liabilities	8,194	–	–	735			8,929
Convertible bonds	–	–	–	3,095			3,095
	869,158	32,693	38,920				911,908
Net current liabilities	(93,793)	(28,688)	(34,152)				(133,364)
Total assets less current liabilities	29,837	9,085	10,816				46,737
Non-current liabilities							
Deposits from customers	28	–	–				28
Lease liabilities	2,569	–	–				2,569
Loan note	–	–	–	13,189			13,189
Bank borrowings	130,087	–	–				130,087
Contingent consideration payables	9,572	–	–				9,572
	142,256	–	–				155,445
Net (liabilities)/assets	(112,419)	9,085	10,816				(108,708)

Notes:

1. The unaudited interim condensed consolidated statement of assets and liabilities of the Group as at 30 September 2021 was extracted from the unaudited interim condensed consolidated statement of financial position of the Group as set out in the published interim report of the Group for the six months ended 30 September 2021.

2. The audited combined statement of assets and liabilities of the Target Group in RMB as at 30 September 2021 was extracted from the combined statement of financial position of the Target Group as set out in the Appendix II to this Circular. For the purpose of the unaudited pro forma financial information, RMB1 is translated to HK$1.19 (the exchange rate prevailing on 30 September 2021).

3. Pursuant to the Agreement for Sale and Purchase, the Company shall settle the consideration by (i) issuing the Convertible Bonds with a principal amount of HK$3,811,500 and (ii) issuing Loan Note in aggregate principal amount of HK$13,188,500 to the Vendor and/or its designated nominee(s) upon Completion. Further details of which are set out in the section headed "Letter from the Board".

   Convertible Bonds

   The 3-year interest-free unsecured redeemable Convertible Bonds have a conversion option which grants the holders the right to convert the Convertible Bonds into Conversion Shares from time to time at a conversion price of HK$0.154 per Share, subject to restrictions and adjustments in accordance with the terms and conditions of the Convertible Bonds. Details of the terms of the Convertible Bonds are set out in the subsection headed "The Convertible Bonds" in the section headed "Letter from the Board" in this Circular.

   The fair value of the Convertible Bonds as at 30 September 2021 of approximately HK$3,830,000 is estimated by the directors of the Company with the assistance of an independent professional valuer. The Convertible Bonds consist of (a) debt component of approximately HK$3,095,000 which is classified as current liabilities as the bond holder has an option to convert the host liability into the Company's own equity instruments at any time before maturity, the Company does not have the right to defer settlement for at least twelve months from the reporting date; and (b) conversion option of approximately HK$735,000 which is classified as derivative financial liabilities. The fair value of the Convertible Bonds is measured by a valuation technique which is subject to estimates and judgements and may be significantly different as at the Completion Date.

   Loan Note

   The Loan Note with interest rate of 4.58% per annum is unsecured and has a maturity date falling on the date immediately before the third anniversary of the date of issue of the Loan Note.

4. In accordance with Hong Kong Financial Reporting Standard ("HKFRS") 3 (Revised) "Business Combination", the Group will apply acquisition method to account for the Acquisition. In applying acquisition method, the identifiable assets and liabilities of the Target Group, have to be measured at their fair values. The excess of the fair value of consideration over the fair value of the identifiable assets and liabilities of the Target Group is account for as goodwill as below:

	HK$'000
Consideration	
Issue of Convertible Bonds *(note 3)*	3,830
Issue of Loan Note *(note 3)*	13,189
Total fair value of the consideration	17,019
Less:	
Fair value of the net identifiable assets acquired of the Target Group as at 30 September 2021 *(note a)*	(10,816)
Non-controlling interests	5,300
	(5,516)
Goodwill *(note b)*	11,503

a. For the purpose of the preparation of the unaudited pro forma statement of assets and liabilities, the directors of the Company estimated the carrying amount of the net identifiable assets acquired of the Target Group as at 30 September 2021, which is extracted from the financial information as set out in the Accountants' Report in Appendix II to this Circular, were approximate to their fair values.

b. For the purpose of the preparation of the unaudited pro forma statement of assets and liabilities, the directors of the Company have assessed the impairment of goodwill in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" ("HKAS 36"). The estimated goodwill arising from the Acquisition is recognised and no impairment charge is considered necessary under the requirements of HKAS 36. The non-controlling interests of the Target Group is measured at their proportionate share in the recognised fair value of the Target Group's identifiable net assets.

The directors confirm that the Company will adopt consistent accounting policies, valuation methods and principal assumptions as used in the unaudited pro forma financial information to assess the impairment of the Enlarged Group's goodwill in subsequent reporting periods.

Since the fair values of the consideration, identifiable assets and liabilities of the Target Group used in the preparation of the unaudited pro forma statement of assets and liabilities may be different from their fair values on the date when the Target Company became a subsidiary of the Group, the final amounts of goodwill and the identifiable assets and liabilities to be recognised in connection with the Acquisition may be materially different from the estimated amounts stated herein and is subject to change upon the finalisation of the valuation on Completion Date.

5. The adjustment represents the estimated legal and professional fees and other direct expenses of approximately HK$1,589,000, which are directly attributable to the Acquisition. This adjustment will have no continuing effect on the Enlarged Group in the subsequent years.

6. Saved as aforesaid, no other adjustments have been made to reflect any trading result or other transactions of the Enlarged Group entered into subsequent to 30 September 2021.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountant, in respect of the unaudited pro forma consolidated statement of assets and liabilities as set out in this Appendix and prepared for the sole purpose of incorporation in this circular.

BDO

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To the directors of China Rongzhong Financial Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Rongzhong Financial Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Ultimate Harvest Global Limited (the "Target Company") and its subsidiaries by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2021 and related notes as set out on pages IV-1 to IV-5 to the circular dated 24 January 2022 (the "Circular") issued by the Company, in connection with the proposed acquisition of 51% equity interest in the Target Company (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in page IV-1 to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's consolidated financial position as at 30 September 2021 as if the Proposed Acquisition had taken place on 30 September 2021. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Company's unaudited interim report for the six months ended 30 September 2021.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

Hong Kong 24 January 2022

The following is the text of a report prepared for the purpose of incorporation in this circular received from Moore Transaction Services Limited, an independent valuer, in connection with its valuation as at 30 November 2021 of the market value of the 100% equity interest in Huzhou Jinyuhong Automobile Leasing Services Co., Ltd and its subsidiaries.

MOORE

Moore Transaction Services Limited
812 Silvercord, Tower 1
30 Canton Road, Tsimshatsui
Kowloon, Hong Kong

19 January 2022

The Directors
China Rongzhong Financial Holdings Company Limited
Unit 3901, 39/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

Dear Sirs,

Re: Valuation of 100% equity interest in Huzhou Jinyuhong Automobile Leasing Services Co., Ltd. and its subsidiaries

1. EXECUTIVE SUMMARY

1.1. Introduction

We have been engaged by the Company to provide our opinions on the market value of 100% equity interest in PRC Subsidiaries as at 30 November 2021 for the Company's acquisition reference purposes.

Per Management, the Company is contemplating to acquire 51% equity interests in the PRC Subsidiaries from the Company's controlling shareholder.

1.2. Scope of Valuation

Our scope of services covered the Valuation of the market value of equity interests in PRC Subsidiaries as at the Valuation Date.

Our valuation work was high-level and desktop-based and primarily based on the information provided by Management which is assumed to be true, faithful and complete.

1.3. Purpose of Valuation

The purpose of our Valuation is for your acquisition reference purpose only.

The Valuation and this report are not prepared for the use of any other purposes such as but not limited to accounting and/or fundraising.

1.4. Date of Valuation

The Valuation Date is 30 November 2021.

1.5. Scope of Work

As part of our tasks of completing the Valuation, we have carried out the followings:

- Discussion with Management in relation to the future development, operations and other relevant information of PRC Subsidiaries;
- Review of relevant information and other relevant data concerning PRC Subsidiaries provided to us by Management;
- Performing market research and relevant statistical figures from public sources in relation to the valuation of PRC Subsidiaries; and
- Preparation of a valuation model to derive the value of PRC Subsidiaries and this Valuation Report.

On the other hand, our scope of work did not cover the followings:

- Comment on the accounting treatment of any assets/liabilities being valued/ reviewed, wherever and whenever relevant;
- Valuation of any specific intangible assets such as agreements, licenses, know-how, distribution channel, customer relationship, contracts, patents, etc.;
- Assessments of and comment on the operational, legal, regulatory, country and other risks that are associated with the existing and future operations of PRC Subsidiaries;
- Performance of any identifications or valuations on any off-balance sheets assets/ liabilities of PRC Subsidiaries nor factor them in the Valuation;
- Performance of any legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work which should be carried out by the relevant experts to be appointed by the Company, if necessary;

- Provision or review of, without limitation, professional advices other than valuation advices, such as advices on legal, regulatory, accounting or taxation matters;

- Visits to any locations of PRC Subsidiaries and inspections of any their assets and operations; and

- Valuation of any specific assets/liabilities or classes of assets/liabilities of PRC Subsidiaries, including but not limited to properties, plant & equipment, receivables & account payables, intangible assets such as contracts or patents etc.

1.6. COVID-19 and Its Impacts

On 31 December 2019, Wuhan Municipal Health Commission, PRC, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified.

