

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

FULFILLMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

This announcement is made by China Rongzhong Financial Holdings Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (the “**Announcements**”) of the Company dated 27 September 2022, 22 December 2022, 27 March 2023, 26 June 2023 and 30 June 2023 in relation to, among others, (i) the suspension of trading of shares of the Company with effect from 9:00 a.m. on 27 September 2022; (ii) the resumption guidance the Company received from the Stock Exchange on 20 December 2022 (the “**Resumption Guidance**”); (iii) quarterly updates on resumption progress of the Company; and (iv) the preliminary audited annual results of the Group for the financial year ended 31 March 2023. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

On 26 September 2022, the Company published the preliminary announcement of the audited annual results of the Group for the financial year ended 31 March 2022. The Auditor expressed a disclaimer of opinion on the Group’s consolidated financial statements for the year ended 31 March 2022 (the “**2022 Disclaimer of Opinion**”).

As a result of the 2022 Disclaimer of Opinion and pursuant to the requirements of Rule 13.50 of the Listing Rules, the Company applied for the suspension of trading in its shares on the Stock Exchange with effect from 9:00 a.m. on 27 September 2022.

RESUMPTION GUIDANCE

On 20 December 2022, the Company has received the following Resumption Guidance from the Stock Exchange:

- (i) address the issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion would no longer be required and disclose sufficient information to enable investors to make an informed assessment of the Company's financial positions as required under Rule 13.50A of the Listing Rules (the "**Resumption Guidance 1**"); and
- (ii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position (the "**Resumption Guidance 2**").

FULFILMENT OF ALL THE RESUMPTION GUIDANCE

The Board is pleased to announce that the Company has fulfilled all the Resumption Guidance, details of which are set out as follow:

Resumption Guidance 1

The Company has published the Annual Report which contained the 2022 Disclaimer of Opinion; and, the announcement dated 30 June 2023 (the "**Results Announcement**") which contained the disclaimer of opinion as detailed in Auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2023, dated 30 June 2023 (the "**2023 Disclaimer of Opinion**"). The Auditor summarised their basis for disclaiming their audit opinion as the following three issues:

Disclaimed item (1) – Going concern (under the 2023 Disclaimer of Audit Opinion and the 2022 Disclaimer of Opinion)

Disclaimed item (2) – Lease receivables and receivables arising from sale and leaseback arrangements (under the 2022 Disclaimer of Opinion)

Disclaimed item (3) – Bank borrowings (under the 2023 Disclaimer of Audit Opinion and the 2022 Disclaimer of Opinion)

For further details, please refer to the Annual Report and the Results Announcement. The Company and the Board are of the following views regarding the matters from which the 2023 Disclaimer of Opinion and the 2022 Disclaimer of Opinion have arisen:

Disclaimed item (1) – Going concern

Background

This disclaimed item is in respect of the material uncertainties relating to going concern.

Notwithstanding that the Group's consolidated financial statements for the year ended 31 March 2023 have been prepared on a going concern basis, there are conditions together with other matters about the Group's ability to continue as a going concern.

Company's response

In view of such conditions, the Company has, during the course of audit, provided to the Auditor with all available information and has give careful consideration to the Group's current liquidity, performance and available resources in considering the Group's ability to continue as a going concern. The Company has taken and will continue to implement the measures as further detailed in note 2 to the Results Announcement to rectify the matters in relation to the disclaimer of opinion. Based on the plans and measures, the directors of the Company are satisfied that it is appropriate to prepare the consolidate financial statements on a going concern basis.

The Company and the Board is of the view that the action plan to address the material uncertainties relating to going concern as mentioned in the Results Announcement are the most commercially practicable plans and measures in addressing the multiple uncertainties which may cast significant doubt about the Group's ability to continue as going concern.

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

Disclaimed item (2) – Lease receivables and receivables arising from sale and leaseback arrangements

Background

This disclaimed item is in respect of scope limitation on the Group's lease receivables and receivables arising from sale and leaseback arrangements.

As detailed in the auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2022, dated 26 September 2022, Auditor was unable to obtain sufficient appropriate audit evidence to be satisfy about the carrying amounts of the lease receivables and receivables arising from sale and leaseback arrangements of the Group as at 31 March 2021 were free from material misstatements. The closing balances entered into the determination of the financial performance and cash flows of the Group for the year ended 31 March 2022. Hence, any adjustments found to be necessary to the closing balances of the lease receivables and receivables arising from sale and lease back arrangements of HK\$817,669,000 of Rongzhong Capital as at 31 March 2021 in respect of the matter described above might have significant effect on the Group's impairment loss of HK\$498,064,000 recognised in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows for the year ended 31 March 2022 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022. Accordingly, Auditor was unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 March 2022.

Company's response

This disclaimed item has been resolved in the 2023 Disclaimer of Opinion.

Disclaimed item (3) – Bank borrowings

Background

This disclaimed item is in respect of limitation of scope on the bank borrowings; and, opening balances (including the opening balances of the Group's lease receivables and receivables arising from sale and leaseback arrangements, as stated in the aforesaid Disclaimed item (2)) and comparative information, and financial information of Rongzhong Capital.

The 2023 Disclaimer of Opinion on the current period's consolidated financial statements was due to the possible effects of the matters in respect of scope limitation on the Group's lease receivables and receivables arising from sale and leaseback arrangements, as stated in the aforesaid Disclaimed item (2), on the comparability of the current period's figures and corresponding figures.

Furthermore, in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK\$547,990,000) owed by Rongzhong Capital as at 31 March 2022, audit bank confirmation of such bank borrowing had not been received by Auditor as of 26 September 2022. Auditor was unable to carry out audit procedures necessary to obtain adequate assurance regarding the completeness of the bank borrowing and other elements associated with this outstanding bank confirmation at 31 March 2022.

The Group had disposed of the entire issued share capital of Rongzhong Capital and the Group ceased its control of the Disposal Group upon completion of the Disposal on 17 March 2023 (the "**Disposal Date**"). A gain on disposal of the Disposal Group of approximately HK\$715,120,000 is recognised in the consolidated statement of changes in equity.

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

Any adjustments that might have been found to be necessary in respect of the above may have consequential significant effects on the loss and cash flows of the Group and the related disclosures in the consolidated financial statements for the year ended 31 March 2023.

Company's response

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

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

Resumption Guidance 2

Since its trading suspension on 27 September 2022, the Company has continued to disclose material information to the public by issuing announcements in a timely manner.

The Company and the Board believe that the Company has announced all material information it considers necessary and appropriate for the Company's shareholders and investors to appraise the Company's position.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 September 2022. Based on the reason as disclosed above, the Board is of the view that all the Resumption Guidance has been fulfilled. Accordingly, the Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 13 July 2023.

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

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

Hong Kong, 12 July 2023

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