The first recorded Novel Coronavirus (COVID-19) case outside of PRC was confirmed in Thailand on 13 January 2020. Later on 22 January 2020, WHO mission to PRC issued a statement saying that there was evidence of human-to-human transmission in Wuhan but more investigation was needed to understand the full extent of transmission.

On 30 January 2020, the Emergency Committee reached consensus and advised the Director-General that the outbreak constituted a Public Health Emergency of International Concern (PHEIC).

Deeply concerned both by the alarming levels of spread and severity, and by the alarming levels of inaction, WHO made the assessment that COVID-19 can be characterized as a pandemic on 11 March 2020.

The global pandemic of the COVID-19 has impacted global financial markets. Travel restrictions have been implemented by many countries.

On the Valuation Date, i.e. 30 November 2021, we have assumed the development and impact of COVID-19 have already been reflected in relevant market data and Management's assumptions. However, due to the rarity and the unpredictability nature of COVID-19, its actual impact on the market and this valuation may differ from the market, Management and our expectations.

The values reported herein might have changed materially over time and the assumptions adopted in the Valuation may become invalid. However, this is outside our scope of work to report any updated values, if any.

Given the unknown future impact that COVID-19 might have on the market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep this Valuation under frequent review.

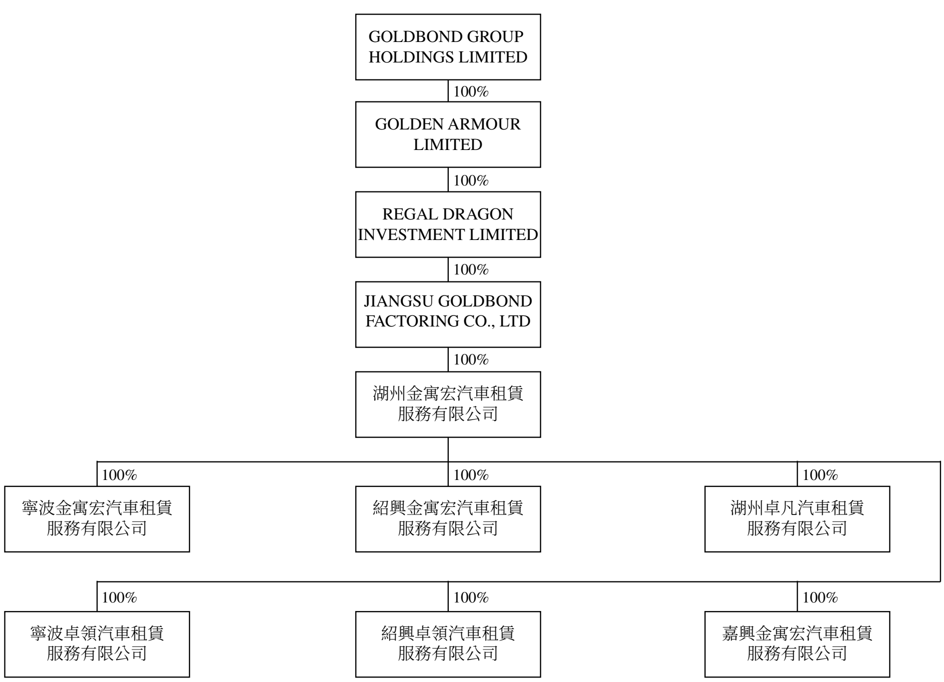
2. BACKGROUND

2.1. The PRC Subsidiaries

Huzhou Jinyuhong is a private company incorporated in PRC on 23 December 2019 with limited liability. The PRC Subsidiaries are mainly engaged in car lease and rental businesses in Zhejiang, Guangdong and Hunan Province of PRC.

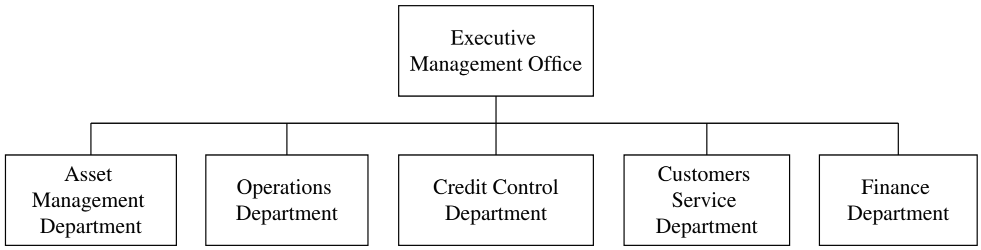
Per the sample contracts provided by Management, the customers will pay monthly rents to the PRC Subsidiaries for renting automobiles. The PRC Subsidiaries will require a deposit for the rented vehicles and is entitled to install the GPS devices to monitor its vehicles. The customers will return the rented vehicles to the PRC Subsidiaries if they decided to terminate at the end of the contract period. The customer can also request an extension of the contract or the purchase of the rented vehicles. The terms of the extended contracts and the purchase price of the vehicles were subject to the negotiations between the customers and the PRC Subsidiaries. Per Management, the customers will be responsible for the maintenance of the rented vehicles.

The latest corporate structure of the PRC Subsidiaries is illustrated below:



Source: Management

The latest organisation structure of the PRC Subsidiaries is illustrated below:



Source: Management

The main functions or responsibilities of each department are summarized below:

- Asset management department: Leased assets management, rent collection, lease monitoring, etc.;
- Operations department: Business and market development, contract design and sales;
- Credit control department: Checking customer's credit rating, notify debtors about upcoming or outstanding car rental;
- Customers service department: Responding and resolving issues, delivering the Company's offer and information, tracking customer satisfactions; and
- Finance department: Financial accounting and tax filling.

2.2. Historical Business and Financial Review

Per Management, the rental leases of the customers of the PRC Subsidiaries ranged from short to medium term with average term of about one year. The total revenue of signed contracts of the PRC Subsidiaries amounted to HKD48M by the end of 2020. The total number of renting vehicles was 356 as of 30 September 2021. The customers are mainly individuals.

The PRC Subsidiaries provides a variety of brands and different classes of passenger cars to meet the needs of different customers. The brands included Mazda, Hyundai, Bayerische Motoren Werke, Volkswagen, Mercedes-Benz, Toyota, Honda and Audi.

The key consolidated income statement and balance sheet items of the PRC Subsidiaries during the historical periods are shown in the following table:

Financials (RMB'000)	**FY20A (April to September)**	**FY21A**	**FY21A (April to September)**	**LTM**
Revenue	1,184	8,446	12,219	19,481
Gross Profit (Loss)	826	3,326	2,861	5,361
EBITDA	1,115	5,380	5,891	10,156
Net Profit (Loss)	732	2,764	1,923	3,955
Net Assets Value	5,128	7,162	9,085	9,085

Source: Management

Per Management, PRC Subsidiaries recorded revenue of RMB19.48M and net profit of RMB3.96M for LTM. The book value of total assets and net assets value of PRC Subsidiaries were RMB41.78M and RMB9.09M respectively as of 30 September 2021.

As of the Valuation Date, the major assets held by the PRC Subsidiaries was property, plant and equipment representing 90.41% of its total assets and the major liabilities was amount due to related companies representing 77.79% of its total liabilities.

Per Management, the fixed assets were mainly the passenger cars owned by the PRC Subsidiaries for the renting car business. The vehicles are mainly passenger cars. The RMB25.43M amount due to related companies was mainly the advance from a related company, i.e. Shanghai Nanlang. As of 1 July 2020, Huzhou Jinyuhong entered into a loan agreement with Shanghai Nanlang. According to this agreement, Shanghai Nanlang agreed to provide an unsecured loan facility up to RMB40,000,000 to Huzhou Jinyuhong. The interest rate of this loan facility is 4.5% per annum. According to the supplement agreement of this agreement signed on 15 November 2021, the term of this loan facility was 3 years from the first drawdown date of Huzhou Jinyuhong. Per Management, the amount owed by Huzhou Jinyuhong to Shanghai Nanlang was approximately RMB26,670,000 as of Valuation Date.

Per Management, the PRC Subsidiaries is expected to maintain the car rental business as its principal business in the future.

2.3. Major Risk Factors

Based on our discussion with Management, PRC Subsidiaries faces a number of potential risk factors, which include but not limited to the following major ones:

- Credit Risk: Probability of customers fail to pay the rents on time;

- Legal Risk: Probability of customers misuse the vehicles and illegally sell the rented vehicle to a third party;

- Business Risk: Uncertainties of the prices of rental automobiles in disposing;

- Market Risk: Changes in capital markets, legal or regulatory requirements and other factors that beyond the control of the PRC Subsidiaries could reduce demand for the car rental industry;

- Competition Risk: The increasing competition may lead to lower market share and profit margin of the PRC Subsidiaries; and

- Economic Risk: The lockdown, travel restriction and other uncertainties caused by coronavirus outbreak and delta variant may further affect PRC economy, which may have a negative impact to the business of PRC Subsidiaries.

Management was aware of the risk factors and has taken actions including but not limited to installed GPS devices on the rented vehicles, asked the customers to pay the deposits and closely monitoring the macroeconomic environment.

3. INDUSTRY OVERVIEW

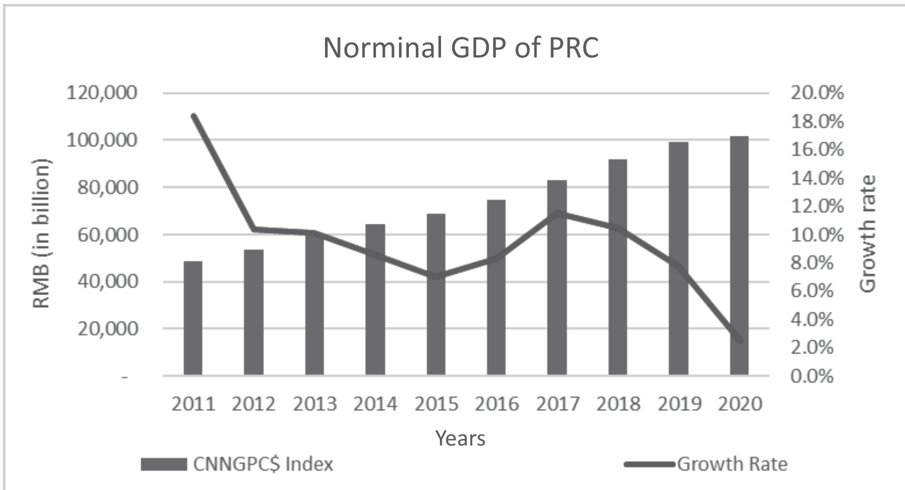
3.1. PRC Economy

Since the economic reform of incorporating capitalism within a command economy in the late 20th century, PRC experienced rapid economic growth and is currently the world's second-largest economy.

According to publicly available data, PRC's nominal GDP increased from RMB41.21T in 2010 to RMB101.60T in 2020, representing a CAGR of approximately 9.44% in last decade. Meanwhile, PRC's GDP per capita also grew steadily from RMB30,808 in 2010 to RMB72,000 in 2020 representing a CAGR of approximately 8.86%.

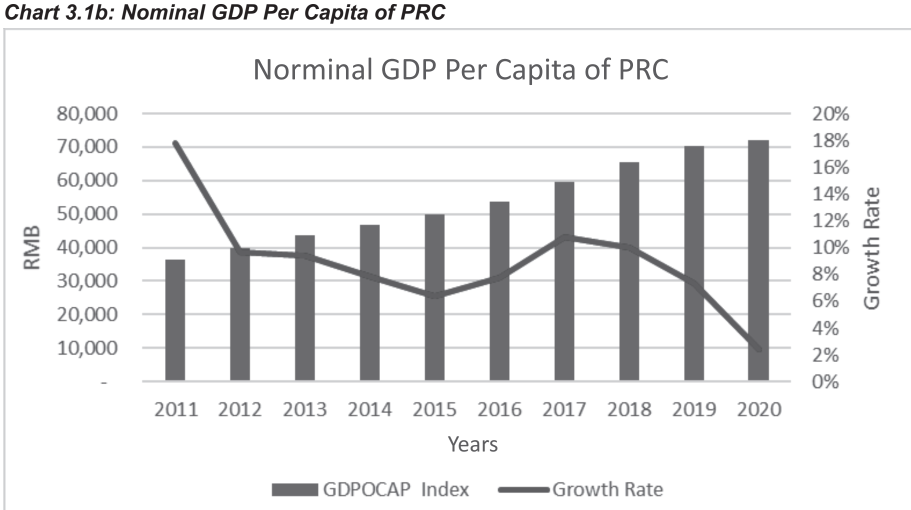
The historical trends of nominal GDP and nominal GDP per capita are shown below:

Chart 3.1a: Nominal GDP of PRC



Source: Publicly available data, Moore's analysis

Chart 3.1b: Nominal GDP Per Capita of PRC



Source: Publicly available data, Moore's analysis

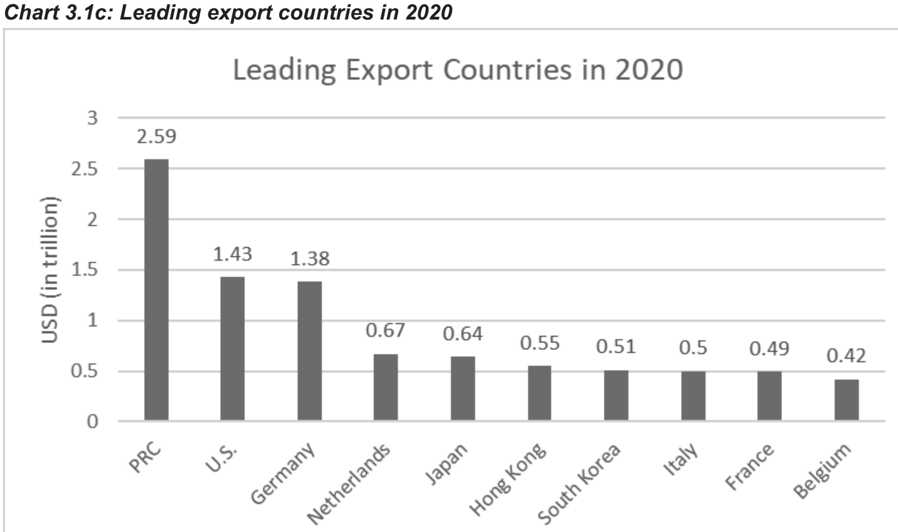
PRC economy underwent a challenging period between 2019 and 2020. Together with the ever-rising trade tensions between U.S. and PRC, the COVID-19 pandemic had a significant negative impact on the already weakening global and local economy. Nevertheless, the economic situation in PRC is expected to rebound in 2021 with a countrywide vaccine coverage and the recovery of global economy from the pandemic.

Ever since PRC government allowed foreign direct investments within its border, many foreign firms entered the PRC market. Over the past few decades, they set up numerous factories and employed a significant amount of domestic workers in PRC. Currently, PRC is the largest recipient of foreign direct investment across the globe, receiving inflows of roughly USD149.37B in 2020.

In recent years, the impact of the demographic shift of the PRC is becoming more and more evident. The workforce is expected to drop by 35M over next five years since 2021 as demographic pressure grows. As a result, the potential economic growth of PRC is decelerating steadily from the peak, and such a trend is expected to continue in the near future.

On the other hand, PRC is the world's largest exporter and the second-largest importer of goods. However, in 2018, U.S. had imposed sweeping tariffs on PRC for its alleged unfair trade practices. In response, PRC has set tariffs on selective U.S. goods, and is threatening to restrict the operations of U.S. businesses in PRC. As a result, both economies are expected to suffer from the impacts. Nonetheless, PRC plays a prominent role in international trade, with export volume of USD2.59T and import volume of USD2.14T in 2020 according to a research result published by Statista:

Chart 3.1c: Leading export countries in 2020



Source: Statista, Moore's analysis

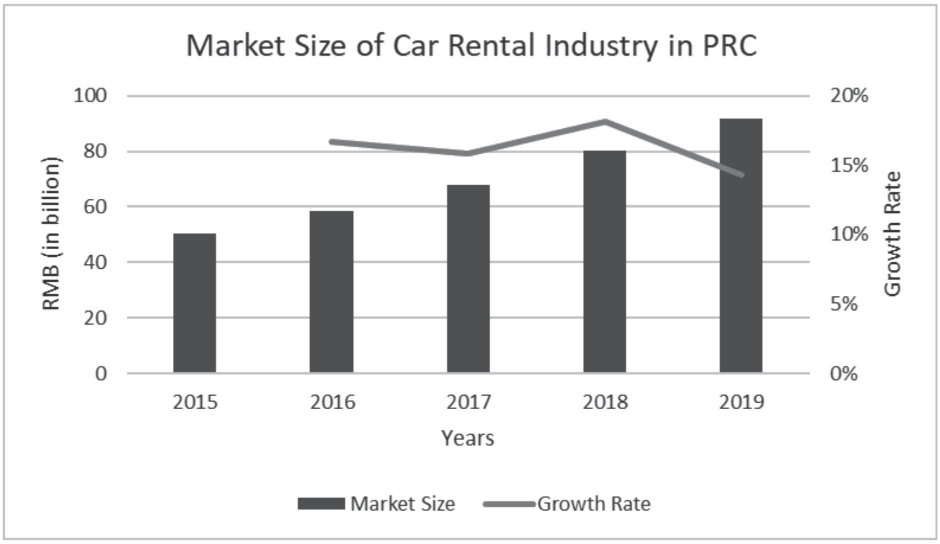
To combat the recent economic slowdown resulted from the pandemic and ongoing trade war, PRC government has adopted economic reforms and made massive amounts of capital expenditures on infrastructures. According to publicly available source, government expenditure increased from approximately RMB23.9T in 2019 to RMB24.6T in 2020. Going forward, PRC government remain confident that the local economy is resilient and will recover steadily.

3.2. Car Rental Industry in PRC

Car rental refers to the business activities in which the operator delivers the car to the customers for use according to the agreement or certain terms and provides relevant supporting services to meet their travel needs with certain charges.

Car rental is an important part of the comprehensive transportation system to meet the needs of people's personalized travel, social and business activities in PRC. In addition, the car rental business plays a significant role in the traditional transportation industry, tourism industry, automobile industry and other related industries.

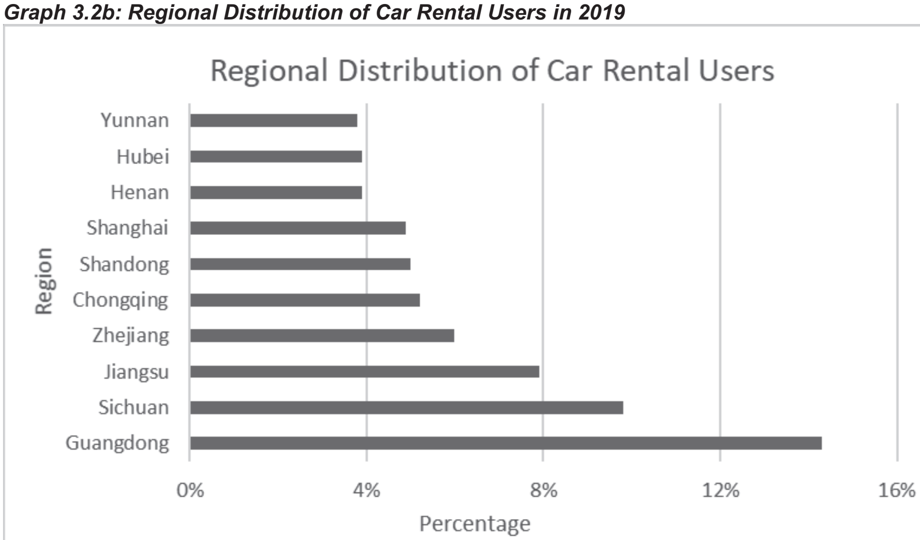
Graph 3.2a: Market Size of Car Rental Industry



Source: Qianzhan Industry Research Institute

As shown in the graph 3.2a, the size of the PRC car rental market has grown from RMB50.2B in 2015 to RMB91.7B in 2019 representing a CAGR of 16.26%.

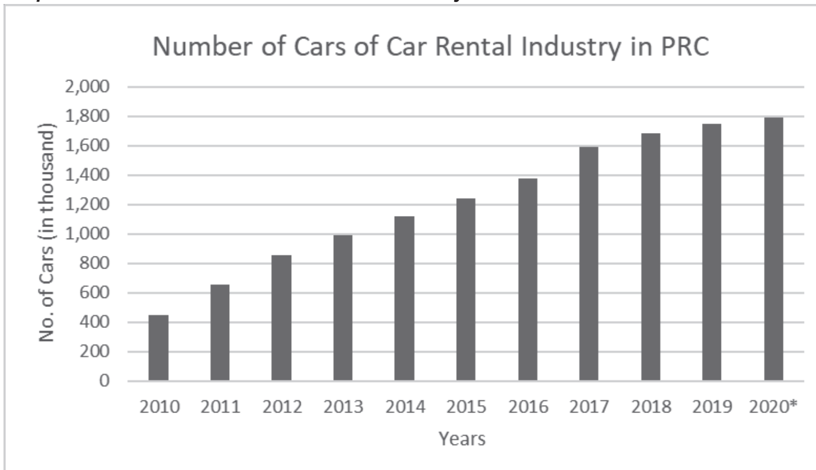
Graph 3.2b: Regional Distribution of Car Rental Users in 2019



Source: Qianzhan Industry Research Institute

Graph 3.2b shows the regional distribution of the PRC car rental users. As shown in this graph, the users are mainly centralized in the southeast coastal and southwest regions. The users in Zhejiang province accounted 6.0% of total users in the PRC.

Graph 3.2c: Number of Cars of Car Rental Industry in PRC

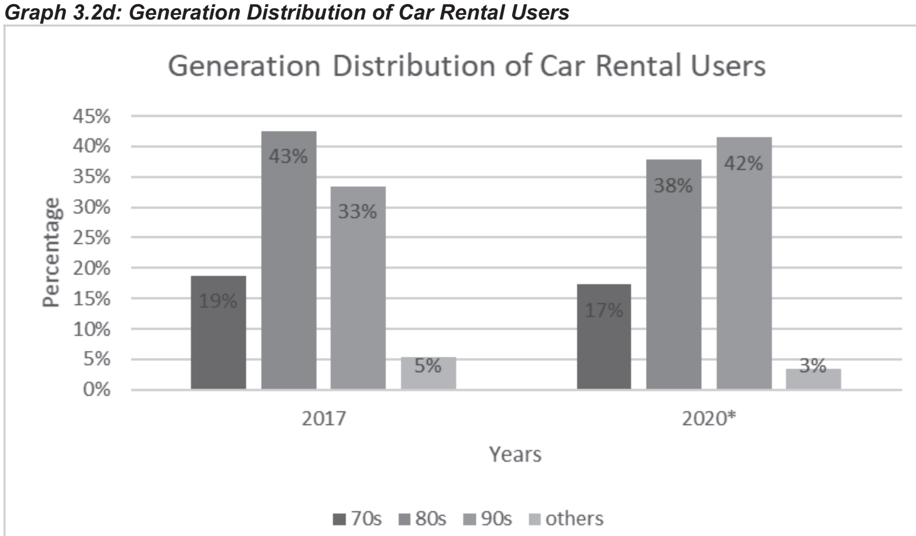


Source: Fastdata Research Institute
*Note: * indicates that the data is as of September 2020*

According to a report published by Fastdata, in September 2020, the total number of rental cars in the car rental industry reached nearly 1.8M which is more than four times of 0.4M in 2010.

As shown in graph 3.2d, compared with year 2017, 90s generation has become the largest user group in the car rental market by September 2020. In addition, male is still the dominant user group in the rental market while the demand for car rental from female users is growing strongly according to Fastdata. The total users included 37.3% of female and 62.7% male users as of September 2020 and female users only accounted 12.2% in 2010.

Graph 3.2d: Generation Distribution of Car Rental Users



Source: Fastdata Research Institute
*Note: * indicates that the data is as of September 2020*

The market size of car rental industry in PRC is expected to increase to USD24.2B in 2025 according to Statista. In 2020, the COVID-19 caused a significant negative impact on the tourism and business travel market in PRC. Thanks to the PRC government's effective control on the outbreak, the tourism and demand for car rentals are expected to recover in the mid-term.

At present, about 168M people with a car license own no cars in PRC in accordance with Fastdata. With the continuous improvement of user experience, the demand for car rentals will be further released in the future.

4. BASIS AND METHODOLOGY

4.1. Basis of Valuation

In valuing PRC Subsidiaries, we have prepared our Valuation on the basis of "market value" as defined in International Valuation Standards 2020, i.e. *the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion"*.

4.2. Valuation Standards

Our Valuation has been prepared in accordance with the International Valuation Standards issued by the International Valuation Standards Council.

4.3. Sources of Information

The primary sources of information that we have relied on in the preparation of this report, include:

- Audited income statements and balance sheets of PRC Subsidiaries for FY21A and FY21A (April to September);

- Management accounts of PRC Subsidiaries for FY20U (April to September);

- Discussions with Management regarding the background and other relevant information of PRC Subsidiaries; and

- Public available sources of market data.

We have not attempted to verify any of the financial and other information provided to us or contained in this report. We also have no reasons to believe that any material fact has been withheld from us. Moreover, we do not warrant our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We hereby reserve our rights to revise this Valuation Report, if required and appropriate, should there be any updated information or otherwise made available to us that we consider to be relevant to the Valuation.

4.4. Limiting Conditions and Assumptions

Our Valuation has been primarily based on income statements and balance sheets of PRC Subsidiaries and other information provided by Management and a number of limiting conditions and assumptions, as set out in section 7.1. Limiting Conditions and 7.2. Assumptions. In the event any of the information, figures or accounts we have relied upon have been misstated or actual events do not accord with one or more of the assumptions, the resulting valuation of PRC Subsidiaries may vary substantially from the figures as set out in this report.

You are recommended not to rely on the Valuation unless you have read carefully and fully understood the limiting conditions and assumptions.

4.5. Valuation Approach

4.5.1. Generally Accepted Approaches

We have considered three generally accepted approaches, including the Income Approach, the Market Approach and the Cost Approach in the Valuation:

- Income Approach: The Income Approach measures the value of an asset by the present value of its future economic benefits. These benefits can include earnings, cost savings, tax deductions and proceeds from its disposition.

- Market Approach: The Market Approach is a valuation technique based on the principle of substitution. For the valuation of a company, public companies in the same general industry as the subject company are selected to provide valuation guidelines, i.e. valuation multiples for such guideline companies then are determined and analysed;

On the other hand, valuation multiples implied from merger and acquisition transactions of private companies may also be considered; and

- Cost Approach: The Cost approach provides an indication of value based on the principle that the assets and liabilities as a whole represents the value of a company. The assumption is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a company and equals to the value of its invested capital.

Please note these three valuation approaches are fundamentally different and may generate substantially different valuation results.

4.5.2. Selected Approach

Among the abovementioned valuation approaches, the selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise.

The Income Approach was not adopted in valuing PRC Subsidiaries as it heavily relies on subjective assumptions adopting in the long-term financial projections of the PRC Subsidiaries. The market value is highly sensitive to the inputs in the financial projections which could result in a significant impact on the market value.

The Cost Approach was not adopted in valuing PRC Subsidiaries as it does not consider the future economic benefits generated from the operation of the PRC Subsidiaries's business. The Cost Approach is inadequate in reflecting the value of its equity interests deriving from its ongoing business and any potential growing prospect.

The Market Approach reflects the value obtained from a consensus of market participants over the corresponding industry. It is generally agreed that such an approach involves less subjective assumptions and judgements in a valuation as this is principally based on comparison. We also notice that there are several publicly listed companies of similar businesses in the similar geographical region that could provide a reasonable valuation benchmark. Thus, the Market Approach has been adopted in this valuation.

4.5.3. Guideline Companies

Under the Market Approach, we adopted the Guideline Company Method in the Valuation and selected publicly listed companies that are considered to be comparable to PRC Subsidiaries, i.e. Guideline Companies.

The selection of the Guideline Companies was based on the comparability of the overall industry sector and geographical location. Although no two companies are ever exactly alike, behind the differences, there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes. The following criteria were considered as reasonable to select the Guideline Companies.

In short, we follow the below major principles when searching for Guideline Companies:

- The Guideline Companies mainly engage in providing car rental and lease services per our understanding based on their company descriptions provided by publicly available source and their own websites. Such business activities are the principal or one of the principal business activities of these companies;

- The shares of Guideline Companies were listed on the Top Stock Exchanges or Recognized Stock Exchanges as of the Valuation Date;

- The Guideline Companies recorded positive earnings and EBITDA for LTM; and

- The Guideline Companies' shares were actively traded in the market and have sufficient relevant financial information which are publicly available.

Details of these Guideline Companies are summarized as below:

Ticker	Company Short Name	Revenue Proportion of Car Rental Business	Company Description
089860 KS Equity	LOTTE RENTAL CO LTD	100%	Lotte Rental Co., Ltd. provides car rental services. The company offers passenger car rental, commercial car rental, used vehicle rental, and other related services. Lotte Rental conducts businesses across worldwide.
CAR US Equity	AVIS BUDGET GROUP INC	100%	Avis Budget Group, Inc. operates as a vehicle rental and mobility solution services. The company also participates in app-based, car sharing operations. Avis Budget Group operates mainly in North America, Europe, Australia, and New Zealand, as well as other countries worldwide.
3347 JP Equity	TRUST CO LTD	61.32%	TRUSTCO., LTD. exports and sells used cars to individual buyers through internet website. The company exports used cars mainly to Africa, Central America, and Oceania.

Ticker	Company Short Name	Revenue Proportion of Car Rental Business	Company Description
MOVI3 BZ Equity	MOVIDA PARTICIPA	77.70%	Movida Participacoes S.A. provides vehicle leasing services. The company offers passenger car rental, fleet management, adaption, and maintenance services. Movida Participacoes conducts its business in Brazil.
068400 KS Equity	SK RENT A CAR	68.20%	SK Rent A Car Co., Ltd provides cars rental and leasing services. The company offers passenger car leasing, commercial car leasing, and other motor vehicles leasing services. SK Rent A Car also offers used cars distribution services.
BUDGET AB Equity	UNITED INTERNATIONAL TRANSPO	100%	United International Transportation Co offers rental automobiles.
RENT3 BZ Equity	LOCALIZA	100%	Localiza Rent a Car SA rents automobiles. The company owns and franchises locations in Brazil and elsewhere in Latin America. Localiza primarily operates through airport locations. The company also sells used cars and offers fleet management services.
SIX2 GR Equity	SIXT SE	100%	Sixt SE is an international provider of mobility services. The company offers mobility service across the fields of vehicle rental, car sharing and subscriptions, chauffeur, and other services. Sixt serves private and business customers worldwide.
SFI CN Equity	SOLUTION FINANCIAL INC	100%	Solution Financial Inc. provides passenger car leasing services. The company offers cars, boats, and yachts. Solution Financial serves customers in Canada.

Source: Publicly available data

We considered that the selected Guideline Companies comprise an exhaustive list based on the selection criteria and our research.

4.5.4. Valuation Multiples

In the course of our valuation, we have considered some commonly adopted valuation multiples such as the price-to-earnings (“P/E”), price-to-book (“P/B”), and EV-to-EBITDA (“EV/EBITDA”).

The P/B multiple has not been adopted in this valuation because the “B”, i.e. book value, is incapable of reflecting the values of intangible economic assets such as goodwill, know-hows and the prospect of the business. Such multiple is widely applied in the financial industry like banks but we are of the view that this is not applicable in the Valuation of PRC Subsidiaries which is primarily a car rental service company.

The P/E multiple is a widely recognized and commonly used valuation multiple, in particular for valuation of companies which are profit-making with predictable earnings levels. However, earnings are prone to Managements’ adoption of accounting policy and the multiple fails to account for the differences of financial leverage and depreciation and amortization (“D&A”) levels across the companies adopted as comparable companies.

As discussed in section 2.3. Historical Business and Financial Review, the major assets of PRC Subsidiaries are vehicles. The D&A policy adopted by PRC Subsidiaries will have material impact on its earnings. On the other hand, the major liabilities of PRC Subsidiaries, i.e. amount due to subsidiaries will be replaced with interest bearing loans which will have impact on its future earnings. We have therefore not adopted the P/E multiple in the valuation.

The EV/EBITDA multiple measures the profitability of the company as an entire firm and is considered to be capital structure neutral with the D&A factors being taken into consideration. It focuses on the cash flows of the company without being influenced by its financing and D&A policies.

Therefore, the EV/EBITDA multiple is adopted in the Valuation.

The EV/EBITDA multiples of the Guideline Companies were shown below and other multiples were also shown for your reference purposes:

Ticker	**P/E**	**P/B**	**EV/EBITDA**
089860 KS Equity	13.30	1.10	4.39
CAR US Equity	14.62	*N/A*	9.52
3347 JP Equity	15.84	0.51	4.78
MOVI3 BZ Equity	7.44	1.91	9.01
068400 KS Equity	14.17	0.93	4.62
BUDGET AB Equity	13.06	2.48	4.89
RENT3 BZ Equity	8.95	5.19	9.14
SIX2 GR Equity	22.85	3.42	10.80
SFI CN Equity	51.48	2.88	6.31
Max	51.48	5.19	10.80
Min	7.44	0.51	4.39
Average	17.97	2.30	7.05
Median	14.17	2.20	6.31

Source: Publicly available data, Moore's Analysis

The median 6.31 was multiplied by the LTM normalized EBITDA of PRC Subsidiaries based on its management accounts for FY20U (April to September) and FY21A (April to September), audited financial statements for FY21A which are the most updated financials of PRC Subsidiaries provided to us, and the adjustments discussed below to determine its market value.

4.5.5. Application of the EV/EBITDA Multiple

To apply the EV/EBITDA multiple on PRC Subsidiaries's EBITDA in the Valuation, the following adjustments on its earnings have been considered after our discussion with Management:

- The LTM EBITDA was formulated based on PRC Subsidiaries's EBITDA in for FY20U (April to September), FY21A and FY21A (April to September); and

- The other income, other services income and finance lease income was deducted from the LTM EBITDA. The total adjusted income amounted to RMB0.86M.

The LTM normalized EBITDA of RMB9.29M was multiplied by abovementioned average 6.31 multiple to derive the EV of PRC Subsidiaries.

The value of the ordinary equity of PRC Subsidiaries was then derived using the following formula:

Market Cap = EV- PE- MI- ST Debt- LT Debt + Cash

Where:

EV	=	enterprise value
Market Cap	=	market capitalization of ordinary equity
PE	=	preferred equity
MI	=	minority interest
ST Debt	=	short-term debt
LT Debt	=	long-term debt
Cash	=	cash and cash equivalents

Per our discussion with Management, the RMB26.67M of amount due to Shanghai Nanlang as of Valuation Date was treated as debt and deducted according to the above formula. The details were discussed in the section 2.3. The RMB2.49M of bank balance and cash was added according to the above formula.

4.5.6. DLOM

The discount for lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell.

DLOM reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Market Value of Non-Marketable Interest = Market Value of Marketable Interest × (1- DLOM)

According to the Stout Restricted Stock Study that analyses the transaction database and provides statistics on the discount rates, published by Business Valuation Resources, LLC in 2020, DLOM is estimated as the percentage difference between the private placement price per share and the market trading price per share. 759 relevant private placement transactions of unregistered common stock issued by publicly traded companies from July 1980 through December 2019 have been examined in the Stout Restricted Stock Study. Premium in the market for restricted stock, which is considered as the result of an investment opportunity not available to other investors or an unidentifiable relationship with the seller has been excluded.

Discount for services industry, i.e., 24% was adopted in the Valuation, which was calculated from the 157 transactions from the Stout Restricted Stock Study as DLOM for the Valuation.

4.5.7. Control Premium

Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company.

The EV/EBITDA multiples adopted in the Valuation were calculated from publicly listed companies, which represents minority ownership interest. Value calculated using such EV/EBITDA multiples, therefore, represents the minority interest.

The value of controlling interest can be calculated from non-control interest using the following formula:

Market Value of Controlling Interest = Market Value of Non-control Interest × (1+ Control Premium)

According to the Mergerstat Control Premium Study published by FactSet Mergerstat, LLC., control premium is expressed as a percentage of the unaffected marketable minority price per share. Completed transactions whereby 50.01% or more of a company was acquired and where target companies were publicly traded have been examined in the Mergerstat Control Premium Study.

The Mergerstat Control Premium Study is a comprehensive and updated research on control premium with empirical support done by FactSet Mergerstat, LLC., which is an independent information provider of merger and acquisition information. We are not aware of any other widely accepted control premium study with equivalent quality in terms of size of database and timeliness. Therefore, we adopted the Mergerstat Control Premium Study as the reference for control premium. According to the Mergerstat Control Premium Study, the mean premiums were gathered from merger and acquisition transactions from 2011 to the 2nd Quarter 2021, which includes the most updated market data.

The average minority discount for the services and other sector in the abovementioned research, i.e., 25.50% was adopted as control premium in the Valuation.

The overall valuation of PRC Subsidiaries using the EV/EBITDA multiple is presented below:

Items	**Amount**
Normalized EBITDA (RMB)	9,293,985
EV/EBITDA Multiple	6.31
Implied Equity Value (RMB)	34,490,218
Less: Discount for Lack of Marketability	24.00%
Add: Control Premium	25.50%
Implied Equity Value after DLOM (RMB) (100%)	32,896,770
Exchange Rate	1.19
Implied Equity Value after DLOM (rounded) (HKD) (100%)	39,000,000

Source: Moore's analysis

5. OPINIONS OF VALUE

Based on our analysis above, our opinion on the market value of 100% equity interest in Huzhou Jinyuhong Automobile Leasing Services Co., Ltd. and its subsidiaries (i.e. PRC Subsidiaries) as of 30 November 2021 (i.e. the Valuation Date), was reasonably stated as HKD39,000,000 **(HONG KONG DOLLARS THIRTY-NINE MILLION ONLY)**.

REMARKS

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it will appear.

Finally, and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and for the purpose stated herein. No responsibility is accepted to any third party for the whole or any part of its contents.

We hereby certify that we neither have any present nor any prospective interest in the Company, Huzhou Jinyuhong and its subsidiaries and associated companies, or the value reported herein.

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

Yours faithfully,
For and on behalf of
Moore Transaction Services Limited
Kenneth Ma
Director
MRICS CFA CAIA

Note: Mr. Kenneth Ma is a Registered Valuer member of the Royal Institute of Chartered Surveyors who has over 5 years' experience in valuations of properties and over 10 years' experience in business valuations in Hong Kong and the PRC.

6. Glossary of Terms

Term	Meaning
CAGR	Compound annual growth rate
Company, you, yours	China Rongzhong Financial Holdings Company Limited, a company listed on the main board of the Hong Kong Stock Exchange with stock code: 3693.HK
EV	Enterprise value
EBITDA	Earnings before interest, taxes, depreciation and amortization
FYXXU	Unaudited financial statements for the year-ended 31 March 20XX
FY20U (April to September)	Unaudited financial statements for the period from 1 April 2020 to 30 September 2020
FY21A (April to September)	Audited financial statements for the period from 1 April 2021 to 30 September 2021
FYXXA	Audited financial statements for the year-ended 31 March 20XX
GDP	Gross Domestic Product
Guideline Companies	Publicly listed companies that are considered by us to be comparable to PRC Subsidiaries for valuation purposes. For details, please refer to section 4.5.3. Guideline Companies
HKD	Hong Kong Dollar, the official currency of Hong Kong
HKSAR	Hong Kong Special Administrative Region
HKEx	Hong Kong Exchanges and Clearing Limited
Huzhou Jinyuhong	湖州金寓宏汽車租賃服務有限公司, translated as Huzhou Jinyuhong Automobile Leasing Services Co., Ltd. Details were discussed in section 2. Background

K, '000	Thousand
LTM	Last twelve months
M, mil	Million
Management	Management of the Company, PRC Subsidiaries and/or their representatives
Moore, we, our, us	Moore Transaction Services Limited
N/A	Not applicable
PPE	Property, plant and equipment
PRC	The People's Republic of China
PRC Subsidiaries	Huzhou Jinyuhong and its subsidiaries. Details were discussed in section 2.1. The PRC Subsidiaries
RMB	Renminbi, the official currency of PRC
Recognized Stock Exchange	The 15 stock exchanges listed out as "Recognized Stock Exchange" in "*Secondary Listings in Hong Kong*" issued by the HKEx (https://www.hkex.com.hk/Listing/Rules-and-Guidance/Listing-of-Overseas-Companies/Secondary-Listings-in-Hong-Kong?sc_lang=en). These exchanges included: (a) The Amsterdam Stock Exchange (NYSE Euronext – Amsterdam); (b) The Australian Securities Exchange (ASX); (c) The Brazilian Securities, Commodities and Futures Exchange (BM&FBOVESPA); (d) The Frankfurt Stock Exchange (Deutsche B"urse); (e) The Italian Stock Exchange (Borsa Italiana); (f) The London Stock Exchange (LSE);

	(g) The Madrid Stock Exchange (Bolsa de Madrid).
	(h) NASDAQ OMX (US);
	(i) The New York Stock Exchange (NYSE Euronext (US));
	(j) The Paris Stock Exchange (NYSE Euronext – Paris);
	(k) The Singapore Exchange (SGX);
	(l) The Stockholm Stock Exchange (NASDAQ OMX – Stockholm);
	(m) The Swiss Exchange (SIX Swiss Exchange);
	(n) The Tokyo Stock Exchange (TSE); and
	(o) The Toronto Stock Exchange (TMX).
SFC	The Securities and Futures Commission (SFC) of Hong Kong
Shanghai Nanlang	上海南朗融資租賃有限公司 (Shanghai Nanlang Finance Lease Co., Ltd.*), a company established under the laws of PRC
T	Trillion
Top Stock Exchanges	World's top 15 stock exchanges in terms of market capitalization according to the statistics published by SFC as of 30 Jane 2021 (https://www.sfc.hk/en/Published-resources/Statistics).
	These exchanges included:
	(a) The New York Stock Exchange (NYSE)
	(b) The NASDAQ Exchange (NASDAQ);
	(c) The Shanghai Stock Exchange (SSE);

(d) The New York Stock Exchange – Euronext (NYSE Euronext) which comprises Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris;

(e) The Hong Kong Stock Exchange (HKG);

(f) The Japan Exchange Group (JPX) which comprises Tokyo Stock Exchange (TSE) and Osaka Securities Exchange (LSE);

(g) The Shenzhen Stock Exchange (SZSE).

(h) The London Stock Exchange Group (LSEG) which comprises London Stock Exchange (LSE) and Borsa Italiana;

(i) The Toronto Stock Exchange (TMX).

(j) India Stock Exchange;

(k) Saudi Stock Exchange (Tadawul);

(l) The Frankfurt Stock Exchange (Deutsche B"urse);

(m) The Korea Stock Exchange (KRX);

(n) The NASDAQ Nordic Exchange (TSE) which comprises Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga and Vilnius Stock Exchanges; and

(o) The SIX Swiss Stock Exchange (SIX).

Valuation	A high-level and desktop-based valuation of the market value of PRC Subsidiaries as at the Valuation Date as presented in this Valuation Report
Valuation Date, Date of Valuation	30 November 2021
Valuation Report	This valuation report
YOY	Year-over-year

7. APPENDICES

7.1. Limiting Conditions

The limiting conditions pertaining to the valuation conclusions stated in this Valuation Report are summarized below:

- To the best of our knowledge, all data and statements of facts set forth in this report, upon which the data, opinions, analysis, estimates and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in this Valuation Report or utilized in the formation of the value conclusions were obtained from sources considered reliable and believed to be true and correct.

  We have also considered published market data and other public information, where appropriate. Such information was obtained from public available sources such as publicly available industry reports and websites.

  However, we did not independently verify the abovementioned information and no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and we reserve the right to alter the Valuation, if any inaccurate information may have been provided to us.

- We have relied on information and estimates provided by Management to a considerable extent in arriving at our opinion of value. This includes but not limited to the business affairs as well as the outlook for the business.

  We have not conducted any further investigations concerning whether all data have been provided to us for our assessment and we have no reason to believe that any material data have been withheld from us.

  The procedures and enquiries undertaken by us in preparing this report do not include any verification work of the information provided by Management, PRC Subsidiaries and their associates, nor do they constitute an examination made in accordance with generally accepted auditing standards. As such, we do not express an opinion or offer any forms of assurance regarding the accuracy, reasonableness, completeness or reliability of these information we are based.

- The Valuation was prepared solely for the purpose, function and party identified in this report. This report may not be reproduced, in whole or in part, and the findings of this Valuation Report may not be utilized by any third party for any purpose, with our express written consent. We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

Neither all nor any part of the contents of this Valuation Report shall be disseminated or referred to the public through advertising, public relations, news or sales media, or any other public means of communication or referenced in any publication, including any private or public offerings, without the prior written consent and approval of and review by us.

- Good and marketable title to the business interests and assets being appraised is assumed. We are not qualified to render an "opinion of title," and no responsibility is assumed or accepted for matters of a legal nature affecting the business being appraised. We render no opinion as to ownership of the business or condition of its title.

- The Valuation reflects facts, conditions and expectations existing at the Valuation Date. We take no responsibilities for any events, conditions or circumstances affecting our opinion of value that take place subsequent to Valuation Date.

- The results of our work are dependent on the information of PRC Subsidiaries. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. We take no responsibilities for the achievement of predicted results.

- Our conclusion of the value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

- For the information provided and the consolidation adjustments performed by Management, we did not perform any legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work. Such areas are not included in our scope of work, and should be carried out by the relevant experts to be appointed by the Company, if necessary.

- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. Hence, there is no single indisputable range and generally we cannot provide absolute assurance on a valuation.

- The title of this report shall not pass to the Company until all professional fees have been paid in full.

7.2. Assumptions

In conducting our valuation work, the following assumptions have been adopted in order to sufficiently support our conclusion of value, including, but not limited to:

- The principal businesses of PRC Subsidiaries will not change significantly in the foreseeable future.

- There will be no major change in the political, legal, fiscal, technological, economic and market conditions in the localities in which the PRC Subsidiaries operates or intends to operate, which would adversely affect the revenues attributable to and profitability of PRC Subsidiaries.

- There will be no major change in the current taxation laws in the localities in which PRC Subsidiaries operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no material change in the relevant market return, market risk, interest rates and exchange rates that would impact the PRC Subsidiaries's business operation.

- The market data, industrial information and statistical figures obtained from publicly available sources are true and accurate.

- PRC Subsidiaries have obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which PRC Subsidiaries operate or intend to operate would be officially obtained and renewable upon expiry.

- PRC Subsidiaries will continue to operate as a going concern and the core operation of PRC Subsidiaries will not differ materially from those of present or expected.

- The information and estimates provided and the representations made by Management regarding PRC Subsidiaries's financial and business affairs are accurate and reliable.

- There are neither undisclosed assets/liabilities or unusual obligations/substantial commitments, other than normal business courses as reflected in financial statements of PRC Subsidiaries's, nor any litigation issues pending or threatened as of the Valuation Date, would have significant impact on the values of PRC Subsidiaries's.

- PRC Subsidiaries have acquired, or will acquire, adequate financial capital for the investments in projected capital expenditure and working capital from time to time, and any scheduled interest or repayment of loan and payable will be paid on time.

- Management has sufficient knowledge and experience in respect of the operation PRC Subsidiaries, and the turnover of any director, Management or key person will not affect the operation of PRC Subsidiaries.

- Management of PRC Subsidiaries has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any human disruption will not affect the operation of PRC Subsidiaries.

- Management of PRC Subsidiaries has adopted reasonable and appropriate contingency measures against any natural disaster such as fire, flood and hurricane, and the occurrence of any natural disaster will not affect the operation of PRC Subsidiaries.

- The intellectual property of PRC Subsidiaries will not be infringed upon in a manner which would materially affect the economic benefits attributable to PRC Subsidiaries.

- The Valuation is heavily dependent on the financial information of PRC Subsidiaries provided by Management to us. In any occasions that the values were misstated, the adjustments on the income statements and/or balance sheets were unfairly and/or unreasonable performed by Management and/or its auditor or any off balance sheet assets or liabilities items of PRC Subsidiaries were neglected, the value stated here may vary materially from what stated in this report.

- We assume you will appoint relevant experts to perform appropriate legal, commercial, financial/audit, tax, operational due diligence work or other types of due diligence work, which is outside our scope of work.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
10,000,000,000	Shares of HK$0.01 each	100,000,000
Issued and fully paid or credited as fully paid:		*HK$*
412,509,000	Shares of HK$0.01 each	4,125,090

3. DISCLOSURE OF INTERESTS OF DIRECTORS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures

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

Interests in Shares/underlying Shares of the Company

		Number of Shares/underlying Shares (Note 1)				
Name of Director	**Capacity/nature of interest**	**Personal Interest**	**Corporate Interest**	**Other Interest**	**Total Interest**	**Approximate % of issued shares**
Ms. Emilie Wong	Beneficial owner	400,000 (L) *(Note 5)*	–	–	400,000 (L)	0.1%
Mr. Chen Shuai ("Mr. Chen")	–	–	–	–	–	–
Ms. Jacqueline Wong	Beneficial owner/ interest of controlled corporations/founder of a discretionary trust and beneficiary of a trust	400,000 (L) *(Note 5)*	20,234,242 (L) *(Note 2)*	143,805,903 (L) *(Note 3)*	164,440,145 (L)	39.86%
	Beneficiary of a trust	–	–	38,503,380 (S) *(Note 4)*	38,503,380 (S)	9.33%
Ms. Michelle Wong	Beneficial owner/ interest of controlled corporations and beneficiary of a trust	400,000 (L) *(Note 5)*	20,234,242 (L) *(Note 2)*	143,805,903 (L) *(Note 3)*	164,440,145 (L)	39.86%
	Beneficiary of a trust	–	–	38,503,380 (S) *(Note 4)*	38,503,380 (S)	9.33%
Mr. Mr. David Wong	Beneficial owner	4,000,000 (L) *(Note 5)*	–	–	4,000,000 (L)	0.97%
Mr. Lie Chi Wing ("Mr. Lie")	Beneficial owner	22,000 (L) *(Note 5)*	–	–	22,000 (L)	0.01%
Mr. Ng Wing Chung Vincent ("Mr. Ng")	Beneficial owner	22,000 (L) *(Note 5)*	–	–	22,000 (L)	0.01%
Mr. Yu Yang ("Mr. Yu")	Beneficial owner	22,000 (L) *(Note 5)*	–	–	22,000 (L)	0.01%

Notes:

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

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

3. Such Shares include 143,805,903 Shares held by Perfect Honour, which is a wholly owned subsidiary of the Vendor. Mr. Wong Charles Yu Lung ("Mr. Wong") and Mrs. Wong Fang Pik Chun ("Mrs. Wong"), parents of Ms. Michelle Wong and Ms. Jacqueline Wong established the Allied Luck Trust (as defined below) and Ms. Michelle Wong and Ms. Jacqueline Wong established the Aceyork Trust (as defined below), where both Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s) are the beneficiaries of such trusts. The assets of the Allied Luck Trust include all the Vendor's shares held by Allied Luck Trading Limited ("Allied Luck", a company wholly-owned by the Allied Luck Trust), being approximately 30.99% of the total issued share capital of the Vendor, (the "Allied Luck Trust"), and the assets of the Aceyork Trust included all the Goldbond's shares held by Ace Solomon Investments Limited ("Ace Solomon") being approximately 26.06% of the total issued share capital of the Vendor. Ace Solomon is a company jointly owned by Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork"), which (in each of the cases of Allied Golden and Aceyork) in turn are wholly-owned by the Aceyork Trust (the "Aceyork Trust"). Ms. Jacqueline Wong and Ms. Michelle Wong being beneficiaries of the Allied Luck Trust and the Aceyork Trust, in turn, holds approximately 34.86% of the issued share capital of the Company through Perfect Honour. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have a duty of disclosure in relation to the said Shares held by Perfect Honour under the SFO.

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

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

6. As at the Latest Practicable Date, there was a total of 412,509,000 Shares in issue.

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

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares or Debentures

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had the following interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity/nature of interest		Number of Shares/ underlying Shares *(Note 1)*	Total Interest	Approximate % of issued shares
Ms. Jacqueline Wong	(i)	Beneficial owner	400,000 (L) *(Note 2)*		
	(ii)	Interest in controlled corporations/founder of a discretionary trust	20,234,242 (L) *(Note 3)*		
	(iii)	Beneficiary of a trust	143,805,903 (L) *(Note 4)*	164,440,145 (L)	39.86%
	(iv)	Beneficiary of a trust	38,503,380 (S) *(Note 5)*		9.33%
Ms. Michelle Wong	(i)	Beneficial owner	400,000 (L) *(Note 2)*		
	(ii)	Interest in controlled corporations	20,234,242 (L) *(Note 3)*		
	(iii)	Beneficiary of a trust	143,805,903 (L) *(Note 4)*	164,440,145 (L)	39.86%
	(iv)	Beneficiary of a trust	38,503,380 (S) *(Note 5)*		9.33%
Mr. Kwok Gareth Wing-Sien	Interest of Spouse		164,440,145 (L) *(Note 6)*		39.86%
	Interest of Spouse		38,503,380 (S) *(Note 6)*		9.33%
Mr. Wong Charles Yu Lung ("Mr. Wong")	Trustee		143,805,903 (L) *(Note 4)*		34.86%
	Trustee		38,503,380 (S) *(Note 5)*		9.33%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Trustee		143,805,903 (L) *(Note 4)*		34.86%
	Trustee		38,503,380 (S) *(Note 5)*		9.33%
Vendor	Interest in controlled corporation		143,805,903 (L) *(Note 4)*		34.86%
	Interest in controlled corporation		38,503,380 (S) *(Note 5)*		9.33%

Name of substantial shareholder	Capacity/nature of interest	Number of Shares/ underlying Shares *(Note 1)*	Total Interest	Approximate % of issued shares
Perfect Honour Limited ("Perfect Honour")	Beneficial owner	143,805,903 (L) *(Note 4)*		34.86%
Solomon Glory	Having a security interest in shares	38,503,380 (S) *(Note 5)*		9.33%
Mr. Zhao John Huan ("Mr. Zhao")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Silver Creation	Beneficial owner	43,752,347 (L) *(Note 7)*		10.61%
Hony Capital Fund 2008, L.P. ("Hony Capital")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Hony Capital Fund 2008 GP, L.P. ("Hony GP, L.P.")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Hony Capital Fund 2008 GP Limited ("Hony GP")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Hony Group Management Limited ("Hony Management")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Hony Managing Partners Limited ("Hony Partners")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Exponential Fortune Group Limited ("Exponential Fortune")	Interest in controlled corporation	43,752,347 (L) *(Note 7)*		10.61%
Mr. Xie Xiaoqing ("Mr. Xie")	Interest in controlled corporation	12,704,220 (L) *(Note 8)*		
	Interest in controlled corporation	38,503,380 (L) *(Note 9)*	51,207,600 (L)	12.41%
	Interest in controlled corporation	38,503,380 (S) *(Note 9)*		9.33%
Yong Hua International Limited ("Yong Hua")	Beneficial Owner	38,503,380 (L) *(Note 9)*		9.33%
	Beneficial Owner	38,503,380 (S) *(Note 9)*		9.33%

Notes:

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

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

3. Reference to the 20,234,242 Shares relates to the same block of Shares held by Legend Crown and Plenty Boom. Please refer to Note 2 of the section headed "Directors' and Chief executive's interests and short positions in Shares, underlying Shares and debenture" in this appendix for further details. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have duty of disclosure in relation to these Shares held by Legend Crown and Plenty Boom.

4. The six references to the 143,805,903 Shares relate to the same block of Shares held by Perfect Honour. Please refer to Note 3 of the section headed "Directors' and Chief executive's interests and short positions in Shares, underlying Shares and debenture" in this appendix for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Perfect Honour and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Perfect Honour.

5. The six references to the 38,503,380 Shares relate to the same block of Shares held by Solomon Glory. Please refer to Note 4 of the section headed "Directors' and Chief executive's interests and short positions in Shares, underlying Shares and debenture" in this appendix for further details. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Solomon Glory and Goldbond are taken to have a duty of disclosure in relation to these Shares held by Solomon Glory.

6. Mr. Kwok Gareth Wing-Sien, the spouse of Ms. Michelle Wong, is deemed to be interested in Ms. Michelle Wong interest in the Company.

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

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

9. Such Shares are held by Yong Hua, a company owned as to 100% by Mr. Xie. Please refer to Note 4 of the section headed "Directors' and Chief executive's interests and short positions in Shares, underlying Shares and debenture" in this appendix for further details. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Yong Hua under the SFO.

10. As at the Latest Practicable Date, there was a total of 412,509,000 Shares in issue.

Saved as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was a substantial shareholder of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

(a) Interests in assets

As at the Latest Practicable Date, save as disclosed in the subsection headed "Acquisitions after the Date of the Latest Published Audited Accounts" in the section headed "Appendix I – Financial Information of the Group" in this circular, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2021 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

(b) Interests in contracts

As at the date of this circular, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Enlarged Group.

(c) Interests in competing business

As at the Latest Practicable Date, the following Directors are considered to have interests in businesses which compete or may compete, either directly or indirectly, with the business of the Group:

Name of Directors	Name of Companies	Nature of Business Considered to Compete or Likely to Compete with the Business of the Group	Nature of Interest of the Directors in the Companies
Ms. Emilie Wong	Certain subsidiaries of Rongzhong Group Limited *(Note)*	Investment holding	A director of certain subsidiaries of Rongzhong Group Limited
	Legend Crown International Limited ("Legend Crown")	Investment holding	A director
	Plenty Boom Investments Limited ("Plenty Boom")	Investment holding	A director
	Yancheng Goldbond	Provision of non-bank financial services to SMEs in the PRC	A director and legal representative

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

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not determinable by the relevant member of the Enlarged Group within one year without payment of compensation other than statutory compensation.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Enlarged Group) were entered into by members of the Enlarged Group within two years immediately preceding the date of this circular and are or may be material:

(a) the assets disposal agreement dated 5 May 2020 entered into between Rongzhong International Financial Leasing Co., Ltd ("Rongzhong PRC") and an Independent Third Party as purchaser in relation to the disposal of the rights and interests of seven finance leases, which were past due as at 5 May 2020 at a cash consideration of RMB16,000,000 (equivalent to approximately HK$17.8 million), such disposal was subsequently terminated on 9 November 2020;

(b) the assets disposal agreement dated 9 November 2020 entered into between Rongzhong PRC and an Independent Third Party purchaser in relation to the disposal of the rights and interests of two finance leases, which were past due as at 9 November 2020 at a cash consideration of RMB6,400,000 (equivalent to approximately HK$7.3 million);

(c) the sale and purchase agreement dated 26 June 2020 (as supplemented by the first supplemental agreement dated 29 March 2021 and the second supplemental agreement dated 29 June 2021) entered into, among others, the Company, Alpha Focus International Limited, Mr. Rozario Bobby Roberto, Ever Art Investment Limited and Forever Management Limited in relation to the acquisition of 51% of issued shares of Alpha & Leader Risks and Assets Management Company Limited;

(d) the Agreement for Sale and Purchase; and

(e) the Supplemental Agreement.

7. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. QUALIFICATION OF EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
BDO Limited ("BDO")	Certified Public Accountants
Giraffe Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Moore Transaction Services Limited ("Moore")	Independent valuer

As at the Latest Practicable Date, each of the above expert:

(a) has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, which has been prepared for inclusion in this circular, and references to its name in the form and context in which it appears;

(b) did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(c) did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2021, being the date to which the latest published audited consolidated accounts of the Company were made up.

Each of (i) the letter of the Independent Financial Adviser; (ii) the accountants' report of BDO on the Target Group; (iii) the report of BDO on unaudited pro forma financial information of the Enlarged Group; and (iv) the valuation report of Moore is given as of the date of this circular for incorporation herein.

9. MISCELLANEOUS

(a) The secretary of the Company is Ms. Cheng Choi Ha, who is a Chartered Secretary, a chartered governance professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The registered office of the Company is at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands, and the principal place of business in Hong Kong is at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English texts of this circular shall prevail over the Chinese texts in case of inconsistency.

10. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (https://www.hkexnews.hk) and the website of the Company (https://www.chinarzfh.com) for the period of 14 days commencing from the date of this circular:

(a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 41 of this circular;

(b) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 42 to 90 of this circular;

(c) the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

(d) the report on the unaudited pro forma financial information on the Enlarged Group issued by BDO Limited set out in Appendix IV to this circular;

(e) the valuation report on the Target Company, the text of which is set out in Appendix V to this circular;

(f) the material contracts as referred to in the section headed "6. Material Contracts" in this appendix;

(g) the written consent of the expert as referred to in the section headed "8. Qualification of Experts and Consents" in this appendix;

(h) the Agreement for Sale and Purchase;

(i) the Supplemental Agreement;

(j) the circular issued by the Company dated 30 June 2021 in respect of major and connected transaction in relation to the acquisition of 51% equity interest in Alpha & Leader Risks and Assets Management Company Limited and its subsidiaries; and

(k) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("EGM") of China Rongzhong Financial Holdings Company Limited 中國融眾金融控股有限公司 (the "Company") will be held at 10:30 a.m. on Wednesday, 16 February 2022 at 2/F, J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong to consider and, if thought fit, pass the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

"THAT

(a) subject to the fulfillment of the terms and conditions set out in the agreement for sale and purchase dated 26 October 2021 (as supplemented by a supplemental agreement dated 6 December 2021) (the "Agreement for Sale and Purchase", a copy of which has been produced to the Meeting and signed by the chairman of the Meeting (the "Chairman") for identification purpose) entered into between the Company and Goldbond Group Holdings Limited ("Vendor") in relation to the proposed acquisition (the "Acquisition") of 51% of the issued share capital of the Target Company (as defined in the circular of the Company dated 24 January 2022 ("Circular")), at the consideration of HK$17,000,000, which shall be satisfied by the allotment and issue of Convertible Bonds (as defined below) and the Loan Note, the Agreement for Sale and Purchase and the transactions contemplated thereunder be and are hereby approved;

(b) the issue of the interest-free convertible bonds in the principal amount of HK$13,188,500 (the "Convertible Bonds") and the allotment and issue of new ordinary shares of the Company to holder(s) of the Convertible Bonds upon the exercise of the conversion rights attaching to the Convertible Bonds (the "Conversion Shares") by the Company be and are hereby approved; and

(c) any one director of the Company be and is hereby authorised to do such acts and deeds in his/her sole and absolute discretion and opinion deemed expedient and appropriate to implement and effect the Agreement for Sale and Purchase and the transactions contemplated thereunder."

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

Hong Kong,

24 January 2022

Principal Place of Business in Hong Kong registered under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Unit 3901, 39/F,
Tower One, Lippo Centre,
89 Queensway,
Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting (or at any adjournment of it) is entitled to appoint one or more proxies to attend and vote on his/her behalf. The proxy does not need to be a shareholder of the Company.

2. A form of proxy in respect of the above meeting is enclosed. Whether or not you intend to attend the above meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed therein.

3. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the above meeting or adjourned meeting (as the case may be).

4. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof. In such event, the form of proxy shall be deemed to have been revoked.

5. Where there are joint holders of any share of the Company, any one of such holders may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such holders are present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose be deemed joint holders hereof.

6. For the purposes of determining shareholders' eligibility to attend and vote at the above meeting, the register of members of the Company will be closed. Details of such closures are set out below:

For determining eligibility to attend and vote at the above meeting:

Latest time to lodge transfer documents for registration:	4:30 p.m. on Thursday, 10 February 2022
Closure of register of members:	Friday, 11 February 2022 to Wednesday, 16 February 2022 (both dates inclusive)
Record date:	Wednesday, 16 February 2022

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing novel coronavirus (COVID-19) epidemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

(i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.

(ii) Each attendee must wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.

(iii) No refreshment will be served, and there will be no corporate gift.

(iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine.

Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our registered office or to our email at info@chinarzfh.com. If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
HK Tel: (852) 2980 1333
Fax: (852) 2810 8185